UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 11, 2022

Tilray Brands, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware	001-38594	82-4310622
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

265 Talbot Street West, Leamington, Ontario, Canada	N8H 4H3
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code: (844) 845-7291

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class 2 Common Stock, $0.0001 par value per share	**TLRY**	**The NASDAQ Global Select Market**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (Sec. 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (Sec. 240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01 Entry into a Material Definitive Agreement.

On April 11, 2022, Tilray Brands, Inc. (the "Company" or "Tilray") entered into an assignment and assumption agreement (the "Assignment Agreement") to acquire from HT Investments MA LLC ("HTI") all of the outstanding principal and accrued and unpaid interest under a secured convertible note (as amended and restated, the "Note") issued by HEXO Corp. ("HEXO").

The purchase price for the Note will be an amount equal to 95% of the outstanding principal balance as of the closing (approximately $193 million as of the date hereof, and such amount at closing to be not less than $160 million) plus the accrued and unpaid interest on the Note. The purchase price shall be payable, at Tilray's option (subject to certain conditions and limitations), in cash consideration, Class 2 Common Stock of Tilray or any combination thereof.

To the extent that the Note is acquired with Class 2 Common Stock of Tilray, the Assignment Agreement provides for a post-closing adjustment, such that if the purchase price (less any amounts satisfied or to be satisfied in cash) divided by the daily volume weighted average price (the "VWAP Price") of the Class 2 Common Stock of Tilray for the 44-trading day period following closing (i) is less than the number of shares issued at closing, then HTI shall deliver to Tilray a cash amount equal to such difference multiplied by the VWAP Price, and (ii) is greater than the number of shares issued at closing, then Tilray shall deliver to HTI in cash or additional shares, at Tilray's option (subject to certain conditions and limitations), an amount equal to such difference multiplied by the VWAP Price.

The issuance of the maximum number of shares of Class 2 Common Stock of Tilray that may be issued to HTI under the Assignment Agreement was registered with the U.S. Securities and Exchange Commission under the Company's Registration Statement on Form S-3 (333-233703).

Immediately prior to the closing of the Transaction, the Note will be amended and restated to reflect, among other things, a maturity date of May 1, 2026 and an initial conversion price of CAN$0.85. The Note will provide Tilray with HEXO board governance rights to appoint one director and one board observer. HEXO also agreed to provide Tilray with customary registration rights in respect of the common shares of HEXO into which the Note is convertible. In addition, under the terms of the Note, Tilray will receive "top-up" and preemptive rights enabling it to maintain its percentage ownership (on an "as-converted" basis) in the event that Hexo issues equity or debt securities following acquisition of the Note by Tilray.

In connection with the Assignment Agreement, each of Tilray, HEXO and HTI entered into a Transaction Agreement, dated as of April 11, 2022 (the "Transaction Agreement"), setting forth the terms and conditions for the Note amendment and additional covenants and representations of the parties. The Transaction Agreement also provides for Tilray and HEXO to enter into commercial transaction agreements to achieve production efficiencies and cost-saving synergies, including an $18 million annual advisory fee payable to Tilray.

Each of the transactions and agreements described above are subject to several closing conditions, including receipt of HEXO shareholder approval; applicable regulatory approvals; and Tilray and HEXO having entered into commercial arrangements to achieve production efficiencies and cost-saving synergies.

Copies of the Transaction Documents are filed as Exhibits 10.1, 10.2 and 10.3 with this Current Report on Form 8-K and are incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description of Exhibit
10.1	Transaction Agreement, dated as of April 11, 2022, by and among the Company, HT Investments MA LLC and HEXO Corp.
10.2	Assignment and Assumption Agreement, dated as of April 11, 2022, by and among the Company, HT Investments MA LLC and HEXO Corp.
10.3	Form of Amended and Restated Senior Secured Convertible Note due 2026, issued and owing by HEXO Corp. to the Company
99.1	Press Release of Tilray Brands, Inc., dated April 12, 2022
104	Cover Page Interactive Data File (formatted in Inline XBRL document)

SIGNATURES

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

Tilray Brands, Inc.

Date: April 12, 2022

By: /s/ Mitchell Gendel
Mitchell Gendel
Global General Counsel

Exhibit 10.1

TILRAY BRANDS, INC.

and

HEXO CORP.

and

HT INVESTMENTS MA LLC

TRANSACTION AGREEMENT

April 11, 2022

TRANSACTION AGREEMENT

THIS AGREEMENT is made as of the 11th day of April, 2022

AMONG:

Tilray Brands, Inc., a corporation existing under the laws of the State of Delaware;

(the "**Purchaser**")

- and -

HEXO Corp., a company existing under the laws of the Province of Ontario;

(the "**Company**");

- and -

HT Investments MA LLC, a limited liability corporation existing under the laws of the State of Delaware

(the "**Seller**" and collectively with the Purchaser and the Company, the "**Parties**").

WHEREAS pursuant to a securities purchase agreement between the Seller and the Company dated May 27, 2021 (the "**Securities Purchase Agreement**"), the Seller (and funds affiliated with the Seller) purchased certain senior secured convertible notes due May 1, 2023 from the Company (the "**Note**"), of which a principal amount of $211,265,185.45 is currently outstanding as of the date hereof (the "**Outstanding Principal**");

AND WHEREAS, subject to the terms and conditions hereof, the Seller and the Company wish to amend and restate the terms of the Note and enter into the amended and restated note (the "**Amended and Restated Note**") in the form attached hereto as Schedule A (the "**Note Amendment**");

AND WHEREAS the Purchaser wishes to assume, and the Seller wishes to assign, transfer and sell all of its rights, title and interest under the Amended and Restated Note immediately following the Closing Time, upon the terms and conditions stated in the Assignment and Assumption Agreement attached hereto as Schedule C (the "**Note Assignment** and together with the Note Amendment, the "**Transaction**");

AND WHEREAS, concurrently with the consummation of the Note Assignment, the Purchaser wishes to assume, and the Seller wishes to assign, transfer and sells all of its rights, title and interest in each of the security documents listed in Schedule B hereto (the "**Security Documents**");

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 Defined Terms.

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

(1) "**1933 Act**" means the United States Securities Act of 1933, as amended, supplemented or restated from time to time and any successor to such statute, and the rules and regulations promulgated thereunder.

(2) "**1934 Act**" means the Securities Exchange Act of 1934, as amended.

(3) "**48North Subsidiaries**" means 48North Cannabis Corp., 48 North Amalco Ltd., Good & Green Cannabis Corp., DelShen Therapeutics Corp., Good & Green Corp., 2618351 Ontario Inc. and 2656751 Ontario Ltd.

(4) "**Acquisition Proposal**" means, at any time prior to Closing, whether or not in writing, any offer, proposal or inquiry (including any modification or proposed modification of any such offer, proposal or inquiry) with respect to (a) any direct or indirect acquisition by any Person or group of Persons of HEXO Shares (or securities convertible into or exchangeable or exercisable for HEXO Shares) in a single transaction or a series of transactions, representing 20% or more of the HEXO Shares then outstanding (assuming, if applicable, the conversion, exchange or exercise of such securities convertible into or exchangeable or exercisable for HEXO Shares), or (b) any direct or indirect acquisition by any Person or group of Persons of HEXO Shares (or securities convertible into or exchangeable or exercisable for HEXO Shares) representing 20% or more of votes attached to the HEXO Shares then outstanding (assuming, if applicable, the conversion, exchange or exercise of such securities convertible into or exchangeable or exercisable for HEXO Shares), or (c) any direct or indirect acquisition by any Person or group of Persons of any assets of the Company and/or one or more of the Subsidiaries (including shares or other equity interests of any Subsidiary) individually or in the aggregate contributing 20% or more of the consolidated revenue of the Company and the Subsidiaries or representing 20% or more of the assets of the Company and the Subsidiaries taken as a whole (in each case based on the Financial Statements of the Company most recently filed prior to such time) (or any lease, license, or other arrangement having a similar economic effect), whether in a single transaction or a series of related transactions, in each case, whether by plan of arrangement, amalgamation, merger, consolidation, recapitalization, liquidation, dissolution or other business combination, sale of assets, joint venture, take-over bid, tender offer, share exchange, exchange offer or otherwise, including any single or multi-step transaction or series of transactions, directly or indirectly involving the Company or any Subsidiary, and in each case excluding transactions contemplated by this Agreement and any transaction between the Company and/or one or more of its wholly-owned Subsidiaries.

(5) "**Adverse Recommendation Change**" has the meaning specified in Section 5.1(1)(c) hereof.

(6) "**Affiliate**" of any particular Person means any other Person controlling, controlled by or under common control with such particular Person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities or otherwise.

(7) "**Agreement**" means this transaction agreement, including the schedules attached to it, as the same may be amended, supplemented or restated.

(8) "**Alternative Transaction Agreement**" has the meaning specified in Section 5.3(1)(e) hereof.

(9) "**Amended Note Securities**" means the Purchased Note and the Amended Note Shares, collectively.

(10) "**Amended Note Shares**" means the HEXO Shares that the Purchased Note is convertible into.

(11) "**Amended and Restated Note**" has the meaning specified in the recitals hereof.

(12) "**Amendment Common Shares**" has the meaning specified in Section 3.3(1) hereof.

(13) "**Amendment Primary Securities**" has the meaning specified in Section 3.3(1) hereof.

(14) "**Amendment Right**" means the right to receive HEXO Shares to be issued as part of the amendment and restatement of the Note pursuant to Section 2.2 hereof.

(15) "**Amendment Right Shares**" has the meaning specified in Section 2.3(1) hereof.

(16) "**Amendment Securities**" has the meaning specified in Section 3.3(1) hereof.

(17) "**Amendment Shares**" means those HEXO Shares to be issued as part of the amendment and restatement of the Note pursuant to Section 2.3(1) hereof.

(18) "**Amendment Share Price**" has the meaning specified in Section 2.3(1) hereof

(19) "**Anti-Corruption Laws**" has the meaning specified in Section 3.1(17) hereof.

(20) "**Approved Stock Plan**" means any security-based compensation plan which has been approved by the Board of Directors prior to the date hereof, or any security-based compensation plan which is approved by the Board of Directors or the compensation committee thereof and the stockholders of the Company after the date hereof, pursuant to which HEXO Shares, options to purchase HEXO Shares and other incentive equity awards may be issued to any employee, officer, consultant or director for services provided to the Company in their capacity as such.

(21) "**Articles of Incorporation**" has the meaning specified in Section 3.1(20)(iv) hereof.

(22) "**Assignment and Assumption Agreement**" has the meaning specified in Section 2.2 hereof.

(23) "**Attribution Parties**" means, collectively, the following Persons and entities: (i) any investment vehicle, including, any funds, feeder funds or managed accounts, currently, or from time to time after the date hereof, directly or indirectly managed or advised by the Seller's investment manager or any of its Affiliates or principals, (ii) any direct or indirect Affiliates of the Seller or any of the foregoing, (iii) any Person acting or who could be deemed to be acting as a Group together with the Seller or any of the foregoing and (iv) any other Persons whose beneficial ownership of the HEXO Shares would or could be aggregated with the Seller's and the other Attribution Parties for purposes of Section 13(d) of the 1934 Act. For clarity, the purpose of the foregoing is to subject collectively the Seller and all other Attribution Parties to the Maximum Percentage.

(24) "**Blocker Threshold**" has the meaning specified in Section 2.3(1) hereof.

(25) "**Board of Directors**" has the meaning specified in Section 3.1(2) hereof.

(26) "**Board Recommendation**" has the meaning specified in Section 4.15(2) hereof.

(27) "**Business Day**" means any day other than a Saturday, a Sunday or any day on which commercial banks in New York, New York or Toronto, Ontario are required by law to close or be closed.

(28) "**Bylaws**" has the meaning specified in Section 3.1(20)(iv) hereof.

(29) "**Canadian Securities Laws**" as used herein means securities laws and the applicable rules and regulations under such laws, together with applicable published national, multilateral and local policy statements, instruments, notices and blanket orders of the CSA in each of the provinces and territories of Canada.

(30) "**Closing**" has the meaning specified in Section 2.3 hereof.

(31) "**Closing Date**" means the second Business Day following the date upon which the conditions to closing set out in Article 6 of this Agreement are satisfied, to the extent capable of being satisfied prior to the Closing Time, or waived.

(32) "**Closing Time**" has the meaning specified in Section 2.3 hereof.

(33) "**Commercial Transactions**" means each of the transactions, fee arrangements and cost saving allocations between the Purchaser and/or its appropriate Affiliate(s), on the one hand, and the Company and/or its appropriate Affiliate(s), on the other hand, each as described on Schedule D.

(34) "**Commissioner**" means the Commissioner of Competition appointed pursuant to subsection 7(1) of the Competition Act or any Person designated to perform duties on behalf of the Commissioner of Competition.

(35) "**Company**" has the meaning specified in the recitals hereof.

(36) "**Company Affiliate**" has the meaning specified in Section 3.1(17) hereof.

(37) "**Company Nominees**" has the meaning specified in Section 4.18(2)(b) hereof.

(38) "**Company Shareholders**" means the holders of HEXO Shares.

(39) "**Competition Act**" means the Competition Act, R.S.C., 1985, c. C-34, as amended, and any regulations thereto.

(40) "**Competition Act Clearance**" means, with respect to the Transaction and conversion of the Purchased Note, either (i) the Commissioner shall have issued an advance ruling certificate pursuant to subsection 102(1) of the Competition Act, or (ii) the obligation to give notice in respect of the Share Conversion has been waived pursuant to paragraph 113(c) of the Competition Act and the Commissioner shall have advised the Purchaser in writing that the Commissioner does not at that time intend to make an application to the Competition Tribunal under section 92 of the Competition Act for an order in respect of the Transaction or conversion of the Purchased Note, and such advice has not been rescinded or amended prior to Closing.

(41) "**Contingent Obligation**" means, as to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to any Indebtedness, lease, dividend or other obligation of another Person if the primary purpose or intent of the Person incurring such liability, or the primary effect thereof, is to provide assurance to the obligee of such liability that such liability will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such liability will be protected (in whole or in part) against loss with respect thereto.

(42) "**Convertible Securities**" has the meaning specified in Section 3.1(20)(i) hereof.

(43) "**CSA**" means the Canadian Securities Administrators.

(44) "**Disclosure Letter**" means the disclosure letter delivered to the Purchaser concurrently with the execution of this Agreement.

(45) "**Eligible Market**" has the meaning specified in Section 4.10 hereof.

(46) "**Environmental Laws**" means all federal, provincial, state, municipal, local or foreign Laws or regulations, orders, judgements, decree or permit, common law provision or other legally binding standard relating to pollution or protection of human health or the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata), including, without limitation, Laws relating to emissions, discharges, releases or threatened releases of Hazardous Materials into the environment, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of, or exposure to, Hazardous Materials, as well as all authorizations, codes, decrees, demands or demand letters, injunctions, judgments, licenses, notices or notice letters, orders, permits, plans or regulations issued, entered, promulgated or approved thereunder.

(47) "**Equity Line**" means that certain equity line for up to C$180 million made available to the Company pursuant to the equity purchase agreement dated the date hereof among 2692106 Ontario Inc., KAOS Capital Inc. and the Company.

(48) "**Financial Statements**" has the meaning specified in Section 3.1(11) hereof.

(49) "**Fixtures and Equipment**" has the meaning specified in Section 3.1(26) hereof.

(50) "**GDPR**" has the meaning specified in Section 3.1(44) hereof.

(51) "**Government Official**" has the meaning specified in Section 3.1(17) hereof.

(52) "**Governmental Entity**" means any nation, state, county, city, town, village, district, or other political jurisdiction of any nature, federal, state, provincial, local, municipal, foreign, or other government, governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal), multi-national organization or body; or body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature or instrumentality of any of the foregoing, including the CSA and any entity or enterprise owned or controlled by a government or a public international organization or any of the foregoing.

(53) "**Group**" means a "group" as that term is used in Section 13(d) of the 1934 Act and as defined in Rule 13d-5 thereunder.

(54) "**Hazardous Materials**" means, collectively, chemicals, pollutants, contaminants, or toxic or hazardous materials, substances or wastes.

(55) "**HEXO Shares**" means (x) the Company's shares of common stock, and (y) any capital stock into which such common stock shall have been changed or any share capital resulting from a reclassification of such common stock.

(56) "**HIPAA**" has the meaning specified in Section 3.1(44) hereof.

(57) "**IFRS**" means the International Financial Reporting Standards as issued by the International Accounting Standards Board, as in effect from time to time.

(58) "**Indebtedness**" means, without duplication, (A) all indebtedness for borrowed money, (B) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (including, without limitation, "capital leases" in accordance with IFRS) (other than trade payables entered into in the Ordinary Course of Business), (C) all reimbursement or payment obligations with respect to letters of credit, surety bonds and other similar instruments, (D) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses, (E) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to any property or assets acquired with the proceeds of such indebtedness (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property), (F) all monetary obligations under any leasing or similar arrangement which, in connection with IFRS, consistently applied for the periods covered thereby, is classified as a capital lease, (G) all indebtedness referred to in clauses (A) through (F) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in any property or assets (including accounts and contract rights) owned by any Person, even though the Person which owns such assets or property has not assumed or become liable for the payment of such indebtedness, and (H) all Contingent Obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (A) through (G) above.

(59) "**Indemnified Liabilities**" has the meaning specified in Section 8.6(1) hereof.

(60) "**Indemnitees**" has the meaning specified in Section 8.6(1) hereof.

(61) "**Indenture**" means the indenture dated as of May 27, 2021 between the Company and GLAS Trust Company LLC, as trustee, as supplemented, amended or modified from time to time.

(62) "**Insolvent**" has the meaning specified in Section 3.1(13) hereof.

(63) "**Intellectual Property Rights**" has the meaning specified in Section 3.1(27) hereof.

(64) "**Investment Entities**" means Keystone Isolation Technologies Inc., Keystone Isolation Technologies USA LLC, Truss Limited Partnership, Truss Beverage Company Limited, and Truss CBD USA LLC.

(65) "**IT Systems**" has the meaning specified in Section 3.1(44) hereof.

(66) "**Law**" means any and all laws, statutes, codes, ordinances, decrees, rules, regulations, by-laws, notices, judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, injunctions, orders, decisions, rulings, determinations or awards, decrees or other requirements of any Governmental Entity having the force of law and any legal requirements arising under the common law or principles of law or equity and the term "**applicable**" with respect to such Laws and, in the context that refers to any Person, means such Laws as are applicable at the relevant time or times to such Person or its business, undertaking, property or securities and emanate from a Governmental Entity having jurisdiction over such Person or its business, undertaking, property or securities.

(67) "**Locked-up Shareholders**" means all of the directors and senior officers of the Company and certain significant shareholders of the Company, each of which is a party to the Voting Support Agreements.

(68) "**Matching Period**" means the five (5) Business Day period following the day of the Purchaser's receipt of the Superior Proposal Notice.

(69) "**Material Adverse Effect**" means, in respect of any Person, any material adverse effect on, the business, properties, assets, liabilities, operations (including results thereof), condition (financial or otherwise) of such Person and its subsidiaries, taken as a whole; provided, however, that none of the following, and no effect, change, event or occurrence arising out of, or resulting from, the following, shall constitute or be taken into account, individually or in the aggregate, except to the extent that any such change, event, occurrence, effect, state of facts, development, condition or circumstance results from:

(a) changes, developments or conditions generally affecting the industry (taking into account relevant geographies) in which such Person and its Subsidiaries primarily operate;

(b) any change in global, national or regional political conditions (including strikes, lockouts, riots or facility takeover for emergency purposes), economic, business, banking, regulatory, currency exchange, interest rate, inflationary conditions or financial, capital or commodity market conditions, in each case whether national or global;

(c) any act of terrorism or any outbreak of hostilities or declared or undeclared war, or any escalation or worsening of such acts of terrorism, hostilities or war (including any ongoing conflict involving Russia and Ukraine);

(d) any epidemics, pandemics or disease outbreak or other public health condition (including COVID-19), earthquakes, volcanoes, tsunamis, hurricanes, tornados or other natural disasters or acts of God;

(e) any adoption, proposal, implementation or other change in Law, including any Laws in respect to taxes, IFRS or regulatory accounting requirements, in each case after the date hereof;

(f) the announcement of the Transaction or the pendency of the Transaction;

(g) the taking of any action required by, or the failure to take any action expressly prohibited by this Agreement; and

(h) the failure of the Person or its subsidiaries to meet any internal or published projections, forecast or estimates of, or guidance related to, revenues, earnings, cash flows or other financial metrics before, on or after the date hereof (it being understood that the causes underlying such failure may be taken into account in determining whether a Material Adverse Effect has otherwise occurred),

but provided in the case of (a) through (e), such change, event, occurrence, effect, state of facts, development, condition or circumstance does not have a disproportionately greater impact or effect on the Person as compared to companies in comparable industries and operating in the same jurisdiction.

(70) "**Meeting**" has the meaning specified in Section 4.15 hereof.

(71) "**Note**" has the meaning specified in the recitals hereof.

(72) "**Note Amendment**" has the meaning specified in the recitals hereof.

(73) "**Note Assignment**" has the meaning specified in the recitals hereof.

(74) "**Options**" has the meaning specified in Section 3.1(20)(i) hereof.

(75) "**Ordinary Course of Business**" means the Company's and/or the Subsidiaries', as applicable, ordinary, usual and normal course of business consistent with its past custom and practice (including with respect to quantity and frequency).

(76) "**Outside Date**" means July 1, 2022; subject to the right of any Party to extend the Outside Date in 30-day increments if the Regulatory Approvals have not been obtained and have not been denied by a non-appealable decision of a Governmental Entity; provided that notwithstanding the foregoing, a Party shall not be permitted to extend the Outside Date if the failure to obtain any of the Regulatory Approvals is primarily the result of such Party's wilful breach of this Agreement; and provided further that the Outside Date shall not be extended past September 30, 2022.

(77) "**Outstanding Principal**" has the meaning specified in the recitals hereof.

(78) "**Parties**" has the meaning specified in the recitals hereof.

(79) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and any Governmental Entity or any department or agency thereof.

(80) "**Personal Data**" has the meaning specified in Section 3.1(44) hereof.

(81) "**Policies**" has the meaning specified in Section 3.1(45) hereof.

(82) "**Principal Markets**" has the meaning specified in Section 3.1(3) hereof.

(83) "**Privacy Laws**" has the meaning specified in Section 3.1(45) hereof.

(84) "**Proxy Statement**" has the meaning specified in Section 4.15(1) hereof.

(85) "**Purchased Note**" has the meaning specified in Section 2.2 hereof.

(86) "**Purchaser**" has the meaning specified in the recitals hereof.

(87) "**Purchaser Nominee**" has the meaning specified in Section 4.18(1)(b) hereof.

(88) "**Purchaser Observer**" has the meaning specified in Section 4.18(1)(b) hereof.

(89) "**Purchaser Termination Notice**" has the meaning specified in Section 7.4(3) hereof.

(90) "**Real Property**" has the meaning specified in Section 3.1(25) hereof.

(91) "**Redecan Subsidiaries**" means 5048963 Ontario Inc., 5054220 Ontario Inc., and 9037136 Canada Inc.

(92) "**Regulatory Approvals**" means (i) the *Competition Act* Clearance; and (ii) the approval of the Transaction and the listing of the Amended Note Shares required by the Principal Markets.

(93) "**Reporting Period**" has the meaning specified in Section 4.8 hereof.

(94) "**Required Filings**" has the meaning specified in Section 3.1(2) hereof.

(95) "**Requisite Shareholder Approval**" means the approval by a majority of the votes cast by Company Shareholders at the Meeting of the Transaction and subsequent conversion of the Purchased Note and certain matters relating to the Transaction as may be required by the TSX.

(96) "**Resolution**" has the meaning specified in Section 4.15(2) hereof.

(97) "**Rule 144**" means Rule 144 promulgated under the 1933 Act (or a successor rule thereto).

(98) "**Sanctioned Person**" has the meaning specified in Section 3.1(41) hereof.

(99) "**Sanctions**" has the meaning specified in Section 3.1(41) hereof.

(100) "**SEC**" means the U.S. Securities and Exchange Commission.

(101) "**SEC Documents**" has the meaning specified in Section 3.1(11) hereof.

(102) "**Securities**" means the Amended Note Securities and the Amendment Securities, collectively.

(103) "**Securities Laws**" means Canadian Securities Laws, U.S. Securities Laws and any other applicable Canadian provincial and territorial or United States securities laws, rules, orders, notices, promulgations and regulations and published policies thereunder.

(104) "**Securities Purchase Agreement**" has the meaning specified in the recitals hereof.

(105) "**Security Documents**" has the meaning specified in the recitals hereof.

(106) "**Seller**" has the meaning specified in the recitals hereof.

(107) "**Subsidiaries**" means HEXO Operations Inc., HEXO USA Inc., each of the Redecan Subsidiaries, each of the 48North Subsidiaries, each of the Zenabis Subsidiaries and any other entity that becomes a direct or indirect subsidiary of the Company at any time during the term hereof, and each of the foregoing is individually referred to herein as a "**Subsidiary**".

(108) "**Superior Proposal**" means a *bona fide* written Acquisition Proposal to acquire not less than 100% of the outstanding HEXO Shares (or all or substantially all of the assets of the Company on a consolidated basis) made by a Person or group of Persons acting jointly (other than the Purchaser and its Affiliates) and which or in respect of which:

(a) the Board of Directors has determined in good faith, after consultation with its financial advisors and outside legal counsel:

(i) would, taking into account all of the terms and conditions of such Acquisition Proposal (including all legal, financial, regulatory and other aspects of the Acquisition Proposal and the Person making such Acquisition Proposal), and if consummated in accordance with its terms (but not assuming away any risk of non-completion), (A) result in a transaction which is more favourable to the Company Shareholders from a financial point of view than the Transaction, and (B) the failure to recommend such Acquisition Proposal to Company Shareholders would be inconsistent with the fiduciary duties of the Board of Directors;

(ii) is reasonably capable of being completed in accordance with its terms, without undue delay, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal and the Person or Persons making such Acquisition Proposal; and

(b) is not subject to any due diligence condition or due diligence termination right in favour of the acquiror.

(109) "**Superior Proposal Notice**" has the meaning specified in Section 5.3(1)(c) hereof.

(110) "**Term Sheet**" means that term sheet among the Purchaser and the Company dated March 2, 2022.

(111) "**Termination Expense Reimbursement**" has the meaning specified in Section 7.4(2) hereof.

(112) "**Transaction**" has the meaning specified in the recitals hereof.

(113) "**Transaction Documents**" means, collectively, this Agreement, the Amended and Restated Note, the Assignment and Assumption Agreement, the Security Documents, and each of the other written agreements and instruments entered into or delivered by any of the Parties pursuant to this Agreement in respect of the Transaction, but for greater certainty, do not include any agreements implementing the Commercial Transactions.

(114) "**TSX**" has the meaning specified in Section 3.1(3) hereof.

(115) "**U.S. Securities Laws**" means the 1933 Act, the 1934 Act and all other state securities Laws and the rules and regulations promulgated thereunder.

(116) "**Voting Support Agreements**" means, collectively, the voting support agreements dated the date hereof between the Purchaser and each of the Locked-up Shareholders, setting forth the terms and conditions upon which the Locked-up Shareholders have agreed, among other things, to vote their HEXO Shares in favour of the Resolution at the Meeting.

(117) "**Zenabis Subsidiaries**" means Zenabis Global Inc., Zenabis Investments Ltd., ZenPharm Limited, ZGI Acquisition Corp., Zenabis Real Estate Holdings Ltd., Zenabis IP Holdings Ltd., Zenabis Retail Holdings Ltd., Zenabis Ventures Inc., Zenabis Operations Ltd., Zenabis Annacis Ltd., Zenabis Ltd., Zenabis Atholville Ltd., Zenabis Stellarton Ltd., Zenabis Housing Ltd., Vida Cannabis (Canada) Ltd., Zenabis Hemp Company Ltd., and Zen Craft Grow Ltd.

Section 1.2 Certain Rules of Interpretation.

In this Agreement, unless otherwise specified:

(1) *Headings, etc.* The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Agreement.

(2) *Currency*. All references to dollars or to "**$**" are references to United States dollars, unless otherwise specified.

(3) *Gender and Number*. Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.

(4) *Certain Phrases and References, etc*. The words "including", "includes" and "include" mean "including (or includes or include) without limitation," and "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of." Unless stated otherwise, "Article", "Section", and "Schedule" followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Agreement. The term "**Agreement**" and any reference in this Agreement to this Agreement or any other agreement or document includes, and is a reference to, this Agreement or such other agreement or document as it may have been, or may from time to time be, amended, restated, replaced, supplemented or novated and includes all schedules to it.

(5) *Capitalized Terms*. All capitalized terms used in any Schedule have the meanings ascribed to them in this Agreement. Capitalized terms used but not defined in this Agreement have the meanings given to them in the Amended and Restated Note.

(6) *Statutes*. Any reference to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.

(7) *Computation of Time*. A period of time is to be computed as beginning on the day following the day during which the event occurred and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Agreement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

(8) *Time References*. References to time are to local time, Toronto, Ontario, unless otherwise indicated.

(9) *Subsidiaries*. To the extent any covenants or agreements relate, directly or indirectly, to a Subsidiary of a Party, each such provision shall be construed as a covenant by the Party to cause (to the fullest extent to which it is legally capable) such Subsidiary to perform the required action.

(10) *Knowledge*. Where any representation or warranty is expressly qualified by reference to the knowledge of the Company or any of its Subsidiaries or Affiliates, it is deemed to refer to the actual knowledge or constructive knowledge, after due inquiry, of any of the President and Chief Executive Officer, Chief Financial Officer, General Counsel, Executive Chairperson and/or Chief Commercial Officer of the Company.

Section 1.3 Schedules.

The schedules attached to this Agreement form an integral part of this Agreement for all purposes of it.

ARTICLE 2
AMENDMENT AND RESTATEMENT OF NOTE

Section 2.1 Amendment and Restatement of Note

Subject to the satisfaction (or waiver) of the conditions set forth in Article 6 of this Agreement, as applicable, on the Closing Date the Seller shall transfer and dispose of, and the Company shall enter into the Amended and Restated Note (which shall be in the form attached as Schedule A to this Agreement) and shall issue to the Seller, as the holder of the Note, the applicable Amendment Primary Securities. The Amendment Primary Securities and the Amended and Restated Note issuable will be issued pursuant to the exemption from registration under the 1933 Act provided by Section 3(a)(9) thereof, and, in reliance on the representations and warranties herein, will not be "restricted securities" as defined in Rule 144 and shall not bear a U.S. restrictive legend.

Section 2.2 Purchase of Note

Immediately following the entry of the Seller and the Company into the Amended and Restated Note on the Closing Date, the Seller shall sell and assign to the Purchaser, and the Purchaser agrees to purchase immediately following the Closing Time, the Amended and Restated Note (the "**Purchased Note**") pursuant to the assignment and assumption agreement entered into by the Purchaser, the Seller and the Company on the date hereof (the "**Assignment and Assumption Agreement**"), subject to the satisfaction of the conditions set forth in the Assignment and Assumption Agreement, which Purchased Note shall immediately following such Note Assignment have a total principal amount outstanding equal to the sum of (i) the Outstanding Principal as of the Closing Date immediately prior to such Note Assignment, *plus* (ii) the accrued and unpaid interest as of the Closing Date immediately prior to such Note Assignment.

Section 2.3 Closing

(1) The completion (the "**Closing**") of the amendment and restatement of the Note as the Amended and Restated Note, and the issuance of the Amendment Primary Securities in accordance with Section 2.1 shall occur (i) in respect of the Amended and Restated Note, by electronic transmission as mutually acceptable to the parties and (ii) in respect of the Amendment Primary Securities, by the issuance of such number of non-legended HEXO Shares (the "**Amendment Shares**") equal to: (x) 12% of the Outstanding Principal as at the Closing Date, divided by (y) $0.54 ("**Amendment Share Price**"). Such Amendment Shares will be issued and delivered at the Closing Time to the Seller's (or its designee's) balance account with the Depository Trust Company ("**DTC**") under its the Depository Trust Company Fast Automated Securities Transfer Program and Deposit/Withdrawal at Custodian system pursuant to the account instructions specified by the Seller to the Company at least five (5) Business Days prior to the Closing Date. In the event that the issuance to the Seller of the Amendment Shares would result in the Seller, together with the other Attribution Parties, collectively, beneficially owning greater than 9.99% (the "**Maximum Percentage**") of the HEXO Shares outstanding as of the Closing Date (the "**Blocker Threshold**"), in lieu of issuing Amendment Shares in excess of the Blocker Threshold, the Company shall issue to the Seller a right to purchase HEXO Shares, in the form of Exhibit A attached hereto, to purchase such aggregate number of HEXO Shares (the "**Amendment Right**", and the HEXO Shares issuable upon exercise thereof, the "**Amendment Right Shares**") equal to the difference between (I) the number of HEXO Shares that would have been issued as Amendment Shares pursuant to the above formula but for the Blocker Threshold minus (II) the number of HEXO Shares actually issued as Amendment Shares after giving effect to the Blocker Threshold.

(2) The date and time of the Closing shall be 8:00 a.m., Toronto time (the "**Closing Time**") on the Closing Date, provided the conditions to the Closing set forth in Article 6 are satisfied or waived (or such other date and time as is mutually agreed to by the Purchaser, the Seller and the Company).

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of the Company.

The Company represents and warrants to and in favour of the Purchaser as follows and acknowledges that the Purchaser is relying upon such representations and warranties in entering into this Agreement:

(1) Organization and Qualification. Each of the Company, each of its Subsidiaries and each of the Investment Entities (as defined below) are entities duly organized and validly existing and in good standing (if a good standing concept exists in such jurisdiction) under the Laws of the jurisdiction in which they are formed, and have the requisite power and authority to own their properties and to carry on their business as now being conducted. Each of the Company and each of its Subsidiaries is duly qualified as a foreign entity to do business and is in good standing in every jurisdiction in which the character of the properties owned or leased by it or the nature of the business conducted by it makes such qualification necessary, except to the extent that the failure to be so qualified or be in good standing would not reasonably be expected to have a Material Adverse Effect. Other than the Subsidiaries, the Company has no other subsidiary within the meaning of the *Business Corporations Act* (Ontario).

(2) Authorization; Enforcement; Validity. The Company has the requisite power and authority to enter into and perform its obligations under this Agreement and the other Transaction Documents in accordance with the terms hereof and thereof (including, without limitation, the amendment and restatement of the Note, the issuance of the Amendment Shares and the Amendment Right, and the reservation for issuance and issuance of the Amendment Right Shares). Each Subsidiary has the requisite power and authority to enter into and perform its obligations under the Transaction Documents to which it is a party. The execution and delivery of this Agreement and the other Transaction Documents by the Company, and the consummation by the Company and its Subsidiaries of the transactions contemplated hereby and thereby, have been duly authorized by the Company's board of directors (the "**Board of Directors**"), and (other than any filings as may be required by any state securities agencies and under Canadian Securities Laws (collectively, the "**Required Filings**")) no further filing, consent or authorization is required by the Company, its Subsidiaries, their respective boards of directors or their shareholders or other governing body in connection therewith and the Investment Entities, their respective boards of directors or their shareholders or other governing body in connection therewith, other than the Requisite Shareholder Approval. This Agreement has been, and the other Transaction Documents to which it and any Subsidiary is a party will be prior to the Closing, duly executed and delivered by the Company and the applicable Subsidiaries, and each constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its respective terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar Laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies and except as rights to indemnification and to contribution may be limited by federal or state Securities Laws.

(3) Issuance of Securities. The issuance of the Amendment Primary Securities are duly authorized and, upon issuance and payment in accordance with the terms of the Transaction Documents shall be validly issued, fully paid and non-assessable and free from all Encumbrances with respect to the issuance thereof. Upon exercise in accordance with the Amendment Right, the Amendment Right Shares, when issued, will be validly issued, fully paid and non-assessable and free from all pre-emptive or similar rights or Encumbrances with respect to the issue thereof, with the holders being entitled to all rights accorded to a holder of HEXO Shares. The Amendment Securities are freely transferable and freely tradable by the Seller without restriction, whether by way of registration or some exemption therefrom.

(4) No Conflicts. The execution, delivery and performance of the Transaction Documents by the Company and the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, the amendment and restatement of the Note, the issuance of the Amendment Primary Securities and reservation for issuance and issuance of the Amendment Right Shares) will not (i) result in a violation of the Articles of Incorporation (as defined below), Bylaws (as defined below), certificate of formation, memorandum of association, articles of association, bylaws or other organizational documents of the Company or any of its Subsidiaries or the Investment Entities, or any capital stock or other securities of the Company or any of its Subsidiaries or, to the knowledge of the Company, the Investment Entities, (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) in any respect under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company or any of its Subsidiaries or, to the knowledge of the Company, the Investment Entities is a party, or (iii) result in a violation of any Law, rule, regulation, order, judgment or decree (including, without limitation, Securities Laws and the rules and regulations of the Toronto Stock Exchange (the "**TSX**") and the Nasdaq Capital Market (together, the **"Principal Markets**") and including all applicable foreign, federal and state Laws, rules and regulations) applicable to the Company or any of its Subsidiaries or the Investment Entities or by which any property or asset of the Company or any of its Subsidiaries or, to the knowledge of the Company, the Investment Entities is bound or affected, assuming, with respect to clauses (ii) and (iii) above, the making of the Required Filings.

(5) Consents. Neither the Company nor any Subsidiary is required to obtain any consent from, authorization or order of, or make any filing or registration with (other than the Required Filings), any Governmental Entity or any regulatory or self-regulatory agency or any other Person in order for it to execute, deliver or perform any of its respective obligations under or contemplated by the Transaction Documents, in each case, in accordance with the terms hereof or thereof. Other than the Required Filings, all consents, authorizations, orders, filings and registrations which the Company or any Subsidiary is required to obtain pursuant to the preceding sentence have been or will be obtained or effected on or prior to the Closing Date, and neither the Company nor any of its Subsidiaries are aware of any facts or circumstances which might prevent the Company or any of its Subsidiaries from obtaining or effecting any of the registration, application or filings contemplated by the Transaction Documents. The Company is not in violation of the requirements of either of the Principal Markets and has no knowledge of any facts or circumstances which could lead to delisting or suspension of its HEXO Shares.

(6) Acknowledgment Regarding Amendment of Securities. The Company acknowledges and agrees that the Seller is acting solely in the capacity of an arm's length investor with respect to the Transaction Documents and the transactions contemplated hereby and thereby and that the Seller is not (i) an officer or director of the Company or any of its Subsidiaries or (ii) to its knowledge, a "beneficial owner" of more than 10% of the HEXO Shares (as defined for purposes of Rule 13d-3 of the 1934 Act). The Company further acknowledges that the Seller is not acting as a financial advisor or fiduciary of the Company or any of its Subsidiaries (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated hereby and thereby, and any advice given by the Seller or any of its representatives or agents in connection with the Transaction Documents and the transactions contemplated hereby and thereby is merely incidental to such Seller's participation in the transactions contemplated hereby. The Company further represents to the Seller that the Company's decision to enter into the Transaction Documents has been based solely on the independent evaluation by the Company and its representatives.

(7) No Placement Agent. Neither the Company nor any of its Subsidiaries has engaged any placement agent, other agent or finder in connection with the offer, exchange or sale of the Securities. The Company shall pay, and hold the Purchaser harmless against, any liability, loss or expense (including, without limitation, attorney's fees and reasonable and documented out-of-pocket expenses) arising in connection with any claim for the payment of any placement agent's fees, financial advisory fees, or brokers' commissions (other than for Persons engaged by the Purchaser or the Seller) relating to or arising out of the transactions contemplated hereby.

(8) Dilutive Effect. The Company understands and acknowledges that the number of Amended Note Shares will increase in certain circumstances. The Company further acknowledges that its obligation to issue the Amended Note Shares pursuant to the terms of the Amended and Restated Note in accordance with this Agreement is absolute and unconditional regardless of the dilutive effect that such issuance may have on the ownership interests of other Company Shareholders. The Company further acknowledges that its obligation to issue the Amendment Right Shares upon exercise of the Amendment Right in accordance with this Agreement and the Amendment Right is, absolute and unconditional regardless of the dilutive effect that such issuance may have on the ownership interests of other stockholders of the Company.

(9) No Shareholder Approval. None of the Company, its Subsidiaries or any of their Affiliates, nor any Person acting on their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would require approval of stockholders of the Company in connection with the offering of the Securities for purposes of the 1933 Act or under any applicable shareholder approval provisions, including, without limitation, under the rules and regulations of any exchange or automated quotation system on which any of the securities of the Company are listed or designated for quotation, with the exception of the need to receive the Requisite Shareholder Approval.

(10) Application of Takeover Protections. The Company has no stockholder rights plan or other similar anti-takeover provision under the Articles of Incorporation, Bylaws or other organizational documents.

(11) Financial Statements. The Company has timely filed all reports, schedules, forms, proxy statements, statements and other documents required to be filed by it with the SEC (other than Section 16 ownership filings) pursuant to the reporting requirements of the 1934 Act (reports filed in compliance with the time period specified in Rule 12b-25 promulgated under the 1934 Act shall be considered timely for this purpose) (all of the foregoing filed prior to the date hereof and all exhibits and appendices included therein and financial statements, notes and schedules thereto and documents incorporated by reference therein being hereinafter referred to as the "**SEC Documents**"). The Company has delivered or has made available to the Purchaser and the Seller or their respective representatives true, correct and complete copies of each of the SEC Documents not available on the EDGAR system. As of their respective dates, the SEC Documents complied in all respects with the requirements of the 1934 Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. As of their respective dates, the financial statements of the Company included in the SEC Documents (the "**Financial Statements**") complied in all respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto as in effect as of the time of filing. Such Financial Statements have been prepared in accordance with IFRS, consistently applied, during the periods involved (except (i) as may be otherwise indicated in such Financial Statements or the notes thereto, or (ii) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed or summary statements) and fairly present in all respects the financial position of the Company as of the dates thereof and the results of its operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments, which will not be material, either individually or in the aggregate). No other information provided by or on behalf of the Company to the Purchaser or the Seller which is not included in the SEC Documents (including, without limitation, information referred to in the Disclosure Letter) contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein not misleading, in light of the circumstance under which they are or were made. The Company is not currently contemplating to amend or restate any of the Financial Statements (including, without limitation, any notes or any letter of the independent accountants of the Company with respect thereto) included in the SEC Documents, nor is the Company currently aware of facts or circumstances which would require the Company to amend or restate any of the Financial Statements, in each case, in order for any of the Financials Statements to be in material compliance with IFRS and the rules and regulations of the SEC. The Company has not been informed by its independent accountants that they recommend that the Company amend or restate any of the Financial Statements or that there is any need for the Company to amend or restate any of the Financial Statements.

(12) Absence of Certain Changes. Except as set forth on Section 3.1(12) of the Disclosure Letter, since the date of the Company's most recent audited financial statements contained in a Form 40-F, there has been no Material Adverse Effect, nor has there been any event, occurrence, development or state of circumstances or facts that has had or could be expected to have, individually or in the aggregate, a Material Adverse Effect. Except as set forth on Section 3.1(12) of the Disclosure Letter, since the date of the Company's most recent audited financial statements contained in a Form 40-F, neither the Company nor any of its Subsidiaries has (i) declared or paid any dividends, (ii) sold any assets, individually or in the aggregate, outside of the Ordinary Course of Business in excess of $1,000,000, (iii) made any capital expenditures, individually or in the aggregate, outside of the Ordinary Course of Business in excess of $1,000,000, or (iv) made any revaluation of any of their respective assets, including, without limitation, writing down the value of capitalized inventory or writing off notes or accounts receivable or any sale of assets.

(13) Insolvency. Except as set forth on Section 3.1(13) of the Disclosure Letter, neither the Company nor any of its Subsidiaries has taken any steps to seek protection pursuant to any Law or statute relating to bankruptcy, insolvency, reorganization, receivership, liquidation or winding up, nor does the Company or any Subsidiary have any knowledge or reason to believe that any of their respective creditors intend to initiate involuntary bankruptcy proceedings or any actual knowledge of any fact which would reasonably lead a creditor to do so. The Company and its Subsidiaries, individually (with respect to the Company only) and on a consolidated basis, are not as of the date hereof, and after giving effect to the transactions contemplated hereby to occur at the Closing, will not be Insolvent (as defined below). For purposes of this Section 3.1(13), "**Insolvent**" means, (i) with respect to the Company and its Subsidiaries, on a consolidated basis, (A) the present fair saleable value of the Company's and its Subsidiaries' assets is less than the amount required to pay the Company's and its Subsidiaries' total Indebtedness (as defined below), (B) the Company and its Subsidiaries are unable to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured or (C) the Company and its Subsidiaries intend to incur or believe that they will incur debts that would be beyond their ability to pay as such debts mature; and (ii) with respect to the Company and each Subsidiary, individually, (A) the present fair saleable value of the Company's or such Subsidiary's (as the case may be) assets is less than the amount required to pay its respective total Indebtedness, (B) the Company or such Subsidiary (as the case may be) is unable to pay its respective debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured or (C) the Company or such Subsidiary (as the case may be) intends to incur or believes that it will incur debts that would be beyond its respective ability to pay as such debts mature.

(14) Regulatory Permits. Except as set forth on Section 3.1(14) of the Disclosure Letter, during the two years prior to the date hereof, (i) the HEXO Shares have been listed or designated for quotation on each of the Principal Markets, (ii) trading in the HEXO Shares has not been suspended by the SEC or the CSA or either of the Principal Markets and (iii) the Company has received no communication, written or oral, from the SEC, the CSA or either of the Principal Markets regarding the suspension or delisting of the HEXO Shares from the Principal Markets. The Company, each of its Subsidiaries and each of the Investment Entities possess all licenses, certificates, authorizations and permits issued by, and have made all declarations and filings with, the appropriate federal, provincial, state, municipal, local or foreign governmental or regulatory agencies or bodies (including, without limitation, those administered by Health Canada or any federal, provincial, state, municipal, local or foreign governmental or regulatory authority in Canada or any other country performing functions similar to those performed by Health Canada) that are necessary for the ownership or lease of their respective properties or the conduct of their respective businesses as described in the registration statement of the Company dated May 25, 2021 and the prospectus supplement of the Company dated May 27, 2021. Neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit.

(15) Regulatory Compliance. The Company has not received any inspection report, notice of adverse finding, warning letter, untitled letter or other correspondence with or notice from Health Canada or any other federal, provincial, state, municipal, local or foreign governmental or regulatory authority or court or arbitrator in Canada or any other country, alleging or asserting noncompliance with any applicable Laws or regulations, including, without limitation, the *Cannabis Act* S.C. 2018, c. 16, the *Food and Drugs Act* R.S.C. 1985, c. F-27 or the *Controlled Drugs and Substances Act* S.C. 1996, c. 19, that has not been fully and finally resolved by the Company. The Company and any person acting on behalf of the Company, any Subsidiary or any Investment Entity are and have been in compliance with applicable health care, cannabis, privacy and personal health information Laws and the regulations promulgated pursuant to such Laws and all other federal, provincial, state, municipal, local or foreign Laws, manual provisions, policies and administrative guidance relating to the regulation of the Company and its Subsidiaries in Canada or any other country. The Company has not, either voluntarily or involuntarily, initiated, conducted or issued or caused to be initiated, conducted or issued, any recall, market withdrawal or replacement, safety alert, post-sale warning or other notice or action relating to the alleged safety or efficacy of any product or any alleged product defect or violation and there is no basis for any such notice or action.

(16) Company Activities. Neither the Company, nor any of its Subsidiaries, nor any of the Investment Entities nor, to the Company's knowledge, any person acting on behalf of the Company or any subsidiary has cultivated, produced, processed, imported or distributed, or has any current intention to cultivate, produce, process, import or distribute, any cannabis or cannabinoid product or has otherwise engaged, or has any current intention to otherwise engage, in any direct or indirect dealings or transactions in or to the United States of America, its territories and possessions, any state of the United States and the District of Columbia or any other federal, provincial, state, municipal, local or foreign jurisdiction where such activity is illegal. Neither the Company nor any of its Subsidiaries has operated in or exported any cannabis or cannabinoid product to any jurisdiction except Canada, Australia, Israel, Malta and Lesotho. The Company and its Subsidiaries have instituted and maintained and will continue to maintain policies and procedures that ensure that the Company and its subsidiaries do not carry on any activities in, or distribute any products to, any jurisdiction where such activities or products are not fully in compliance with all applicable federal, state or provincial Laws. Schedule 3.1(13) of the Disclosure Letter sets forth current facility-level product quality and potency information, including with respect to tetrahydrocannabinol content, regarding all cannabis product output produced by the Company and its Subsidiaries and is true and correct in all material respects.

(17) Foreign Corrupt Practices. Neither the Company, any of the Company's Subsidiaries, nor any director, officer, employee thereof, nor, to the Company's knowledge, any agent or any other person acting for or on behalf of the foregoing nor, to the knowledge of the Company, any of the Investment Entities, nor any director, officer, employee thereof, nor any agent or any other person acting for or on behalf of the foregoing, (individually and collectively, a "**Company Affiliate**") have violated the U.S. Foreign Corrupt Practices Act or any other applicable anti-bribery or anti-corruption Laws, including the Canadian Corruption of Foreign Public Officials Act (individually and collectively, "**Anti-Corruption Laws**"), nor, to the Company's knowledge, has any Company Affiliate offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, to any officer, employee or any other person acting in an official capacity for any Governmental Entity to any political party or official thereof or to any candidate for political office (individually and collectively, a "**Government Official**") or to any person under circumstances where such Company Affiliate knew or was aware of a high probability that all or a portion of such money or thing of value would be offered, given or promised, directly or indirectly, to any Government Official, for the purpose of:

(i) (A) influencing any act or decision of such Government Official in his/her official capacity, (B) inducing such Government Official to do or omit to do any act in violation of his/her lawful duty, (C) securing any improper advantage, or (D) inducing such Government Official to influence or affect any act or decision of any Governmental Entity, or

(ii) assisting the Company or its Subsidiaries in obtaining or retaining business for or with, or directing business to, the Company or its Subsidiaries.

Neither the Company nor any of its Subsidiaries will use, directly or indirectly, any part of the proceeds of the offering in any manner that would constitute a violation of Anti-Corruption Laws.

(18) Sarbanes-Oxley Act. Except as set forth on Section 3.1(18) of the Disclosure Letter, the Company and each of its Subsidiaries is in material compliance with any and all applicable requirements of the Sarbanes-Oxley Act of 2002, as amended, and any and all applicable rules and regulations promulgated by the SEC thereunder.

(19) Transactions With Affiliates. Except as set forth on Section 3.1(19) of the Disclosure Letter, during the past two (2) years, no current or former employee, partner, director, officer or shareholder (direct or indirect) of the Company or its Subsidiaries, or any associate, or, to the knowledge of the Company, any Affiliate of any thereof, or any relative with a relationship no more remote than first cousin of any of the foregoing, is presently, or has ever been, (i) a party to any transaction with the Company or its Subsidiaries (including any contract, agreement or other arrangement providing for the furnishing of services by, or rental of real or personal property from, or otherwise requiring payments to, any such director, officer or shareholder or such associate or Affiliate or relative Subsidiaries (other than for services as employees, officers or directors of the Company or any of its Subsidiaries in the Ordinary Course of Business)) or (ii) the direct or indirect owner of an interest in any corporation, firm, association or business organization which is a competitor, supplier or customer of the Company or its Subsidiaries (except for a passive investment (direct or indirect) in less than 5% of the common stock or ordinary shares, as applicable, of a company whose securities are traded on or quoted through an Eligible Market (as defined below)), nor does any such Person receive income from any source other than the Company or its Subsidiaries which relates to the business of the Company or its Subsidiaries or should properly accrue to the Company or its Subsidiaries. No employee, officer, shareholder or director of the Company or any of its Subsidiaries or member of his or her immediate family is indebted to the Company or its Subsidiaries, as the case may be, nor is the Company or any of its Subsidiaries indebted (or committed to make loans or extend or guarantee credit) to any of them, other than (i) for payment of salary for services rendered, (ii) reimbursement for reasonable expenses incurred on behalf of the Company or its Subsidiaries, as the case may be, and (iii) for other standard employee benefits made generally available to all employees or executives (including share option agreements outstanding under any share option plan approved by the Board of Directors).

(20) Equity Capitalization.

(i) Authorized and Outstanding Shares; Valid Issuance. As of the date hereof, the authorized shares of the Company consists of an unlimited number of shares of common stock and an unlimited number of special shares issuable in series, of which, 458,167,270 shares of common stock are issued and outstanding and 433,728,824 common shares are reserved for issuance pursuant to Convertible Securities (as defined below) (other than the Purchased Note) exercisable or exchangeable for, or convertible into, shares of common stock, and no special shares are outstanding. All of such outstanding shares are duly authorized and have been, or upon issuance will be, validly issued and are fully paid and non-assessable. No shares of common stock are held in the treasury of the Company. "**Convertible Securities**" means any shares or other security of the Company or any of its Subsidiaries that is at any time and under any circumstances directly or indirectly convertible into, exercisable or exchangeable for, or which otherwise entitles the holder thereof to acquire, any shares or other security of the Company (including, without limitation, HEXO Shares and any rights, warrants or options to subscribe for or purchase shares of HEXO Shares or Convertible Securities (collectively, "**Options**")) or any of its Subsidiaries.

(ii) Available Shares; Affiliates. Section 3.1(20)(ii) of the Disclosure Letter sets forth the number of HEXO Shares that are (A) reserved for issuance pursuant to Convertible Securities (other than the Purchased Note) and (B) that are, as of the date hereof, owned by Persons who are "affiliates" (as defined in Rule 405 of the 1933 Act and calculated based on the assumption that only officers, directors and holders of at least 10% of the Company's issued and outstanding HEXO Shares are "affiliates" without conceding that any such Persons are "affiliates" for purposes of Securities Laws) of the Company or any of its Subsidiaries. To the Company's knowledge, no Person owns 10% or more of the Company's issued and outstanding HEXO Shares (calculated based on the assumption that all Convertible Securities, whether or not presently exercisable or convertible, have been fully exercised or converted (as the case may be) taking account of any limitations on exercise or conversion (including "blockers") contained therein without conceding that such identified Person is a 10% stockholder for purposes of Securities Laws).

(iii) Existing Securities; Obligations. Except as set forth on Section 3.1(20)(iii) of the Disclosure Letter and in respect of the Equity Line: (A) none of the Company's or any Subsidiary's shares, interests or securities is subject to preemptive rights or any other similar rights or Liens suffered or permitted by the Company or any Subsidiary; (B) other than stock options and restricted stock awarded to employees, directors and consultants of the Company under equity incentive plans adopted by the Board of Directors and described in the SEC Documents, there are no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any shares, interests or securities of the Company or any of its Subsidiaries, or contracts, commitments, understandings or arrangements by which the Company or any of its Subsidiaries is or may become bound to issue additional shares, interests or securities of the Company or any of its Subsidiaries or options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any shares, interests or securities of the Company or any of its Subsidiaries; (C) there are no agreements or arrangements under which the Company or any of its Subsidiaries is obligated to register the sale of any of their securities under the 1933 Act; (D) there are no outstanding securities or instruments of the Company or any of its Subsidiaries which contain any redemption or similar provisions, and there are no contracts, commitments, understandings or arrangements by which the Company or any of its Subsidiaries is or may become bound to redeem a security of the Company or any of its Subsidiaries; (E) there are no securities or instruments containing anti-dilution or similar provisions that will be triggered by the issuance of the Securities; and (F) neither the Company nor any Subsidiary has any stock appreciation rights or "phantom stock" plans or agreements or any similar plan or agreement.

(iv) Organizational Documents. The Company has furnished to the Purchaser true, correct and complete copies of the Company's Articles of Incorporation, as amended and as in effect on the date hereof (the "**Articles of Incorporation**"), and the Company's bylaws, as amended and as in effect on the date hereof (the "**Bylaws**"), and the terms of all Convertible Securities and the material rights of the holders thereof in respect thereto.

(21) Indebtedness and Other Contracts. Except as set forth on Section 3.1(21) of the Disclosure Letter, neither the Company nor any of its Subsidiaries (i) has any outstanding debt securities, notes, credit agreements, credit facilities or other agreements, documents or instruments evidencing Indebtedness of the Company or any of its Subsidiaries or by which the Company or any of its Subsidiaries is or may become bound, (ii) has any financing statements securing obligations in any amounts filed against the Company or any of its Subsidiaries or with respect to any of their respective assets; (iii) is in violation of any term of, or in default under, any contract, agreement or instrument relating to any Indebtedness, or (iv) is a party to any contract, agreement or instrument relating to any Indebtedness, the performance of which, in the judgment of the Company's officers, has or is expected to have a Material Adverse Effect. Neither the Company nor any of its Subsidiaries have any liabilities or obligations required to be disclosed in the SEC Documents which are not so disclosed in the SEC Documents.

(22) Litigation. Except as set forth on Section 3.1(22) of the Disclosure Letter, there is no action, suit, arbitration, proceeding, inquiry or investigation before or by either of the Principal Markets, any court, public board, other Governmental Entity, self-regulatory organization or body pending or, to the knowledge of the Company, threatened against or affecting the Company or any of its Subsidiaries, the HEXO Shares or any of the Company's or its Subsidiaries' officers or directors, whether of a civil or criminal nature or otherwise, in their capacities as such. No director, officer or employee of the Company or any of its Subsidiaries has willfully violated 18 U.S.C. §1519 or engaged in spoliation in reasonable anticipation of litigation. Without limitation of the foregoing, there has not been, and to the knowledge of the Company, there is not pending, contemplated or anticipated, any inquiry or investigation by the SEC or CSA involving the Company, any of its Subsidiaries or any current or former director or officer of the Company or any of its Subsidiaries. The SEC has not issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company under the 1933 Act or the 1934 Act. After reasonable inquiry of its officers (as defined in Rule 16a-1(f) promulgated under the 1934 Act) and members of its Board of Directors, the Company is not aware of any fact which might result in or form the basis for any such action, suit, arbitration, investigation, inquiry or other proceeding. Neither the Company nor any of its Subsidiaries is subject to any order, writ, judgment, injunction, decree, determination or award of any Governmental Entity. The Company has provided all pleadings, correspondence and any other relevant documents related to the matters disclosed on Section 3.1(22) of the Disclosure Letter to the Purchaser.

(23) Insurance. Except for captive insurance arrangements set forth on Section 3.1(23) of the Disclosure Letter with respect to the Company's director and officer insurance arrangements as disclosed in the Company's filings under the 1934 Act, the Company and each of its Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as management of the Company believes to be prudent and customary in the businesses in which the Company and its Subsidiaries are engaged. Neither the Company nor any of its Subsidiaries has been refused any insurance coverage sought or applied for, and neither the Company nor any of its Subsidiaries has any reason to believe that it will be unable to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business. There are no claims currently outstanding or expected to be submitted with respect to any of the Company's or the Subsidiaries' insurance policies and arrangements, including the captive insurance arrangements.

(24) Employee Relations. Neither the Company nor any of its Subsidiaries is a party to any collective bargaining agreement or employs any member of a union. The Company and its Subsidiaries believe that their relations with their employees are good. No executive officer (as defined in Rule 501(f) promulgated under the 1933 Act) or other key employee of the Company or any of its Subsidiaries has notified the Company or any such Subsidiary that such officer intends to leave the Company or any such Subsidiary or otherwise terminate such officer's employment with the Company or any such Subsidiary. No executive officer or other key employee of the Company or any of its Subsidiaries is, or is now expected to be, in violation of any term of any employment contract, confidentiality, disclosure or proprietary information agreement, non-competition agreement, or any other contract or agreement or any restrictive covenant, and the continued employment of each such executive officer or other key employee (as the case may be) does not subject the Company or any of its Subsidiaries to any liability with respect to any of the foregoing matters. The Company and its Subsidiaries are in compliance with all applicable federal, state, provincial, local and foreign Laws and regulations respecting labour, employment and employment practices and benefits, terms and conditions of employment and wages and hours.

(25) Title. Except as set forth in Section 3.1(25) of the Disclosure Letter**,** each of the Company and its Subsidiaries holds good title to, or a valid leasehold interest in, all real property, leases in real property, facilities or other interests in real property owned or held by the Company or any of its Subsidiaries (the "**Real Property**"). Except as set forth in Section 3.1(25) of the Disclosure Letter, the Real Property is free and clear of all Liens and is not subject to any rights of way, building use restrictions, exceptions, variances, reservations, or limitations of any nature except for (i) Liens for current taxes not yet due or being contested in good faith by appropriate procedures, and (ii) zoning Laws and other land use restrictions that do not impair the present or anticipated use of the property subject thereto. Any Real Property held under lease by the Company or any of its Subsidiaries are held by them under valid, subsisting and enforceable leases. All proposed, expected and pending Real Property sales and dispositions with summary detail of anticipated sale terms, valuations or similar detail as available are disclosed on Section 3.1(25) of the Disclosure Letter.

(26) Fixtures and Equipment. Each of the Company and its Subsidiaries (as applicable) has good title to, or a valid leasehold interest in, the tangible personal property, equipment, improvements, fixtures, and other personal property and appurtenances that are used by the Company and its Subsidiaries to conduct their respective businesses (the "**Fixtures and Equipment**"). The Fixtures and Equipment are structurally sound, are in good operating condition and repair, are adequate for the uses to which they are being put, are not in need of maintenance or repairs except for ordinary, routine maintenance and repairs and are sufficient for the conduct of the Company's and/or its Subsidiaries' businesses (as applicable) in the manner as conducted prior to the Closing. Except as set forth in Section 3.1(23) of the Disclosure Letter, each of the Company and its Subsidiaries owns all of its Fixtures and Equipment free and clear of all Liens except for (i) Liens for current taxes not yet due or taxes being contested in good faith by appropriate proceedings and for which adequate reserves have been established and (ii) zoning Laws and other land use restrictions that do not impair the present or anticipated use of the property subject thereto.

(27) Intellectual Property Rights. The Company and its Subsidiaries own or possess adequate rights or licenses to use all trademarks, trade names, service marks, service mark registrations, service names, original works of authorship, patents, patent rights, copyrights, inventions, licenses, approvals, governmental authorizations, trade secrets and other intellectual property rights and all applications and registrations therefor ("**Intellectual Property Rights**") necessary to conduct their respective businesses as now conducted. The Company does not have any knowledge of any infringement by the Company or its Subsidiaries of Intellectual Property Rights of others. There is no claim, action or proceeding being made or brought, or to the knowledge of the Company or any of its Subsidiaries, being threatened, against the Company or any of its Subsidiaries regarding its Intellectual Property Rights. Neither the Company nor any of its Subsidiaries has received any notice alleging any such infringement or claim, action or proceeding.

(28) Environmental Laws. Except as set forth on Section 3.1(29) of the Disclosure Letter, to the knowledge of the Company, the Company and its Subsidiaries (A) are in compliance with any and all Environmental Laws (as defined below), (B) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (C) are in compliance with all terms and conditions of any such permit, license or approval.

(29) No Hazardous Materials:

(i) No Hazardous Materials have been disposed of or otherwise released from any Real Property of the Company or any of its Subsidiaries in violation of any Environmental Laws.

(ii) No Hazardous Materials are present on, over, beneath, in or upon any Real Property or any portion thereof in quantities that would constitute a violation of any Environmental Laws or in quantities, a manner or location that would be expected to require remedial action pursuant to any Environmental Laws. No prior use by the Company or any of its Subsidiaries of any Real Property has occurred that violates any Environmental Laws.

(iii) Neither the Company nor any of its Subsidiaries knows of any other Person that has stored, treated, recycled, disposed of or otherwise located on any Real Property any Hazardous Materials, including, without limitation, such substances as asbestos and polychlorinated biphenyls.

(iv) Neither the Company nor its Subsidiaries is subject to any pending or, to the knowledge of the Company and its Subsidiaries, threatened administrative, regulatory or judicial action, claim or notice of noncompliance or violation, investigation, claim or proceeding relating to any Environmental Laws.

(30) Tax Status. The Company and each of its Subsidiaries (i) has timely made or filed all foreign, federal, provincial and state income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject through the date of this Agreement or have requested extensions thereof and (ii) has timely paid all taxes and other governmental assessments and charges shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and for which reserves required by IFRS have been created in the financial statements of the Company. There is no tax deficiency that has been determined adversely to the Company or any of its Subsidiaries, nor does the Company or its Subsidiaries have any knowledge or notice of any tax deficiency which could reasonably be expected to be determined adversely to the Company or its Subsidiaries.

(31) Internal Accounting and Disclosure Controls. Except as set forth in Section 3.1(31) of the Disclosure Letter and subject to the material weaknesses identified and discussed in the Management Discussion and Analysis for the three and six months ended January 31, 2022 filed by the Company, the Company and each of its Subsidiaries maintains internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the 1934 Act) that is effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS, including that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain asset and liability accountability, (iii) access to assets or incurrence of liabilities is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets and liabilities is compared with the existing assets and liabilities at reasonable intervals and appropriate action is taken with respect to any difference. Except as set forth in Section 3.1(31) of the Disclosure Letter, the Company maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the 1934 Act and in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*) that are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the 1934 Act and under Canadian Securities Laws is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC and CSA, including, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the 1934 Act and under Canadian Securities Laws is accumulated and communicated to the Company's management, including its principal executive officer or officers and its principal financial officer or officers, as appropriate, to allow timely decisions regarding required disclosure. Since the filing of the Annual Report on Form 40-F for the year ended July 31, 2021, neither the Company nor any of its Subsidiaries has received any notice or correspondence from any accountant, Governmental Entity or other Person relating to any potential material weakness or significant deficiency in any part of the internal controls over financial reporting of the Company or any of its Subsidiaries.

(32) Off Balance Sheet Arrangements. There is no transaction, arrangement, or other relationship between the Company or any of its Subsidiaries and an unconsolidated or other off balance sheet entity that is required to be disclosed by the Company in its 1934 Act filings and is not so disclosed or that otherwise could be reasonably likely to have a Material Adverse Effect.

(33) Investment Company Status. The Company is not, and upon consummation of the sale of the Securities and the application of the proceeds thereof, will not be required to be registered as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(34) Manipulation of Price. Neither the Company nor any of its Subsidiaries has, and, to the knowledge of the Company, no Person acting on their behalf has, directly or indirectly, (i) taken any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company or any of its Subsidiaries to facilitate the sale or resale of any of the Securities, (ii) sold, bid for, purchased, or paid any compensation for soliciting purchases of, any of the Securities except, in the case of a Person acting on behalf of the Company or its Subsidiaries, in their personal capacity in compliance with applicable Law, (iii) paid or agreed to pay to any Person any compensation for soliciting another to purchase any other securities of the Company or any of its Subsidiaries or (iv) paid or agreed to pay any Person for research services with respect to any securities of the Company or any of its Subsidiaries.

(35) U.S. Real Property Holding Corporation. Neither the Company nor any of its Subsidiaries is, or has ever been, and so long as any of the Securities are held by the Purchaser or the Seller, shall become, a U.S. real property holding corporation within the meaning of Section 897 of the Code, and the Company and each Subsidiary shall so certify upon the Purchaser's or the Seller's request.

(36) Transfer Taxes. On the Closing Date, all share transfer or other taxes (other than income or similar taxes) that are required to be paid in connection with the transfer of the Amended and Restated Note, if any, and/or the issuance of the Amendment Primary Securities to be issued to the Seller from time to time hereunder, if any, will be, or will have been, fully paid or provided for by the Company, and all laws imposing such taxes will be or will have been complied with. All transfer or other taxes (other than income or similar taxes) which are required to be paid in connection with the issuance, sale and transfer of the Securities to be sold to the Purchaser hereunder will be, or will have been, fully paid or provided for by the Company, and all Laws imposing such taxes will be or will have been complied with; provided that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any Amended Note Shares pursuant to the Purchased Note in a name other than that of the Purchaser, and the Company shall not be required to issue or deliver such Amended Note Shares unless or until the Person or Persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

(37) Shell Company Status. The Company is not an issuer identified in Rule 144(i)(1)(i), and the provisions of Rule 144(i)(2) apply to the Company.

(38) Reporting Issuer Status. The Company is a reporting issuer in each of the provinces and territories of Canada, and is not included in a list of defaulting reporting issues maintained by the relevant Governmental Entity in any such jurisdiction.

(39) Illegal or Unauthorized Payments; Political Contributions. Neither the Company nor any of its Subsidiaries nor, to the best of the Company's knowledge (after reasonable inquiry of its officers and directors), any of the officers, directors, employees, agents or other representatives of the Company or any of its Subsidiaries or Affiliates, has, directly or indirectly, made or authorized any payment, contribution or gift of money, property, or services, whether or not in contravention of applicable Law, (i) as a kickback or bribe to any Person or (ii) to any political organization, or the holder of or any aspirant to any elective or appointive public office to influence official action or secure an improper advantage, except for personal political contributions not involving the direct or indirect use of funds of the Company or any of its Subsidiaries.

(40) Money Laundering. The operations of the Company, its Subsidiaries and, to the knowledge of the Company, the Investment Entities are and have been conducted at all times in material compliance with the *USA Patriot Act of 2001*, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and Part II.1 of the *Criminal Code* (Canada) and all other applicable U.S. and non-U.S. anti-money laundering Laws and regulations, including, without limitation, the Laws, regulations and Executive Orders and sanctions programs administered by the U.S. Office of Foreign Assets Control, including, but not limited, to (i) Executive Order 13224 of September 23, 2001 entitled, "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism" (66 Fed. Reg. 49079 (2001)); and (ii) any regulations contained in 31 CFR, Subtitle B, Chapter V.

(41) Sanctions. None of the Company, any of its Subsidiaries or any director, officer, employee thereof or, to the knowledge of the Company, any of the Investment Entities, any director, officer or employee thereof, or any agent or other person acting for or on behalf of the foregoing, is the subject or target of any economic or financial sanctions imposed, administered or enforced by the United States (including the U.S. Department of the Treasury Office of Foreign Assets Control and the U.S. Department of State) Canada (including Global Affairs Canada) or other relevant sanctions authority (collectively, "**Sanctions**" and each such Person, a "**Sanctioned Person**"). The operations of the Company and its Subsidiaries are, and have been conducted within the past five (5) years, in compliance with applicable Sanctions. Neither the Company nor any of its Subsidiaries will, directly or indirectly, use any part of the proceeds of this offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, to fund or facilitate any dealings or transactions with, involving or for the benefit of any Sanctioned Person, or otherwise in any manner that would constitute or give rise to a violation of any Sanctions by any Person (including any Person participating in the offering, whether as buyer, underwriter, advisor, investor or otherwise).

(42) Management. Except as set forth in Section 3.1(42) of the Disclosure Letter, during the past five year period, no current or former officer or director has been the subject of:

(i) a petition under bankruptcy Laws or any other insolvency or moratorium Law or the appointment by a court of a receiver, fiscal agent or similar officer for such Person, or any partnership in which such person was a general partner at or within two years before the filing of such petition or such appointment, or any corporation or business association of which such person was an executive officer at or within two years before the time of the filing of such petition or such appointment;

(ii) a conviction in a criminal proceeding or a named subject of a pending criminal proceeding;

(iii) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining any such person from, or otherwise limiting, the following activities:

(A) Acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the United States Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity;

(B) Engaging in any particular type of business practice; or

(C) Engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of Securities Laws or commodities laws;

(iv) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any authority barring, suspending or otherwise limiting for more than sixty (60) days the right of any such person to engage in any activity described in the preceding sub paragraph, or to be associated with persons engaged in any such activity;

(v) a finding by a court of competent jurisdiction in a civil action or by the SEC, the CSA or other authority to have violated any Securities Laws, regulation or decree and the judgment in such civil action or finding by the SEC, the CSA or any other authority has not been subsequently reversed, suspended or vacated; or

(vi) a finding by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any federal commodities Law, and the judgment in such civil action or finding has not been subsequently reversed, suspended or vacated.

(43) Stock Option Plans. Each stock option granted by the Company was granted (i) in accordance with the terms of the applicable stock option plan of the Company and (ii) with an exercise price at least equal to the fair market value of the HEXO Shares on the date such stock option would be considered granted under IFRS and applicable Law. No stock option granted under the Company's stock option plan has been backdated. The Company has not granted, and there is no and has been no policy or practice of the Company to grant, stock options prior to, or otherwise coordinate the grant of stock options with, the release or other public announcement of material information regarding the Company or its Subsidiaries or their financial results or prospects.

(44) Cybersecurity. The information technology assets and equipment, computers, systems, networks, hardware, software, websites, applications, and databases used or owned by, or leased or licensed to, the Company or any of its Subsidiaries (collectively, "**IT Systems**") are adequate for, and operate and perform in all material respects as required in connection with the operation of the business of the Company and its Subsidiaries as currently conducted. The IT Systems are free and clear of all bugs, errors, defects, Trojan horses, time bombs, malware and other corruptants. The Company and its Subsidiaries have implemented and maintained commercially reasonable physical, technical and administrative controls, policies, procedures, and safeguards to maintain and protect their material confidential information and the integrity, continuous operation, redundancy and security of all IT Systems and data, including "Personal Data," used in connection with their businesses. "**Personal Data**" means (i) a natural person's name, street address, telephone number, e-mail address, photograph, social security number or tax identification number, driver's license number, passport number, credit card number, bank information, or customer or account number; (ii) any information which would qualify as "personally identifying information" under the Federal Trade Commission Act, as amended; (iii) "personal data" as defined by the European Union General Data Protection Regulation ("**GDPR**") (EU 2016/679); (iv) any information which would qualify as "protected health information" under the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act (collectively, "**HIPAA"**); and (v) any other piece of information that allows the identification of such natural person, or his or her family, or permits the collection or analysis of any data related to an identified person's health or sexual orientation. There have been no breaches, violations, outages or unauthorized uses of or accesses to same, except for those that have been remedied without material cost or liability or the duty to notify any other person, nor any incidents under internal review or investigations relating to the same. The Company and its Subsidiaries are presently in material compliance with all applicable Laws or statutes and all judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, internal policies and contractual obligations relating to the privacy and security of IT Systems and Personal Data and to the protection of such IT Systems and Personal Data from unauthorized use, access, misappropriation or modification.

(45) Compliance with Data Privacy Laws. The Company and its Subsidiaries are, and at all prior times were, in compliance in all material respects with all applicable state and federal data privacy and Securities Laws, including without limitation HIPAA, and the Company and its Subsidiaries have taken commercially reasonable actions to prepare to comply with, and since May 25, 2018, have been and currently are in compliance with, the GDPR (EU 2016/679) (collectively, the "**Privacy Laws**"). To ensure compliance with the Privacy Laws, the Company and its Subsidiaries have in place, comply with, and take appropriate steps reasonably designed to ensure compliance in all material respects with their policies and procedures relating to data privacy and security and the collection, storage, use, disclosure, handling, and analysis of Personal Data (the "**Policies**"). The Company and its Subsidiaries have at all times made all disclosures to users or customers required by applicable Laws and regulatory rules or requirements, and none of such disclosures made or contained in any Policy have, to the knowledge of the Company, been inaccurate or in violation of any applicable Laws and regulatory rules or requirements in any respect. Neither the Company nor any Subsidiary: (i) has received notice of any actual or potential liability under or relating to, or actual or potential violation of, any of the Privacy Laws, and has no knowledge of any event or condition that would be expected to result in any such notice; (ii) is currently conducting or paying for, in whole or in part, any investigation, remediation, or other corrective action pursuant to any Privacy Law; or (iii) is a party to any order, decree, or agreement that imposes any obligation or liability under any Privacy Law.

(46) No Additional Agreements. The Company does not have any agreement or understanding with the Seller with respect to the transactions contemplated by the Transaction Documents other than as specified in the Transaction Documents.

(47) Acknowledgement Regarding Sellers' Trading Activity. It is understood and acknowledged by the Company that (i) following the date of the announcement of the Term Sheet, in accordance with the terms thereof, the Seller has not been asked by the Company or any of its Subsidiaries to agree, nor has the Seller agreed with the Company or any of its Subsidiaries, to desist from effecting any transactions in or with respect to (including, without limitation, purchasing or selling, long and/or short) any securities of the Company, or "derivative" securities based on securities issued by the Company or to hold any of the Amendment Securities for any specified term; (ii) the Seller, and counterparties in "derivative" transactions to which the Seller is a party, directly or indirectly, presently may have a "short" position in the HEXO Shares; (iii) the Seller shall not be deemed to have any affiliation with or control over any arm's length counterparty in any "derivative" transaction; and (iv) the Seller may rely on the Company's obligation to timely deliver, subject to the terms and conditions of the applicable Transaction Documents, HEXO Shares upon exercise or exchange, as applicable, of the Amendment Securities as and when required pursuant to the Transaction Documents for purposes of effecting trading in HEXO Shares. The Company further understands and acknowledges that following the date of the announcement of the Term Sheet, the Seller may engage in hedging and/or trading activities (including, without limitation, the location and/or reservation of borrowable HEXO Shares) at various times during the period that the Amendment Securities are outstanding and such hedging and/or trading activities (including, without limitation, the location and/or reservation of borrowable HEXO Shares), if any, can reduce the value of the existing stockholders' equity interest in the Company both at and after the time the hedging and/or trading activities are being conducted. The Company acknowledges that such aforementioned hedging and/or trading activities do not constitute a breach of this Agreement or any other Transaction Document or any of the documents executed in connection herewith or therewith.

(48) Disclosure. The Company understands and confirms that the Purchaser and the Seller have relied on and will rely on the foregoing representations in effecting transactions in securities of the Company. All disclosure provided to the Purchaser and the Seller regarding the Company and its Subsidiaries, their businesses and the transactions contemplated hereby, including the schedules to this Agreement, furnished by or on behalf of the Company or any of its Subsidiaries is true and correct in all material respects and, to the knowledge of the Company, does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The Company acknowledges and agrees that the Seller does not make or has not made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in Section 3.2. The Company acknowledges and agrees that the Purchaser does not make or has not made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in Section 3.2.

(49) No Reliance. In connection with the Note Amendment: (i) the Seller is not acting as an agent, fiduciary or financial or investment adviser for the Company, (ii) the Company is not relying upon any advice, counsel or representations (whether written or oral) of the Seller, except any representations and/or warranties expressly set forth herein and in the other Transaction Documents and (iii) the Company has consulted with its own legal, regulatory, tax, business, financial, and accounting advisers to the extent it has deemed necessary.

Section 3.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to each of the Company and the Seller that, as of the date hereof and as of the Closing Date:

(1) Organization; Authority. The Purchaser is an entity duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization with the requisite power and authority to conduct its business as currently conducted and enter into and to consummate the transactions contemplated by the Transaction Documents to which it is a party and otherwise to carry out its obligations hereunder and thereunder.

(2) Validity; Enforcement. This Agreement and the Transaction Documents to which it is a party have been duly and validly authorized, executed and delivered on behalf of the Purchaser and shall constitute the legal, valid and binding obligations of the Purchaser enforceable against the Purchaser in accordance with their respective terms, except as such enforceability may be limited by general principles of equity or to applicable bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar Laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies.

(3) No Conflicts. The execution, delivery and performance by the Purchaser of this Agreement and the Transaction Documents to which it is a party, and the consummation by the Purchaser of the transactions contemplated hereby and thereby will not (i) result in a violation of the organizational documents of the Purchaser, or (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Purchaser is a party, or (iii) result in a violation of any Law, rule, regulation, order, judgment or decree (including Securities Laws) applicable to the Purchaser, except in the case of clauses (ii) and (iii) above, for such conflicts, defaults, rights or violations which could not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of the Purchaser to perform its obligations hereunder.

(4) Consents. Other than any consents required to be obtained from each of the TSX and Nasdaq, the Purchaser nor any of its Affiliates is required to obtain any material consent from, material authorization or order of, or make any material filing or registration with, any Governmental Entity or any regulatory or self-regulatory agency or any other Person (other than the shareholder approvals described herein) in order for it to execute, deliver or perform any of its respective obligations under or contemplated by the Transaction Documents, in each case, in accordance with the terms hereof or thereof. All material consents, authorizations, orders, filings and registrations which the Purchaser or any of its Affiliates is required to obtain pursuant to the preceding sentence have been or will be obtained or effected on or prior to the Closing Date.

Section 3.3 Representations and Warranties of the Seller

The Seller represents and warrants to each of the Company and the Purchaser that, as of the date hereof and as of the Closing Date:

(1) Organization; Authority. The Seller is an entity duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization with the requisite power and authority to conduct its business as currently conducted and enter into and to consummate the transactions contemplated by the Transaction Documents to which it is a party and otherwise to carry out its obligations hereunder and thereunder. The Seller is resident of the State of Delaware and not in, or otherwise subject to Canadian Securities Laws, has executed this Agreement in the United States of America and is acquiring the Amendment Shares and Amendment Right (the "**Amendment Primary Securities**", and together with the Amendment Right Shares, collectively the "**Amendment Securities**", and the Amendment Shares and the Amendment Right Shares, collectively, the "**Amendment Common Securities**") in a transaction outside of Canada.

(2) Validity; Enforcement. This Agreement and the Transaction Documents to which it is a party have been duly and validly authorized, executed and delivered on behalf of the Seller and shall constitute the legal, valid and binding obligations of the Seller enforceable against the Seller in accordance with their respective terms, except as such enforceability may be limited by general principles of equity or to applicable bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar Laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies.

(3) No Conflicts. The execution, delivery and performance by the Seller of this Agreement and the Transaction Documents to which it is a party, and the consummation by the Seller of the transactions contemplated hereby and thereby will not (i) result in a violation of the organizational documents of the Seller, or (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Purchaser is a party, or (iii) result in a violation of any Law, rule, regulation, order, judgment or decree (including Securities Laws) applicable to the Seller, except in the case of clauses (ii) and (iii) above, for such conflicts, defaults, rights or violations which could not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of the Seller to perform its obligations hereunder.

(4) Amendment Securities.

(i) The Seller acknowledges that the Amendment Securities (i) have not been qualified for distribution by prospectus in Canada, and (ii) may not be offered or sold in Canada during the course of their distribution except pursuant to a Canadian prospectus or prospectus exemption.

(ii) The Seller agrees that it will not re-sell or make the first trade in the Amendment Securities in Canada or through the facilities of the Toronto Stock Exchange. The Seller will not bring, or attempt to bring, the Amendment Securities into Canada, including, causing, or attempting to cause, the Amendment Securities to be held by the Canadian Depository for Securities.

(iii) The Seller is not an "affiliate" (as defined in Rule 144) of the Company and will not be an affiliate of the Company on the Closing Date or within 90 days prior to the Closing Date.

ARTICLE 4
COVENANTS

Section 4.1 Interim Period Covenants.

The Company covenants and agrees, during the period from the date of this Agreement until the earlier of the Closing Time and the time that this Agreement is terminated in accordance with its terms, as follows:

(1) Conduct of Business Prior to Closing. Except as disclosed in Section 4.1 of the Disclosure Letter, during the period from the date of this Agreement to the Closing Time, except as otherwise expressly contemplated by the Transaction Documents or with the prior written consent of the Purchaser (such consent not to be unreasonably withheld, conditioned, or delayed), the Company will, and will cause the Subsidiaries to:

(a) Conduct Business in the Ordinary Course – conduct itself in the Ordinary Course of Business;

(b) Maintain the Business – use best efforts to maintain and preserve intact the current organization, business and franchise of the Company and the Subsidiaries and preserve the rights, franchises, goodwill and relationships of their employees, customers, lenders, suppliers, distributors and others having business relationships with the Company and the Subsidiaries;

(c) Advise of Changes – promptly advise the Purchaser in writing of any fact or any change in the business, operations, affairs, assets, liabilities, capitalization, financial condition or prospects of the Company or the Subsidiaries that would reasonably be expected to result in any of the conditions of the Company set out in Article 6 not being met prior to the Outside Date;

(d) Insurance - continue in force all existing policies of insurance presently maintained by the Company and the Subsidiaries, and maintain insurance on all the assets of the Company and the Subsidiaries at least to the levels as they are insured on the date of this Agreement;

(e) Liabilities - pay and discharge all liabilities or obligations of the Company and the Subsidiaries in the Ordinary Course of Business consistent with past practice, except for such liabilities or obligations as may be contested by the Company in good faith;

(f) Restricted Activities – not:

(i) alter or amend its articles, charter, by-laws or other constating documents;

(ii) declare, set aside or pay any dividend on or make any distribution or payment or return of capital in respect of the HEXO Shares;

(iii) split, divide, consolidate, combine or reclassify any HEXO Shares or any other securities of the Company;

(iv) issue, grant, sell or pledge or authorize or agree to issue, grant, sell or pledge any HEXO Shares or other securities of the Company or its Subsidiaries, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, HEXO Shares or other securities of the Company or its Subsidiaries, other than (A) pursuant to this Agreement or the Transaction Documents and (B) the issuance by a Subsidiary of the Company of shares to the Company or a wholly-owned Subsidiary of the Company;

(v) redeem, purchase or otherwise acquire or offer to redeem, purchase or otherwise acquire, any of its outstanding HEXO Shares or other securities or securities convertible into or exchangeable or exercisable for HEXO Shares or any such other securities unless otherwise required by the terms of such securities;

(vi) amend the terms of any securities of the Company or its Subsidiaries except as provided herein;

(vii) adopt a plan of liquidation or resolution providing for the liquidation or dissolution of the Company or any of its Subsidiaries;

(viii) reorganize, amalgamate or merge with any other Person;

(ix) make any material changes to any of its accounting policies, principles, methods, practices or procedures (including by adopting any material new accounting policies, principles, methods, practices or procedures), except as required by applicable Laws or under IFRS;

(x) make any material change to its general practices and policies relating to the payment of accounts payable or the collection of accounts receivable;

(xi) reduce the stated capital of any class or series of the HEXO Shares;

(xii) take any action to accelerate the vesting of any securities convertible into or exchangeable or exercisable for HEXO Shares, or to modify the exercise price of any options, RSUs, warrants or other securities convertible into or exchangeable or exercisable for HEXO Shares, or otherwise modify the Approved Stock Plan or any award agreements issuing options, RSUs, warrants or other securities convertible into or exchangeable or exercisable for HEXO Shares, thereunder;

(xiii) except for the sale of inventory in the Ordinary Course of Business, sell, pledge, lease, licence, dispose of or encumber any assets or properties (including the shares or other equity securities) of the Company or of any of its Subsidiaries, including pursuant to any sale-leaseback or similar transaction, except for transactions which are described in Section 4.1(f)(xiii) of the Disclosure Letter;

(xiv) (A) acquire (by merger, amalgamation, consolidation, arrangement or acquisition of shares or other equity securities or interests or assets or otherwise) any corporation, partnership, association or other business organization or division thereof or any property or asset, or make any investment by the purchase of securities, contribution of capital, property transfer, or purchase of any property or assets of any other Person, or (B) enter into any letter of intent, agreement in principle, acquisition agreement or other similar agreement with respect to such a transaction;

(xv) except as expressly contemplated by the Equity Line, incur any indebtedness (including the making of any payments in respect thereof, including any premiums or penalties thereon or fees in respect thereof) or issue any debt securities, or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other Person, or make any loans or advances to any other Persons, except to employees pursuant to policies to reimburse expenses in advance or pursuant to or in respect of existing credit facilities or debt instruments or the maintenance or extension thereof (or the agreements, indentures or guarantees governing or relating to such facilities or instruments, or the maintenance or extension thereof);

(xvi) pay, discharge or satisfy any material claim, liability or obligation prior to the same being due, other than the payment, discharge or satisfaction of liabilities reflected or reserved against in the Financial Statements, or voluntarily waive, release, assign, settle or compromise any action, suit, arbitration, investigation, inquiry or other proceeding;

(xvii) settle or compromise any action, suit, arbitration, investigation, inquiry or other proceeding brought by any present, former or purported holder of its securities in connection with the transactions contemplated by this Agreement or the Transaction Documents where the cost of such settlement or compromise to the Company exceeds $1,000,000, except for the settlement described in Section 4.1(2) of the Disclosure Letter;

(xviii) enter into any material new line of business, enterprise or other activity that is inconsistent with the existing businesses of the Company and its Subsidiaries in the manner such existing businesses generally have been carried on except as may be provided under the Commercial Transactions;

(xix) abandon or fail to diligently pursue any application for any licences, permits, authorizations or registrations;

(xx) terminate, fail to renew, cancel, waive, release, grant or transfer any rights of material value or modify or change in any material respect any existing material licences, permits, authorizations or registrations or material contract except as required by its terms;

(xxi) enter into any lease or sublease of real property (whether as a lessor, sublessor, lessee or sublessee), or modify, amend or exercise any right to renew any lease or sublease of real property, or acquire any interest in real property other than in respect of renewals of existing lease real property; or

(xxii) authorize any of the foregoing, or enter into or modify any contract to do any of the foregoing.

(2) Settlement of Certain Identified Litigation. The Company shall use best commercial efforts to settle litigation matters identified on Section 4.1(2) of the Disclosure Letter on terms mutually agreeable to the Company and the Purchaser.

(3) Minimum Liquidity. The Company shall maintain a cash balance in an amount equal to or greater than $100,000,000 (after giving effect to a release of all conditions in any blocked accounts and restricted cash of the Company and its Subsidiaries and excluding cash in captive insurance policies).

(4) Interim Redemptions. During the period between the date of this Agreement and the Closing Time, so long as no material Event of Default (or, if such Event of Default contains a materiality qualification, such Event of Default) occurs or is continuing (other than a Permitted Event of Default), Seller and/or its Affiliates may redeem a portion of the Note in accordance with its terms, provided, however that in no event shall the Outstanding Principal at the Closing Time be less than $160 million, and the Seller hereby agrees not to call for a redemption of the Notes such that the principal balance thereon would be less than $160 million. Notwithstanding the foregoing, if a material Event of Default (or, if the applicable Event of Default contains a materiality qualification, such Event of Default) occurs or is continuing (other than a Permitted Event of Default), Seller may redeem the Note for up to the full amount of the Note in accordance with the terms of the Note and such redemption will not be subject to the limitations in the preceding sentence.

Section 4.2 Covenants Regarding the Amended and Restated Note.

(1) The Company and the Seller shall (and shall cause its Affiliates to) take, or cause to be taken, all actions and to do or cause to be done all things required or advisable under applicable Law to consummate and make effective, as soon as reasonably practicable, the transactions contemplated by this Agreement, including to amend and restate the Note in the form attached as Schedule A hereto and subject to Section 2.1.

(2) The Company and the Seller, as applicable, shall promptly notify the Purchaser of:

(a) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is required in connection with this Agreement;

(b) any notice or other communication from any Person to the effect that such Person is terminating or otherwise materially adversely modifying its relationship with the Company or any of its Subsidiaries as a result of this Agreement; or

(c) any notice or other communication from any Governmental Entity in connection with this Agreement (and the Company shall contemporaneously provide a copy of any such written notice or communication to the Purchaser to the extent permitted by Law).

(3) The Purchaser shall promptly notify the Company and the Seller in writing of any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is required in connection with this Agreement.

Section 4.3 Regulatory Approvals

(1) As soon as reasonably practicable after the date hereof, unless the Purchaser and the Company mutually agree in writing upon a different time frame, each Party, or where appropriate (including in respect of the Competition Act Clearance) the Purchaser and the Company jointly, shall seek to obtain the Regulatory Approvals in advance of the Closing Time.

(2) The Purchaser and the Company shall cooperate with one another in connection with obtaining the Regulatory Approvals required or desirable in connection with the Transaction and in the case of the Competition Act Clearance, the conversion of the Purchased Note, including by providing or submitting on a timely basis all documentation and information that is required, requested by or necessary to respond to an inquiry of a Governmental Authority, or in the reasonably held opinion of the Purchaser, advisable, in connection with obtaining the Regulatory Approvals and using their commercially reasonable efforts to ensure that such information does not contain a misrepresentation.

(3) The Purchaser and the Company shall cooperate with and keep one another fully informed as to the status of and the processes and proceedings relating to obtaining the Regulatory Approvals, and shall promptly notify each other of any communication from any Governmental Entity in respect of the Transaction, the Purchased Note or this Agreement. Without limitation, each of the Parties will furnish to the other Parties and, upon request, to any Governmental Entity such information and assistance as may be reasonably requested in connection with the request for the Competition Act Clearance including by permitting Company or Purchaser (as the case may be) to review in advance and incorporate the other Party's reasonable comments in any communication to any Governmental Entity in connection with any inquiry relating to this Agreement; and to the extent not prohibited by a Governmental Entity, give the other Parties notice and the opportunity to attend any meeting with a Governmental Entity in connection with any inquiry relating to this Agreement. The Parties may, as they deem advisable and necessary, (A) designate any competitively sensitive materials provided to the other under this Section 4.3 as "outside counsel only," in which case such materials and the information contained therein shall be given only to outside counsel and outside economic consultants and shall not be given to employees, officers, or directors of the recipient without the advance written consent of the Party providing such materials; and (B) redact information relating to the negotiations leading to this Agreement.

(4) The Company and the Purchaser will co-operate in taking all such actions as are reasonably required to obtain the Competition Act Clearance and neither the Company nor the Purchaser will take any action that would have the effect of delaying, impairing or impeding the receipt of Competition Act Clearance, provided that neither the Company nor the Purchaser shall offer or be required to offer any divestiture, disposition or other remedy in order to obtain the Competition Act Clearance.

Section 4.4 Public Communications.

(1) Subject to compliance with applicable Securities Laws, immediately after the execution of this Agreement, or such later time prior to the next opening of markets in Toronto or New York as is agreed to by the Company and the Purchaser, the Company and the Purchaser shall issue a news release announcing the entering into of this Agreement, which news release shall be satisfactory in form and substance to each of the Company and the Purchaser, each acting reasonably, and, thereafter, file such news release, corresponding Form 8-Ks and material change reports in their prescribed forms, and this Agreement in accordance with applicable Securities Laws. If either of the Company or the Purchaser determines that it is required to publish or disclose the text of this Agreement in accordance with applicable Law, it shall provide the other Party with an opportunity to propose appropriate additional redactions to the text of this Agreement, and the disclosing Party hereby agrees to accept any such suggested redactions to the extent permitted by applicable Law. If a Party does not respond to a request for comments within 48 hours (excluding days that are not Business Days) or such shorter period of time as the requesting Party has determined is necessary in the circumstances, acting reasonably and in good faith, the Party making the disclosure shall be entitled to issue the disclosure without the input of the other Party. Effective upon such filing, Seller shall not be in possession of any material, non-public information regarding the Purchaser or the Company or any of its Subsidiaries.

(2) During the period from the date of this Agreement until the earlier of the Closing Time and the time that this Agreement is terminated in accordance with its terms, neither the Company nor the Seller shall issue any press release or make any other public statement or disclosure relating to the Transaction, this Agreement or the Purchased Note without the prior written consent of the Purchaser (which consent shall not be unreasonably withheld, conditioned or delayed).

Section 4.5 Disclosure of Transaction

(a) On or before 9:00 a.m., New York time, on the first (1st) Business Day after the date of this Agreement, the Company shall file a Current Report on Form 6-K describing all the material terms of the transactions contemplated by the Transaction Documents in the form required by the Exchange Act and attaching this Agreement and the forms of the other Transaction Documents (including all attachments, the **"6-K Filing**"). From and after the filing of the 6-K Filing, the Company shall have disclosed all material, non-public information (if any) provided to the Seller by the Company or any of its Subsidiaries or any of their respective officers, directors, employees or agents in connection with the transactions contemplated by the Transaction Documents. In addition, effective upon the filing of the 6-K Filing, the Company acknowledges and agrees that any and all confidentiality or similar obligations under any agreement, whether written or oral, between the Company, any of its Subsidiaries or any of their respective officers, directors, affiliates, employees or agents, on the one hand, and the Seller or any of its affiliates, on the other hand, relating to the transactions contemplated by the Transaction Documents, shall terminate.

(b) Except as may be required by this Agreement or the Shares, the Company shall not, and the Company shall cause each of its Subsidiaries and each of its and their respective officers, directors, employees and agents not to, provide the Seller with any material, non-public information regarding the Company or any of its Subsidiaries from and after the date hereof without the express prior written consent of the Seller (which may be granted or withheld in the Seller's sole discretion). To the extent that the Company delivers any material, non-public information to the Seller without the Seller's consent, other than as required by this Agreement or the Shares, the Company hereby covenants and agrees that the Seller shall not have any duty of confidentiality with respect to such material, non-public information. Subject to the foregoing, neither the Company, its Subsidiaries nor the Seller shall issue any press releases or any other public statements with respect to the transactions contemplated hereby; provided, however, the Company shall be entitled, without the prior approval of the Seller, to make any press release or other public disclosure with respect to such transactions (i) in substantial conformity with the 8-K Filing and (ii) as is required by applicable law and regulations. Notwithstanding anything contained in this Agreement to the contrary and without implication that the contrary would otherwise be true, the Company expressly acknowledges and agrees that the Seller shall not have (unless expressly agreed to by the Seller after the date hereof in a written definitive and binding agreement executed by the Company and the Seller), any duty of confidentiality with respect to any material, non-public information regarding the Company or any of its Subsidiaries.

Section 4.6 Notification Provisions.

(1) Each Party shall promptly notify the other Party of the occurrence, or failure to occur, of any event or state of facts which occurrence or failure would, or would be reasonably likely to result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such Party under this Agreement.

(2) Notification provided under this Section 4.6 will not affect the covenants, agreements or obligations of the Parties (or remedies with respect thereto) or the conditions to the obligations of the Parties under this Agreement.

Section 4.7 Reasonable Best Efforts

Except where expressly provided otherwise elsewhere in this Agreement, each Party shall use its reasonable best efforts to timely satisfy each of the covenants hereunder and conditions to be satisfied by it as provided in this Agreement.

Section 4.8 Reporting Status.

Until the date upon which the Purchaser shall have sold all of the Amended Note Securities and the Seller shall have sold all of the Amendment Securities, respectively (the "**Reporting Period**"), the Company shall timely file all reports required to be filed with the CSA and with the SEC pursuant to the 1934 Act (reports filed in compliance with the time period specified in Rule 12b-25 promulgated under the 1934 Act shall be considered timely for this purpose), and the Company shall maintain its status as a "reporting issuer" in each of the provinces and territories of Canada within the meaning of Canadian Securities Laws or as an issuer required to file reports under the 1934 Act, even if the 1934 Act or the rules and regulations thereunder would no longer require or otherwise permit such termination, *provided that* the limitations contained in this Section 4.8 shall not apply in connection with an acquisition, merger, or arrangement resulting in a business combination or go private transaction of the Company, following a successful takeover bid of the Company or similar transaction.

Section 4.9 Access to Information.

From and after the date of this Agreement until the earlier of the Closing Time and the termination of this Agreement and subject to applicable Law, the Company agrees to send the following to the Purchaser and Seller during the Reporting Period (i) unless the following are filed with the SEC through EDGAR and are available to the public through the EDGAR system, within one (1) Business Day after the filing thereof with the SEC, a copy of its Annual Reports on Form 40-F, any Interim Reports on Form 6-K and any registration statements or amendments filed pursuant to the 1933 Act, (ii) unless the following are either filed with the SEC through EDGAR or are otherwise widely disseminated via a recognized news release service (such as PR Newswire), on the same day as the release thereof, facsimile copies of all press releases issued by the Company or any of its Subsidiaries and (iii) unless the following are filed with the SEC through EDGAR, copies of any notices and other information made available or given to the shareholders of the Company generally, contemporaneously with the making available or giving thereof to the shareholders. In addition to the foregoing from and after the date of this Agreement until the earlier of the Closing Time and the termination of this Agreement and, the Company shall, subject to applicable Law, (i) permit, and cause each of its Subsidiaries to permit, the Purchaser and its employees, agents and designees to enter upon, inspect and audit each of their respective properties, assets, books and records from time to time and to the extent such inspection or audit is reasonably necessary in connection with the subject matter of this Agreement, at reasonable times during normal business hours and upon reasonable notice; provided that any such inspection shall be at the sole expense of the Purchaser, and (ii) provide to the Purchaser information concerning its business, properties and personnel as may reasonably be requested with respect to the Transaction. The Company and Purchaser acknowledge and agree that all information provided by the Company to the Purchaser pursuant to this Section 4.9 shall be considered to be Confidential Information for purposes of the Confidentiality and Standstill Agreement dated December 16, 2021 between the Company and the Purchaser and shall be subject to such Confidentiality and Standstill Agreement and to the Project Storm: Joint Protocol for Information Exchange agreed to by the Company and the Purchaser on March 18, 2022.

Section 4.10 Listing.

The Company shall promptly secure the listing or designation for quotation (as the case may be) of all of the Amended Note Shares and Amendment Common Shares (collectively, the "**Common Securities**") upon each of the Principal Markets (subject to official notice of issuance) and (subject to the same exception) shall maintain such listing or designation for quotation (as the case may be) of all Common Securities from time to time issuable under the terms of the Transaction Documents on each of the Principal Markets. The Company shall maintain the HEXO Shares' listing or authorization for quotation (as the case may be) on each of the Principal Markets or on the TSX and one of the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market or the Nasdaq Global Select Market (each, an "**Eligible Market**"). Neither the Company nor any of its Subsidiaries shall take any action which could be reasonably expected to result in the delisting or suspension of the HEXO Shares on an Eligible Market. The Company shall pay all fees and expenses in connection with satisfying its obligations under this Section 4.10. The limitations contained in this Section 4.10 shall not apply in connection with an acquisition, merger, or arrangement resulting in a business combination or go private transaction of the Company, following a successful takeover bid of the Company or similar transaction.

Section 4.11 Additional Issuance of Securities.

(1) So long as the Purchased Note remains outstanding, the Company will not, without the prior written consent of the Purchaser, issue any Amended and Restated Note (other than to the Purchaser as contemplated hereby) and the Company shall not issue any other securities that would cause a breach or default under the Amended and Restated Note.

(2) The Purchaser shall be entitled to obtain injunctive relief against the Company and its Subsidiaries to preclude any issuance prohibited by this Section 4.11 which remedy shall be in addition to any right to collect damages.

(3) For greater certainty, this Section 4.11 shall not apply to the issuance of any HEXO Shares or securities of the Company to the Purchaser pursuant to the terms of the Amended and Restated Note.

Section 4.12 Compliance with Laws.

None of the Company or any of its Subsidiaries shall violate any law, ordinance or regulation of any Governmental Entity, except where such violations would not reasonably be expected to result, either individually or in the aggregate, in a Material Adverse Effect.

Section 4.13 Restriction on Redemption and Cash Dividends.

So long as the Purchased Note is outstanding, except as otherwise permitted under the Purchased Note, the Company shall not, directly or indirectly, redeem, or declare or pay any cash dividend or distribution on, any securities of the Company without the prior express written consent of the holder of the Purchased Note (other than as required by the Purchased Note or as required by the terms thereof as in effect on the date hereof); provided, however, that such written consent shall not be required for any repurchases, forfeitures, withholdings or transfers of securities pursuant to a net exercise of a Convertible Security to cover the payment of the exercise prices or the payment of withholding of taxes associated with the exercise or vesting of equity awards under any equity compensation plan of the Company or repurchases of HEXO Shares or upon an employee's, contractor's or consultant's termination of services.

Section 4.14 Corporate Existence.

So long as the Purchased Note remains outstanding, (i) the Company shall not be party to any Fundamental Change (as defined in the Amended and Restated Note) unless the Company is in compliance with the applicable provisions governing Fundamental Changes set forth in the Purchased Note and (ii) the Company shall maintain its status as an Ontario corporation.

Section 4.15 Requisite Shareholder Approval.

(1) The Company agrees to use its best efforts to obtain the Requisite Shareholder Approval, as soon as reasonably practicable and in any event by no later than June 15, 2022. The Company will (i) give notice of, and conduct, a meeting of shareholders of the Company (the "**Meeting**") to obtain the Requisite Shareholder Approval and (ii) prepare and deliver an information circular, form of proxy and other documents required by applicable Canadian Securities Laws (collectively, the "**Proxy Statement**") to such persons and in such forms, as required by the *Business Corporations Act* (Ontario), the by-laws of the Company and Securities Laws, as applicable.

(2) The Proxy Statement shall include: (i) the Board of Directors' recommendation (the "**Board Recommendation**") that the Company Shareholders vote in favour of the resolution of the Company Shareholders giving effect to the Requisite Shareholder Approval at the Meeting (the "**Resolution**"); and (ii) a statement that each of the Locked-up Shareholders have entered into Voting Support Agreements pursuant to which they have agreed, among other things, to vote all of their Company Shares in favour of the Resolution and against any resolution submitted by any Company Shareholder that is inconsistent therewith.

(3) The Company shall use reasonable best efforts to solicit proxies in favour of the Resolution and against any resolution submitted by any Person that is inconsistent with or seeks (without the Purchaser's consent) to hinder or delay the the completion of the transactions contemplated by this Agreement, including, at the Company's discretion or if so requested by the Purchaser, acting reasonably, using the services of dealers and proxy solicitation services, consulting with the Purchaser in the selection and retainer of any such proxy solicitation agent and reasonably considering the Purchaser's recommendation with respect to any such agent, and (i) permit the Purchaser to assist and participate in all meetings (whether conducted telephonically or otherwise) with such proxy solicitation agent, (ii) provide the Purchaser with all information distributions or updates from the proxy solicitation agent, (iii) consult with, and consider any suggestions from, the Purchaser with regards to the proxy solicitation agent, and (iv) consult with the Purchaser and keep the Purchaser apprised, with respect to such solicitation and other actions.

(4) The Company shall provide the Purchaser with copies of documents, or access to information, regarding the Meeting generated by any transfer agent, dealer or proxy solicitation services firm retained by the Company, as reasonably requested in writing from time to time by the Purchaser.

(5) The Company shall consult with the Purchaser in fixing the record date for the Meeting and the date of the Meeting, give notice to the Purchaser of the Meeting and allow the Purchaser's representatives and legal counsel to attend the Meeting.

(6) The Company shall promptly advise the Purchaser, at such times as the Purchaser may reasonably request in writing and at least on a daily basis on each of the last five (5) Business Days prior to the date of the Meeting, as to the aggregate tally of the proxies received by the Company in respect of the Resolution.

(7) Prior to mailing the Proxy Statement (or any amendment or supplement thereto) or responding to any comments of the SEC with respect thereto, the Company shall give the Purchaser and its legal counsel a reasonable opportunity to review and comment on all drafts of the Proxy Statement and other related documents, shall give reasonable consideration to any comments made by the Purchaser and its counsel, and consider in good faith including in such document or response all comments reasonably and promptly proposed by the Purchaser, provided that any information describing the Purchaser or the terms of the Transaction must be in a form and content satisfactory to the Purchaser, acting reasonably. The Company shall provide the Purchaser with a final copy of the Proxy Statement prior to its mailing to the Company Shareholders.

(8) The Company shall promptly advise the Purchaser of any material communication (written or oral) received by the Company from the Principal Markets, the SEC or any other Governmental Entity in connection with the Proxy Statement.

(9) Purchaser shall use commercially reasonable efforts to provide the Company with information reasonably required about the Purchaser in respect of any filing or other disclosure, including the preparation of the Proxy Statement, required by the TSX, the Nasdaq, the SEC or Canadian securities regulators.

Section 4.16 Legends.

Certificates and any other instruments evidencing the Securities shall not bear any restrictive or other legend.

Section 4.17 Indenture.

The Company and the Seller shall use best efforts to cause the assignment to the Purchaser of the Indenture in accordance with its terms concurrently with the Closing Time.

Section 4.18 Governance Matters.

(1) At the Closing Time and thereafter for so long as the Purchased Note is outstanding or the Company is a "reporting issuer" within the meaning of Canadian Securities Laws or an issuer required to file reports under the 1934 Act:

(a) the Board of Directors shall remain at eight (8) members (inclusive of any Purchaser nominee contemplated in Section 4.18(1)(b)) with the majority of such members being "independent" directors for purposes of applicable Securities Laws; and

(b) the Purchaser shall be entitled to nominate (and the Board of Directors will appoint and support re-election of such nominee) one (1) director (the "**Purchaser Nominee**"), and shall have the right to have one (1) observer (the "**Purchaser Observer**") (or other number as the Purchaser and the Company shall agree).

(2) Purchaser Nominee

(a) The Parties acknowledge that the initial Purchaser Nominee shall be Denise Faltischek, and that the Purchaser Nominee will be appointed to the Board of Directors immediately following the Closing.

(b) The Company shall, for so long as the Purchaser holds at least 1% of the Amended Note Securities held by the Purchaser upon consummation of the Note Assignment (on an as-converted to HEXO Shares basis), (i) recommend and reflect such recommendation in any management information circular relating to any meeting where directors of the Company are elected (or submit to shareholders by written consent, if applicable) that the Company Shareholders vote to elect the Purchaser Nominee to the Board of Directors for a term of office expiring at the closing of the subsequent annual meeting of the shareholders of the Company, and (ii) solicit proxies in favour of and otherwise support his or her election, each in a manner no less favourable than the manner in which the Company supports its other nominees (the "**Company Nominees**") for election to the Board of Directors. For any meeting of the Company Shareholders (or written consent in lieu of a meeting) for the election of members to the Board of Directors, the Company shall not nominate, in the aggregate, a number of nominees greater than eight (8), including, for greater certainty, the Purchaser Nominee.

(c) In the event that the Purchaser Nominee is not duly elected to the Board of Directors or shall cease to serve as a director of the Company, whether due to such Purchaser Nominee's death, disability, resignation or removal (including failure to be elected by the Company Shareholders or being required to resign in accordance with any applicable majority voting policy), the Company shall cause the Board of Directors to appoint a Purchaser Nominee designated by the Purchaser to fill the vacancy so created.

(d) The Purchaser Nominee shall be compensated for the Purchaser Nominee's service on the Board of Directors and any committee thereof consistent with the Company's policies for director compensation, provided that any employee of or party to a consulting arrangement with the Company or any of its Affiliates who serves as the Purchaser Nominee shall not be entitled to any salary or compensation from the Company for the Purchaser Nominee's services. The Purchaser Nominee shall be reimbursed for all reasonable expenses related to such service on the Board of Directors consistent with the Company's policies for director reimbursement.

(e) The Purchaser acknowledges that it will not provide, directly or indirectly, the Purchaser Nominee with any compensation for the Purchaser Nominee's service on the Board of Directors or any committee thereof.

(f) It is acknowledged by the Purchaser that the Purchaser Nominee will, at the time of his or her nomination, and at all times while serving on the Board of Directors: (i) comply with all policies of the Company that are applicable to members of the Board of Directors; (ii) meet the qualification requirements to serve as a director under the *Business Corporations Act* (Ontario) and the rules of any stock exchange on which the Shares are then listed (including executing and filing a Personal Information Form with the TSX and the applicable CSA regulator); (iii) acknowledge and agree to be bound by this Agreement with respect to the obligations of the Purchaser Nominee; and (iv) maintain the required security clearances under the *Cannabis Act* (Canada) and the Cannabis Regulations, SOR/2018-144.

(g) The Company shall enter into an indemnification agreement with the Purchaser Nominee in a form substantially similar to the Company's form of director indemnification agreement and shall indemnify and provide the Purchaser Nominee with director and officer insurance to the same extent it indemnifies and provides insurance for the other members of the Board of Directors pursuant to the constating documents of the Company, applicable Laws or otherwise.

(3) Purchaser Observer

(a) The Purchaser Observer shall be entitled to: (i) receive notice of and to attend all meetings of the Board of Directors, (ii) take part in discussions of matters brought before the Board of Directors, (iii) receive all notices, consents, minutes, documents and other information and materials that are sent to members of the Board of Directors, and (iv) receive copies of all written resolutions proposed to be adopted by the Board of Directors, including any resolutions as approved, each at substantially the same time and in substantially the same manner as the members of the Board of Directors. Notwithstanding the foregoing, the Purchaser Observer will not attend any portion of a meeting of the Board of Directors that will involve discussion of a matter in which the Company has or may have a conflict of interest with the Purchaser solely in the Purchaser's capacity as the holder of the Note or as a counterparty to the Commercial Transactions.

(b) The Purchaser will cause the Purchaser Observer to enter into a confidentiality agreement with the Company in in the form attached hereto as Schedule F, and to agree to be bound by the Company's policies, including the Company's insider trading policy.

Section 4.19 Security Documents

At the Closing Time, immediately following the consummation of the Note Amendment, the Seller shall assign, transfer and sell all of its rights, title and interest under the Security Documents to the Purchaser, in accordance with the terms of this Agreement and the Assignment and Assumption Agreement.

Section 4.20 Commercial Transactions

The Company and/or its Affiliate(s) shall, in good faith, work together with the Purchaser and/or its Affiliate(s) to evaluate cost saving synergies as well as other production efficiencies and shall use best efforts to enter into definitive agreements relating to the Commercial Transactions, to be effective prior to or as of the Closing Time.

Section 4.21 Intentionally Omitted

Section 4.22 Seller Waiver of Event of Default

The Seller agrees to forbear from taking any actions with respect to the Event of Default arising solely pursuant to Section 9(k) of the Note (the "**Permitted Event of Default**") until the Closing Time or, if earlier, the termination of this Agreement in accordance with Article 7.

Section 4.23 Exercise Procedures.

The form of Exercise Notice (as defined in the Amendment Right) included in the Amendment Right sets forth the totality of the procedures required of the Seller in order to exercise the Amendment Right. No legal opinion or other information or instructions, other than as included in the Amendment Right (including the confirmation by the Seller that, as of the date of such exercise and for the period of 90 days prior to such exercise, the Seller is not an affiliate (as defined in Rule 144) of the Company) shall be required of the Seller in order to exercise the Amendment Right. The Company shall honor exercises of the Amendment Right and shall deliver the Amendment Right Shares in accordance with the terms, conditions and time periods set forth in the Amendment Right. Without limiting the preceding sentences, provided there is no change in registration or other matters which would necessitate an original or medallion guaranteed security, no ink-original Exercise Notice shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Exercise Notice form be required in order to exercise the Amendment Right.

Section 4.24 Register; Transfer Agent Instructions

(a) Register. The Company shall maintain at its principal executive offices (or such other office or agency of the Company as it may designate by notice to the Seller), a register for the Amendment Right in which the Company shall record the name and address of the Person in whose name the Amendment Right has been issued (including the name and address of each transferee), and the number of Amendment Right Shares issuable upon exercise of the Amendment Right held by such Person. The Company shall keep the register open and available at all times during business hours for inspection by the Seller or its legal representatives.

(b) Transfer Agent Instructions. The Company shall issue irrevocable instructions to its transfer agent (the "**Transfer Agent**") and any subsequent transfer agent in a form acceptable to the Seller (the "**Irrevocable Transfer Agent Instructions**") to issue certificates or credit shares to the applicable balance accounts at the Depository Trust Company ("**DTC**"), registered in the name of the Seller or its respective nominee(s), for the Amendment Right Shares issued and delivered to the Seller in such amounts as specified from time to time by the Seller to the Company upon the exercise of the Amendment Right. The Company represents and warrants that no instruction other than the Irrevocable Transfer Agent Instructions referred to in this Section 4.24(a) will be given by the Company to its Transfer Agent with respect to the Amendment Right Shares (other than as described in Section 3.3(4)(ii) hereof) shall be freely transferable on the books and records of the Company, as applicable, to the extent provided in this Agreement and the other Transaction Documents. If the Seller effects a sale, assignment or transfer of the Amendment Right Shares, the Company shall permit the transfer and shall promptly instruct its Transfer Agent to issue one or more certificates or credit shares to the applicable balance accounts at DTC in such name and in such denominations as specified by the Seller to effect such sale, transfer or assignment. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Seller. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Section 4.25(b) will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Section 4.25(b) that the Seller shall be entitled, in addition to all other available remedies, to an order and/or injunction restraining any breach and requiring immediate issuance and transfer, without the necessity of showing economic loss and without any bond or other security being required. The Company acknowledges and agrees that any fee of the Transfer Agent incurred in connection with this Section 4.25(b) shall be borne by the Company.

ARTICLE 5
ADDITIONAL COVENANTS REGARDING NON-SOLICITATION

Section 5.1 Non-Solicitation

(1) The Company will: (i) immediately cease and cause to be terminated any activities, discussions or negotiations that may be ongoing with respect to an Acquisition Proposal, including terminating all access to documents and information regarding the Company and/or its Subsidiaries, including through a data room; (ii) promptly request each Person that has heretofore executed a confidentiality agreement in connection with its consideration of acquiring all or part of the Company (other than as described in Section 3.3(4)(ii) hereof), any of its Subsidiaries or a portion of their respective assets other than in the Ordinary Course of Business, return or destroy all non-public information heretofore furnished to such Person by or on behalf of it or any of its Subsidiaries; and (iii) until the Closing Time or, if earlier, the termination of this Agreement in accordance with Article 7, enforce and not waive (and cause its Subsidiaries to enforce and not waive) the terms of any such confidentiality agreement and any standstill agreement (or similar covenants contained in any other agreement) to which it (or any of its Subsidiaries) is a party relating to an Acquisition Proposal. Except as expressly permitted by this Article 5, until the Closing Time or, if earlier, the termination of this Agreement in accordance with Article 7, the Company will not, except as otherwise provided in the Agreement, and the Company will cause its representatives, its Subsidiaries and its Subsidiaries' respective representatives not to, directly or indirectly:

(a) solicit, initiate, knowingly encourage or otherwise facilitate (including by way of furnishing any non-public information) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;

(b) engage or participate in any discussions or negotiations with any Person (other than the Purchaser) regarding any Acquisition Proposal; provided however, that the Company may ascertain facts from the Person making such Acquisition Proposal for the sole purpose of the Board of Directors informing itself about such Acquisition Proposal and the Person that made it, and the Company may, for a period of seven (7) Business Days following the receipt of such Acquisition Proposal, advise any Person of the restrictions of this Agreement, communicate with any Person solely for the purpose of clarifying the terms of any inquiry, proposal or offer made by such Person and advise any Person making an Acquisition Proposal that the Board of Directors has determined that such Acquisition Proposal does not constitute a Superior Proposal;

(c) (i) withhold, withdraw, modify or qualify, or publicly propose to withhold, withdraw, modify or qualify, the Board Recommendation; (ii) make, or permit any representative of the Company or any of its Subsidiaries to make, any public statement in connection with the Meeting by or on behalf of the Board of Directors that would reasonably be expected to have the same effect; or (iii) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend, any Acquisition Proposal (the actions in this clause (c), an "**Adverse Recommendation Change**");

(d) accept, approve, endorse, recommend, or publicly propose to accept, approve, endorse or recommend, or take no position or remain neutral with respect to, any publicly disclosed or publicly announced Acquisition Proposal (it being understood that taking no position with respect to a publicly disclosed or publicly announced Acquisition Proposal for a period of no more than five (5) Business Days following the formal announcement of such Acquisition Proposal will not be considered to be in violation of this Section 5.1, provided the Board of Directors has rejected such Acquisition Proposal and affirmed the Board Recommendation before the end of such five (5) Business Day period); or

(e) accept, approve, endorse, recommend or enter into or publicly propose to accept approve, endorse, recommend or enter into, any agreement, any letter of intent, understanding, agreement or arrangement (other than a confidentiality agreement entered into in compliance with Section 5.2(1)(c)) relating to an Acquisition Proposal (an "**Alternative Transaction Agreement**").

Section 5.2 Responding to an Acquisition Proposal

(1) Notwithstanding Section 5.1, if at any time prior to obtaining the approval of the Resolution at the Meeting, the Company receives from a Person a *bona fide* written Acquisition Proposal that was not, directly or indirectly, solicited, initiated, knowingly encouraged or otherwise facilitated in violation of Section 5.1, the Company may, in response to such Acquisition Proposal: (i) furnish information with respect to the Company in response to a request therefor by such Person; and (ii) engage in or participate in discussions or negotiations with such Person regarding such Acquisition Proposal, if and only if:

(a) the Company notifies the Purchaser of such Acquisition Proposal in accordance with Section 5.4;

(b) prior to the taking of any such action, the Board of Directors determines in good faith, after consultation with its financial advisors and its outside legal counsel, that such Acquisition Proposal constitutes or could reasonably be expected to lead to a Superior Proposal; and

(c) prior to providing any such information, the Company enters into a confidentiality agreement with such Person that will include a customary standstill provision, and that is otherwise on terms and conditions no less onerous or more beneficial to such Person than those set forth in the confidentiality agreement entered into between the Company and the Purchaser dated December 16, 2021, provided that such agreement need not prohibit the making or amendment of any Acquisition Proposal and may not include provisions granting such Person an exclusive right to negotiate with the Company.

Section 5.3 Adverse Recommendation Change; Alternative Transaction Agreement

(1) At any time prior to obtaining the approval of the Resolution, the Board of Directors may, in response to a *bona fide* written Acquisition Proposal that was not directly or indirectly, solicited, initiated, knowingly encouraged or otherwise facilitated in violation of this Article 5, effect an Adverse Recommendation Change, or enter into an Alternative Transaction Agreement, if and only if:

(a) the Company has complied in all material respects with its obligations under Article 5;

(b) the Board of Directors determines in good faith, after consultation with its financial advisors and its outside legal counsel, that such Acquisition Proposal is a Superior Proposal;

(c) the Company provides the Purchaser with written notice of its intention to take such action (a "**Superior Proposal Notice**"), which notice will include all the information with respect to such Acquisition Proposal that is specified in Section 5.4(1) (it being agreed that the delivery of a Superior Proposal Notice will not constitute an Adverse Recommendation Change unless and until the Company will have failed at or prior to the end of the Matching Period (and, upon the occurrence of such failure, such Superior Proposal Notice and such public announcement will constitute an Adverse Recommendation Change) to publicly announce that it: (A) is recommending the Transaction and that Company Shareholders vote for the Transaction; and (B) has determined that such other Acquisition Proposal (taking into account: (x) any modifications or adjustments made to the Transaction and this Agreement agreed to by the Purchaser in writing; and (y) any modifications or adjustments made to such other Acquisition Proposal) is not a Superior Proposal and has publicly rejected such Acquisition Proposal);

(d) during the Matching Period, the Board of Directors and the Company's representatives have negotiated in good faith with the Purchaser (to the extent the Purchaser desires to negotiate) regarding any revisions to the terms of the Transaction and this Agreement proposed by the Purchaser in response to such Acquisition Proposal;

(e) at the end of the Matching Period, the Board of Directors determines in good faith, after consultation with its financial advisors and its outside legal counsel (and taking into account any amendment or modification to the terms of this Agreement or the Transaction that the Purchaser has agreed in writing to make), that such Acquisition Proposal constitutes a Superior Proposal, and that the failure to take such action would be inconsistent with its fiduciary duties under Law; and

(f) prior to or concurrently with taking any such action, the Company terminates this Agreement pursuant to Section 7.2(1)(c).

(2) During the Matching Period, the Purchaser will have the opportunity, but not the obligation, to offer to amend the terms of the Transaction and this Agreement, and the Company will reasonably cooperate with the Purchaser with respect thereto, including meeting and negotiating in good faith with the Purchaser to enable the Purchaser to make such adjustments to the terms and conditions of this Agreement and the Transaction as the Purchaser deems appropriate and as would permit the Purchaser to proceed with the Transaction and any related transactions on such adjusted terms. The Board of Directors will review any such offer by the Purchaser to amend the terms of the Transaction and this Agreement in order to determine, after consultation with its outside legal counsel and financial advisors, whether the Purchaser's offer to amend the Transaction and this Agreement, upon its acceptance, would result in the applicable Acquisition Proposal ceasing to be a Superior Proposal when assessed against the Transaction as it is proposed to be amended as at the termination of the Matching Period. If the Board of Directors so determines that the applicable Acquisition Proposal would cease to be a Superior Proposal when assessed against the Transaction as it is proposed to be amended as at the termination of the Matching Period, the Purchaser will amend the terms of the Transaction and the Parties will enter into an amendment to this Agreement reflecting the offer by the Purchaser to amend the terms of the Transaction and this Agreement, and will take and cause to be taken all such actions as are necessary to give effect to the foregoing.

(3) The Board of Directors will promptly reaffirm its Board Recommendation by press release after: (i) any Acquisition Proposal is publicly announced or made and the Board of Directors determines it is not a Superior Proposal; (ii) the Board of Directors determines that a proposed amendment to the terms of the Transaction pursuant to Section 5.3(2) would result in an Acquisition Proposal not being a Superior Proposal when assessed against the Transaction as it is proposed to be amended as at the termination of the Matching Period, and the Purchaser has so amended the terms of the Transaction in accordance with Section 5.3(2); or (iii) if the Board of Directors is then considering an Acquisition Proposal, five (5) Business Days have passed since the date of the Acquistion Proposal and the Purchaser requests reaffirmation of such Board Recommendation by the Board of Directors. The Purchaser will be given a reasonable opportunity to review and comment on the form and content of any such press release and the Company will consider all reasonable comments of the Purchaser and accept all comments which the Company agrees with.

(4) Any material amendment or modification to any such Acquisition Proposal will require a new Superior Proposal Notice and the Purchaser will be afforded a new Matching Period (except that references to the five (5) Business Day period in the definition of Matching Period will be deemed to be references to a three (3) Business Day period; provided however, that such new Matching Period will in no event shorten the original Matching Period).

Section 5.4 Notification of Acquisition Proposal

(1) In addition to the obligations of the Company under Section 5.2 and Section 5.3, if the Company or any of its Subsidiaries or any of their respective representatives receives or otherwise becomes aware of any inquiry, proposal or offer that constitutes, or may reasonably be expected to lead to, an Acquisition Proposal, or any request for non-public information relating to the Company or any Subsidiary (other than requests for information in the Ordinary Course of Business consistent with past practice and unrelated to an Acquisition Proposal) or for discussions or negotiations regarding any Acquisition Proposal, the Company will promptly (and in any event within 24 hours) notify the Purchaser orally and in writing of such Acquisition Proposal, inquiry, proposal, offer or request, and the identity of all Persons making the Acquisition Proposal, inquiry, proposal, offer or request, and will provide to the Purchaser a reasonably detailed written description thereof. The Company will keep the Purchaser reasonably informed (orally and in writing) on a current basis (and in any event no later than 24 hours after the occurrence of any modifications, developments, discussions and negotiations) of the status of any such Acquisition Proposal, inquiry, proposal, offer or request (including the terms and conditions thereof and any modification thereto), and any developments, discussions and negotiations with respect thereto, including furnishing copies of all correspondence and reasonably detailed written summaries of any material inquiries or discussions.

(2) Nothing contained in this Agreement will prevent the Board of Directors from: (i) complying with Division 3 of National Instrument 62-104 – *Takeover Bids and Issuer Bids* and similar provisions under Securities Laws relating to the provision of a directors' circular in respect of an Acquisition Proposal; (ii) making any disclosure to the Company Shareholders, if the Board of Directors determines in good faith, after consultation with its outside legal counsel, that the failure to make such disclosure would be inconsistent with its duties to Company Securityholders under applicable Law (for the avoidance of doubt, it being agreed that the issuance by the Company of a "stop, look and listen" statement pending disclosure of its position shall not constitute an Adverse Recommendation Change), or would violate applicable Laws; or (iii) making accurate disclosure to the Company Securityholders of factual information regarding the business, financial condition or results of operations of the Company; or (iv) making any other statements by or on behalf of the Board of Directors which would not reasonably be expected to have a similar effect as an Adverse Recommendation Change.

ARTICLE 6
CONDITIONS

Section 6.1 Conditions to the Company's Obligations under this Agreement

The obligation of the Company hereunder to consummate the transactions contemplated herein at the Closing Time is subject to the satisfaction, at or before the Closing Date, of each of the following conditions, provided that these conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion by providing each of the Purchaser and the Seller with prior written notice thereof:

(1) Each of the Purchaser and the Seller shall have executed each of the other Transaction Documents to which it is a party and delivered the same to the Company.

(2) The representations and warranties of each of the Purchaser and the Seller shall be true and correct in all material respects (except for such representations and warranties that are qualified by materiality or material adverse effect, which shall be true and correct in all respects) as of the date when made and as of the Closing Date as though originally made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such specific date), and each such Party shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by such Party at or prior to the Closing Date.

(3) The Company shall have obtained approval of each of the Principal Markets to list or designate for quotation (as the case may be) the Amended Note Shares, and in the case of the Toronto Stock Exchange, the Company shall have obtained conditional approval for the Amended Note Shares subject only to the customary conditions, and confirmation from each of the Principal Markets that no shareholder vote or other conditions under the rules of such Principal Market shall apply to the sale of the Purchased Note or the issuance of the Amended Note Shares, with the exception of the need to receive the Requisite Shareholder Approval.

(4) The Requisite Shareholder Approval shall have been obtained.

(5) The Company shall have used its reasonable best efforts to cause the Equity Line to become available to the Company.

(6) No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or Governmental Entity of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by the Transaction Documents.

Section 6.2 Conditions to the Seller's Obligations under this Agreement

The obligation of the Seller hereunder to consummate the transactions contemplated herein at the Closing Time is subject to the satisfaction, at or before the Closing Date, of each of the following conditions, provided that these conditions are for the Seller's sole benefit and may be waived by the Seller at any time in its sole discretion by providing each of the Purchaser and the Company with prior written notice thereof:

(1) Each of the Company and the Purchaser shall have executed each of the other Transaction Documents to which it is a party and delivered the same to the Seller and the Company shall have duly issued and delivered the Amendment Primary Securities to the Seller (or its designee).

(2) Each of the conditions in Section 2(b)(i) of the Assignment and Acceptance Agreement shall have been satisfied in full (other than the condition set out in Section 2(b)(i)(D) and such actions that would occur concurrently with the Closing Time).

(3) The Company shall have delivered to the Seller a certificate evidencing the formation and good standing of the Company and each of its Subsidiaries as of a date within five (5) days prior to the Closing Date.

(4) The Company shall have delivered to the Seller a certificate, in the form acceptable to the Seller, acting reasonably, executed by an officer of the Company and dated as of the Closing Date, as to (i) the resolutions consistent with Section 3.1(2) as adopted by the Board of Directors or a duly authorized committee thereof in a form reasonably acceptable to the Purchaser, (ii) the certificate of incorporation, amalgamation or continuation, as applicable and the Articles of Incorporation of the Company, and (iii) the Bylaws of the Company, each as in effect at the Closing.

(5) The representations and warranties of the Company set forth at Sections 3.1(1), (2), (3), (4), (5), (35) and (46) shall be true and correct in all respects as of the date when made and as of the Closing Date as though originally made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such specific date), and the Company shall have performed, satisfied and complied in all respects with the covenants, agreements and conditions required to be performed, satisfied or complied with by the Company at or prior to the Closing Date. The Seller shall have received a certificate, duly executed by the Chief Executive Officer or Chief Financial Officer of the Company, dated as of the Closing Date, to the foregoing effect and as to such other matters as may be reasonably requested by the Seller in the form acceptable to the Seller.

(6) The HEXO Shares (A) shall be designated for quotation or listed (as applicable) on NASDAQ and (B) shall not have been suspended, as of the Closing Date, by the United States Securities and Exchange Commission (the "**SEC**") or NASDAQ from trading on NASDAQ nor shall suspension by the SEC or NASDAQ have been threatened (with a reasonable prospect of delisting occurring after giving effect to all applicable notice, appeal, compliance and hearing periods), as of the Closing Date, either (I) in writing by the SEC or NASDAQ or (II) by falling below the minimum maintenance requirements of NASDAQ.

(7) Each of the Purchaser and the Company shall have obtained all approvals, if any, necessary for the listing of the Amendment Shares, including without limitation, any approvals, consents, notifications, filings or other authorizations that may be required by the Toronto Stock Exchange and NASDAQ.

(8) The Company shall have filed the listing of additional shares with NASDAQ to list or designate for quotation (as the case may be) the Amendment Shares.

Section 6.3 Conditions to the Purchaser's Obligations under this Agreement

The obligation of the Purchaser hereunder to consummate the transactions contemplated herein at the Closing Time is subject to the satisfaction, at or before the Closing Date, of each of the following conditions, provided that these conditions are for the Purchaser's sole benefit and may be waived by the Purchaser at any time in its sole discretion by providing each of the Seller and the Company with prior written notice thereof:

(1) The Note shall have been amended in the form attached hereto as Schedule A.

(2) The Company and each Subsidiary (as the case may be), and the Seller, shall have duly executed and delivered to the Purchaser each of the Transaction Documents to which it is a party and the Company shall have duly executed and delivered to the Purchaser the Purchased Note at the Closing pursuant to this Agreement.

(3) The Requisite Shareholder Approval shall have been obtained.

(4) The Equity Line shall have become available to the Company on terms acceptable to the Purchaser.

(5) The Indenture shall have been assigned to the Purchaser in accordance with its terms, and evidence of such assignment shall have been provided to the Purchaser in form satisfactory to the Purchaser, acting reasonably.

(6) The Purchaser shall have received the opinions of each of Norton Rose Fulbright Canada LLP and Norton Rose Fulbright US LLP, the Company's Canadian and United States counsel, dated as of the Closing Date, in respect of the security granted under the Security Documents, in the form acceptable to the Purchaser.

(7) The Company shall have delivered to the Purchaser a certificate evidencing the formation and good standing of the Company and each of its Subsidiaries as of a date within five (5) days prior to the Closing Date.

(8) The Company shall have delivered to the Purchaser a certificate, in the form acceptable to the Purchaser, executed by an officer of the Company and dated as of the Closing Date, as to (i) the resolutions consistent with Section 3.1(2) as adopted by the Board of Directors or a duly authorized committee thereof in a form reasonably acceptable to the Purchaser, (ii) the certificate of incorporation, amalgamation or continuation, as applicable and the Articles of Incorporation of the Company, and (iii) the Bylaws of the Company, each as in effect at the Closing.

(9) The Company shall have received evidence of the satisfaction of the trustee under the Indenture that the obligations and conditions required for amending the Purchased Note under the certificates for the Purchased Note and the Indenture have been met.

(10) The Purchased Note shall be the only Note outstanding and there shall be no commitment on the part of the Company to issue any additional Notes.

(11) The Company shall have a cash balance of not less than $100,000,000 (after giving effect to a release of all conditions in any blocked accounts and restricted cash of the Company and its Subsidiaries and excluding cash in captive insurance policies). The Purchaser shall have received a certificate, duly executed by the Chief Executive Officer or Chief Financial Officer of the Company, dated as of the Closing Date, to the foregoing effect in the form acceptable to the Purchaser.

(12) The Outstanding Principal shall be an amount equal to or greater than $160 million.

(13) The Company and/or its Affiliate(s) and the Purchaser and/or its Affiliate(s) shall have entered into definitive agreements relating to the Commercial Transactions, substantially on the terms and conditions specified on Schedule D.

(14) The representations and warranties of the Company shall be true and correct in all respects as of the date when made and as of the Closing Date as though originally made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such specific date), and the Company shall have performed, satisfied and complied in all respects with the covenants, agreements and conditions required to be performed, satisfied or complied with by the Company at or prior to the Closing Date. The Purchaser shall have received a certificate, duly executed by the Chief Executive Officer or Chief Financial Officer of the Company, dated as of the Closing Date, to the foregoing effect and as to such other matters as may be reasonably requested by the Purchaser in the form acceptable to the Purchaser.

(15) The representations and warranties of the Seller shall be true and correct in all respects as of the date when made and as of the Closing Date as though originally made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such specific date), and the Seller shall have performed, satisfied and complied in all respects with the covenants, agreements and conditions required to be performed, satisfied or complied with by the Seller at or prior to the Closing Date. The Purchaser shall have received a certificate, duly executed by an officer of the Seller, dated as of the Closing Date, to the foregoing effect and as to such other matters as may be reasonably requested by the Purchaser in the form acceptable to the Purchaser.

(16) The Company shall have delivered to the Purchaser a letter from TSX Trust Company certifying the number of HEXO Shares outstanding on the Closing Date immediately prior to the Closing.

(17) The HEXO Shares (A) shall be designated for quotation or listed (as applicable) on each of the Principal Markets and (B) shall not have been suspended, as of the Closing Date, by the SEC, the CSA or either of the Principal Markets from trading on either of the Principal Markets, nor shall suspension by the SEC, the CSA or either of the Principal Markets have been threatened, as of the Closing Date, either (1) in writing by the SEC, the CSA or the Principal Markets or (2) by falling below the minimum maintenance requirements of either of the Principal Markets.

(18) The Company shall have obtained all governmental, regulatory or third party consents and approvals, if any, necessary for the sale of the Securities, including without limitation, the Regulatory Approvals other than the Competition Act Clearance.

(19) The Competition Act Clearance shall have been obtained.

(20) The Company shall have obtained approval of each of the Principal Markets to list or designate for quotation (as the case may be) the Amended Note Shares, and in the case of the Toronto Stock Exchange, the Company shall have obtained conditional approval for the Amended Note Shares subject only to the customary conditions, and confirmation from each of the Principal Markets that no shareholder vote or other conditions under the rules of such Principal Market shall apply to the sale of the Purchased Note or the issuance of the Amended Note Shares, with the exception of the need to receive the Requisite Shareholder Approval.

(21) No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or Governmental Entity of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by the Transaction Documents.

(22) Since the date of execution of this Agreement, no event or series of events shall have occurred in respect of the Company that would have or result in a Material Adverse Effect.

(23) The Company shall have delivered to the Purchaser the results of a recent lien, bankruptcy and judgment search in each relevant jurisdiction with respect to the Company and its Subsidiaries and such search shall reveal no Liens on any of the Collateral (as such term is defined in the Security Agreements) or other assets of the Company and its Subsidiaries except, in the case of assets other than Collateral, for Permitted Liens (as such term is defined in the Amended and Restated Note) and except for Liens to be discharged on or prior to the Closing Date pursuant to documentation reasonably satisfactory to the Purchaser.

(24) The Company shall have delivered to the Purchaser a duly completed and executed perfection certificate in the form attached hereto as Schedule E.

ARTICLE 7
TERM AND TERMINATION

Section 7.1 Term.

This Agreement shall be effective from the date hereof until the earliest of (i) the Closing Time; and (ii) the termination of this Agreement in accordance with this Article 7.

Section 7.2 Termination of this Agreement.

(1) This Agreement may be terminated by:

(a) the mutual written agreement of the Parties;

(b) the Company or the Purchaser, if the Requisite Shareholder Approval is not obtained at the Meeting, provided that, the Company may not terminate this Agreement pursuant to this Section 7.2(1)(b) if the failure to obtain approval of the Requisite Shareholder Approval has been caused by, or is a result of, a breach by the Company of any of its representations or warranties or the failure of the Company to perform any of its covenants or agreements under this Agreement;

(c) the Company, prior to the approval of the Resolution, solely to the extent that termination of this Agreement is required in order to enter into an Alternative Transaction Agreement with respect to a Superior Proposal and in accordance with Section 5.3; provided however, that the Company has complied with its obligations under Article 5;

(d) the Company, the Seller or the Purchaser after the date of this Agreement, if any Law is enacted, made, enforced or amended, as applicable, that makes the completion of the transactions contemplated by the Agreement illegal or otherwise permanently prohibits or enjoins the Parties from consummating such transactions and such Law has, if appealable, become final and non-appealable;

(e) the Purchaser, if the Company or the Seller breaches any representation or warranty set forth herein, and such breach is incapable of being cured, or if the Company or the Seller fails to satisfy any of the covenants set forth in Article 4 of this Agreement on or prior to the Outside Date.

(2) The Party desiring to terminate this Agreement pursuant to this Section 7.2 (other than pursuant to Section 7.2(1)(a)) shall give written notice of such termination to the other Parties, specifying in reasonable detail the basis for such Party's exercise of its termination right.

(3) Notwithstanding the foregoing, in the event that the Closing shall not have occurred on or prior to the Outside Date, then each of the parties hereto shall have the right to terminate its obligations under this Agreement with respect to itself at any time on or after the close of business on such date without liability of such party to any other party; provided, however, (i) the right to terminate this Agreement under this Section 7.2(3) shall not be available to such Person if the failure of the transactions contemplated by this Agreement to have been consummated by such date is the result of such Person's breach of this Agreement and (ii) no such termination shall affect any obligation of the Company under the Assignment and Assumption Agreement to reimburse the Seller for the expenses described in Section 10 of the Assignment and Assumption Agreement. Nothing contained in this Section 7.2 shall be deemed to release any party from any liability for any breach by such party of the terms and provisions of this Agreement or the other Transaction Documents or to impair the right of any party to compel specific performance by any other party of its obligations under this Agreement or the other Transaction Documents.

Section 7.3 Effect of Termination/Survival of this Agreement.

If this Agreement is terminated or is no longer in effective pursuant to Section 7.1 or Section 7.2, this Agreement shall become void and of no further force or effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party) to any other Party to this Agreement, except that this Section 7.3, Section 7.4 and Section 8.2 through to and including Section 8.15 shall survive; and provided further that no Party shall be relieved of any liability for any wilful and material breach by it of this Agreement.

Section 7.4 Expenses, Expense Reimbursement and Termination Fee.

(1) Other than the fees and expenses of the Seller, which shall be paid by the Company in accordance with Section 9 of the Assignment and Assumption Agreement, subject to this Section 7.4, all out-of-pocket third party transaction expenses incurred in connection with this Agreement, the Transaction Documents and the transactions contemplated hereunder and thereunder, including all costs, expenses and fees of a Party incurred prior to or after the Closing Time in connection with, or incidental to, the Transaction, shall be paid by the Party incurring such expenses, whether or not the Transaction is consummated, with the exception of the filing fee payable under or pursuant to the Competition Act which shall be paid by the Company (provided that each of Purchaser and the Company shall be responsible for its own legal fees relating to the foregoing). Notwithstanding the foregoing, (i) the Company shall pay the fees of the financial advisor of the Purchaser ($8,000,000) through the issuance of HEXO Shares with the number of HEXO Shares to be issued to be determined using the volume-weighted trading price of the HEXO Shares on the TSX for the five trading days ended the trading day immediately prior to the Closing Date or with cash, as may be agreed between the financial advisor and the Company; provided that, if the fees of the financial advisor of the Purchaser are paid in HEXO Shares, such HEXO Shares will be delivered 60 days following the Closing Date, unless such HEXO Shares are subject to a "restricted period" for the purposes of Canadian Securities Laws, and (ii) all other direct and indirect costs incurred by the Purchaser in connection with the acquisition of the Purchased Note, not to exceed an amount equal to $2,000,000, shall be paid in cash by the Company promptly (and within 48 hours) following the Purchaser, from time to time, providing the Company with a request for such payments and the amount(s) and recipient(s) thereof or paid in cash by the Company on the Closing Date, at the discretion of the Company.

(2) If this Agreement is terminated by the Company or the Purchaser pursuant to Section 7.2(1)(b), then the Company shall, within two (2) Business Days of such termination, pay or cause to be paid to the Purchaser by wire of immediately available funds, $3,000,000 (the "**Termination Expense Reimbursement**").

(3) If this Agreement is terminated by the Purchaser pursuant to Section 7.2(1)(e), then the Company shall pay or cause to be paid to the Purchaser by wire of immediately available funds, such amount equal to the expenses incurred by the Purchaser in connection with this Agreement, the Transaction Documents and the transactions contemplated herein and therein, as set forth in a written notice (the "**Purchaser Termination Notice**") within two (2) Business Days of receipt of such Purchaser Termination Notice.

(4) If this Agreement is terminated by the Company pursuant to Section 7.2(1)(c), the Company shall pay to the Purchaser a termination fee of $10,000,000 (the "**Termination Fee**") concurrently with the termination of this Agreement, by wire of immediately available funds.

(5) The payment of the Termination Expense Reimbursement pursuant to Section 7.4(2), any amounts pursuant to Section 7.4(3) or the Termination Fee pursuant to Section 7.4(4) shall be not be liquidated damages and shall not in any way preclude the Purchaser from seeking damages and pursuing any other remedies that it may have in respect of losses incurred or suffered by it as a result of failure by the Company or the Seller to perform any covenant or satisfy any condition set out in this Agreement.

(6) The Company confirms that other than the fees disclosed to the Purchaser in writing prior to the date hereof, no broker, finder or investment banker is or will be entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement.

ARTICLE 8
GENERAL PROVISIONS

Section 8.1 Amendments.

This Agreement and the Transaction Documents may, at any time and from time to time before or after the holding of the Meeting, be amended, by mutual written agreement of the Parties to such agreements, and any such amendment may, without limitation:

(a) change the time for performance of any of the obligations or acts of the Parties;

(b) waive any inaccuracies contained in this Agreement or in any document delivered pursuant to this Agreement;

(c) waive compliance with or modify any of the covenants contained in this Agreement and waive or modify performance of any of the obligations of the Parties pursuant to this Agreement; and/or

(d) waive compliance with or modify any mutual conditions contained in this Agreement.

Section 8.2 Notices.

Any notice, or other communication given regarding the matters contemplated by this Agreement (must be in writing, sent by personal delivery, courier or electronic mail) and addressed:

(a) to the Purchaser at:

Tilray Brands, Inc.
655 Madison Avenue
19th Floor
New York, NY
10065
United States of America

Attention: Mitchell Gendel, Global General Counsel
Email: mitchell.gendel@tilray.com

with copies (which shall not constitute notice) to:

DLA Piper LLP (US)
1251 Avenue of the Americas
New York, NY
10020-1104
United States of America

Attention: Christopher Giordano
Email: christopher.giordano@dlapiper.com

and to:

DLA Piper (Canada) LLP
Suite 6000, 1 First Canadian Place
PO Box 367, 100 King St W
Toronto, ON
M5X 1E2
Canada

Attention: Russel Drew
Email: russel.drew@dlapiper.com

(b) to the Company at:

HEXO Corp.
3000 Solandt Rd.
Kanata, ON
K2K 2X2
Canada

Attention: Scott Cooper, President & Chief Executive Officer
Email: scott.cooper@hexo.com

with copies (which shall not constitute notice) to:

Norton Rose Fulbright Canada LLP
1, Place Ville Marie, Suite 2500,
Montréal, QC
H3B 1R1
Canada

Attention: Amar Leclair-Ghosh
Email: amar.leclair-ghosh@nortonrosefulbright.com

(c) to the Seller at:

HT Investments MA LLC
c/o High Trail Capital
221 River Street, 9th Floor
Hoboken, NJ
07030
United States of America

Attention: Eric Helenek
Email: eric@hightrailcap.com

with copies (which shall not constitute notice) to:

Kelley Drye & Warren LLP
3 World Trade Center
175 Greenwich Street
New York, NY 10007
Telephone: (212) 808-7540
Facsimile: (212) 808-7897
Attention: Michael A. Adelstein, Esq.
E-mail: madelstein@kelleydrye.com

Any notice or other communication is deemed to be given and received (i) if sent by personal delivery, same day courier or electronic mail, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day or (ii) if sent by overnight courier, on the next Business Day. A Party may change its address for service from time to time by providing a notice in accordance with the foregoing. Any subsequent notice or other communication must be sent to the Party at its changed address. Any element of a Party's address that is not specifically changed in a notice will be assumed not to be changed. Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party.

Section 8.3 Time of the Essence.

Time is of the essence in this Agreement.

Section 8.4 Injunctive Relief.

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to specific performance and injunctive and other equitable relief to prevent breaches of this Agreement, and to enforce compliance with the terms of this Agreement without any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief, this being in addition to any other remedy to which the Parties may be entitled at law or in equity.

Section 8.5 Survival

The representations and warranties of the Company, the Seller and the Purchaser contained in this Agreement shall survive the Closing and continue (i) indefinitely with respect to the representations and warranties of the Company pursuant to Section 3.1(1), Section 3.1(2), Section 3.1(3), Section 3.1(4), Section 3.1(5) and Section 3.1(6), and (ii) for a period of four years thereafter with respect to all other representations and warranties. All covenants, obligations and agreements contained herein shall survive the Closing and continue in accordance with their terms.

Section 8.6 Indemnification.

(1) In consideration of the Purchaser's execution and delivery of this Agreement and Transaction Documents and acquiring the Purchased Note thereunder, and in addition to all of the Company's other obligations under this Agreement and the Transaction Documents, the Company shall defend, protect, indemnify and hold harmless the Purchaser and all of its shareholders, officers, directors, employees, contractors and any of the foregoing Persons' agents or other representatives (including, without limitation, those retained in connection with the transactions contemplated by this Agreement) (collectively, the "**Indemnitees**") from and against any and all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and expenses in connection therewith (irrespective of whether any such Indemnitee is a party to the action for which indemnification hereunder is sought), and including reasonable legal fees and disbursements (the "**Indemnified Liabilities**"), incurred by any Indemnitee as a result of, or arising out of, or relating to (i) any misrepresentation or breach of any representation or warranty made by the Company or any Subsidiary in this Agreement or any of the Transaction Documents, (ii) any breach or non-fulfillment of any covenant, agreement or obligation of the Company or any Subsidiary contained in this Agreement or any of the Transaction Documents, or (iii) any cause of action, suit, proceeding or claim brought or made against such Indemnitee by a third party (including for these purposes a derivative action brought on behalf of the Company or any Subsidiary) or which otherwise involves such Indemnitee that arises out of or results from (A) the execution, delivery, performance or enforcement of this Agreement or any of the Transaction Documents (including, without limitation, any hedging or similar activities in connection therewith), or (B) the status of the Purchaser either as an investor in the Company pursuant to the transactions contemplated by this Agreement or the Transaction Documents or as a party to this Agreement (including, without limitation, any hedging or similar activities in connection therewith or as a party in interest or otherwise in any action or proceeding for injunctive or other equitable relief); provided, however, that the Company will not be liable in any such case to the Purchaser or its related Indemnitees to the extent that any such claim, loss, damage, liability or expense arise primarily out of or is based primarily upon (i) the inaccuracy of any representations and warranties made by the Purchaser herein or (ii) the gross negligence or willful misconduct of the Purchaser. To the extent that the foregoing undertaking by the Company may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

(2) Promptly after receipt by an Indemnitee under this Section 8.6 of notice of the commencement of any action or proceeding (including, without limitation, any governmental action or proceeding) involving an Indemnified Liability, such Indemnitee shall, if a claim in respect thereof is to be made against any indemnifying party under this Section 8.6, deliver to the indemnifying party a written notice of the commencement thereof, and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnitee; provided, however, that an Indemnitee shall have the right to retain its own legal counsel with the fees and expenses of such counsel to be paid by the indemnifying party if: (i) the indemnifying party has agreed in writing to pay such fees and expenses; (ii) the indemnifying party shall have failed promptly to assume the defense of such Indemnified Liability and to employ legal counsel reasonably satisfactory to such Indemnitee in any such Indemnified Liability; or (iii) the named parties to any such Indemnified Liability (including, without limitation, any impleaded parties) include both such Indemnitee and the indemnifying party, and such Indemnitee shall have been advised by legal counsel that a conflict of interest is likely to exist if the same legal counsel were to represent such Indemnitee and the indemnifying party (in which case, if such Indemnitee notifies the indemnifying party in writing that it elects to employ separate counsel at the expense of the indemnifying party, then the indemnifying party shall not have the right to assume the defense thereof and such counsel shall be at the expense of the indemnifying party), provided further that in the case of clause (iii) above the indemnifying party shall not be responsible for the reasonable fees and expenses of more than one (1) separate legal counsel for such Indemnitee. The Indemnitee shall reasonably cooperate with the indemnifying party in connection with any negotiation or defense of any such action or claim by the indemnifying party and shall furnish to the indemnifying party all information reasonably available to the Indemnitee which relates to such Indemnified Liability. The indemnifying party shall keep the Indemnitee reasonably apprised at all times as to the status of the defense or any settlement negotiations with respect thereto. No indemnifying party shall be liable for any settlement of any action, claim or proceeding effected without its prior written consent; provided, however, the indemnifying party shall not unreasonably withhold, delay or condition its consent. No indemnifying party shall, without the prior written consent of the Indemnitee, consent to entry of any judgment or enter into any settlement or other compromise which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnitee of a release from all liability in respect to such Indemnified Liability, and such settlement shall not include any admission as to fault on the part of the Indemnitee. Following indemnification as provided for hereunder, the indemnifying party shall be subrogated to all rights of the Indemnitee with respect to all third parties, firms or corporations relating to the matter for which indemnification has been made. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnitee under this Section 8.6, except to the extent that the indemnifying party is materially and adversely prejudiced in its ability to defend such action. The indemnification required by this Section 8.6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or Indemnified Liabilities are incurred. The indemnity and contribution agreements contained herein shall be in addition to (i) any cause of action or similar right of the Indemnitees against the indemnifying party or others, and (ii) any liabilities the indemnifying party may be subject to pursuant to the law. To the extent that the foregoing undertaking by the Company may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable Law.

Section 8.7 Third Party Beneficiaries.

The Parties intend that this Agreement will not benefit or create any right or cause of action in favour of any Person, other than the Parties, and that no Person, other than the Parties, shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum.

Section 8.8 Waiver.

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

Section 8.9 Entire Agreement.

This Agreement, including the Schedules hereto, and the other Transaction Documents, collectively, constitute the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement or the Transaction Documents. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

Section 8.10 Successors and Assigns.

(1) This Agreement becomes effective only when executed by the Company, the Purchaser and the Seller. After that time, it will be binding upon and enure to the benefit of the Company, the Purchaser, the Seller and their respective successors and permitted assigns.

(2) Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by any Party without the prior written consent of the other Party.

Section 8.11 Severability.

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

Section 8.12 Governing Law.

(1) This Agreement will be governed by and interpreted and enforced in accordance with the laws of the State of Delaware and the federal laws of the United States of America applicable therein.

(2) Each Party irrevocably attorns and submits to the exclusive jurisdiction of the Delaware courts situated in Wilmington, Delaware and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

Section 8.13 Rules of Construction.

The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the Party drafting such agreement or other document.

Section 8.14 Further Assurances.

Each Party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as any other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the Transaction Documents and the consummation of the transactions contemplated hereby and thereby.

Section 8.15 Language.

The Parties expressly acknowledge that they have requested that this Agreement and all ancillary and related documents thereto be drafted in the English language only. Les parties aux présentes reconnaissent avoir exigé que la présente entente et tous les documents qui y sont accessoires soient rédigés en anglais seulement.

Section 8.16 Counterparts.

This Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the Parties have executed this Transaction Agreement.

TILRAY BRANDS, INC.

Per: /s/ Mitchell Gendel
Authorized Signing Officer
I have authority to bind the company.

HEXO CORP.

Per: /s/ Scott Cooper
Authorized Signing Officer
I have authority to bind the company.

HT INVESTMENTS MA LLC

Per: /s/ Eric Helenek
Authorized Signing Officer
I have authority to bind the company.

Exhibit 10.2

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement, dated as of April 11, 2022 (this "**Agreement**"), is made by and among HT INVESTMENTS MA LLC, a Delaware limited liability company (the "**Seller**"), and TILRAY BRANDS, INC., a Delaware corporation (the "**Purchaser**"), and HEXO Corp., an Ontario corporation (the "**Borrower**").

WHEREAS the Borrower issued a senior secured convertible note due 2023, dated May 27, 2021, to the Seller (the "**Original Note**");

AND WHEREAS the Seller wishes to assign, transfer and sell all of its rights, title and interest under the Original Note to the Purchaser;

AND WHEREAS concurrently herewith the Borrower, the Seller and the Purchaser have entered into the Transaction Agreement, pursuant to which concurrently with the closing of the transactions contemplated hereby, (x) the Original Note will be amended and restated in the form of the note attached hereto as Schedule A (the "**Amended and Restated Note**"), (y) the Borrower shall deliver to the Seller, as consideration therefor, such aggregate number of freely tradable and unrestricted shares of common stock of the Borrower (the "**Borrower Common Stock**") equal to (A) 12% of the outstanding amount of the Senior Secured Convertible Note issued by Borrower to Seller immediately prior to the amendment thereof in accordance herewith, divided by (B) $0.54 (as adjusted for stock splits, stock dividends, stock combinations, recapitalizations and similar events) (or, if such aggregate number of shares of Borrower Common Stock is in excess of 9.99% of the shares of Borrower Common Stock then outstanding, with such excess in the form of a right to purchase such Borrower Common Stock) (collectively, the "**Fee Securities**") and (z) the Borrower shall have consented to the transactions contemplated hereby, including, without limitation, the sale and assignment of all of Seller's rights, title and interest under the Amended and Restated Note and each of the security documents listed in Schedule B (the "**Security Documents**");

AND WHEREAS the Seller, in its capacity as "Secured Party" under the Security Documents (in such capacity, the "**Resigning Secured Party**"), at the Effective Time (as defined below), would like to resign in such capacity. At the Effective Time, the Seller, in its capacity as the holder of the Original Note, would like to accept such resignation and to appoint the Purchaser as the successor Secured Party, in such capacity, the "**Successor Secured Party**") and the Purchaser would like to accept such appointment. At the Effective Time, the Seller, the Resigning Secured Party and the Successor Secured Party would like the Borrower and the other guarantors to acknowledge such resignations and appointments for all purposes of the Original Note, Amended and Restated Note, the Security Documents, the Indenture and all other related documents (collectively, the "**Note Documents**"). The Borrower and the other guarantors are willing to so acknowledge such resignations and appointments as hereinafter set forth.

AND WHEREAS subject to the satisfaction (or waiver), of the conditions set forth in Section 2(b) below, the Seller desires to sell and assign, and the Purchaser desires to assume, accept and purchase all of Seller's rights, title and interest under the Amended and Restated Note and the Security Documents;

AND WHEREAS, the Purchaser has a currently effective shelf registration statement on Form S-3 (Registration Number 333-233703) (the "**Registration Statement**"), which Registration Statement became automatically effective in accordance with the 1933 Act (as defined below).

NOW THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used in the introductory paragraphs hereto are herein incorporated by reference. Wherever used in this Agreement, the following terms shall have the respective meanings set forth below:

(a) "**1933 Act**" means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

(b) "**1934 Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

(c) "**Affiliate**" means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person, it being understood for purposes of this definition that "control" of a Person means the power directly or indirectly either to vote 10% or more of the stock having ordinary voting power for the election of directors of such Person or direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

(d) "**Attribution Parties**" means, collectively, the following Persons and entities: (i) any investment vehicle, including, any funds, feeder funds or managed accounts, currently, or from time to time after the date hereof, directly or indirectly managed or advised by the Seller's investment manager or any of its Affiliates or principals, (ii) any direct or indirect Affiliates of the Seller or any of the foregoing, (iii) any Person acting or who could be deemed to be acting as a Group together with the Seller or any of the foregoing and (iv) any other Persons whose beneficial ownership of the Common Stock would or could be aggregated with the Seller's and the other Attribution Parties for purposes of Section 13(d) of the 1934 Act. For clarity, the purpose of the foregoing is to subject collectively the Seller and all other Attribution Parties to the Maximum Percentage.

(e) "**Business Day**" means any day, other than a Saturday, Sunday or statutory holiday on which banks are generally closed in Toronto, Ontario, or New York, New York; provided, however, for clarification, commercial banks shall not be deemed to be authorized or required by law to remain closed due to "stay at home", "shelter-in-place", "non-essential employee" or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in Toronto, Ontario or the City of New York generally are open for use by customers on such day.

(f) "**Closing Date**" shall be the date which is two (2) Trading Days (or such other period as the Purchaser and the Seller shall mutually agree) following the satisfaction (or waiver) of all conditions described in Section 2(b).

(g) "**Convertible Securities**" means any capital stock or other security of the Purchaser or any of its Subsidiaries that is at any time and under any circumstances directly or indirectly convertible into, exercisable or exchangeable for, or which otherwise entitles the holder thereof to acquire, any capital stock or other security of the Purchaser (including, without limitation, Common Stock) or any of its Subsidiaries.

(h) "**Encumbrance**" means, with respect to any Person, any mortgage, debenture, pledge, hypothec, lien, charge, claim, deed of trust, royalty, assignment by way of security, hypothecation, security interest, conditional sales agreement, lease or title retention agreement, financing statement or other registration or recording in any public registry system affecting any of such Person's property or assets or any other encumbrance, granted or permitted by such Person or arising by operation of law, in respect of any of such Person's property or assets, or any other security agreement, trust or arrangement having the effect of security for the payment of any debt, liability or other obligation, and "**Encumbrances**" and "**Encumbered**" have corresponding meanings.

(i) "**Equity Conditions**" means, with respect to a given date of determination: (i) one or more registration statements shall be effective and the prospectus contained therein shall be available on such applicable date of determination (with, for the avoidance of doubt, any shares of Common Stock previously sold pursuant to such prospectus deemed unavailable) for the issuance of all shares of Common Stock to be issued in connection with the event requiring this determination (each, a "**Required Minimum Securities Amount**") and such shares of Common Stock may be freely resold without restriction pursuant to applicable United States federal, or state securities laws; (ii) on each day during the period beginning thirty calendar days prior to the applicable date of determination and ending on and including the applicable date of determination (the "**Equity Conditions Measuring Period**"), the Common Stock (including all Shares) is listed or designated for quotation (as applicable) on NASDAQ and shall not have been suspended from trading on NASDAQ (other than suspensions of not more than two (2) days and occurring prior to the applicable date of determination due to business announcements by the Purchaser) nor shall delisting or suspension by NASDAQ have been threatened (with a reasonable prospect of delisting occurring after giving effect to all applicable notice, appeal, compliance and hearing periods) or reasonably likely to occur or pending as evidenced by (A) a writing by NASDAQ or (B) the Purchaser falling below the minimum listing maintenance requirements of NASDAQ on which the Common Stock is then listed or designated for quotation (as applicable); (iii) any shares of Common Stock to be issued in connection with the event requiring determination may be issued in full without violating the rules or regulations of NASDAQ; (iv) the Seller shall not be in possession of any material, non-public information provided to any of them by the Purchaser, any of its subsidiaries or any of its affiliates, employees, officers, representatives, agents or the like; (v) on the applicable date of determination (A) the applicable Required Minimum Securities Amount of shares of Common Stock are available under the certificate of incorporation of the Purchaser and reserved by the Purchaser to be issued, in each case, as required pursuant to this Agreement; and (vi) the shares of Common Stock issuable pursuant the event requiring the satisfaction of the Equity Conditions are duly authorized and, upon issuance, will be listed and eligible for trading without restriction on NASDAQ.

(j) "**Equity Conditions Failure**" means, with respect to the applicable date of determination, the Equity Conditions have not been satisfied (or waived in writing by the Seller).

(k) "**Governmental Entity**" means any nation, state, county, city, town, village, district, or other political jurisdiction of any nature, federal, provincial, state, local, municipal, foreign, or other government, governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal), multi-national organization or body; or body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature or instrumentality of any of the foregoing, including any entity or enterprise owned or controlled by a government or a public international organization or any of the foregoing.

(l) "**Group**" means a "group" as that term is used in Section 13(d) of the 1934 Act and as defined in Rule 13d-5 thereunder.

(m) "**NASDAQ**" means The Nasdaq Global Select Market (or any successor thereto).

(n) "**Obligors**" means, collectively, the Borrower, HEXO Operations Inc., HEXO USA Inc., 9037136 Canada Inc., Zenabis Real Estate Holdings Ltd., Zenabis Annacis Ltd., Zenabis Atholville Ltd., Zenabis Stellarton Ltd., Zenabis Housing Ltd., Zenabis IP Holdings Inc., Zenabis Retail Holdings Inc., Zenabis Investments Ltd., Zenabis Operations Ltd., Zenabis Ltd., Vida Cannabis (Canada) Ltd., Zenabis Hemp Company Ltd., 5048963 Ontario Inc., 5054220 Ontario Inc., Zenabis Global Inc., Zenabis Ventures Inc., Zen Craft Grow Ltd., 48 North Amalco Ltd., Good & Green Cannabis Corp., Good & Green Corp., 2618351 Ontario Inc., 2656751 Ontario Ltd., and DelShen Therapeutics Corp.

(o) "**Person**" means and includes individuals, corporations, bodies corporate, limited or general partnerships, joint stock companies, limited liability companies, joint ventures, associations, companies, trusts, banks, trust companies, governmental authorities or any other type of organization or entity, whether or not a legal entity.

(p) "**Share Price**" means, as of any date of determination, the closing price per share of Common Stock on NASDAQ.

(q) "**Subsidiaries**" means any Person in which the Purchaser, directly or indirectly, (I) owns any of the outstanding capital stock or holds any equity or similar interest of such Person or (II) controls or operates all or any part of the business, operations or administration of such Person, and each of the foregoing, is individually referred to herein as a "**Subsidiary**."

(r) "**Top-Up Measuring Price**" means the quotient of (i) the sum of the VWAP of the Common Stock for each Trading Day during the forty-four (44) Trading Day period (the "**Top-Up Measuring Period**") ending, and including, the Trading Day immediately prior to the Top-Up Date (as defined below), divided by (ii) forty-four (44). All such determinations to be appropriately adjusted for any stock splits, stock dividends, stock combinations, recapitalizations or other similar transactions during any such Top-Up Measuring Period.

(s) "**Trading Day**" means, as applicable, (x) with respect to all price or trading volume determinations relating to the Common Stock, any day on which the Common Stock is traded on NASDAQ, or, if NASDAQ is not the principal trading market for the Common Stock, then on the principal securities exchange or securities market on which the Common Stock is then traded, provided that "Trading Day" shall not include any day on which the Common Stock is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Stock is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00:00 p.m., New York time) unless such day is otherwise designated as a Trading Day in writing by the Seller or (y) with respect to all determinations other than price determinations relating to the Common Stock, any day on which The New York Stock Exchange (or any successor thereto) is open for trading of securities.

(t) "**VWAP**" means, for any security as of any date, the dollar volume-weighted average price for such security on NASDAQ (or, if NASDAQ is not the principal trading market for such security, then on the principal securities exchange or securities market on which such security is then traded), during the period beginning at 9:30 a.m., New York time, and ending at 4:00 p.m., New York time, as reported by Bloomberg, LP through its "VAP" function (set to 09:30 start time and 16:00 end time) or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30 a.m., New York time, and ending at 4:00 p.m., New York time, as reported by Bloomberg, LP, or, if no dollar volume-weighted average price is reported for such security by Bloomberg, LP for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in The Pink Open Market (or a similar organization or agency succeeding to its functions of reporting prices). If the VWAP cannot be calculated for such security on such date on any of the foregoing bases, the VWAP of such security on such date shall be the fair market value as mutually determined by the Purchaser and the Seller. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination, recapitalization or other similar transaction during such period.

(u) "**Transaction Agreement**" means the transaction agreement, dated April 11, 2022, between each of the Seller, the Purchaser and the Borrower.

(v) "**Transaction Documents**" means this Agreement, the Transaction Agreement and the Amended and Restated Note.

2. Purchase and Sale.

(a) Purchase and Sale. Subject to the satisfaction (or waiver) of the conditions to closing in Section 2(b) below, on the Closing Date, in exchange for the Purchase Price to be paid in accordance herewith, the Seller shall assign, transfer and sell to the Purchaser all of the Seller's right, title and interest in, to and under: (i) the Amended and Restated Note and (ii) each of the Security Documents.

(b) Conditions to Closing.

(i) Conditions of Seller. The obligation of the Seller to sell the Amended and Restated Note and assign the Security Documents to Purchaser is subject to the satisfaction, at or before the Closing Date, of each of the following conditions, provided that these conditions are for the Seller's sole benefit and may be waived by the Seller at any time in its sole discretion by providing the Purchaser with prior written notice thereof (the "**Closing**"):

A. Borrower shall have duly executed and delivered to Seller the Transaction Agreement.

B. Borrower shall have delivered the freely tradeable and unrestricted Fee Securities to Seller.

C. On the second (2nd) Trading Day immediately prior to the Closing Date, the Purchaser shall have delivered a written notice to the Seller, certified by an executive officer of the Purchaser, certifying that (x) if any of the Purchase Price is to be paid in Shares (as defined below), no Equity Conditions Failure then exists, (y) the aggregate portion of the Purchase Price to be paid on the Closing Date in Closing Shares and cash, if any (such consideration being the "**Closing Date Payment Consideration**"), and (z) whether the consideration to be paid to the Seller on the Top-Up Date, if any, shall be paid in Top-Up Shares or cash (the "**Closing Consideration Election Notice**").

D. The Purchaser shall have paid and/or delivered, as applicable, the Closing Date Payment Consideration to Seller.

E. The Purchaser shall have delivered to the Seller a certificate evidencing the formation and good standing of the Purchaser issued by the Secretary of State of Delaware as of a date within ten (10) days of the Closing Date.

F. Each and every representation and warranty of the Purchaser shall be true and correct (without giving effect to any limitation or qualification as to "materiality" or "Material Adverse Effect" set forth in such representations and warranties) as of the date when made and as of the Closing Date as though originally made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such specific date), except where the failure of such representations and warranties to be so true and correct, individually or in the aggregate, has not had and would not be reasonably expected to have a Material Adverse Effect, and the Purchaser shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required to be performed, satisfied or complied with by the Purchaser at or prior to the Closing Date. The Seller shall have received a certificate, duly executed by a duly authorized officer of the Purchaser, dated as of the Closing Date, to the foregoing effect.

G. Each and every representation and warranty of the Borrower shall be true and correct (without giving effect to any limitation or qualification as to "materiality" or "Material Adverse Effect" set forth in such representations and warranties) as of the date when made and as of the Closing Date as though originally made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such specific date), except where the failure of such representations and warranties to be so true and correct, individually or in the aggregate, has not had and would not be reasonably expected to have a Material Adverse Effect, and the Borrower shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required to be performed, satisfied or complied with by the Borrower at or prior to the Closing Date. The Seller shall have received a certificate, duly executed by a duly authorized officer of the Borrower, dated as of the Closing Date, to the foregoing effect.

H. If all, or any portion, of the Purchase Price is to be paid in Shares, the Common Stock (A) shall be designated for quotation or listed (as applicable) on NASDAQ and (B) shall not have been suspended, as of the Closing Date, by the United States Securities and Exchange Commission (the "**SEC**") or NASDAQ from trading on NASDAQ nor shall suspension by the SEC or NASDAQ have been threatened (with a reasonable prospect of delisting occurring after giving effect to all applicable notice, appeal, compliance and hearing periods), as of the Closing Date, either (I) in writing by the SEC or NASDAQ or (II) by falling below the minimum maintenance requirements of NASDAQ.

I. Each of the Borrower and the Purchaser shall have obtained all governmental, regulatory or third party consents and approvals, if any, necessary for the sale of the Shares, including without limitation, any approvals, consents, notifications, filings or other authorizations that may be required pursuant to the *Competition Act* (Canada), the Toronto Stock Exchange and NASDAQ.

J. No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or Governmental Entity (as defined below) of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by the Transaction Documents.

K. Since the date of execution of this Agreement, no event or series of events shall have occurred that reasonably would have or result in a Material Adverse Effect (as defined below) with respect to the Purchaser or a Material Adverse Effect (as defined in the Transaction Agreement) with respect to the Borrower.

(ii) Conditions of Purchaser. On the Closing Date, subject to the satisfaction of the following conditions precedent, the Purchaser agrees to assume, accept and purchase all of the Seller's right, title and interest in, to and under (x) the Amended and Restated Note and (y) all of the Security Documents:

A. all of the conditions set out in the Transaction Agreement shall have been satisfied or waived, in a manner reasonably satisfactory to the Purchaser (other than those conditions only capable of being satisfied as of the closing of the transactions contemplated in the Transaction Agreement);

B. on or prior to the Closing Date, the Original Note shall be amended and restated as the Amended and Restated Note and shall have delivered an original certificate for the Amended and Restated Note (in a form satisfactory to the Purchaser) to the Seller and the Seller shall deliver such certificate representing the Amended and Restated Note to the Purchaser or the at the direction of the Purchaser;

C. the Borrower shall, and shall cause each of the other Obligors, to enter into a confirmation of guarantee and security agreement and affirmation of the Successor Secured Party's status and rights under the Security Documents, in form and substance satisfactory to the Purchaser;

D. receipt of approval for the transactions contemplated herein by the shareholders and board of directors of the Borrower and all other requisite approvals, consents, notifications, filings or other authorizations as the Purchaser may determine (including, without limitation, any approvals, consents, notifications, filings or other authorizations that may be required pursuant to the *Competition Act* (Canada));

E. receipt of approvals from the Toronto Stock Exchange and NASDAQ, satisfactory to the Purchaser and the Borrower;

F. the Purchaser shall be satisfied that (x) any and all financing statements, financing change statements and similar filings relating to the Security Documents have been completed and (y) any and all original collateral previously delivered by the Borrower to the Seller shall have been delivered to the Purchaser;

G. no Material Adverse Effect (as defined in the Transaction Agreement shall have occurred in respect of the Borrower;

H. each and every representation and warranty of the Seller shall be true and correct (without giving effect to any limitation or qualification as to "materiality" or "Material Adverse Effect" set forth in such representations and warranties) as of the date when made and as of the Closing Date as though originally made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such specific date), except where the failure of such representations and warranties to be so true and correct, individually or in the aggregate, has not had and would not be reasonably expected to have a Material Adverse Effect, and the Seller shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required to be performed, satisfied or complied with by the Seller at or prior to the Closing Date. The Purchaser shall have received a certificate, duly executed by a duly authorized officer of the Seller, dated as of the Closing Date, to the foregoing effect;

I. no Encumbrance shall exist in relation to the Amended and Restated Note or any of the Security Documents;

J. the outstanding principal amount of the Amended and Restated Note (the "**Principal Amount**") shall not be less than $160,000,000;

K. the Seller, as retiring agent and the Purchaser, as successor agent shall have executed an Agency Transfer Agreement pursuant to the Securities Purchase Agreement between the Seller and the Borrower dated May 27, 2021 and the Deed of Hypothec dated February 17th, 2021 executed before Angelo Febbraio, notary under number 3987 of his minutes;

L. the Seller, the Purchaser and the Borrower shall have executed a Deed of Substitution of "Fondé de pouvoir" with respect to the Deed of Hypothec dated February 17th, 2021 executed before Angelo Febbraio, notary under number 3987 of his minutes;

M. the Seller, the Purchaser and Hexo Operations Inc. shall have executed a Deed of Substitution of "Fondé de pouvoir" with respect to the Deed of Hypothec dated February 17th, 2021 executed before Angelo Febbraio, notary under number 3987 of his minutes;

N. receipt of confirmation of the assignments contemplated hereunder by the Trustee under the Indenture and acknowledgment that the Amended and Restated Note either (i) continues to be registered as a security under the Indenture or (ii) has been authenticated and delivered pursuant to the Indenture;

O. if required by the Purchaser, GLAS Trust Company LLC or the successor thereof, if applicable, shall have entered into a supplemental indenture pursuant to the Indenture with the Purchaser, in form and substance satisfactory to the Purchaser; and

P. the Purchaser, the Borrower and Bank of Montreal shall have entered into a blocked account agreement in relation to US Dollar Account No. 0001-4744-237, in form and substance satisfactory to the Purchaser.

(c) The purchase price payable by the Purchaser to the Seller in consideration for the Seller assigning, transferring and selling of all the Seller's right, title and interest in, to and under: (i) the Amended and Restated Note and (ii) each of the Security Documents to the Purchaser shall be 95% of the Principal Amount (the "**Purchase Price**").

(d) Payment of the Purchase Price may be satisfied in shares of Common Stock ("**Shares**"), solely to the extent no Equity Conditions Failure exists as of the time the Purchaser is required to deliver such Shares, or, at the option of the Purchaser, by way of cash consideration ("**Cash Consideration**") (or, if no Equity Conditions Failure exists as of the time the Purchaser is required to deliver such applicable Shares, any combination thereof), provided that:

(i) to the extent that payment of the Purchase Price is to be satisfied (in whole or in part) by way of Cash Consideration: (i) 10% of such Cash Consideration shall be payable on the Closing Date and (ii) 90% of such Cash Consideration shall be paid by the Purchaser, at such times and on such days as the Purchaser may determine, within 60 days following the Closing Date; and

(ii) to the extent no Equity Conditions Failure exists and the payment of the Purchase Price is to be satisfied (in whole or in part) by way of the issuance of Shares by the Purchaser to the Seller, the number of Shares to be issued by the Purchaser to the Seller shall be equal to the quotient of the Purchase Price (minus the amount of cash consideration paid or payable under paragraph 2(d)(i)) divided by the Share Price on the Trading Day immediately preceding the Closing Date (such Shares, the "**Closing Shares**"). To the extent that the Purchaser wishes to satisfy any or all of the Purchase Price by the issuance of Shares, it shall notify the Seller of its intention to do so not later than the second (2nd) Trading Day immediately prior to the Closing Date in writing in accordance with Section 2(b)(i)C and, on or prior to the Closing Date, the Purchaser shall cause its transfer agent, through the Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program, to credit such aggregate number of Closing Shares to the Seller's (or its designee's) balance account with DTC through its Deposit/Withdrawal at Custodian system.

(e) In the event that payment of the Purchase Price is satisfied in whole or in part by way of the issuance of the Closing Shares from the Purchaser to the Seller:

(i) the Purchaser shall file with the United States Securities and Exchange Commission a prospectus supplement under Rule 424(b) to its current Registration Statement on Form S-3 (333-233703) (in either case, the "**Registration Statement**") to register the issuance by the Purchaser to the Seller of the Closing Shares and the Top-Up Shares (as defined below); and

(ii) Forty-five (45) Trading Days after the issuance of the Closing Shares (the "**Top-Up Date**"), if the quotient of (x) the Purchase Price (less the any amounts satisfied or to be satisfied in cash) divided by (y) the Top-Up Measuring Price is a number:

A. *less than* the number of Closing Shares issued at closing, the Seller shall deliver to the Purchaser, a cash amount equal to the product of (I) such aggregate number of shares of Common Stock equal to such difference and (II) the Top-Up Measuring Price; or

B. *greater than* the number of Closing Shares issued at the Closing (such difference, the "**Top-Up Difference**"),

(I) if the Purchaser has elected in the Closing Consideration Election Notice to pay such consideration due to the Seller on the Top-Up Date in cash, the Purchaser shall pay to the Seller cash equal to the product of (I) the Top-Up Difference and (II) the Top-Up Measuring Price (the "**Top-Up Cash Amount**"); or

(II) if the Purchaser has elected in the Closing Consideration Election Notice to pay such consideration due to the Seller in additional Shares (the "**Top-Up Shares**"), the Purchaser will issue the Seller a number of Top-Up Shares equal to the Top-Up Difference (subject to reduction as provided in this paragraph); provided that (x) such aggregate number of Top-Up Shares to be issued shall be reduced, as necessary, such that the aggregate number of Top-Up Shares in such issuance shall not result in the issuance of more than the number of shares of Common Stock equal to 42,536,615 minus the Closing Shares, including shares of Common Stock included in the Closing Date Payment Consideration and the Top-Up Shares, to the Seller under this Agreement (the "**Maximum Top-Up Shares**"), (y) in lieu of the issuance of such Top-Up Shares in excess of the Maximum Top-Up Shares that are reduced due to the preceding provision (such aggregate number of Top-Up Shares subject to such reduction, the "**Reduced Top-Up Share Amount**") the Purchaser shall also pay to the Seller a cash amount (the "**Remaining Top-Up Cash Amount**") equal to the product of (1) such Reduced Top-Up Share Amount and (2) the Top-Up Measuring Price and (z) notwithstanding the foregoing, if an Equity Conditions Failure exists as of the Top-Up Date (that is not waived by the Purchaser), in lieu of issuing any Top-Up Shares, the Purchaser shall pay the Seller in cash the Top-Up Cash Amount.

(iii) After the closing of business on the Trading Day immediately prior to the Top-Up Date, the Purchaser shall deliver a written notice to the Seller (the "**Top-Up Equity Eligibility Certification Notice**"), certified by a duly authorized officer of the Purchaser, certifying that (x) if the Purchaser has elected in the Closing Consideration Election Notice to pay such consideration due to the Seller in additional Shares, (1) no Equity Conditions Failure then exists (or no unwaived Equity Conditions Failure exists, as applicable), (2) the aggregate number of Top-Up Shares to be issued on the Top-Up Date and (3) the Remaining Top-Up Cash Amount to be paid to the Seller in cash on the Top-Up Date, if any, or (y) if the Purchaser has elected in the Closing Consideration Election Notice to pay such consideration due to the Seller in additional Shares and an Equity Conditions Failure exists (to the extent not waived by the Seller) or the Purchaser has elected in the Closing Consideration Election Notice to pay such consideration due to the Seller in cash, the aggregate Top-Up Cash Amount (in each case, including reasonable calculations and backup with respect thereto). For the avoidance of doubt, (x) if an Equity Conditions Failure then exists, the Top-Up Equity Eligibility Certification Notice shall also state that, unless the Seller waives such Equity Conditions Failure, no additional Top-Up Shares shall be issued and the Seller shall receive the entire Top-Up Cash Amount in cash and (y) the Seller may deliver a written waiver (which may be an e-mail) of such Equity Conditions Failure at any time prior to 12:00 P.M., New York city time on such Top-Up Date (or, if later, at least twelve (12) hours after the Seller's receipt of the Top-Up Equity Eligibility Certification Notice). To the extent the Purchaser is required (or has properly elected) to deliver Top-Up Shares to the Seller in accordance herewith, on or prior to the Top-Up Date, the Purchaser shall cause its transfer agent, through the DTC Fast Automated Securities Transfer Program, to credit such aggregate number of Top-Up Shares to the Seller's (or its designee's) balance account with DTC through its Deposit/Withdrawal at Custodian system.

(iv) Notwithstanding the foregoing, if the Top-Up Shares required to be issued pursuant to this Agreement would result in the Seller together with the other Attribution Parties, collectively, beneficially owning in excess of 9.99% (the "**Maximum Percentage**") of the shares of Common Stock outstanding, as evidenced by a written notice by Seller to the Purchaser (such notice, a "**Blocker Notice**"), (A) the number of shares so issued by which the Seller's and the other Attribution Parties' aggregate beneficial ownership would exceed the Maximum Percentage (the "**Excess Shares**") shall be deemed null and void and shall be cancelled ab initio, (B) the Seller shall not have the power to vote or to transfer the Excess Shares, and (C) the Seller's right to receive such Excess Shares shall be held in abeyance for the benefit of the Seller until such time or times, if ever, but in no event later than the 60th calendar day after the Top-Up Date, as the Seller's right thereto would not result in the Seller and the other Attribution Parties exceeding the Maximum Percentage (as evidenced by a written notice to the Purchaser by the Seller (each, a "**Blocker Release Notice**"). Upon the Purchaser's receipt of a Blocker Release Notice, the Excess Shares shall be deemed to be owned by the Seller, regardless of the date of actual delivery of such Excess Shares. The Purchaser shall deliver any Excess Shares subject to a Blocker Notice to the Seller (or its designee) no later than the second (2^{nd}) Trading Day after the date of receipt of such Blocker Release Notice. If the Seller delivers a Blocker Notice to the Purchaser, all conditions to the issuance of the Excess Shares, including the Equity Conditions, shall be deemed to have been satisfied on the Trading Day immediately prior to the Top-Up Date.

3. Representations, Warranties and Covenants of the Seller. The Seller represents, warrants and covenants to and agrees with the Purchaser, as of the date of this Agreement and the Closing Date that:

(a) The Seller is duly organized and validly existing under the laws of the jurisdiction of the State of Delaware, with power and authority to own its properties and to conduct its business as such properties shall be currently owned and such business is presently conducted, and has all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions herein contemplated.

(b) The execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated herein, have been duly authorized by the Seller, and this Agreement constitutes its legal, valid and binding obligation enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally or by general equity principles.

(c) The execution, delivery and performance of this Agreement and the consummation of the transactions hereby (i) do not conflict with the provisions of the Seller's governing instruments, (ii) will not violate any provisions of applicable law or regulation or any applicable order of any court or regulatory body, in each case, as any such provision or order applies to the Seller and (iii) will not result in the breach of, or constitute a default, or require any consent, under any agreement, instrument or document to which it is a party or by which it or any of its property may be bound or affected.

(d) No actions, suits, proceedings or governmental investigations at law or in equity are pending or active (or, to its knowledge, threatened in writing) against the Seller before any governmental authority or any arbitrator (i) asserting the invalidity of this Agreement, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement, or (iii) seeking any determination or ruling that would reasonably be expected to have a material and adverse effect on the performance by the Seller of its obligations under, or the validity or enforceability of, this Agreement, or on the value, validity or enforceability of this Agreement, the Amended and Restated Note and/or any of the Security Documents.

(e) The Seller has obtained all consents and authorizations (including all required consents and authorizations of any governmental authority) that are necessary to be obtained by it in connection with the execution, delivery and performance by the Seller of this Agreement, and each such consent and authorization is in full force and effect.

(f) No filing with, or authorization, approval, consent, notice, license, order, registration, qualification, decree or other action of, any court, governmental authority or agency or any other Person is necessary to be filed, obtained, recorded, notified, or otherwise applied for by the Seller in connection with (i) the assignment, transfer and sale by the Seller of the Amended and Restated Note and the Security Documents, (ii) the authorization, execution, delivery and performance by the Seller of this Agreement or (iii) the consummation by the Seller of the transactions contemplated hereby, except such as have been, or at the Closing Date will have been, obtained and are in full force and effect as of the Closing Date.

(g) The Seller has good and marketable title to the Amended and Restated Note and the Security Documents, free and clear of any Encumbrance or restriction on transferability, and the Seller has the full right, power and lawful authority to assign, transfer and sell the Amended and Restated Note and the Security Documents to the Purchaser and (ii) the consummation of the transactions contemplated by this Agreement shall not cause the Amended and Restated Note or any of the Security Documents, to be subject to any Encumbrance.

(h) The Seller has not pledged, assigned, sold, granted any Encumbrance in or otherwise Encumbered or assigned, transferred, sold or conveyed any interest in the Amended and Restated Note or any of the Security Documents and no effective financing statement or other instrument similar in effect naming or purportedly naming the Seller as debtor and/or covering all or any part of the Amended and Restated Note or any of the Security Documents is on file in any recording office.

(i) The Seller agrees that it will not re-sell or make the first trade in the Fee Securities in Canada or through the facilities of the Toronto Stock Exchange. For the avoidance of doubt, the parties hereto acknowledge and agree that any sales of Fee Securities in the United States or through the facilities of NASDAQ are not subject to any such restrictions.

(j) The Seller has not received written notice of, and has no knowledge of, any offsets, counterclaims, deductions, withholdings, claims or other defenses with respect to the Amended and Restated Note.

(k) With effect from the Closing Date:

(i) the Purchaser and its solicitors are authorized to register such documents, file such statements and give such notices as may be required by the Purchaser to record the assignment, transfer and sale of the Amended and Restated Note and each of the Security Documents to the Purchaser at all appropriate registry offices in that respect; and

(ii) the Seller authorizes the Purchaser and its counsel and any of their respective agents, employees or representatives, to file any and all security registrations, financing statements, finance change statements, charges and notices in connection with the assignment, transfer and sale of the Amended and Restated Note and each of the Security Documents to the Purchaser, as the Purchaser may require.

(l) For the period between the date of this agreement and the Closing Date, (x) the Seller will not, and will not agree to, enter into any short, hedge, forward contract, derivative or similar transaction relating to the Closing Shares (but not including any sale marked "short exempt") and (y) the Seller will cause any of its Affiliates not to maintain a Net Short Position (as defined below). For the purposes of determining compliance with the foregoing, the following shall apply:

(i) For purposes hereof, a "**Net Short Position**" by a person means a position whereby such Person has executed one or more sales of Common Stock that is marked as a short sale (but not including any sale marked "short exempt") and that is executed at a time when such Person has no equivalent offsetting "long" position in the Common Stock (or is deemed to have a long position in accordance with Regulation SHO of the 1934 Act); provided, that, for purposes of such calculations, any short sales either (x) that is a result of a bona-fide trading error on behalf of such Person (or its Affiliates) or required to be marked "short" by the broker of such Person at such time as such trade is not required to be marked "short" pursuant to Regulation SHO of the 1934 Act or (y) that would otherwise be marked as a "long" sale, but for the occurrence of a breach of any term or condition of any security or agreement, in each case, by the Purchaser or its transfer agent, as applicable, shall be excluded from such calculations.

(ii) For purposes of determining whether a Person has an equivalent offsetting "**long**" position in the Common Stock, (A) all Common Stock that is owned by such Person shall be deemed held "long" by such Person, (B) any shares of Common Stock issuable upon conversion and/or exercise of any convertible security, warrant and/or option of the Purchaser (without regard to any limitations on conversion or exercise thereof) shall be deemed held "long" by such Person, until such time as such Person shall no longer own such convertible security, warrant or option, and (C) any shares of Common Stock that the Purchaser has elected to issue to the Seller pursuant to the terms of this Agreement shall be deemed held "long" by the Seller from and after the date that is two (2) Trading Days (or such earlier date as required pursuant to the 1934 Act or other applicable law, rule or regulation for the settlement of a trade of such Common Stock initiated on the applicable issuance date) prior to the deadline for delivery of such Common Stock to the Seller, as set forth in this Agreement.

4. Representations, Warranties and Covenants of the Borrower. The Borrower represents, warrants and covenants to and agrees with the Purchaser, as of the date of this Agreement and as of the Closing Date, that:

(a) It is duly organized and validly existing under the laws of the jurisdiction of the Province of Ontario, with power and authority to own its properties and to conduct its business as such properties shall be currently owned and such business is presently conducted, and has all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions herein contemplated.

(b) The execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated herein, have been duly authorized by the Borrower, and this Agreement constitutes its legal, valid and binding obligation enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally or by general equity principles.

(c) The execution, delivery and performance of this Agreement and the consummation of the transactions hereby (i) do not conflict with the provisions of its governing instruments, (ii) will not violate any provisions of applicable law or regulation or any applicable order of any court or regulatory body, in each case, as any such provision or order applies to the Borrower and (iii) will not result in the breach of, or constitute a default, or require any consent, under any agreement, instrument or document to which it is a party or by which it or any of its property may be bound or affected.

(d) No actions, suits, proceedings or governmental investigations at law or in equity are pending or active (or, to its knowledge, threatened in writing) against the Borrower before any governmental authority or any arbitrator (A) asserting the invalidity of this Agreement, (B) seeking to prevent the consummation of any of the transactions contemplated by this Agreement, or (c) seeking any determination or ruling that would reasonably be expected to have a material and adverse effect on the performance by the Borrower of its obligations under, or the validity or enforceability of, this Agreement, the Amended and Restated Note or any of the Security Documents.

(e) The Borrower has obtained all consents and authorizations (including all required consents and authorizations of any governmental authority) that are necessary to be obtained by it in connection with the execution, delivery and performance by the Borrower of this Agreement, and each such consent and authorization is in full force and effect.

(f) No filing with, or authorization, approval, consent, notice, license, order, registration, qualification, decree or other action of, any court, governmental authority or agency or any other Person is necessary in connection with (A) the authorization, execution, delivery and performance by the Borrower of this Agreement or (B) the consummation by the Borrower of the transactions contemplated hereby, except such as have been, or at the Closing Date will have been, obtained and are in full force and effect as of the Closing Date.

(g) After giving effect to the transactions contemplated by this agreement, the Borrower and the other Obligors will, in their confirmation of guaranty and security documents: (i) expressly and knowingly reaffirm their full liability under each of the Note Documents heretofore executed and delivered from time to time in favor of the Seller and Resigning Secured Party, each of which shall, as of the date hereof, be in favor of all of the Purchaser and Successor Secured Party, and agrees that such Note Documents shall remain in full force and effect and are hereby ratified and confirmed, (ii) expressly agree to be and remain liable under the terms of such Note Documents to which they are a party, (iii) acknowledge that they have no defense, offset or counterclaim whatsoever against the Seller or Purchaser with respect to the Note Documents for which they are a party, (iv) acknowledge and agree that security interests and grant of collateral under the Note Documents are hereby ratified and remain in full force and effect and shall continue to serve as collateral for the obligations of the Obligors to the Purchaser, (v) acknowledges that there is no further obligation for the Purchaser to fund future advances, issue letters of credit, make new loans, or extend any further credit of any kind to the Obligors.

5. Representations, Warranties and Covenants of the Purchaser. The Purchaser represents, warrants and covenants to and agrees, as of the date of this Agreement, as of the Closing Date and as of the Top-Up Date, that:

(a) Organization and Qualification. Each of the Purchaser and each of its Subsidiaries are entities duly organized and validly existing and in good standing under the laws of the jurisdiction in which they are formed, and have the requisite power and authority to own their properties and to carry on their business as now being conducted and as presently proposed to be conducted. Each of the Purchaser and each of its Subsidiaries is duly qualified as a foreign entity to do business and is in good standing in every jurisdiction in which the character of the properties owned or leased by it or the nature of the business conducted by it makes such qualification necessary, except to the extent that the failure to be so qualified or be in good standing would not reasonably be expected to have a Material Adverse Effect (as defined below). As used in this Agreement, "**Material Adverse Effect**" means any material adverse effect on (a) the business, properties, assets, liabilities, operations (including results thereof), condition (financial or otherwise) or prospects of the Purchaser and its Subsidiaries, taken as a whole; provided, however, that none of the following, and no effect, change, event or occurrence arising out of, or resulting from, the following, shall constitute or be taken into account, individually or in the aggregate, in determining whether a Material Adverse Effect has occurred or may occur: any effect, change, event or occurrence that results from or arises in connection with (i) changes in or conditions generally affecting the industry in which the Purchaser and its Subsidiaries operate, (ii) general economic or regulatory, legislative or political conditions or securities, credit, financial or other capital markets conditions in any jurisdiction, (iii) geopolitical conditions, the outbreak or escalation of hostilities, any acts of war (whether or not declared), sabotage, terrorism or man-made disaster, or any escalation or worsening of any of the foregoing, (iv) natural disaster or any pandemic or epidemic, including COVID-19, (v) any change in GAAP (or authoritative interpretation thereof) after the date hereof, including accounting and financial reporting pronouncements by the SEC and the Financial Accounting Standards Board, or applicable law, (vi) any change resulting or arising from the execution and delivery of this Agreement or the public announcement of the transactions hereby, (vii) any decline, in and of itself, in the market price, or change in trading volume, of the capital stock of the Purchaser or (viii) any failure to meet any internal or public projections guidance or estimates, or (b) the ability of the Purchaser and its Subsidiaries to timely consummate the transactions contemplated hereby or to perform their respective obligations under this Agreement.

(b) Authorization and Binding Obligation. The Purchaser has the requisite power and authority to enter into and perform its obligations under this Agreement, the Shares and each of the other agreements entered into by the parties hereto in connection with the transactions contemplated by the Transaction Documents and to consummate the Transaction (including, without limitation, the purchase of the Amended and Restated Note, and, if applicable, the issuance of the Shares and the reservation for issuance and issuance of the Top-Up Shares issuable in accordance with this Agreement). As of the Closing Date, the execution and delivery of the Transaction Documents by the Purchaser and the consummation by the Purchaser of the transactions contemplated hereby and thereby, including, without limitation, the purchase of the Amended and Restated Note, and, if applicable, the issuance of the Shares and the reservation for issuance and issuance of the Top-Up Shares issuable in accordance with this Agreement will have been duly authorized by the Purchaser's Board of Directors (or a duly authorized committee thereof) and (other than the filing with the SEC of the prospectus supplement required by the Registration Statement pursuant to Rule 424(b) under the 1933 Act (the "**Prospectus Supplement**") supplementing the base prospectus forming part of the Registration Statement (the "**Prospectus**")) no further filing, consent, or authorization will be required by the Purchaser, its Board of Directors or its shareholders (other than such filings as may be required by any federal or state securities laws, rules or regulations). This Agreement has been and, as of the Closing Date, the other Transaction Documents to which the Purchaser is a party will have been, duly executed and delivered by the Purchaser, and constitute or will constitute, as applicable, the legal, valid and binding obligations of the Purchaser, enforceable against the Purchaser in accordance with their respective terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies and except as rights to indemnification and to contribution may be limited by federal, provincial or state securities laws.

(c) Issuance of Securities; Registration Statement. Assuming the Purchaser elects to pay all, or any part of the Purchase Price, in Shares, the issuance of the Closing Shares are duly authorized and, upon issuance in accordance with the terms of the Transaction Documents shall be validly issued, fully paid and non-assessable and free from all Encumbrances with respect to the issuance thereof, with the holders being entitled to all rights accorded to a holder of Common Stock. As of the Closing, assuming the Purchaser elects to pay all, or any part of the Purchase Price, in Shares, the Purchaser shall have reserved from its duly authorized capital stock not less than the number of shares equal to 42,536,615 *minus* the Closing Shares as Top-Up Shares issuable in accordance with this Agreement. To the extent required to be issued in accordance with this Agreement, the Top-Up Shares, when issued, will be validly issued, fully paid and nonassessable and free from all preemptive or similar rights or Encumbrances with respect to the issue thereof, with the holders being entitled to all rights accorded to a holder of Common Stock. Assuming the Purchaser elects to pay all, or any part of the Purchase Price, in Shares, the Shares will be issued pursuant to the Registration Statement and all of the Shares are freely transferable and freely tradable by the Seller without restriction, whether by way of registration or some exemption therefrom. The Registration Statement is effective and available for the issuance of the Shares thereunder and the Purchaser has not received any notice that the SEC has issued or intends to issue a stop-order with respect to the Registration Statement or that the SEC otherwise has suspended or withdrawn the effectiveness of the Registration Statement, either temporarily or permanently, or intends or has threatened in writing to do so. The "Plan of Distribution" section under the Registration Statement permits the issuance and sale of the Shares hereunder and as contemplated by the other Transaction Documents. Upon receipt of the Shares, the Seller will have good and marketable title to the Shares.

(d) No Conflict. The execution, delivery and performance of the Transaction Documents by the Purchaser and the consummation by the Purchaser of the transactions contemplated hereby and thereby (including, without limitation, the purchase of the Amended and Restated Note, and, if applicable, the issuance of the Shares and the reservation for issuance and issuance of the Top-Up Shares issuable in accordance with this Agreement) will not (i) result in a violation of the Certificate of Incorporation (as defined below) or any other organizational documents of the Purchaser or any of its Subsidiaries, (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Purchaser or any of its Subsidiaries is a party, after giving effect to the Transaction Agreement and the receipt by the Purchaser of the Required Consents (as defined below), or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including foreign, federal and state securities laws and regulations and the rules and regulations of NASDAQ and including all applicable federal, state and provincial laws, rules and regulations) applicable to the Purchaser or any of its Subsidiaries or by which any property or asset of the Purchaser or any of its Subsidiaries is bound or affected except, in the case of clause (ii) or (iii) above, to the extent such violations that would not reasonably be expected to have a Material Adverse Effect.

(e) No Consents. Neither the Purchaser nor any Subsidiary is required to obtain any consent from, authorization or order of, or make any filing or registration with (other than such filings as may be required by any federal or state securities laws, rules or regulations), any Governmental Entity or any regulatory or self-regulatory agency or any other Person in order for it to execute, deliver or perform any of its respective obligations under or contemplated by the Transaction Documents, in each case, in accordance with the terms hereof or thereof. All consents, authorizations, orders, filings and registrations which the Purchaser or any Subsidiary is required to obtain pursuant to the preceding sentence have been or will be obtained or effected on or prior to the Closing Date, and neither the Purchaser nor any of its Subsidiaries are aware of any facts or circumstances which might prevent the Purchaser or any of its Subsidiaries from obtaining or effecting any of the registration, application or filings contemplated by the Transaction Documents.

(f) Acknowledgment Regarding Seller's Purchase of Securities. The Purchaser acknowledges that the Seller is not acting as a financial advisor or fiduciary of the Purchaser or any of its Subsidiaries (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated hereby and thereby. The Purchaser further represents to the Seller that the Purchaser's decision to enter into the Transaction Documents has been based solely on the independent evaluation by the Purchaser and its representatives.

(g) Financial Advisor's Fees. The Purchaser shall be responsible for the payment of any placement agent's fees, financial advisory fees, or brokers' commissions (other than for Persons engaged by the Seller or its investment advisor) relating to or arising out of the transactions contemplated hereby, including, without limitation, placement agent fees payable to Canaccord Genuity LLC, as financial advisor (the "**Financial Advisor**") in connection with the sale of the Shares. The Purchaser acknowledges that it has engaged the Financial Advisor in connection with the transactions contemplated hereby. Other than the Financial Advisor, neither the Purchaser nor any of its Subsidiaries has engaged any financial advisor, placement agent or other agent in connection with the transactions contemplated hereby.

(h) No Integrated Offering. None of the Purchaser, its Subsidiaries or any of their affiliates, nor any Person acting on their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause this prospective offering of the Shares in lieu of cash payment of the Purchase Price hereunder to require approval of stockholders of the Purchaser under any applicable stockholder approval provisions, including, without limitation, under the rules and regulations of any exchange or automated quotation system on which any of the securities of the Purchaser are listed or designated for quotation. None of the Purchaser, its Subsidiaries, their affiliates nor any Person acting on their behalf will take any action or steps that would cause the offering of any of the Shares to be integrated with other offerings of securities of the Purchaser.

(i) Equity Capitalization.

(i) Definitions:

(A) "**Common Stock**" means (x) the Purchaser's shares of Class 2 common stock, $0.0001 par value per share, and (y) any capital stock into which such common stock shall have been changed or any share capital resulting from a reclassification of such common stock.

(B) "**Preferred Stock**" means (x) the Purchaser's blank check preferred stock, $0.0001 par value per share, the terms of which may be designated by the board of directors of the Purchaser in a certificate of designations and (y) any capital stock into which such preferred stock shall have been changed or any share capital resulting from a reclassification of such preferred stock (other than a conversion of such preferred stock into Common Stock in accordance with the terms of such certificate of designations).

(ii) Authorized and Outstanding Capital Stock. As of the date hereof, the authorized capital stock of the Purchaser consists of (A) 746,666,667 shares of Common Stock, of which, 480,737,533 are issued and outstanding and 56,005,479 shares are reserved for issuance pursuant to Convertible Securities (as defined below) (other than the Shares) exercisable or exchangeable for, or convertible into, shares of Common Stock and (B) 10,000,000 shares of Preferred Stock, none of which are issued and outstanding. No shares of Common Stock are held in the treasury of the Purchaser.

(iii) Valid Issuance; Available Shares. All of such outstanding shares are duly authorized and have been, or upon issuance will be, validly issued and are fully paid and nonassessable.

(j) No Reliance. In connection with the transfer of the Amended and Restated Note: (i) the Seller is not acting as an agent, fiduciary or financial or investment adviser for the Purchaser, (ii) the Purchaser is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Seller, except any representations and/or warranties expressly set forth in the Transaction Documents and (iii) the Purchaser has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisers to the extent it has deemed necessary, and it has made its own investment decisions based upon its own judgment and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by the Seller.

(k) Acknowledgement Regarding Sellers' Trading Activity. It is understood and acknowledged by the Purchaser that (i) following the date of the announcement of the Term Sheet (as defined in the Transaction Agreement), in accordance with the terms thereof, the Seller has not agreed with the Purchaser or any of its Subsidiaries, to desist from effecting any transactions in or with respect to (including, without limitation, purchasing or selling, long and/or short) any securities of the Purchaser, or "derivative" securities based on securities issued by the Purchaser or to hold any of the Closing Date Payment Consideration consisting of Shares for any specified term; and (ii) the Seller shall not be deemed to have any affiliation with or control over any arm's length counterparty in any "derivative" transaction. The Purchaser further understands and acknowledges that following the date of the announcement of the Term Sheet (as defined in the Transaction Agreement), the Seller may engage in hedging and/or trading activities (including, without limitation, the location and/or reservation of borrowable shares of Common Stock) at various times during the period that the Shares are outstanding (including, without limitation, during the Top-Up Measuring Period) and such hedging and/or trading activities (including, without limitation, the location and/or reservation of borrowable shares of Common Stock), if any, can reduce the value of the existing stockholders' equity interest in the Purchaser both at and after the time the hedging and/or trading activities are being conducted.

(l) Disclosure. The Purchaser confirms that, to its knowledge (which shall be the actual knowledge of the general counsel of the Purchaser) neither it nor any other Person acting with the Purchaser's authority has provided the Seller or its agents or counsel with any information that constitutes or could reasonably be expected to constitute material, non-public information concerning the Purchaser or any of its Subsidiaries, other than the existence of the transactions contemplated by this Agreement and the other Transaction Documents.

6. Resignations. Effective as of the time of purchase and sale and satisfaction of the conditions set forth in Section 2 (the "Effective Time"), the Resigning Secured Party will resign in such capacity and the Obligors and the Seller will accept such resignation.

7. Appointments.

(a) Effective as of the Effective Time, each of the Trustee and the Seller appoints the Purchaser as Successor Secured Party for all purposes of the Note Documents. Effective as of the Effective Time, the Purchaser accepts such appointment and agrees to be bound by the Note Documents in such capacity. Effective as of the Effective Time, the Purchaser shall succeed to, and be vested with, all of the rights, powers and duties of the Secured Party under the Note Documents. The Seller and the Obligors hereby waive any requirement in the Note Documents that the Resigning Secured Party provide prior written notice of its resignation.

(b) The parties hereto agree that the Resigning Secured Party shall not bear any responsibility or liability for any actions taken or omitted to be taken by the Successor Secured Party from and after the Effective Time pursuant to this agreement or the other Note Documents or any of the transactions contemplated thereby. The parties hereto agree that the Successor Secured Party and its affiliates shall bear no responsibility or liability for any actions taken or omitted to be taken by the Resigning Secured Party pursuant to this agreement or the other Note Documents or the transactions contemplated thereby.

(c) From and after the Effective Time it is understood and agreed that the Successor Secured Party (i) shall have no responsibility or liability whatsoever for any actions taken or failures to take action (including, without limitation, any matters relating to payments, computations and accruals) for the period prior to the Effective Time and (ii) shall receive all of the benefits, indemnifications and exculpations provided for in the Note Documents.

(d) In the event that, after the Effective Time, the Resigning Secured Party receives any principal, interest or other amount owing to any holder or the Successor Secured Party under any Note Document, the Resigning Secured Party agrees that such payment shall be held in trust for the Successor Secured Party, and the Resigning Secured Party shall promptly forward without setoff or counterclaim such payment by wire transfer of immediately available funds to the Successor Secured Party.

8. Amendments. Effective as of the Effective Time, the Note Documents are hereby amended so that each reference in the Security Documents or other Note Documents to the Secured Party shall mean and be a reference to the Successor Secured Party.

9. Fees.

(a) The Borrower shall promptly reimburse Kelley Drye & Warren, LLP (counsel to the Seller), on demand, a non-accountable amount of $150,000 (less $50,000 previously paid to Kelley Drye & Warren LLP) for all costs and expenses incurred by it in connection with preparing and delivering this Agreement (including, without limitation, all reasonable, documented legal fees and disbursements in connection therewith, and due diligence in connection with the transactions contemplated thereby).

10. Disclosure of Transaction.

(a) On or before 9:00 a.m., New York time, on the first (1st) Business Day after the date of this Agreement, the Purchaser shall file a Current Report on Form 8-K describing all the material terms of the transactions contemplated by the Transaction Documents in the form required by the Exchange Act and attaching this Agreement and the forms of the other Transaction Documents (including all attachments, the "**8-K Filing**"). From and after the filing of the 8-K Filing, the Purchaser shall have disclosed all material, non-public information (if any) provided to the Seller by the Purchaser or any of its Subsidiaries or any of their respective officers, directors, employees or agents in connection with the transactions contemplated by the Transaction Documents. In addition, effective upon the filing of the 8-K Filing, the Purchaser acknowledges and agrees that any and all confidentiality or similar obligations under any agreement, whether written or oral, between the Purchaser, any of its Subsidiaries or any of their respective officers, directors, affiliates, employees or agents, on the one hand, and the Seller or any of its affiliates, on the other hand, relating to the transactions contemplated by the Transaction Documents, shall terminate.

(b) Except as may be required by this Agreement or the Shares, the Purchaser shall not, and the Purchaser shall cause each of its Subsidiaries and each of its and their respective officers, directors, employees and agents not to, provide the Seller with any material, non-public information regarding the Purchaser or any of its Subsidiaries from and after the date hereof without the express prior written consent of the Seller (which may be granted or withheld in the Seller's sole discretion). To the extent that the Purchaser delivers any material, non-public information to the Seller without the Seller's consent, other than as required by this Agreement or the Shares, the Purchaser hereby covenants and agrees that the Seller shall not have any duty of confidentiality with respect to such material, non-public information. Subject to the foregoing, neither the Purchaser, its Subsidiaries nor the Seller shall issue any press releases or any other public statements with respect to the transactions contemplated hereby; provided, however, the Purchaser shall be entitled, without the prior approval of the Seller, to make any press release or other public disclosure with respect to such transactions (i) in substantial conformity with the 8-K Filing and (ii) as is required by applicable law and regulations. Notwithstanding anything contained in this Agreement to the contrary and without implication that the contrary would otherwise be true, the Purchaser expressly acknowledges and agrees that the Seller shall not have (unless expressly agreed to by the Seller after the date hereof in a written definitive and binding agreement executed by the Purchaser and the Seller), any duty of confidentiality with respect to any material, non-public information regarding the Purchaser or any of its Subsidiaries.

11. Survival. The representations and warranties of the Borrower, the Seller and the Purchaser contained in this Agreement shall survive the Closing (including, without limitation, delivery of and payment for the Amended and Restated Note and the Security Documents) and continue (i) indefinitely with respect to the representations and warranties of the Seller pursuant to Sections 3(g), 3(h) and 3(i) and the Purchaser pursuant to Sections 5(a), 5(b) and 5(c) and (ii) for a period of twelve months thereafter with respect to all other representations and warranties. All covenants, obligations and agreements contained herein shall survive the Closing and continue in accordance with their terms.

12. **Notices.** All communications hereunder will be in writing and effective only on receipt, and, (a) if sent to the Purchaser, will be delivered to it at 655 Madison Avenue, Suite 1900 New York, NY 10065, United States; (b) if sent to the Seller, will be delivered to it at 221 River Street, 9th Floor, Hoboken, NJ 07030, United States, with a copy (for informational purposes only) to: Kelley Drye & Warren LLP, 3 World Trade Center, 175 Greenwich Street, New York, NY 10007, Attention: Michael A. Adelstein, Esq. and (c) if sent to the Borrower, will be delivered to it at 3000 Solandt Road, Ottawa, Ontario, K2K 2X2.

13. **Successors.** This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns (excluding any purchasers of Shares from the Seller), and no other Person will have any right or obligation hereunder. For the avoidance of doubt, nothing in this Agreement shall be deemed to confer any enforceable rights, nor establish any enforceable obligation or restrictions on any Person not a party to this Agreement.

14. **Further Agreements.** Each party hereto agrees to execute and deliver to the other parties such reasonable and appropriate additional documents, instruments or agreements (in form and substance reasonably satisfactory to the executing party) as may be necessary or appropriate to effectuate the purpose of this Agreement.

15. **Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.**

(a) THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE AND THE FEDERAL LAWS OF THE UNITED STATES OF AMERICA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

(b) Each of the parties hereto hereby irrevocably and unconditionally:

(i) submits for itself and its property in any legal action or proceeding relating to this Agreement or any documents executed and delivered in connection herewith, or for recognition and enforcement of any judgment in respect thereof, to the nonexclusive general jurisdiction of the courts of the Wilmington, Delaware;

(ii) consents that any such action or proceeding may be brought and maintained in such courts and waives any objection that it may now or hereafter have to the venue of such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party at its address determined in accordance with Section 12 of this Agreement;

(iv) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(v) to the extent permitted by applicable law, each party hereto irrevocably waives all right of trial by jury in any action, proceeding or counterclaim based on, or arising out of, under or in connection with this Agreement or any other documents executed and delivered in connection herewith, or any matter arising hereunder or thereunder.

16. Miscellaneous. This Agreement supersedes all prior and contemporaneous agreements and understandings relating to the subject matter hereof. This Agreement may not be changed, waived, discharged or terminated except by an affirmative written agreement made by the party against whom enforcement of the change, waiver, discharge or termination is sought. The headings in this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof or thereof.

17. Counterparts; Electronic Signatures. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page to this Agreement by facsimile, DocuSign or other electronic transmission, or by sending a scanned copy ("pdf" or "tif") by electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement. The words "execution," "signed," "signature," and words of similar import in any Loan Document shall be deemed to include electronic or digital signatures or the keeping of records in electronic form, each of which shall be of the same effect, validity and enforceability as manually executed signatures or a paper-based recordkeeping system, as the case may be, to the extent and as provided for under applicable law, including the *Personal Information Protection and Electronic Documents Act* (Canada) and other similar federal or provincial laws based on the *Uniform Electronic Commerce Act* of the Uniform Law Conference of Canada or its *Uniform Electronic Evidence Act*, as the case may be. For avoidance of doubt, original manual signatures shall be used for execution or indorsement of writings and authentication of the Amended and Restated Note.

18. Rules of Construction. For purposes of this Agreement: (a) accounting terms not otherwise defined in this Agreement, and accounting terms partly defined in this Agreement to the extent not defined, shall have the respective meanings given to them under generally accepted accounting principles in Canada as in effect from time to time, including International Financial Reporting Standards; (b) unless otherwise provided, references to any month, quarter or year refer to a calendar month, quarter or year; (c) references to any amount outstanding on any particular date mean such amount at the close of business on such day; (d) the words "hereof", "herein" and "hereunder" and words of similar import refer to this Agreement (or the certificate or other document in which they are used) as a whole and not to any particular provision of this Agreement (or such certificate or document); (e) references to any Section or Schedule are references to Sections and Schedules in or to this Agreement (or the certificate or other document in which the reference is made), and references to any paragraph, subsection, clause or other subdivision within any Section or definition refer to such paragraph, subsection, clause or other subdivision of such Section or definition; (f) the term "including" means "including without limitation"; (g) references to any law or regulation refer to that law or regulation as amended from time to time and include any successor law or regulation; and (h) references to any agreement refer to such agreement as from time to time amended, restated, supplemented or otherwise modified from time to time in accordance with its terms.

19. Payment Set Aside; Currency; Fractional Shares. To the extent that the Purchaser makes a payment or payments to the Seller hereunder or pursuant to any of the other Transaction Documents or the Seller enforce or exercise their rights hereunder or thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Purchaser, a trustee, receiver or any other Person under any law (including, without limitation, any bankruptcy law, foreign, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred. Unless otherwise expressly indicated, all dollar amounts referred to in this Agreement and the other Transaction Documents are in United States Dollars ("U.S. Dollars"), and all amounts owing under this Agreement and all other Transaction Documents shall be paid in U.S. Dollars. All amounts denominated in other currencies (if any) shall be converted into the U.S. Dollar equivalent amount in accordance with the Exchange Rate on the date of calculation. "Exchange Rate" means, in relation to any amount of currency to be converted into U.S. Dollars pursuant to this Agreement, the U.S. Dollar exchange rate as published in the Wall Street Journal on the relevant date of calculation. The Purchaser shall not issue any fraction of a share of Common Stock pursuant to this Agreement. If an issuance required hereunder would result in the issuance of a fraction of a share of Common Stock, the Purchaser shall round such fraction of a share of Common Stock up to the nearest whole share.

20. Judgment Currency.

(a) If for the purpose of obtaining or enforcing judgment against the Purchaser in connection with this Agreement or any other Transaction Document in any court in any jurisdiction it becomes necessary to convert into any other currency (such other currency being hereinafter in this Section 18 referred to as the "**Judgment Currency**") an amount due in US Dollars under this Agreement, the conversion shall be made at the Exchange Rate prevailing on the Trading Day immediately preceding:

(i) the date actual payment of the amount due, in the case of any proceeding in the courts of New York or in the courts of any other jurisdiction that will give effect to such conversion being made on such date; or

(ii) the date on which the foreign court determines, in the case of any proceeding in the courts of any other jurisdiction (the date as of which such conversion is made pursuant to this Section 18(a) being hereinafter referred to as the "**Judgment Conversion Date**").

(b) If in the case of any proceeding in the court of any jurisdiction referred to in Section 18(a)(i) above, there is a change in the Exchange Rate prevailing between the Judgment Conversion Date and the date of actual payment of the amount due, the applicable party shall pay such adjusted amount as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the Exchange Rate prevailing on the date of payment, will produce the amount of US Dollars which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial order at the Exchange Rate prevailing on the Judgment Conversion Date.

(c) Any amount due from the Purchaser under this provision shall be due as a separate debt and shall not be affected by judgment being obtained for any other amounts due under or in respect of this Agreement or any other Transaction Document.

21. Entire Agreement. This Agreement, the other Transaction Documents and the schedules and exhibits attached hereto and thereto and the instruments referenced herein and therein supersede all other prior oral or written agreements between the Seller, the Purchaser, its Subsidiaries, their affiliates, the Borrower, its subsidiaries, their affiliates, and Persons acting on their behalf, including, without limitation, any transactions by the Seller with respect to Common Stock or the Shares, and the other matters contained herein and therein, and this Agreement, the other Transaction Documents, the schedules and exhibits attached hereto and thereto and the instruments referenced herein and therein contain the entire understanding of the parties solely with respect to the matters covered herein and therein. Except as specifically set forth herein or therein, neither the Purchaser, nor the Borrower nor the Seller makes any representation, warranty, covenant or undertaking with respect to such matters. For clarification purposes, the Recitals are part of this Agreement. No provision of this Agreement may be amended other than by an instrument in writing signed by the Purchaser, the Borrower and the Seller and any amendment to any provision of this Agreement made in conformity with the provisions of this Section 19 shall be binding on each of the parties hereto. No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party. Neither Purchaser, nor the Borrower has, directly or indirectly, made any agreements with the Seller relating to the terms or conditions of the transactions contemplated by the Transaction Documents except as set forth in the Transaction Documents. As a material inducement for the Seller to enter into this Agreement, (I) the Purchaser expressly acknowledges and agrees that (x) no due diligence or other investigation or inquiry conducted by the Seller, any of its advisors or any of its representatives shall affect the Seller's right to rely on, or shall modify or qualify in any manner or be an exception to any of, the Purchaser's representations and warranties contained in this Agreement or any other Transaction Document and (y) unless a provision of this Agreement or any other Transaction Document is expressly preceded by the phrase "except as disclosed in the SEC Documents," nothing contained in any of the SEC Documents shall affect the Seller's right to rely on, or shall modify or qualify in any manner or be an exception to any of, the Purchaser's representations and warranties contained in this Agreement or any other Transaction Document and (II) the Borrower expressly acknowledges and agrees that (x) no due diligence or other investigation or inquiry conducted by the Seller, any of its advisors or any of its representatives shall affect the Seller's right to rely on, or shall modify or qualify in any manner or be an exception to any of, the Borrower's representations and warranties contained in this Agreement or any other Transaction Document and (y) nothing contained in any of filing by Borrower with the SEC or any other Governmental Entity shall affect the Seller's right to rely on, or shall modify or qualify in any manner or be an exception to any of, the Borrower's representations and warranties contained in this Agreement or any other Transaction Document.

22. Termination. In the event that the Closing shall not have occurred on or prior to the Business Day immediately following the Outside Date (as defined in the Transaction Agreement), then each of the parties hereto shall have the right to terminate its obligations under this Agreement with respect to itself at any time on or after the close of business on such date without liability of such party to any other party; provided, however, (i) the right to terminate this Agreement under this Section 20 shall not be available to such Person if the failure of the transactions contemplated by this Agreement to have been consummated by such date is the result of such Person's breach of this Agreement and (ii) no such termination shall affect any obligation of the Borrower under this Agreement to reimburse the Seller for the expenses described in Section 9 above. Nothing contained in this Section 20 shall be deemed to release any party from any liability for any breach by such party of the terms and provisions of this Agreement or the other Transaction Documents or to impair the right of any party to compel specific performance by any other party of its obligations under this Agreement or the other Transaction Documents.

[Remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed by its respective offices, thereunto duly authorized, all as of the date first set forth above.

SELLER:

HT INVESTMENTS MA LLC

By: /s/ Eric Helenek
Name: Eric Helenek
Title:

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed by its respective offices, thereunto duly authorized, all as of the date first set forth above.

PURCHASER:

TILRAY BRANDS, INC.

By: /s/ Mitchell Gendel
Name: Mitchell Gendel
Title: Global General Counsel

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed by its respective offices, thereunto duly authorized, all as of the date first set forth above.

BORROWER:

HEXO CORP.

By: /s/ Scott Cooper
Name: Scott Cooper
Title:

Exhibit 10.3

HEXO Corp.

Amended and Restated Senior Secured Convertible Note due 2026

Certificate No. A-1

HEXO Corp., an Ontario, Canada corporation (the "**Company**"), for value received, promises to pay to HT Investments MA LLC (the "**Initial Holder**"), or its permitted registered assigns, the principal sum of **[■]** million dollars ($**[■])** (such principal sum, collectively with all Capitalized Interest and direct and indirect costs incurred by the Holder in connection with the acquisition of this Note) (the "**Principal Amount**" or the "**Maturity Principal Amount**") on May 1, 2026, and to pay any outstanding interest thereon, as provided in this Note, in each case as provided in and subject to the other provisions of this Note, including the earlier redemption or conversion of this Note.

This Note was originally issued pursuant to that certain Indenture, dated as of May 27, 2021 (the "**Indenture**"), between the Company and GLAS Trust Company LLC, as trustee, as supplemented and modified by an action of the Board of Directors (as defined below) on May 27, 2021 (the "**Board Resolution**"). The terms of this Note include those stated in the Indenture, as supplemented and modified by the Board Resolution. For the avoidance of doubt, any provisions herein that replace or amend any provision of the Indenture shall only apply to the extent of this Note, and any other provisions of the Indenture shall remain in full force and effect with respect to this Note and otherwise.

Additional provisions of this Note are set forth in the following pages to this Note entitled "HEXO Corp. – Senior Secured Convertible Note due 2026", which form a part of this Note.

[***The Remainder of This Page Intentionally Left Blank; Signature Page Follows***]

IN WITNESS WHEREOF, HEXO Corp. has caused this instrument to be duly executed as of the date set forth below.

HEXO CORP.

Date: [●], 2022

By: _____
Name:
Title:

HEXO CORP.

Date: [●], 2022

By: _____
Name:
Title:

[***The Remainder of This Page Intentionally Left Blank***]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Dated as of [●], 2022

This is one of the Securities of the series designated therein referred to in the within mentioned indenture.

GLAS TRUST COMPANY LLC, AS TRUSTEE

Dated: [●], 2022

By: _____
Authorized Signatory

HEXO Corp.

Senior Secured Convertible Note due 2026

This Note (this "**Note**" and, collectively with any Note issued in exchange therefor or in substitution thereof, the "**Notes**") is issued by HEXO Corp., an Ontario, Canada corporation (the "**Company**"), and designated as its "Senior Secured Convertible Notes due 2026."

This Note is subject to the terms of the Indenture. Pursuant to the Board Resolution and Section 3.1 of the Indenture, notwithstanding anything to the contrary in this Note or the Indenture, to the extent that any provisions of this Note conflicts with any provisions of the Indenture, the provisions of this Note will control to the extent of such conflict.

Section 1. Definitions.

Capitalized terms used but not defined herein shall have the meanings set forth in the Indenture to the extent defined therein.

"**Acceptance Notice**" has the meaning set forth in **Section 16**.

"**Adjusted EBITDA**" means, for any fiscal quarter, the Adjusted EBITDA of the Company, calculated as: (i) total net income (loss); (ii) plus (minus) income taxes (recovery); (iii) plus (minus) finance expense (income); (iv) plus depreciation; (v) plus amortization; (vi) plus (minus) investment (gains) losses, including revaluation of financial instruments, share of loss from investment in joint ventures, adjustments on warrants and other financial derivatives, unrealized loss on investments, and foreign exchange gains and losses; (vii) plus (minus) fair value adjustments on inventory and biological assets; (viii) plus inventory write-downs and provisions; (ix) plus (minus) non-recurring transaction and restructuring costs; (x) plus impairments to any and all long-lived assets; (xi) plus all stock-based compensation; and (xii) plus any management or advisory fee paid by the Company to the Holder or any Affiliate thereof during the applicable quarter.

"**Affiliate**" has the meaning set forth in Rule 144 under the Securities Act.

"**ATM Program**" means any at-the-market distribution program within the meaning of Part 9 of National Instrument 44-102—*Shelf Distributions* (and the equivalent or corresponding concept under U.S. securities laws) that the Company may implement from time to time by way one or more agreements with sales agents with respect thereto and under one or more prospectus supplements filed under one or more base shelf prospectuses.

"**ATM Shares**" means and all Common Shares issued from time to time by the Company pursuant to an ATM Program.

"**Authorized Denomination**" means, with respect to the Notes, a Principal Amount thereof equal to $1,000 or any integral multiple of $1,000 in excess thereof, or, if such Principal Amount then-outstanding is less than $1,000, then such outstanding Principal Amount.

"**Average DDT Volume**" has the meaning set forth in **Section 8(F)(i)**.

"**Bankruptcy Law**" means Title 11, United States Code, the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any similar U.S. federal or state, Canadian federal or provincial or non-U.S. or non-Canadian law for the relief of debtors.

"**Board of Directors**" means the board of directors of the Company or a committee of such board duly authorized to act on behalf of such board.

"**Board Resolution**" has the meaning set forth in the cover page of this Note.

"**Business Combination Event**" has the meaning set forth in **Section 10**.

"**Business Day**" means any day other than a Saturday, a Sunday or any day on which commercial banks in The City of New York or in Toronto, Ontario are authorized or required by law or executive order to close or be closed; *provided*, *however*, for clarification, commercial banks in The City of New York or in Toronto, Ontario shall not be deemed to be authorized or required by law or executive order to close or be closed due to "stay at home", "shelter-in-place", "non-essential employee" or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in The City of New York or Toronto, Ontario are open for use by customers on such day.

"**Canadian Securities Laws**" means securities laws and the applicable rules and regulations under such laws, together with applicable published national, multilateral and local policy statements, instruments, notices and blanket orders of the CSA in each of the provinces and territories of Canada.

"**Capital Lease**" means, with respect to any Person, any leasing or similar arrangement conveying the right to use any property, whether real or personal property, or a combination thereof, by that Person as lessee that, in conformity with IFRS, is required to be accounted for as a capital lease on the balance sheet of such Person.

"**Capital Lease Obligation**" means, at the time any determination is to be made, the amount of the liability in respect of a Capital Lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with IFRS, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"**Capital Stock**" of any Person means any and all shares of, interests in, rights to purchase, warrants or options for, participations in, or other equivalents of, in each case however designated, the equity of such Person, but excluding any debt securities convertible into such equity.

"**Capitalized Interest**" has the meaning set forth in Section 4.

"**Cash**" means all cash and liquid funds.

"**Cash Equivalents"** means, as of any date of determination, any of the following: (A) marketable securities (i) issued or directly and unconditionally guaranteed as to interest and principal by the United States Government or the Government of Canada, or (ii) issued by any agency of the United States or Canada the obligations of which are backed by the full faith and credit of the United States or Canada, respectively, in each case maturing within one (1) year after such date; (B) marketable direct obligations issued by any state of the United States of America or Province of Canada or any political subdivision of any such state or Province or any public instrumentality thereof, in each case maturing within one (1) year after such date and having, at the time of the acquisition thereof, a rating of at least A-1 from Standard & Poor's Corporation or at least P-1 from Moody's Investors Service; (C) commercial paper maturing no more than one (1) year from the date of creation thereof and having, at the time of the acquisition thereof, a rating of at least A-1 from Standard & Poor's Corporation or at least P-1 from Moody's Investors Service; (D) certificates of deposit or bankers' acceptances maturing within one (1) year after such date and issued or accepted by any commercial bank organized under the laws of the United States of America or Canada or any State, Province or Territory thereof or the District of Columbia that (i) is at least "adequately capitalized" (as defined in the regulations of its primary federal banking regulator), and (ii) has Tier 1 capital (as defined in such regulations) of not less than $5,000,000,000; and (E) shares of any money market mutual fund that (i) has substantially all of its assets invested continuously in the types of investments referred to in clauses (A) and (B) above, (ii) has net assets of not less than $5,000,000,000, and (iii) has the highest rating obtainable from either Standard & Poor's Corporation or Moody's Investors Service.

"**Change of Control**" means: (a) any event as a result of or following which any person or entity or group thereof "acting jointly or in concert" within the meaning of Canadian Securities Laws, other than the Holder or any Affiliates thereof, whether independently or acting jointly or in concert, and other than any Person(s) acting jointly or in concert with the Holder or any Affiliate thereof, acquires beneficial ownership or control or direction over an aggregate of more than fifty percent (50%) of the then outstanding votes attached to the shares of the Company, other than pursuant to any exercise of rights of the Holders provided for in Section 8; or (b) the sale or transfer of all or substantially all of the consolidated assets of the Company.

"**Close of Business**" means 5:00 p.m., Toronto time.

"**Collateral**" has the meaning set forth in the Security Agreement.

"**Collateral Agent**" means, at any given time, the Holder (or such other Person appointed by the Holder, in such Person's capacity as collateral agent for the Trustee, the Holder and each Other Holder, together with any successor thereto in such capacity.

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Common Share Equivalents**" means this Note and any options, restricted stock units or other security or obligation that is by its terms, directly or indirectly, convertible into, exchangeable or exercisable for Common Shares, and any option, warrant or other right to subscribe for, purchase or acquire Common Shares or any security convertible into Common Shares (disregarding any restrictions or limitations on the exercise of such rights).

"**Common Shares**" means the common shares of the Company without nominal or par value, subject to any adjustment in accordance with the provisions of **Section 8(J)**.

"**Common Shares Change Event**" has the meaning set forth in **Section 8(J)(i)**.

"**Contingent Obligation**" means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to (A) any Indebtedness or other obligations of another Person, including any such obligation directly or indirectly guaranteed, endorsed, co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable; (B) any obligations with respect to undrawn letters of credit, corporate credit cards or merchant services issued for the account of that Person; and (C) all obligations arising under any interest rate, currency or commodity swap agreement, interest rate cap agreement, interest rate collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; provided, however, that the term "Contingent Obligation" shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determined amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith; provided, however, that such amount shall not in any event exceed the maximum amount of the obligations under the guarantee or other support arrangement

"**Conversion Consideration**" has the meaning set forth in **Section 8(D)(i)**.

"**Conversion Consideration Interest Shares**" has the meaning set forth in **Section 8(D)(i)(2)**.

"**Conversion Consideration Interest Shares Notice**" has the meaning set forth in **Section 8(D)(ii)**.

"**Conversion Consideration Shortfall Payment**" has the meaning set forth in **Section 8(D)**.

"**Conversion Consideration Shortfall Payment Date**" has the meaning set forth in **Section 8(D)**.

"**Conversion Date**" means, with respect to a Note, the first Business Day on which the requirements set forth in **Section 8(C)(i)** to convert such Note are satisfied.

"**Conversion Price**" means, as of any time, an amount equal to (A) one thousand dollars ($1,000) divided by (B) the Conversion Rate in effect at such time.

"**Conversion Rate**" initially means the number of Common Shares equal to US1,000 divided by the USD equivalent of CAD$0.85 as determined the day before execution per $1,000 Principal Amount of Notes; *provided*, *however*, that the Conversion Rate is subject to adjustment pursuant to **Section 8**; *provided*, *further*, that whenever this Note refers to the Conversion Rate as of a particular date without setting forth a particular time on such date, such reference will be deemed to be to the Conversion Rate immediately after the Close of Business on such date. For the avoidance of doubt, conversion calculations are to be calculated by the Holder and not the Trustee. The Company shall be the initial conversion agent and not the Trustee.

"**Conversion Settlement Date**" has the meaning set forth in **Section 8(D)(v)**.

"**Copyright License"** means any written agreement granting any right to use any Copyright or Copyright registration, now owned or hereafter acquired by the Company or in which the Company now holds or hereafter acquires any interest.

"Copyrights" means all copyrights, whether registered or unregistered, held pursuant to the laws of the United States, Canada, any State, Province or Territory thereof or of any other country.

"**Covering Price**" has the meaning set forth in **Section 8(D)(vi)(1)**.

"**CSA**" means, collectively, the securities commission or other securities regulatory authorities in each of the provinces and territories of Canada.

"**Currency Due**" has the meaning set forth in **Section 17**.

"**Daily VWAP**" means, for any VWAP Trading Day, the per share volume-weighted average price of the Common Shares on the Nasdaq Capital Market as displayed under the heading "Bloomberg VWAP" on Bloomberg page "HEXO US <EQUITY> VAP" (or, if such page is not available, its equivalent successor page) in respect of the period from the scheduled open of trading until the scheduled close of trading of the primary trading session on such VWAP Trading Day (or, if such volume-weighted average price is unavailable, the market value of one share of Common Shares on such VWAP Trading Day, determined, using a volume-weighted average price method, by a nationally recognized independent investment banking firm selected by the Company). The Daily VWAP will be determined without regard to after-hours trading or any other trading outside of the regular trading session.

"**Default**" means any Event of Default and any event that is (or, after notice, passage of time or both, would be) an Event of Default.

"**Default Interest**" has the meaning set forth in **Section 4(A)**.

"**Defaulted Amount**" has the meaning set forth in **Section 4(A)**.

"**Defaulted Shares**" has the meaning set forth in **Section 8(D)(vi)**.

"**Designated ELOC**" means that certain equity line of credit program providing for the issuance by the Company from time to time of Common Shares pursuant to an equity purchase agreement between the Company and 2692106 Ontario Inc. in a form satisfactory to the Holder.

"**Designated ELOC Common Shares**" means any and all Common Shares issued from time to time by the Company under the Designated ELOC.

"**Disclosure Letter**" means the disclosure letter delivered to the Purchaser concurrently with the execution of this Agreement.

"**Disqualified Stock**" means, with respect to any Person, any Capital Stock that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder) or upon the happening of any event:

(A) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;

(B) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock convertible or exchangeable solely at the option of the Company or a Subsidiary of the Company; provided that any such conversion or exchange will be deemed an incurrence of Indebtedness or Disqualified Stock, as applicable); or

(C) is redeemable at the option of the holder thereof, in whole or in part,

in the case of each of clauses (A), (B) and (C), at any point prior to the one hundred eighty-first (181st) day after the Maturity Date.

"**Distributed Securities**" means any securities distributed or issued pursuant to a Distribution.

"**Distribution**" means any distribution or issuance by the Company of: (i) equity securities in the capital of the Company, (ii) rights, options or warrants to purchase equity securities in the capital of the Company, (iii) securities of any type that are, or may become, convertible or exchangeable into or exercisable for equity securities in the capital of the Company, (iv) debt securities of the Company; *provided that*, "Distribution" shall not include Excluded Issuances.

"**DTC**" means The Depository Trust Company.

"**Eligible Exchange**" means any of The New York Stock Exchange, The NYSE American, The Nasdaq Capital Market, The Nasdaq Global Market or The Nasdaq Global Select Market (or any of their respective successors).

"**Equipment**" means all "**equipment**" as defined in the UCC or the PPSA, as the case may be, with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

"**Equity Conditions**" will be deemed to be satisfied as of any date if all of the following conditions are satisfied as of such date and on each of the twenty (20) previous Trading Days: (A) the shares issuable upon conversion of this Note are Freely Tradable; (B) the Holder is not in possession of any material non-public information provided by or on behalf of the Company; (C) the Company is in compliance with **Section 8(E)(i)** and such shares will satisfy **Section 8(E)(ii)**; (D) no public announcement of a pending, proposed or intended Fundamental Change has occurred that has not been abandoned, terminated or consummated; (E) the Daily VWAP per Common Share on The Nasdaq Capital Market is not less than three hundred and fifty percent (350%) of the Conversion Price (subject to proportionate adjustments for events of the type set forth in **Section 8(G)(i)(1))**; (F) the daily dollar trading volume (as reported on Bloomberg) of the Common Shares on The Nasdaq Capital Market is not less than ten million dollars ($10,000,000); and (G) no Default or Event of Default will have occurred or be continuing.

"**Equity Interests**" shall mean, with respect to any Person, any and all shares, interests, participations or other equivalents, including preferred stock or membership interests (however designated, whether voting or non-voting), of equity of such Person, including, if such Person is a partnership, partnership interests (whether general or limited) and including, without limitation, any "equity security" (as that term is defined under Rule 405 promulgated under the Securities Act), and any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, such partnership.

"**Equity Rights**" shall mean, with respect to any Person, any then-outstanding subscriptions, options, warrants, commitments, preemptive rights, convertible debt, or other equity-linked securities or agreements of any kind for the issuance or sale, of any additional Equity Interests of any class, or partnership or other ownership interests of any type in, such Person.

"**ERISA"** means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

"**Event of Default**" has the meaning set forth in **Section 11(A).**

"**Event of Default Acceleration Amount**" means, with respect to the delivery of a notice pursuant to **Section 11(B)(ii)** declaring this Note to be due and payable immediately on account of an Event of Default, a cash amount equal to the greater of: (A) one hundred fifteen percent (115%) of the then outstanding Principal Amount of this Note plus accrued and unpaid interest, if any; and (B) one hundred fifteen percent (115%) of the product of (i) the Conversion Rate in effect as of the Trading Day immediately preceding the date such notice is so delivered, (ii) the total then outstanding Principal Amount (expressed in thousands) of this Note plus accrued and unpaid interest, if any, and (iii) the greater of (x) the highest Daily VWAP per Common Share occurring during the thirty (30) consecutive VWAP Trading Days ending on, and including, the VWAP Trading Day immediately before the date such notice is so delivered and (y) the highest Daily VWAP per Common Share occurring during the thirty (30) consecutive VWAP Trading Days ending on, and including, the VWAP Trading Day immediately before the date the applicable Event of Default occurred. For the avoidance of doubt, any Event of Default Acceleration Amount will be calculated by the Holder and not the Trustee.

"**Event of Default Additional Shares**" means, with respect to the conversion of this Note (or any portion of this Note), an amount equal to the excess, if any, of (A) the Event of Default Conversion Rate applicable to such conversion over (B) the Conversion Rate that would otherwise apply to such conversion without giving effect to **Section 8(I)**. For the avoidance of doubt, the Event of Default Additional Shares cannot be a negative number.

"**Event of Default Conversion Period**" means, with respect to an Event of Default, the period beginning on, and including, the date such Event of Default occurs.

"Event of Default Conversion Price" means, with respect to the conversion of this Note (or any portion of this Note), the lesser of: (A) the Conversion Price that would be in effect immediately after the Close of Business on the Conversion Date for such conversion, without giving effect to Section 8(I); and (B) seventy five percent (75%) of the lowest Daily VWAP per Common Share during the ten (10) consecutive VWAP Trading Days ending on, and including, such Conversion Date (or, if such Conversion Date is not a VWAP Trading Day, the immediately preceding VWAP Trading Day).

"**Event of Default Conversion Rate**" means, with respect to the conversion of this Note (or any portion of this Note), an amount (rounded to the nearest 1/10,000th of a Common Share (with 5/100,000ths rounded upward)) equal to (A) one thousand dollars ($1,000) *divided by* (B) the Event of Default Conversion Price applicable to such conversion.

"**Event of Default Notice**" has the meaning set forth in **Section 11(C)**.

"**Ex-Dividend Date**" means, with respect to an issuance, dividend or distribution on the Common Shares, the first date on which Common Shares trade on the applicable exchange or in the applicable market, regular way, without the right to receive such issuance, dividend or distribution (including pursuant to due bills or similar arrangements required by the relevant stock exchange). For the avoidance of doubt, any alternative trading convention on the applicable exchange or market in respect of the Common Shares under a separate ticker symbol or CUSIP number will not be considered "regular way" for this purpose.

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended.

"**Excluded Issuances**" means (i) the distribution or issuance by the Company of equity securities of the Company upon exercise, conversion, exchange or vesting of options, restricted stock units or other convertible securities pursuant to equity-based compensation plans that have been previously-approved by the Company's shareholders, in accordance with the terms of such plans, and (ii) the distribution or issuance by the Company of Designated ELOC Common Shares and/or ATM Shares.

"**Expiration Date**" has the meaning set forth in **Section 8(G)(i)(5)**.

"**Expiration Time**" has the meaning set forth in **Section 8(G)(i)(5)**.

"**Floor Price**" means any price which the TSX has indicated in writing that the Market Stock Payment Price may not be lower than.

"**Forced Conversion**" means the conversion of this Note pursuant to **Section 8(F)**.

"**Forced Conversion Additional Payment**" has the meaning set forth in **Section 5(D)**.

"**Forced Conversion Additional Payment Date**" has the meaning set forth in **Section 5(D)**.

"**Forced Conversion Notice**" has the meaning set forth in **Section 8(F)**.

"**Forced Conversion Qualification Period**" has the meaning set forth in **Section 8(F)**.

"**Freely Tradable**" means, with respect to any Common Shares issued or issuable under this Note (whether upon conversion of this Note or otherwise), that (A) such shares would be eligible to be offered, sold or otherwise transferred by the Holder pursuant to Rule 144, without any requirements as to volume, manner of sale, availability of current public information (whether or not then satisfied) or notice under the Securities Act and without any requirement for registration under any state securities or "blue sky" laws; or (B) such shares are (or, when issued, will be) (i) represented by book-entries at DTC and identified therein by an "unrestricted" CUSIP number; (ii) not represented by any certificate that bears a legend referring to transfer restrictions under the Securities Act, Canadian Securities Laws or other securities laws; and (iii) listed and admitted for trading, without suspension or material limitation on trading, on an Eligible Exchange and the TSX; and (C) no delisting or suspension by such Eligible Exchange or the TSX has been threatened (with a reasonable prospect of delisting occurring after giving effect to all applicable notice, appeal, compliance and hearing periods) or reasonably likely to occur or pending as evidenced by (x) a writing by such Eligible Exchange or the TSX or (y) the Company falling below the minimum listing maintenance requirements of such Eligible Exchange or the TSX.

"**Fundamental Change**" means any of the following events:

(A) a "person" or "group" (within the meaning of Section 13(d)(3) of the Exchange Act), other than (x) the Company or its Wholly Owned Subsidiaries, (y) the employee benefit plans of the Company or its Wholly Owned Subsidiaries, or (z) the Holder or any of its Affiliates (including any "group" including the Holder or any of its Affiliates), files any report with the Commission or the CSA indicating that such person or group has become the direct or indirect "beneficial owner" (as defined below) of shares of the Company's common equity representing more than fifty percent (50%) of the voting power of all of the Company's then-outstanding common equity;

(B) the consummation of (i) any sale, lease or other transfer, in one transaction or a series of transactions, of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, to any Person (other than solely to one or more of the Company's Wholly Owned Subsidiaries); or (ii) any transaction or series of related transactions in connection with which (whether by means of merger, consolidation, share exchange, combination, reclassification, recapitalization, acquisition, liquidation or otherwise) all of the Common Shares are exchanged for, converted into, acquired for, or constitutes solely the right to receive, other securities, cash or other property (other than a subdivision or combination, or solely a change in par value, of the Common Shares); *provided*, *however*, that any merger, consolidation, share exchange or combination of the Company pursuant to which the Persons that directly or indirectly "beneficially owned" (as defined below) all classes of the Company's common equity immediately before such transaction directly or indirectly "beneficially own," immediately after such transaction, more than fifty percent (50%) of all classes of common equity of the surviving, continuing or acquiring company or other transferee, as applicable, or the parent thereof, in substantially the same proportions vis-à-vis each other as immediately before such transaction will be deemed not to be a Fundamental Change pursuant to this **clause (B)**;

(C) the Company's stockholders approve any plan or proposal for the liquidation or dissolution of the Company; or

(D) the Common Shares cease to be listed on any Eligible Exchange or the TSX.

For the purposes of this definition, (x) any transaction or event described in both **clause (A)** and in **clause (B)(i)** or **(ii)** above (without regard to the proviso in **clause (B)**) will be deemed to occur solely pursuant to **clause (B)** above (subject to such proviso); (y) if any transaction or event described in **clause (B)(i)** or **(ii)** above (without regard to the proviso in **clause (B)**) occurs, after which the Company remains in existence but has no remaining assets or liabilities, the subsequent approval by the Company's stockholders of any plan or proposal for the liquidation or dissolution of the Company shall not constitute a separate Fundamental Change; and (z) whether a Person is a "**beneficial owner**" and whether shares are "**beneficially owned**" will be determined in accordance with Rule 13d-3 under the Exchange Act.

"**Fundamental Change Redemption Date**" means the date designated by the Holder for redemption of this Note in connection with a Fundamental Change, as provided in **Section 7(F)**.

"**Fundamental Change Base Repurchase Price**" means, with respect to this Note (or any portion of this Note to be repurchased) upon a Repurchase Upon Fundamental Change, a cash amount equal to the greater of: (A) one hundred five percent (105%) of the then outstanding Principal Amount of such Note (or portion thereof) to be so repurchased, plus any accrued and unpaid interest on this Note; and (B) one hundred five percent (105%) of the product of (i) the Conversion Rate in effect as of the Trading Day immediately preceding the effective date of such Fundamental Change, (ii) the Principal Amount of this Note to be repurchased upon a Repurchase Upon Fundamental Change divided by $1,000, and (iii) the Fundamental Change Stock Price for such Fundamental Change. For the avoidance of doubt, any Fundamental Change Base Repurchase Price calculations are to be calculated by the Holder and not the Trustee.

"**Fundamental Change Notice**" has the meaning set forth in **Section 7(C)**.

"**Fundamental Change Repurchase Date**" means the date as of which this Note must be repurchased for cash in connection with a Fundamental Change, as provided in **Section 7(B)**.

"**Fundamental Change Repurchase Price**" means the cash price payable by the Company to repurchase this Note (or any portion of this Note) upon its Repurchase Upon Fundamental Change, calculated pursuant to **Section 7(D)**.

"**Fundamental Change Stock Price**" means, with respect to any Fundamental Change, the highest Daily VWAP per Common Share occurring during the thirty (30) consecutive VWAP Trading Days ending on, and including, the day immediately before the effective date of such Fundamental Change.

"**Holder**" means the person in whose name this Note is registered on the books of the Company, which initially is the Initial Holder.

"**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board, as in effect from time to time.

The term "**including**" means "including without limitation," unless the context provides otherwise.

"**Indebtedness**" means, indebtedness of any kind, including, without duplication (A) all indebtedness for borrowed money or the deferred purchase price of property or services, including reimbursement and other obligations with respect to surety bonds and letters of credit, (B) all obligations evidenced by notes, bonds, debentures or similar instruments, (C) all Capital Lease Obligations, (D) all Contingent Obligations, and (E) Disqualified Stock.

"**Independent Investigator**" has the meaning set forth in **Section 9(Z)**.

"**Indenture**" means that certain Indenture, dated as of May 27, 2021, between the Company and the Trustee.

"**Initial Holder**" has the meaning set forth in the cover page of this Note.

"**Intellectual Property"** means all of the Company's Copyrights; Trademarks; Patents; Licenses; trade secrets and inventions; mask works; the Company's applications therefor and reissues, extensions, or renewals thereof; and the Company's goodwill associated with any of the foregoing, together with the Company's rights to sue for past, present and future infringement of Intellectual Property and the goodwill associated therewith.

"Investment" means any beneficial ownership (including stock, partnership or limited liability company interests) of or in any Person, or any loan, advance or capital contribution to any Person or the acquisition of all, or substantially all, of the assets of another Person or the purchase of any assets of another Person for greater than the fair market value of such assets to solely the extent of the amount in excess of the fair market value.

"**Issue Date**" means May 27, 2021.

"**Judgment Currency**" has the meaning set forth in **Section 17**.

"**Last Reported Sale Price**" of the Common Shares for any Trading Day means the closing sale price per share (or, if no closing sale price is reported, the average of the last bid price and the last ask price per share or, if more than one in either case, the average of the average last bid prices and the average last ask prices per share) of Common Shares on such Trading Day as reported in composite transactions for the principal U.S. national or regional securities exchange on which the Common Shares are then listed. If the Common Shares are not listed on a U.S. national or regional securities exchange on such Trading Day, then the Last Reported Sale Price will be the last quoted bid price per Common Share on such Trading Day in the over-the-counter market as reported by OTC Markets Group Inc. or a similar organization. If the Common Shares are not so quoted on such Trading Day, then the Last Reported Sale Price will be the average of the mid-point of the last bid price and the last ask price per Common Share on such Trading Day from a nationally recognized independent investment banking firm selected by the Company.

"**License**" means any Copyright License, Patent License, Trademark License or other license of rights or interests.

"**Lien**" means any mortgage, deed of trust, pledge, hypothecation, assignment for security, security interest, encumbrance, levy, lien or charge of any kind, whether voluntarily incurred or arising by operation of law or otherwise, against any property, any conditional sale or other title retention agreement, and any lease in the nature of a security interest; provided, that for the avoidance of doubt, licenses, strain escrows and similar provisions in collaboration agreements, research and development agreements that do not create or purport to create a security interest, encumbrance, levy, lien or charge of any kind shall not be deemed to be Liens for purposes of this Note.

"**Market Disruption Event**" means, with respect to any date, the occurrence or existence, during the one-half hour period ending at the scheduled close of trading on such date on the principal U.S. national or regional securities exchange or other market on which the Common Shares are listed for trading or trades, of any material suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise) in the Common Shares or in any options contracts or futures contracts relating to the Common Shares.

"**Market Stock Payment Price**" means, with respect to any Forced Conversion Date or Fundamental Change Redemption Date, as applicable, an amount equal to eighty eight percent (88.0%) of the lesser of (i) the average of the Daily VWAPs during the five (5) VWAP Trading Day period ending on the VWAP Trading Day immediately prior to such Forced Conversion Date or Fundamental Change Redemption Date, as applicable, and (ii) the average of the Daily VWAPs during the fifteen (15) VWAP Trading Day period ending on the VWAP Trading Day immediately prior to such Forced Conversion Date or Fundamental Change Redemption Date, as applicable.

"**Maturity Date**" means May 1, 2026.

"**Maturity Principal Amount**" has the meaning set forth in the cover page of this Note.

"**Minimum Volume**" has the meaning set forth in **Section 8(F)(i)**.

"**Open of Business**" means 9:00 a.m., Toronto time.

The term "**or**" is not exclusive, unless the context expressly provides otherwise.

"**Other Holder**" means any person in whose name any Other Note is registered on the books of the Company.

"**Other Notes**" means any Notes that are of the same class of this Note and that are represented by one or more certificates other than the certificate representing this Note.

"**Ownership Percentage**" means, at any time, the direct and/or indirect ownership interest of the Holder and its Affiliates in the Company, expressed as a percentage, calculated in accordance with the following formula:

(A + B) / C

For purposes of the foregoing formula, the following definitions shall apply:

A is the aggregate number of Common Shares owned and/or controlled at the relevant time by the Holder and its Affiliates;

B is the aggregate number of Common Share Equivalents (on an as-converted to Common Share basis) owned and/or controlled at the relevant time by the Holder and its Affiliates, which, for greater certainty, includes the equivalent of any Common Shares issuable under this Note (whether upon conversion of this Note or otherwise) and any Common Shares issuable upon conversion of any outstanding convertible debt of the Company held by the Holder and its Affiliates at the relevant time, converted at a price as dictated by the debt, provided that if a conversion price is not stipulated, it is converted at the last closing price of the Common Shares on the TSX (or such other stock exchange on which the Company's Common Shares trade at the relevant time); and

C is the aggregate number of issued and outstanding Common Shares and Common Share Equivalents (on an as-converted to Common Share basis) at such time.

"**Patent License**" means any written agreement granting any right with respect to any invention covered by a Patent that is in existence or a Patent application that is pending, in which agreement the Company now holds or hereafter acquires any interest.

"**Patents**" means all letters patent of, or rights corresponding thereto, in the United States, Canada or in any other country, all registrations and recordings thereof, and all applications for letters patent of, or rights corresponding thereto, in the United States, Canada or any other country.

"Permitted Asset Dispositions" means the proposed asset sales and intended use of proceeds from such asset sales as are described in Section 1 of the Disclosure Letter.

"**Permitted Indebtedness**" means: (A) Indebtedness evidenced by (i) this Note or (ii) the Other Notes provided that: (1) such Indebtedness under the Other Notes does not exceed $50,000,000, (2) such Other Notes are issued on or prior to the date which is six months following the date hereof and (3) such Other Notes are issued to the Holder or any Affiliate of the Holder; (B) Indebtedness actually disclosed pursuant to the Transaction Agreement as of the date of the Transaction Agreement, including, for greater certainty, the unsecured convertible debentures of the Company issued and outstanding as of the date of the Transaction Agreement; (C) Indebtedness outstanding at any time secured by a Lien described in clause (G) of the defined term "Permitted Liens," provided such Indebtedness does not exceed the cost of the Equipment and related expenses financed with such Indebtedness or in the form of purchase money Indebtedness (whether in the form of a loan or a lease) used solely to acquire equipment used in the ordinary course of business and secured only by such equipment and sale and insurance proceeds in respect thereof; provided that the total amount of Permitted Indebtedness described in this clause (C) may not exceed one million dollars ($1,000,000) in the aggregate; (D) Indebtedness to trade creditors or in respect of performance bonds, surety bonds, appeal bonds, completion guarantees or like instruments incurred in the ordinary course of business; (E) Indebtedness of the Company or a Subsidiary to another Wholly Owned Subsidiary or the Company or Indebtedness pursuant to a Permitted Investment; (F) Subordinated Indebtedness of the Company; (G) reimbursement obligations in connection with letters of credit or similar instruments that are secured by Cash or Cash Equivalents and issued on behalf of the Company or a Subsidiary and actually or deemed to be disclosed pursuant to the Transaction Agreement as of the date of the Transaction Agreement or in an aggregate amount not to exceed one hundred thousand dollars ($100,000) at any time outstanding; (H) Contingent Obligations that are guarantees of Indebtedness described in clauses (A) through (K); (I) Indebtedness in respect of credit cards, credit card processing services, debit cards, stored value cards, purchase cards (including so-called "procurement cards" or "P-cards"), in each case, incurred in the ordinary course of business and to the extent such Indebtedness does not exceed one million dollars ($1,000,000) in the aggregate at any time outstanding; (J) so long as there exists no Event of Default both immediately before and immediately after giving effect to any such transaction, Indebtedness existing or arising under any hedge agreement that is obtained by the Company to provide protection against fluctuations in currency exchange rates, provided, however, that such obligations are (or were) entered into by the Company or an Affiliate in the ordinary course of business for the purpose of directly mitigating risks associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated by such Person and not for purposes of speculation; (K) extensions, refinancings and renewals of any items of Permitted Indebtedness (other than any Indebtedness repaid with the proceeds of this Note), provided that the principal amount is not increased or the terms modified to impose materially more burdensome terms upon the Company or its Subsidiaries, as the case may be, and such extended, refinanced or renewed Permitted Indebtedness is not secured, and provided further, that if the lender of any such proposed extension, refinancing or renewal of Permitted Indebtedness incurred hereunder is different from the lender of the Permitted Indebtedness to be so extended, refinanced or renewed then, in addition to the foregoing proviso, such Permitted Indebtedness shall also not have a final maturity date, amortization payment, sinking fund, mandatory redemption or other repurchase obligation earlier than one hundred eighty-one (181) days following the Maturity Date.

"**Permitted Intellectual Property Licenses**" means Intellectual Property (A) licenses in existence at the Issue Date, including those listed on the Schedules to the Security Agreement, and (B) non-perpetual licenses granted in the ordinary course of business on arm's length terms consisting of the licensing of technology, the development of technology or the providing of technical support which may include licenses with unlimited renewal options solely to the extent such options require mutual consent for renewal or are subject to financial or other conditions as to the ability of licensee to perform under the license; provided such license was not entered into during an Event of Default or continuance of a Default.

"**Permitted Investment**" means: (A) Investments actually disclosed pursuant to the Transaction Agreement, as in effect as of the Issue Date, including, for greater certainty, the Company's Investments in Truss Limited Partnership, Truss CBD USA LLC, Keystone Isolation Technologies Inc., Keystone Isolation Technologies USA LLC and Belleville Complex Inc.; (B) (i) marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency or any State thereof or Canada or any Province or Territory thereof maturing within one year from the date of acquisition thereof, (ii) commercial paper maturing no more than one year from the date of creation thereof and currently having a rating of at least A-2 or P-2 from either Standard & Poor's Corporation or Moody's Investors Service, (iii) certificates of deposit issued by any bank headquartered in the United States or any Canadian Schedule 1 chartered bank with assets of at least $5,000,000,000 maturing no more than one year from the date of investment therein, and (iv) money market accounts; (C) Investments accepted in connection with Permitted Transfers; (D) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of the Company's business; (E) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers in the ordinary course of business and consistent with past practice, provided that this clause (E) shall not apply to Investments of the Company in any Subsidiary; (F) Investments consisting of (i) loans not involving the net transfer on a substantially contemporaneous basis of cash proceeds to employees, officers or directors relating to the purchase of capital stock of the Company pursuant to employee stock purchase plans or other similar agreements approved by the Company's Board of Directors and (ii) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, provided that the aggregate of all such loans outstanding may not exceed $250,000 at any time; (G) Investments in Wholly Owned Subsidiaries; (H) Permitted Intellectual Property Licenses; (I) acquisitions by the Company or any of its Wholly Owned Subsidiaries of all, or substantially all, of the assets of another Person or equity interests in another Person where the Company would hold a majority of the equity interests in such Person following the acquisition, including, for greater certainty, potential acquisitions actually or deemed to be disclosed pursuant to the Transaction Agreement, provided that no such acquisition where there is cash consideration which, together with the cash consideration for all previous Permitted Investments pursuant to this clause (I), exceeds $20,000,000 will be a "Permitted Investment" unless the Company has obtained the prior written consent of the Initial Holder (for so long as it or one or more of its Affiliates is the Holder) for the acquisition, and provided further that no such acquisition will be a "Permitted Investment" if, after giving effect to such acquisition, any Default or Event of Default would exist hereunder; (J) Investments in any Person which is a Permitted Investment under clauses (A) or (I) which is a joint venture with an arm's length third party, where the failure to complete the Investment would result in the Company breaching or otherwise being in default under the terms of any shareholder, limited partnership, joint venture or similar agreement with such third party in respect of such Permitted Investment, provided that no such Investment which, together with the amount for all previous Permitted Investments pursuant to this clause (J), exceeds $30,000,000 will be a "Permitted Investment" unless the Company has obtained the prior written consent of the Initial Holder (for so long as it or one or more of its Affiliates is the Holder) for the acquisition, and provided further that no such Investment will be a "Permitted Investment" if, after giving effect to such Investment, any Default or Event of Default would exist hereunder; (L) Investments consisting of deposit accounts in which the Collateral Agent has received a deposit account control agreement in accordance with the Security Agreement; and (M) additional Investments that do not exceed one hundred thousand dollars ($100,000) in the aggregate in any twelve (12) month period.

"**Permitted Liens**" means any and all of the following: (A) Liens in favor of Holder or the Collateral Agent; (B) Liens actually or deemed to be disclosed pursuant to the Transaction Agreement, as in effect as of the Issue Date; (C) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings; provided, that the Company maintains adequate reserves therefor in accordance with IFRS; (D) Liens securing claims or demands of materialmen, artisans, mechanics, carriers, warehousemen, landlords and other like Persons arising in the ordinary course of business, either not delinquent for a period of more than 30 days or being contested in good faith by appropriate proceedings; provided, that the Company maintains adequate reserves therefor in accordance with IFRS; (E) Liens arising from judgments, decrees or attachments in circumstances which do not constitute a Default or an Event of Default hereunder; (F) the following deposits, to the extent made in the ordinary course of business: deposits under workers' compensation, unemployment insurance, social security and other similar laws, or to secure the performance of bids, tenders or contracts (other than for the repayment of borrowed money) or to secure indemnity, performance or other similar bonds for the performance of bids, tenders or contracts (other than for the repayment of borrowed money) or to secure statutory obligations (other than Liens arising under ERISA or environmental Liens) or surety or appeal bonds, or to secure indemnity, performance or other similar bonds; (G) Liens on Equipment or software or other intellectual property constituting purchase money Liens and Liens in connection with Capital Leases securing Indebtedness permitted in clause (C) of "Permitted Indebtedness"; (H) leasehold interests in leases or subleases and licenses granted in the ordinary course of the Company's business and not interfering in any material respect with the business of the licensor; (I) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of custom duties that are promptly paid on or before the date they become due; (J) Liens on insurance proceeds securing the payment of financed insurance premiums that are promptly paid on or before the date they become due (provided that such Liens extend only to such insurance proceeds and not to any other property or assets); (K) statutory and common law rights of set-off and other similar rights as to deposits of cash and securities in favor of banks, other depository institutions and brokerage firms; (L) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business so long as they do not materially impair the value or marketability of the related property; (M) Liens on Cash or Cash Equivalents securing obligations permitted under clause (D) and (G) of the definition of Permitted Indebtedness; (N) Liens or deposits to secure the performance of bids, tenders, expropriation proceedings, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature (other than for borrowed money) incurred in the ordinary course of business; (O) securities to public utilities or to any municipalities or governmental authorities or other public authority when required by the utility, municipality or governmental authorities or other public authority in connection with the supply of services or utilities to the Company or its Subsidiaries; (P) Liens or covenants restricting or prohibiting access to or from lands abutting on controlled access highways or covenants affecting the use to which lands may be put; provided that such Liens or covenants do not materially and adversely affect the use of the lands by the occupant or the purpose for which they may be held; (Q) Liens granted by the Company or any Subsidiary to a landlord to secure the payment of arrears of rent in respect of leased properties in the Province of Quebec leased from such landlord, provided that such Lien is limited to the assets located at or about such leased properties; (R) the reservations, limitations, provisos and conditions, if any, expressed in any original patents or grants of real or immoveable property; (S) title defects or irregularities which are of a minor nature and in the aggregate will not materially impair the use of the property for the purpose for which it is held; (T) applicable municipal and other governmental restrictions affecting the use of land or the nature of any structures which may be erected thereon, provided such restrictions have been complied with and will not materially impair the use of the property for the purpose for which it is held; (U) Liens or escrow arrangements with respect to cash deposits lodged in connection with a Permitted Investment; (V) Liens incurred in connection with the extension, renewal or refinancing of the Indebtedness secured by Liens of the type described in clauses (C) through (U) above (other than any Indebtedness repaid with the proceeds of this Note); provided, that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the Indebtedness being extended, renewed or refinanced (as may have been reduced by any payment thereon) does not increase.

"**Permitted Self-Insurance**" means, collectively: (a) a D&O liability insurance policy affording direct coverage of the directors and officers of the Company and its Subsidiaries (i.e. a side A policy); (b) a D&O liability insurance policy that reimburses the Company and its Subsidiaries for their indemnification obligations to their officers and directors (i.e. a side B policy); and (c) a D&O liability insurance policy affording coverage of the Company and its Subsidiaries for securities claims (i.e. a side C policy), as in effect as of the Issue Date, and subject to such adjustments in terms of premiums and capitalization as required or recommended from time to time by the Company's broker for such self-insurance arrangements.

"**Permitted Transfers**" means (A) dispositions of inventory sold, and Permitted Intellectual Property Licenses entered into, in each case, in the ordinary course of business, (B) dispositions of worn-out, obsolete or surplus property at fair market value in the ordinary course of business; (C) dispositions of accounts or payment intangibles (each as defined in the UCC or the PPSA, as the case may be) resulting from the compromise or settlement thereof in the ordinary course of business for less than the full amount thereof; (D) transfers consisting of Permitted Investments in Wholly-Owned Subsidiaries under clause (H) of Permitted Investments; and (E) other transfers of assets to any Person other than to a joint venture and which have a fair market value of not more than fifty thousand dollars ($50,000) in the aggregate in any fiscal year.

"**Person**" or "**person**" means any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"**PPSA**" means the *Personal Property Security Act* (Ontario) as the same is, from time to time, in effect, or any other relevant personal property security statutes, rules and regulations in Canada or any Province or Territory thereof that apply in any particular circumstance.

"**Pre-Emptive Right**" has the meaning set forth in **Section 8(L)(i)**.

"**Principal Amount**" has the meaning set forth in the cover page of this Note; *provided*, *however*, that the Principal Amount of this Note will be subject to reduction pursuant to **Section 8(A) through (K), inclusive**.

"**Reference Property**" has the meaning set forth in **Section 8(J)(i)**.

"**Reference Property Unit**" has the meaning set forth in **Section 8(J)(i)**.

"**Repayment Price**" means an amount in cash equal to one hundred ten percent (110%) of the amount then being repaid or redeemed.

"**Repurchase Upon Fundamental Change**" means the repurchase of any Note by the Company pursuant to **Section 7**.

"**ROFR Notice**" has the meaning set forth in **Section 16**.

"**ROFR Notice Period**" has the meaning set forth in **Section 16**.

"**Scheduled Trading Day**" means any day that is scheduled to be a Trading Day on the principal U.S. national or regional securities exchange on which the Common Shares are then listed or, if the Common Shares are not then listed on a U.S. national or regional securities exchange, on the principal other market on which the Common Shares are then traded. If the Common Shares are not so listed or traded, then "Scheduled Trading day" means a Business Day.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Security Agreement**" means, collectively, each Security Agreement, dated as of May 27, 2021, between the Company and/or its Wholly Owned Subsidiaries and the Collateral Agent.

"**Security Document**", subject to **Section 9(FF)** has the meaning set forth in the Security Agreement.

"**Significant Subsidiary**" means, with respect to any Person, any Subsidiary of such Person that constitutes a "significant subsidiary" (as defined in Rule 1-02(w) of Regulation S-X under the Exchange Act) of such Person.

"**Spin-Off**" has the meaning set forth in **Section 8(G)(i)(3)(b)**.

"**Spin-Off Valuation Period**" has the meaning set forth in **Section 8(G)(i)(3)(b)**.

"**Subordinated Indebtedness**" means Indebtedness subordinated to the Notes pursuant to a written agreement between the Holder and the applicable lender in amounts and on terms and conditions satisfactory to the Holder in its sole discretion.

"**Subsidiary**" means, with respect to any Person, (A) any corporation, association or other business entity (other than a partnership or limited liability company) of which more than fifty percent (50%) of the total voting power of the Capital Stock entitled (without regard to the occurrence of any contingency, but after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees, as applicable, of such corporation, association or other business entity is owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person; and (B) any partnership or limited liability company where (i) more than fifty percent (50%) of the capital accounts, distribution rights, equity and voting interests, or of the general and limited partnership interests, as applicable, of such partnership or limited liability company are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person, whether in the form of membership, general, special or limited partnership or limited liability company interests or otherwise; and (ii) such Person or any one or more of the other Subsidiaries of such Person is a controlling general partner of, or otherwise controls, such partnership or limited liability company.

"**Successor Corporation**" has the meaning set forth in **Section 10(A)**.

"**Successor Person**" has the meaning set forth in **Section 8(J)(i)**.

"**Tender/Exchange Offer Valuation Period**" has the meaning set forth in **Section 8(G)(i)(5)**.

"**Top Up Distributed Securities**" means any securities distributed or issued pursuant to a Top-Up Distribution.

"**Top-Up Distribution**" means an Excluded Issuance, but excluding from the definition of Excluded Issuances, Common Shares issuable by way of dividend to all existing shareholders of the Company.

"**Top-Up Notice**" has the meaning set forth in Section 8(L)(ii).

"**Top-Up Right**" has the meaning set forth in Section 8(L)(i).

"**Top-Up Right Subscription Notice**" has the meaning set forth in Section 8(L)(iii).

"Trademark License" means any written agreement granting any right to use any Trademark or Trademark registration, now owned or hereafter acquired by the Company or in which the Company now holds or hereafter acquires any interest.

"Trademarks" means all trademarks (registered, common law or otherwise) and any applications in connection therewith, including registrations, recordings and applications in the United States Patent and Trademark Office or the Canadian Intellectual Property Office or in any similar office or agency of the United States, Canada, any State, Province or Territory thereof or any other country or any political subdivision thereof.

"**Trading Day**" means any day on which (A) trading in the Common Shares generally occurs on the principal U.S. national or regional securities exchange on which the Common Shares are then listed or, if the Common Shares are not then listed on a U.S. national or regional securities exchange, on the principal other market on which the Common Shares are then traded; and (B) there is no Market Disruption Event. If the Common Shares are not so listed or traded, then "Trading Day" means a Business Day.

"**Transaction Agreement**" means that certain Transaction Agreement, dated as of April 11, 2022, between the Company, Tilray Brands, Inc. and HT Investments MA LLC.

"**Transaction Documents**" has the meaning set forth in the Transaction Agreement.

"Truss CBD USA" means Truss CBD USA LLC, a Colorado limited liability company.

"**Trustee**" means GLAS Trust Company LLC in its capacity as trustee under the Indenture.

"**TSX**" means the Toronto Stock Exchange.

"**UCC**" means the Uniform Commercial Code as the same is, from time to time, in effect in the State of New York.

"**Unrestricted Cash**" means, at any time in respect of the Company, cash denominated in CAD$ or $ at a bank and credited to a bank account in the name of the Company with an account bank satisfactory to the Holder, and to which the Company is the sole beneficiary thereof, provided that: (A) such cash is repayable on demand; (B) the repayment of such cash is not contingent on the prior discharge of any Indebtedness of any Person whatsoever or on the satisfaction of any other condition; (C) there is no Lien over such cash or account (other than a Lien in favour of the Holder); and (D) such cash is freely and immediately available to the Company.

"**VWAP Market Disruption Event**" means, with respect to any date, (A) the failure by the principal U.S. national or regional securities exchange on which the Common Shares are then listed, or, if the Common Shares are not then listed on a U.S. national or regional securities exchange, the principal other market on which the Common Shares are then traded, to open for trading during its regular trading session on such date; or (B) the occurrence or existence, for more than one half hour period in the aggregate, of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise) in the Common Shares or in any options contracts or futures contracts relating to the Common Shares, and such suspension or limitation occurs or exists at any time before 1:00 p.m., New York City time, on such date.

"**VWAP Trading Day**" means a day on which (A) there is no VWAP Market Disruption Event; provided that the Holder, by written notice to the Company, may waive any such VWAP Market Disruption Event; and (B) trading in the Common Shares generally occurs on the principal U.S. national or regional securities exchange on which the Common Shares are then listed or, if the Common Shares are not then listed on a U.S. national or regional securities exchange, on the principal other market on which the Common Shares are then traded. If the Common Shares are not so listed or traded, then "VWAP Trading Day" means a Business Day.

"**Wholly Owned Subsidiary**" of a Person means any Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares) are owned by such Person or one or more Wholly Owned Subsidiaries of such Person.

Section 2. Persons Deemed Owners.

The Holder of this Note will be treated as the owner of this Note for all purposes.

Section 3. Registered Form.

This Note, and any Note issued in exchange therefor or in substitution thereof, will be in registered form, without coupons.

Section 4. Interest; Maturity Date Payment; Defaulted Amounts.

(A) *Interest*. Interest shall accrue on the Principal Amount from the date hereof, as well as on all overdue amounts outstanding in respect of interest, costs or other fees, expenses or amounts payable hereunder, at the fixed rate of five percent (5%) per annum, calculated daily, and be payable by the Company to the Holder semi-annually on the last Business Day of each June and December (commencing June, 2022) (each, an "**Interest Payment Date**"), as well as on maturity, default and judgment. During the period commencing on the date hereof and ending one year thereafter, the Company shall pay such interest in cash. Thereafter, until the Maturity Date, in the event that the Company is not in compliance with Section 9(M) as of any Interest Payment Date, the Company shall be entitled to elect to add the amount of the interest to the Principal Amount on each such Interest Payment Date (the "**Capitalized Interest**"). Unless the Principal Amount and the Capitalized Interest have previously been converted pursuant to Section 8, on the Maturity Date, the Company shall pay the Capitalized Interest by way of Conversion Consideration in accordance with Section 8.

(B) *Maturity Date Payment*. On the Maturity Date, the Company will pay the Holder an amount in cash equal to the Repayment Price for all of then-outstanding Principal Amount of this Note plus any accrued and unpaid interest on this Note.

(C) *Defaulted Amounts*. If (i) the Company fails to pay any amount payable on this Note on or before the due date therefor as provided in this Note, then, regardless of whether such failure constitutes an Event of Default, or (ii) a Default or Event of Default occurs (such amount payable or the Principal Amount outstanding as of such failure to pay or Default or Event of Default, as applicable, a "**Defaulted Amount**") then in each case, to the extent lawful, interest ("**Default Interest**") will accrue on such Defaulted Amount at a rate per annum equal to eighteen percent (18.0%), from, and including, such due date or the date of such Default or Event of Default, as applicable, to, but excluding, the date such failure to pay or Default is cured and all outstanding Default Interest under this Note has been paid, as applicable. Default Interest hereunder will be payable in arrears on the earlier of (i) the first day of each calendar month and (ii) the date such failure to pay or Default is cured, and will be computed on the basis of a 360-day year comprised of twelve 30-day months. For the avoidance of doubt, any such calculations are to be calculated by the Holder and not the Trustee.

(D) *Payment to the Holder*. Any funds to be delivered for payment to the Holder or any other third party shall be delivered by 10:00 a.m., Toronto time, on the relevant Redemption Date or any other Payment Date.

(E) *Note Provisions Control*. For the avoidance of doubt, to the extent of any conflicts or inconsistencies, this Section 4 will apply to the Note in lieu of Section 3.7 of the Indenture, and such Section 3.7 of the Indenture will be deemed to be replaced with this Section 4 to the extent of such conflict or inconsistency, *mutatis mutandis*, and any provisions of Section 3.7 of the Indenture not specifically addressed or amended by this Section 4 shall continue to apply and control.

Section 5. Redemption of this Note; Other Additional Payments.

(A) *Redemption Payments*. Except with the prior written consent of the Holder (in its sole discretion) or pursuant to paragraph (C) of this Section 5, the Company shall not be entitled to redeem all or any portion of this Note.

(B) *Forced Conversion Additional Payment*. In the event that a Forced Conversion occurs pursuant to **Section 8(F)** and the Daily VWAP per share of the Common Shares is less than three hundred fifty three percent (353%) of the Conversion Price for any five (5) VWAP Trading Days during the Forced Conversion Qualification Period, the Company shall, upon the Conversion Settlement Date for such conversion (the "**Forced Conversion Additional Payment Date**"), pay to the Holder an amount in cash equal to five percent (5%) of the Principal Amount outstanding immediately prior to such Forced Conversion (the "**Forced Conversion Additional Payment**"). For the avoidance of doubt, any calculation of the Forced Conversion Additional Payment is to be calculated by the Holder and not the Trustee.

(C) The Company shall ensure that, if at any time after the date hereof, the Company or any Subsidiary of the Company (a) sells or otherwise disposes of any assets in one or more transactions (other than as part of a Permitted Asset Disposition) or (b) receives any insurance proceeds, the Company will promptly deliver written notice to the Holder and, if requested by the Lender in its sole discretion, shall pay or cause to be paid to the Lender (i) an amount equal to the proceeds of such sale, net of reasonable out-of-pocket selling costs required to be paid by the Company to any third party in connection with such sale or other disposal or (ii) such insurance proceeds (as the case may be), to be applied in repayment of the outstanding balance of the Principal Amount.

(D) *Note Provisions Control*. For the avoidance of doubt, to the extent of any conflicts or inconsistencies, this Section 5 will apply to the Note in lieu of Article 10 of the Indenture, and such Article 10 of the Indenture will be deemed to be replaced with this Section 5 to the extent of such conflicts or inconsistencies, *mutatis mutandis*, and any provisions of Article 10 of the Indenture not specifically addressed or amended by this Section 5 shall continue to apply and control.

Section 6. Method of Payment; When Payment Date is Not a Business Day.

(A) *Method of Payment*. The Company will pay all cash amounts due under this Note by wire transfer of immediately available funds to the account or accounts specified by the Holder by written notice at least one (1) Business Day in advance of the date such amount is due.

(B) *Delay of Payment when Payment Date is Not a Business Day*. If the due date for a payment on this Note as provided in this Note is not a Business Day, then, notwithstanding anything to the contrary in this Note, such payment may be made on the immediately following Business Day and no interest will accrue on such payment as a result of the related delay.

(C) *Canadian Interest Act*. For the purposes of the *Interest Act* (Canada) and disclosure thereunder, whenever any interest or any fee to be paid hereunder or in connection herewith is to be calculated on the basis of a 360-day or 365-day year, the yearly rate of interest to which the rate used in such calculation is equivalent is the rate so used multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 360 or 365, as applicable. The rates of interest under this Note are nominal rates, and not effective rates or yields. The principle of deemed reinvestment of interest does not apply to any interest calculation under this Note.

(D) *Canadian Criminal Interest*. If any provision of this Note would oblige the Corporation to make any payment of interest or other amount payable to the Holder in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by the Holder of "interest" at a "criminal rate" (as such terms are construed under the *Criminal Code* (Canada)), then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by applicable law or so result in a receipt by the Holder of "interest" at a "criminal rate", such adjustment to be effected, to the extent necessary (but only to the extent necessary), first by reducing the amount or rate of interest and thereafter by reducing any fees, commissions, costs, expenses, premiums and other amounts required to be paid which would constitute interest for purposes of section 347 of the *Criminal Code* (Canada).

(E) *Note Provisions Control*. For the avoidance of doubt, to the extent of any conflicts or inconsistencies, this Section 6 will apply to the Note in lieu of Sections 3.7, 3.8, 9.1 and 9.5 of the Indenture, and such Sections 3.7, 3.8, 9.1 and 9.5 of the Indenture will be deemed to be replaced with this Section 6 to the extent of such conflict or inconsistency, *mutatis mutandis*, and any provisions of Sections 3.7, 3.8, 9.1 and 9.5 of the Indenture not specifically addressed or amended by this Section 6 shall continue to apply and control.

Section 7. Required Repurchase of Note upon a Fundamental Change.

(A) *Repurchase Upon Fundamental Change*. Subject to the other terms of this **Section 7**, if a Fundamental Change occurs, then the Holder will have the right to require the Company to repurchase this Note (or any portion of this Note in an Authorized Denomination) on the Fundamental Change Repurchase Date for such Fundamental Change for a cash purchase price equal to the Fundamental Change Repurchase Price.

(B) *Fundamental Change Repurchase Date*. The Fundamental Change Repurchase Date for any Fundamental Change will be a Business Day of the Holder's choosing that is no more than twenty (20) Business Days after the later of (x) the date the Company delivers to the Holder the related Fundamental Change Notice pursuant to **Section 7(C)**; and (y) the effective date of such Fundamental Change.

(C) *Fundamental Change Notice*. No later than the fifth (5th) Business Day before the occurrence of any Fundamental Change, the Company will send to the Holder (with a copy to the Trustee, which may be delivered via email) a written notice thereof (the "**Fundamental Change Notice**"), stating the expected date such Fundamental Change will occur.

(D) *Fundamental Change Repurchase Price*. The Fundamental Change Repurchase Price for this Note (or any portion of this Note to be repurchased) upon a Repurchase Upon Fundamental Change following a Fundamental Change is an amount in cash equal to the Fundamental Change Base Repurchase Price for such Fundamental Change plus accrued and unpaid interest, if any, on this Note (or such portion of this Note) to, but excluding, the Fundamental Change Repurchase Date for such Fundamental Change.

(E) *Effect of Repurchase*. If this Note (or any portion of this Note) is to be repurchased upon a Repurchase Upon Fundamental Change, then, from and after the date the related Fundamental Change Repurchase Price is paid in full, this Note (or such portion) will cease to be outstanding and Default Interest, if any, will cease to accrue on this Note (or such portion). For the avoidance of doubt, any calculation of a Fundamental Change Repurchase Price will be calculated by the Holder and not the Trustee.

(F) *Fundamental Change Redemption*. Notwithstanding anything in this **Section 7** to the contrary, at the Holder's sole discretion following receipt of a Fundamental Change Notice, in lieu of receiving the Fundamental Change Repurchase Price (or any portion thereof), the Holder may, upon written notice to the Company (which may be delivered via email), require the Company to redeem this Note (or any portion of this Note in an Authorized Denomination) in exchange for a number of validly issued, fully paid and Freely Tradable Common Shares equal to the quotient (rounded up to the closest whole number) obtained by dividing the Fundamental Change Repurchase Price (or applicable portion thereof) by the Market Stock Payment Price. The Fundamental Change Redemption Date for any Fundamental Change will be a Business Day of the Holder's choosing that is no more than twenty (20) Business Days after the later of (x) the date the Company delivers to the Holder the related Fundamental Change Notice pursuant to **Section 7(C)**; and (y) the effective date of such Fundamental Change. Any such Common Shares will be delivered by the Company to the Holder on or before the second (2nd) Business Day following a Fundamental Change Redemption Date. Notwithstanding the foregoing, in the event that the Market Stock Payment Price is lower than the Floor Price on such Fundamental Change Redemption Date, (i) the Floor Price rather than the Market Stock Payment Price shall be used for purpose of calculating the number of Common Shares to be issued on such date pursuant to this **Section 7(F)** and (ii) the Company shall concurrently with the issuance of such shares also pay to the Holder an amount, in cash, equal to the product of (x) the number of shares by which the Common Shares issuable pursuant to this **Section 7(F)** was reduced as a result of the preceding clause (i), multiplied by (y) the Market Stock Payment Price.

(G) *Note Provisions Control*. For the avoidance of doubt, to the extent of any conflicts or inconsistencies, this Section 7 will apply to the Note in lieu of Article 12 of the Indenture, and such Article 12 of the Indenture will be deemed to be replaced with this Section 7 to the extent of such conflict or inconsistency, *mutatis mutandis*, and any provisions of Article 12 of the Indenture not specifically addressed or amended by this Section 7 shall continue to apply and control.

Section 8. Conversion, Pre-Emptive Rights and Top-Up Rights.

(A) *Right to Convert*.

(i) *Generally.* Subject to the provisions of this **Section 8**, the Holder may, at its option, convert this Note into Conversion Consideration.

(ii) *Conversions in Part*. Subject to the terms of this **Section 8**, this Note may be converted in part, but only in an Authorized Denomination. Provisions of this **Section 8** applying to the conversion of this Note in whole will equally apply to conversions of any permitted portion of this Note.

(iii) *The Trustee*. The Trustee shall have no liability or responsibility for any conversion in connection with this Note or the actions or inactions of any party in connection with the conversion of this Note.

(B) *When this Note May Be Converted*.

(i) *Generally*. The Holder may convert this Note at any time until the Close of Business on the second (2nd) Scheduled Trading Day immediately before the Maturity Date.

(ii) *Limitations and Closed Periods*. Notwithstanding anything to the contrary in this **Section 8**, if this Note (or any portion of this Note) is to be repurchased upon a Repurchase Upon Fundamental Change pursuant to **Section 7**, then in no event may this Note (or such portion) be converted after the Close of Business on the Scheduled Trading Day immediately before the related Fundamental Change Repurchase Date; *provided*, that the limitations contained in this **Section 8(B)(ii)** shall no longer apply to this Note (or such applicable portion) if the applicable Fundamental Change Repurchase Price is not delivered on the Fundamental Change Repurchase Date in accordance with Section 6.

(C) *Conversion Procedures*.

(i) *Generally*. To convert this Note, the Holder must (1) complete, manually sign and deliver to the Company, with a copy to the Trustee (which may be delivered via email), the conversion notice attached to this Note or a portable document format (.pdf) version of such conversion notice (at which time such conversion will become irrevocable); and (2) pay any amounts due pursuant to **Section 8(C)(iii)**. For the avoidance of doubt, the conversion notice may be delivered by e-mail in accordance with **Section 14**. If the Company fails to deliver, by the related Conversion Settlement Date, any Common Shares forming part of the Conversion Consideration of the conversion of this Note, the Holder, by notice to the Company, may rescind all or any portion of the corresponding conversion notice at any time until such Defaulted Shares are delivered.

(ii) *Holder of Record of Conversion Shares*. The person in whose name any Common Shares are issuable upon conversion of this Note will be deemed to become the holder of record of such shares as of the Close of Business on the Conversion Date for such conversion, conferring, as of such time, upon such person, without limitation, all voting and other rights appurtenant to such shares.

(iii) *Taxes and Duties*. If the Holder converts a Note, the Company will pay any documentary, stamp or similar issue or transfer tax or duty due on the issue of any Common Shares upon such conversion; *provided*, *however*, that if any tax or duty is due because such Holder requested such shares to be issued in a name other than that of such Holder, then such Holder will pay such tax or duty and, until having received a sum sufficient to pay such tax or duty, the Company may refuse to deliver any such shares to be issued in a name other than that of such Holder.

(D) *Settlement upon Conversion*.

(i) *Generally*. The consideration (the "**Conversion Consideration**") due in respect of each $1,000 Principal Amount of this Note to be converted will consist of the following:

(1) subject to **Section 8(D)(iii)**, a number of Common Shares equal to the Conversion Rate in effect on the Conversion Date for such conversion; and

(2) cash in an amount equal to the aggregate accrued and unpaid interest, if any, on this Note to, but excluding, the Conversion Settlement Date for such conversion or, at the election of the Company, a number of validly issued, fully paid and Freely Tradable Common Shares equal to the quotient (rounded up to the closest whole number) obtained by dividing the aggregate accrued and unpaid interest, if any, on this Note to, but excluding, the Conversion Settlement Date by the Market Stock Payment Price (the "**Conversion Consideration Interest Shares**").

(ii) *Company's Election to Convert Accrued Interest into Common Shares*. At least ten (10) Trading Days prior to a Conversion Date, the Company, if it desires to elect to convert accrued and unpaid interest on this Note into Conversion Consideration Interest Shares pursuant to **Section 8(D)(i)(2)**, shall deliver to the Holder, with a copy to the Trustee (which may be delivered via email), a written notice of such election and certifying that the Equity Conditions are satisfied as of such date (a "**Conversion Consideration Interest Shares Notice**") (and such election shall be irrevocable with respect to such interest and all subsequent conversions until the Company provides to the Holder at least ten (10) Trading Days written notice of its intent to terminate such election). Failure to timely deliver such written notice to the Holder shall be deemed an election by the Company to pay such accrued and unpaid interest, if any, in cash. Notwithstanding anything herein to the contrary, the Company will not have the right to, and will not, make any conversion of accrued interest, if any, into Conversion Consideration Interest Shares if the Equity Conditions are not satisfied for each VWAP Trading Day occurring between the day of the delivery of the Conversion Consideration Interest Shares Notice and the applicable Conversion Settlement Date (and the Company shall certify in writing to the Holder on the applicable Conversion Settlement Date that the Equity Conditions have been satisfied during such period), and such conversion of accrued interest, if any, shall instead be paid in cash in accordance with **Section 8(D)(i)(2)**, unless such failure of the Equity Conditions to be so satisfied is waived in writing by the Holder, which waiver may be granted or withheld by the Holder in its sole discretion.

(iii) *Fractional Shares*. The total number of Common Shares due in respect of any conversion of this Note will be determined on the basis of the total Principal Amount of this Note to be converted with the same Conversion Date; *provided*, *however*, that if such number of Common Shares is not a whole number, then such number will be rounded up to the nearest whole number.

(iv) *Delivery of the Conversion Consideration*. The Company will pay or deliver, as applicable, the Conversion Consideration due upon the conversion of this Note to the Holder on or before the second (2nd) Business Day (or, if earlier, (x) the standard settlement period for the primary Eligible Exchange on which the Common Shares are traded or (y) the standard settlement period for the TSX) immediately after the Conversion Date for such conversion (the "**Conversion Settlement Date**").

(v) *Effect of Conversion*. If this Note is converted in full, then, from and after the date the Conversion Consideration therefor is issued or delivered in settlement of such conversion, this Note will cease to be outstanding and Default Interest, if any, will cease to accrue on this Note and notice thereof (which may be delivered via email) shall be provided to the Trustee by the Holder.

(vi) *Conversion Settlement Defaults*. If (x) the Company fails to deliver, by the related Conversion Settlement Date, any Common Shares (the "**Defaulted Shares**") forming part of the Conversion Consideration of the conversion of this Note; and (y) the Holder (whether directly or indirectly, including by any broker acting on the Holder's behalf or acting with respect to such Defaulted Shares) purchases any Common Shares (whether in the open market or otherwise) to cover any such Defaulted Shares (whether to satisfy any settlement obligations with respect thereto of the Holder or otherwise), then, without limiting the Holder's right to pursue any other remedy available to it (whether hereunder, under applicable law or otherwise), the Holder will have the right, exercisable by notice to the Company, to cause the Company to either:

(1) pay, on or before the second (2nd) Business Day after the date such notice is delivered, cash to the Holder in an amount equal to the aggregate purchase price (including any brokerage commissions and other out-of-pocket costs) incurred to purchase such shares (such aggregate purchase price, the "**Covering Price**"); or

(2) promptly deliver, to the Holder, such Defaulted Shares in accordance with this Note, together with cash in an amount equal to the excess, if any, of the Covering Price over the product of (x) the number of such Defaulted Shares; and (y) the Daily VWAP per Common Share on the Conversion Date relating to such conversion.

To exercise such right, the Holder must deliver notice of such exercise to the Company, specifying whether the Holder has elected **clause (1)** or **(2)** above to apply. If the Holder has elected **clause (1)** to apply, then the Company's obligation to deliver the Defaulted Shares in accordance with this Note will be deemed to have been satisfied and discharged to the extent the Company has paid the Covering Price in accordance with **clause (1)**.

(E) *Reserve and Status of Common Shares Issued upon Conversion*.

(i) *Stock Reserve*. At all times when this Note is outstanding, the Company will reserve, out of its authorized but unissued and unreserved Common Shares, a number of Common Shares equal to the greater of (A) (x) the then outstanding Principal Amount, divided by (y) the Conversion Price then in effect and (B) two hundred percent (200%) of a fraction, the numerator of which shall be (x) the then outstanding Principal Amount plus an amount equal to all interest accruable on such outstanding Principal Amount through May 1, 2023, and the denominator of which shall be (y) the Market Stock Payment Price, for issuance upon the issuance of the Conversion Shares.

(ii) *Status of Conversion Shares; Listing*. Each share of Common Shares delivered upon conversion of this Note will be a newly issued or treasury share and will be duly and validly issued, fully paid, non-assessable, free from preemptive rights and free of any Lien or adverse claim (except to the extent of any Lien or adverse claim created by the action or inaction of the Holder or the Person to whom such share will be delivered). If the Common Shares are then listed on any securities exchange, or quoted on any inter-dealer quotation system, then the Company will cause each share of Common Shares issued upon conversion of this Note, when delivered upon such conversion, to be admitted for listing on such exchange or quotation on such system.

(i) *Transferability of Conversion Shares*. Any Common Shares issued upon conversion of this Note will be issued in the form of book-entries at the facilities of DTC, identified therein by an "unrestricted" CUSIP number.

(F) *Forced Conversion*.

(i) *Generally*. If (1) the Daily VWAP per Common Share is equal to, or exceeds, US$3.00 (as proportionately decreased or increased to reflect any adjustment to the Conversion Rate contemplated in this Note) on each of twenty (20) consecutive VWAP Trading Days beginning after the Issue Date (such twenty (20) consecutive VWAP Trading Day period being the "**Forced Conversion Qualification Period**"); and (2) the Equity Conditions are satisfied on each of such twenty (20) consecutive VWAP Trading Days, then, subject to the limitations on conversion contained in **Section 8(K)**, the Company may provide written notice to the Holder electing to convert all or a portion of the Principal Amount of this Note on the Conversion Date into Conversion Consideration and certifying that the Equity Conditions have been satisfied on each of such VWAP Trading Days (the "**Forced Conversion Notice**"); *provided* that no Forced Conversion will be effected unless (x) the Daily VWAP per Common Share is equal to, or exceeds, US$3.00 (as proportionately decreased or increased to reflect any adjustment to the Conversion Rate contemplated in this Note) and (y) the Equity Conditions are satisfied, in the case of each of clauses (x) and (y), on each VWAP Trading Day from the date of such notice until the corresponding Conversion Consideration is delivered (and the Company shall certify in writing to the Holder on the date that such Conversion Consideration is delivered that the Equity Conditions have been satisfied during such period); and provided further, that the Company may deliver no more than one Forced Conversion Notice in any thirty (30) Trading Day period.

(ii) *Effect of Forced Conversion*. A Forced Conversion will have the same effect as a conversion of the applicable outstanding Principal Amount of this Note effected at the Holder's election pursuant to **Section 8(A)** with a Conversion Date occurring on the Business Day referred to in **Section 8(F)(i)** (for the avoidance of doubt, without the need for the Holder to deliver a conversion notice); *provided*, *however*, that the Company will not be obligated to deliver the Conversion Consideration until the Holder has complied, if applicable, with its obligations under **Section 8(C)(iii)**.

(G) *Adjustments to the Conversion Rate*.

(i) *Events Requiring an Adjustment to the Conversion Rate*. Subject to the prior approval of the TSX, the Conversion Rate will be adjusted from time to time as follows:

(1) *Stock Dividends, Splits and Combinations*. If the Company issues solely Common Shares as a dividend or distribution on all or substantially all shares of the Common Shares, or if the Company effects a stock split or a stock combination of the Common Shares (in each case excluding an issuance solely pursuant to a Common Shares Change Event, as to which **Section 8(J)** will apply), then the Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times \frac{OS_1}{OS_0}$$

where:

CR_0 = the Conversion Rate in effect immediately before the Open of Business on the Ex-Dividend Date for such dividend or distribution, or immediately before the Open of Business on the effective date of such stock split or stock combination, as applicable;

CR_1 = the Conversion Rate in effect immediately after the Open of Business on such Ex-Dividend Date or the Open of Business on such effective date, as applicable;

OS_0 = the number of Common Shares outstanding immediately before the Open of Business on such Ex-Dividend Date or effective date, as applicable, without giving effect to such dividend, distribution, stock split or stock combination; and

OS_1 = the number of Common Shares outstanding immediately after giving effect to such dividend, distribution, stock split or stock combination.

If any dividend, distribution, stock split or stock combination of the type described in this **Section 8(G)(i)(1)** is declared or announced, but not so paid or made, then the Conversion Rate will be readjusted, effective as of the date the Board of Directors determines not to pay such dividend or distribution or to effect such stock split or stock combination, to the Conversion Rate that would then be in effect had such dividend, distribution, stock split or stock combination not been declared or announced.

(2) *Rights, Options and Warrants*. If the Company distributes, to all or substantially all holders of Common Shares, rights, options or warrants (other than rights issued or otherwise distributed pursuant to a stockholder rights plan, as to which the provisions set forth in **Sections 8(G)(i)(3)(a)** and **8(G)(v)** will apply) entitling such holders, for a period of not more than sixty (60) calendar days after the record date of such distribution, to subscribe for or purchase Common Shares at a price per share that is less than the average of the Last Reported Sale Prices per Common Share for the ten (10) consecutive Trading Days ending on, and including, the Trading Day immediately before the date such distribution is announced, then the Conversion Rate will be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{OS + X}{OS + Y}$$

where:

CR_0 = the Conversion Rate in effect immediately before the Open of Business on the Ex-Dividend Date for such distribution;

CR_1 = the Conversion Rate in effect immediately after the Open of Business on such Ex-Dividend Date;

OS = the number of Common Shares outstanding immediately before the Open of Business on such Ex-Dividend Date;

X = the total number of Common Shares issuable pursuant to such rights, options or warrants; and

Y = a number of Common Shares obtained by dividing (x) the aggregate price payable to exercise such rights, options or warrants by (y) the average of the Last Reported Sale Prices per Common Share for the ten (10) consecutive Trading Days ending on, and including, the Trading Day immediately before the date such distribution is announced.

To the extent that Common Shares are not delivered after the expiration of such rights, options or warrants (including as a result of such rights, options or warrants not being exercised), the Conversion Rate will be readjusted to the Conversion Rate that would then be in effect had the increase to the Conversion Rate for such distribution been made on the basis of delivery of only the number of Common Shares actually delivered upon exercise of such rights, option or warrants. To the extent such rights, options or warrants are not so distributed, the Conversion Rate will be readjusted to the Conversion Rate that would then be in effect had the Ex-Dividend Date for the distribution of such rights, options or warrants not occurred.

For purposes of this **Section 8(G)(i)(2)**, in determining whether any rights, options or warrants entitle holders of Common Shares to subscribe for or purchase Common Shares at a price per share that is less than the average of the Last Reported Sale Prices per Common Share for the ten (10) consecutive Trading Days ending on, and including, the Trading Day immediately before the date the distribution of such rights, options or warrants is announced, and in determining the aggregate price payable to exercise such rights, options or warrants, there will be taken into account any consideration the Company receives for such rights, options or warrants and any amount payable on exercise thereof, with the value of such consideration, if not cash, to be determined by the Board of Directors in good faith.

(3) *Spin-Offs and Other Distributed Property*.

(a) *Distributions Other than Spin-Offs*. If the Company distributes shares of its Capital Stock, evidences of its indebtedness or other assets or property of the Company, or rights, options or warrants to acquire Capital Stock of the Company or other securities, to all or substantially all holders of the Common Shares, excluding:

(v) dividends, distributions, rights, options or warrants for which an adjustment to the Conversion Rate is required pursuant to **Section 8(G)(i)(1)** or **Section 8(G)(i)(2)**;

(w) dividends or distributions paid exclusively in cash for which an adjustment to the Conversion Rate is required pursuant to **Section 8(G)(i)(4)**;

(x) rights issued or otherwise distributed pursuant to a stockholder rights plan, except to the extent provided in **Section 8(G)(v)**;

(y) Spin-Offs for which an adjustment to the Conversion Rate is required pursuant to **Section 8(G)(i)(3)(b)**; and

(z) a distribution solely pursuant to a Common Shares Change Event, as to which **Section 8(J)** will apply,

then the Conversion Rate will be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{SP}{SP - FMV}$$

where:

CR_0 = the Conversion Rate in effect immediately before the Open of Business on the Ex-Dividend Date for such distribution;

CR_1 = the Conversion Rate in effect immediately after the Open of Business on such Ex-Dividend Date;

SP = the average of the Last Reported Sale Prices per Common Share for the ten (10) consecutive Trading Days ending on, and including, the Trading Day immediately before such Ex-Dividend Date; and

FMV = the fair market value (as determined by the Board of Directors in good faith), as of such Ex-Dividend Date, of the shares of Capital Stock, evidences of indebtedness, assets, property, rights, options or warrants distributed per Common Share pursuant to such distribution;

provided, *however*, that if FMV is equal to or greater than SP, then, in lieu of the foregoing adjustment to the Conversion Rate, the Holder will receive, for each $1,000 Principal Amount of this Note held by this Holder on the record date for such distribution, at the same time and on the same terms as holders of Common Shares, the amount and kind of shares of Capital Stock, evidences of indebtedness, assets, property, rights, options or warrants that such Holder would have received if such Holder had owned, on such record date, a number of Common Shares equal to the Conversion Rate in effect on such record date.

To the extent such distribution is not so paid or made, the Conversion Rate will be readjusted to the Conversion Rate that would then be in effect had the adjustment been made on the basis of only the distribution, if any, actually made or paid.

(b) *Spin-Offs*. If the Company distributes or dividends shares of Capital Stock of any class or series, or similar equity interest, of or relating to an Affiliate, a Subsidiary or other business unit of the Company to all or substantially all holders of the Common Shares (other than solely pursuant to a Common Shares Change Event, as to which **Section 8(J)** will apply), and such Capital Stock or equity interest is listed or quoted (or will be listed or quoted upon the consummation of the transaction) on a U.S. national securities exchange (a "**Spin-Off**"), then the Conversion Rate will be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{FMV + SP}{SP}$$

where:

CR_0 = the Conversion Rate in effect immediately before the Open of Business on the Ex-Dividend Date for such Spin-Off;

CR_1 = the Conversion Rate in effect immediately after the Open of Business on such Ex-Dividend Date;

FMV = the product of (x) the average of the Last Reported Sale Prices per share or unit of the Capital Stock or equity interests distributed in such Spin-Off over the ten (10) consecutive Trading Day period (the "**Spin-Off Valuation Period**") beginning on, and including, such Ex-Dividend Date (such average to be determined as if references to Common Shares in the definitions of Last Reported Sale Price, Trading Day and Market Disruption Event were instead references to such Capital Stock or equity interests); and (y) the number of shares or units of such Capital Stock or equity interests distributed per Common Share in such Spin-Off; and

SP = the average of the Last Reported Sale Prices per Common Share for each Trading Day in the Spin-Off Valuation Period.

The adjustment to the Conversion Rate pursuant to this **Section 8(G)(i)(3)(b)** will be calculated as of the Close of Business on the last Trading Day of the Spin-Off Valuation Period but will be given effect immediately after the Open of Business on the Ex-Dividend Date for the Spin-Off, with retroactive effect. If a Note is converted and the Conversion Date occurs during the Spin-Off Valuation Period, then, notwithstanding anything to the contrary in this Note, the Company will, if necessary, delay the settlement of such conversion until the second (2nd) Business Day after the last day of the Spin-Off Valuation Period.

To the extent any dividend or distribution of the type set forth in this **Section 8(G)(i)(3)(b)** is declared but not made or paid, the Conversion Rate will be readjusted to the Conversion Rate that would then be in effect had the adjustment been made on the basis of only the dividend or distribution, if any, actually made or paid.

(4) *Cash Dividends (Other than in the Ordinary Course) or Distributions*. If any cash dividend or distribution is made to all or substantially all holders of Common Shares, then the Conversion Rate will be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{SP}{SP - D}$$

where:

CR_0 = the Conversion Rate in effect immediately before the Open of Business on the Ex-Dividend Date for such dividend or distribution;

CR_1 = the Conversion Rate in effect immediately after the Open of Business on such Ex-Dividend Date;

SP = the Last Reported Sale Price per Common Share on the Trading Day immediately before such Ex-Dividend Date; and

D = the cash amount distributed per Common Share in such dividend or distribution;

provided, *however*, that if D is equal to or greater than SP, then, in lieu of the foregoing adjustment to the Conversion Rate, the Holder will receive, for each $1,000 Principal Amount of this Note held by the Holder on the record date for such dividend or distribution, at the same time and on the same terms as holders of Common Shares, the amount of cash that such Holder would have received if such Holder had owned, on such record date, a number of Common Shares equal to the Conversion Rate in effect on such record date.

To the extent such dividend or distribution is declared but not made or paid, the Conversion Rate will be readjusted to the Conversion Rate that would then be in effect had the adjustment been made on the basis of only the dividend or distribution, if any, actually made or paid.

(5) *Tender Offers or Exchange Offers*. If the Company or any of its Subsidiaries makes a payment in respect of a tender offer or exchange offer for Common Shares (other than solely pursuant to an odd-lot tender offer pursuant to Rule 13e-4(h)(5) under the Exchange Act), and the value (determined as of the Expiration Time by the Board of Directors in good faith) of the cash and other consideration paid per Common Share in such tender or exchange offer exceeds the Last Reported Sale Price per Common Share on the Trading Day immediately after the last date (the "**Expiration Date**") on which tenders or exchanges may be made pursuant to such tender or exchange offer (as it may be amended), then the Conversion Rate will be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{AC + (SP \times OS_1)}{SP \times OS_0}$$

where:

CR_0 = the Conversion Rate in effect immediately before the time (the "**Expiration Time**") such tender or exchange offer expires;

CR_1 = the Conversion Rate in effect immediately after the Expiration Time;

AC = the aggregate value (determined as of the Expiration Time by the Board of Directors in good faith) of all cash and other consideration paid for Common Shares purchased or exchanged in such tender or exchange offer;

OS_0 = the number of Common Shares outstanding immediately before the Expiration Time (including all Common Shares accepted for purchase or exchange in such tender or exchange offer);

OS_1 = the number of Common Shares outstanding immediately after the Expiration Time (excluding all Common Shares accepted for purchase or exchange in such tender or exchange offer); and

SP = the average of the Last Reported Sale Prices per Common Share over the ten (10) consecutive Trading Day period (the "**Tender/Exchange Offer Valuation Period**") beginning on, and including, the Trading Day immediately after the Expiration Date;

provided, *however*, that the Conversion Rate will in no event be adjusted down pursuant to this **Section 8(G)(i)(5)**, except to the extent provided in the immediately following paragraph. The adjustment to the Conversion Rate pursuant to this **Section 8(G)(i)(5)** will be calculated as of the Close of Business on the last Trading Day of the Tender/Exchange Offer Valuation Period but will be given effect immediately after the Expiration Time, with retroactive effect. If a Note is converted and the Conversion Date occurs on the Expiration Date or during the Tender/Exchange Offer Valuation Period, then, notwithstanding anything to the contrary in this Note, the Company will, if necessary, delay the settlement of such conversion until the second (2nd) Business Day after the last day of the Tender/Exchange Offer Valuation Period.

To the extent such tender or exchange offer is announced but not consummated (including as a result of the Company being precluded from consummating such tender or exchange offer under applicable law), or any purchases or exchanges of Common Shares in such tender or exchange offer are rescinded, the Conversion Rate will be readjusted to the Conversion Rate that would then be in effect had the adjustment been made on the basis of only the purchases or exchanges of Common Shares, if any, actually made, and not rescinded, in such tender or exchange offer.

(ii) *No Adjustments in Certain Cases*.

(1) *Where the Holder Participates in the Transaction or Event Without Conversion*. Notwithstanding anything to the contrary in **Section 8(G)(i)**, the Company will not be obligated to adjust the Conversion Rate on account of a transaction or other event otherwise requiring an adjustment pursuant to **Section 8(G)(i)** (other than a stock split or combination of the type set forth in **Section 8(G)(i)(1)** or a tender or exchange offer of the type set forth in **Section 8(G)(i)(5)**) if the Holder participates, at the same time and on the same terms as holders of Common Shares, and solely by virtue of being the Holder of this Note, in such transaction or event without having to convert this Note and as if the Holder held a number of Common Shares equal to the product of (i) the Conversion Rate in effect on the related record date; and (ii) the aggregate Principal Amount (expressed in thousands) of this Note held by this Holder on such date. Any such participation will be subject to the prior approval of the TSX.

(2) *Certain Events*. The Company will not adjust the Conversion Rate except as provided in **Section 8(G)**, **Section 8(H)** or **Section 8(I)**. Without limiting the foregoing, the Company will not adjust the Conversion Rate on account of:

(a) the sale of Common Shares, even if the purchase price is less than the market price per share of the Common Shares or less than the Conversion Price;

(b) the issuance of any Common Shares pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Company's securities and the investment of additional optional amounts in Common Shares under any such plan;

(c) the issuance of any Common Shares, restricted stock, or options or rights to purchase Common Shares pursuant to any present or future employee, director or consultant benefit plan or program of, or assumed by, the Company or any of its Subsidiaries;

(d) the issuance of any Common Shares pursuant to any option, warrant, right or convertible or exchangeable security of the Company outstanding as of the Issue Date (other than an adjustment pursuant to **Section 8(G)(i)(3)(a)** in connection with the separation of rights under the Company's stockholder rights plan existing, if any, as of the Issue Date);

(e) solely a change in the par value of the Common Shares; or

(f) accrued and unpaid interest, if any, on this Note.

(iii) *Adjustments Not Yet Effective.* Notwithstanding anything to the contrary in this Note, if:

(1) this Note is to be converted;

(2) the record date, effective date or Expiration Time for any event that requires an adjustment to the Conversion Rate pursuant to **Section 8(G)(i)** has occurred on or before the Conversion Date for such conversion, but an adjustment to the Conversion Rate for such event has not yet become effective as of such Conversion Date;

(3) the Conversion Consideration due upon such conversion includes any whole Common Shares; and

(4) such shares are not entitled to participate in such event (because they were not held on the related record date or otherwise),

then, solely for purposes of such conversion, the Company will, without duplication, give effect to such adjustment on such Conversion Date. In such case, if the date on which the Company is otherwise required to deliver the consideration due upon such conversion is before the first date on which the amount of such adjustment can be determined, then the Company will delay the settlement of such conversion until the second (2nd) Business Day after such first date.

(iv) *Conversion Rate Adjustments where the Converting Holder Participates in the Relevant Transaction or Event.* Notwithstanding anything to the contrary in this Note, if:

(1) a Conversion Rate adjustment for any dividend or distribution becomes effective on any Ex-Dividend Date pursuant to **Section 8(G)(i)**;

(2) a Note is to be converted;

(3) the Conversion Date for such conversion occurs on or after such Ex-Dividend Date and on or before the related record date;

(4) the Conversion Consideration due upon such conversion includes any whole Common Shares based on a Conversion Rate that is adjusted for such dividend or distribution; and

(5) such shares would be entitled to participate in such dividend or distribution (including pursuant to **Section 8(C)(ii)**),

then (x) such Conversion Rate adjustment will not be given effect for such conversion; (y) the Common Shares issuable upon such conversion based on such unadjusted Conversion Rate will not be entitled to participate in such dividend or distribution; and (z) there will be added, to the Conversion Consideration otherwise due upon such conversion, the same kind and amount of consideration that would have been delivered in such dividend or distribution with respect to such Common Shares had such shares been entitled to participate in such dividend or distribution.

(v) *Stockholder Rights Plans*. If any Common Shares are to be issued upon conversion of any Note and, at the time of such conversion, the Company has in effect any stockholder rights plan, then the Holder of such Note will be entitled to receive, in addition to, and concurrently with the delivery of, the Conversion Consideration otherwise payable under this Note upon such conversion, the rights set forth in such stockholder rights plan, unless such rights have separated from the Common Shares at such time, in which case, and only in such case, the Conversion Rate will be adjusted pursuant to **Section 8(G)(i)(3)(a)** on account of such separation as if, at the time of such separation, the Company had made a distribution of the type referred to in such Section to all holders of the Common Shares, subject to readjustment in accordance with such Section if such rights expire, terminate or are redeemed.

(vi) *Limitation on Effecting Transactions Resulting in Adjustments*. The Company will not engage in or be a party to any transaction or event that would (without respect to TSX's right to approve adjustments) require the Conversion Rate to be adjusted (x) pursuant to this **Section 8(G)** without the prior consent of the Holder, which the Holder may grant or withhold in its sole discretion or (y) pursuant to Section 8(H) or Section 8(I) to an amount that would result in the Conversion Price per Common Share being less than the par value per Common Share.

(vii) *Equitable Adjustments to Prices*. Whenever any provision of this Note requires the Company to calculate the average of the Last Reported Sale Prices, or any function thereof, over a period of multiple days (including to calculate an adjustment to the Conversion Rate), the Company will make proportionate adjustments, if any, to such calculations to account for any adjustment to the Conversion Rate pursuant to **Section 8(G)(i)** that becomes effective, or any event requiring such an adjustment to the Conversion Rate where the Ex-Dividend Date or effective date, as applicable, of such event occurs, at any time during such period.

(viii) *Calculation of Number of Outstanding Shares of Common Shares*. For purposes of this **Section 8(G)**, the number of Common Shares outstanding at any time will (i) include shares issuable in respect of scrip certificates issued in lieu of fractions of Common Shares; and (ii) exclude Common Shares held in the Company's treasury (unless the Company pays any dividend or makes any distribution on Common Shares held in its treasury).

(ix) *Calculations*. All calculations with respect to the Conversion Rate and adjustments thereto will be made to the nearest 1/10,000th of a Common Share (with 5/100,000ths rounded upward).

(x) *Notice of Conversion Rate Adjustments*. Upon the effectiveness of any adjustment to the Conversion Rate pursuant to **Section 8(G)(i)**, the Company will promptly send notice to the Holder containing (i) a brief description of the transaction or other event on account of which such adjustment was made; (ii) the Conversion Rate in effect immediately after such adjustment; and (iii) the effective time of such adjustment.

(H) *Voluntary Adjustments*.

(i) *Generally*. To the extent permitted by law and applicable stock exchange rules, the Company, from time to time, may (but is not required to) increase the Conversion Rate by any amount if (i) the Board of Directors determines in good faith that such increase is either (x) in the best interest of the Company; or (y) advisable to avoid or diminish any income tax imposed on holders of Common Shares or rights to purchase Common Shares as a result of any dividend or distribution of shares (or rights to acquire shares) of Common Shares or any similar event; and (ii) such increase is irrevocable. The Company and the Holder agree that any such voluntary adjustment to the Conversion Rate and any conversion of any portion of the Note based upon any such voluntary adjustment shall not constitute material non-public information with respect to the Company.

(ii) *Notice of Voluntary Increases*. If the Board of Directors determines to increase the Conversion Rate pursuant to **Section 8(H)(i)**, then, no later than the first Business Day following such determination, the Company will send notice to the Holder of such increase, the amount thereof and the period during which such increase will be in effect.

(I) *Adjustments to the Conversion Rate in Connection with an Event of Default*. If an Event of Default occurs and the Conversion Date for the conversion of a Note occurs during the related Event of Default Conversion Period, then the Conversion Rate applicable to such conversion will be increased by a number of shares equal to the Event of Default Additional Shares.

(J) *Effect of Certain Recapitalizations, Reclassifications, Consolidations, Mergers and Sales*.

(i) *Generally*. If there occurs:

(1) recapitalization, reclassification or change of the Common Shares (other than (x) changes solely resulting from a subdivision or combination of the Common Shares, (y) a change only in par value or from par value to no par value or no par value to par value and (z) stock splits and stock combinations that do not involve the issuance of any other series or class of securities);

(2) consolidation, merger, combination or binding or statutory share exchange involving the Company;

(3) sale, lease or other transfer of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, to any Person; or

(4) other similar event,

and, in each case, as a result of such occurrence, the Common Shares are converted into, or is exchanged for, or represents solely the right to receive, other securities or other property (including cash or any combination of the foregoing) (such an event, a "**Common Shares Change Event**," and such other securities or other property, the "**Reference Property**," and the amount and kind of Reference Property that a holder of one (1) share of Common Shares would be entitled to receive on account of such Common Shares Change Event (without giving effect to any arrangement not to issue fractional shares of securities or other property), a "**Reference Property Unit**"), then, notwithstanding anything to the contrary in this Note, at the effective time of such Common Shares Change Event, (x) the Conversion Consideration due upon conversion of any Note will be determined in the same manner as if each reference to any number of Common Shares in this **Section 8** (or in any related definitions) were instead a reference to the same number of Reference Property Units; (y) for purposes of **Section 8(A)**, each reference to any number of Common Shares in such Section (or in any related definitions) will instead be deemed to be a reference to the same number of Reference Property Units; and (z) for purposes of the definition of "Fundamental Change," the term "Common Shares" and "common equity" will be deemed to mean the common equity, if any, forming part of such Reference Property. For these purposes, (I) the Daily VWAP of any Reference Property Unit or portion thereof that consists of a class of common equity securities will be determined by reference to the definition of "Daily VWAP," substituting, if applicable, the Bloomberg page for such class of securities in such definition; and (II) the Daily VWAP of any Reference Property Unit or portion thereof that does not consist of a class of common equity securities, and the Last Reported Sale Price of any Reference Property Unit or portion thereof that does not consist of a class of securities, will be the fair value of such Reference Property Unit or portion thereof, as applicable, determined in good faith by the Company (or, in the case of cash denominated in U.S. dollars, the face amount thereof).

If the Reference Property consists of more than a single type of consideration to be determined based in part upon any form of stockholder election, then the composition of the Reference Property Unit will be deemed to be the weighted average of the types and amounts of consideration actually received, per Common Share, by the holders of Common Shares. The Company will notify the Holder of such weighted average as soon as practicable after such determination is made.

At or before the effective date of such Common Shares Change Event, the Company and the resulting, surviving or transferee Person (if not the Company) of such Common Shares Change Event (the "**Successor Person**") will execute and deliver such instruments or agreements that (x) provides for subsequent conversions of this Note in the manner set forth in this **Section 8(J)**; (y) provides for subsequent adjustments to the Conversion Rate pursuant to **Section 8(G)**, **Section 8(H)** and **Section 8(I)** in a manner consistent with this **Section 8(J)**; and (z) contains such other provisions as the Company reasonably determines are appropriate to preserve the economic interests of the Holder and to give effect to the provisions of this **Section 8(J)**. If the Reference Property includes shares of stock or other securities or assets of a Person other than the Successor Person, then such other Person will also execute such instruments or agreements and such instruments or agreements will contain such additional provisions the Company reasonably determines are appropriate to preserve the economic interests of the Holder.

(ii) *Notice of Common Shares Change Events*. As soon as practicable after learning the anticipated or actual effective date of any Common Shares Change Event, the Company will provide written notice to the Holder of such Common Shares Change Event, including a brief description of such Common Shares Change Event, its anticipated effective date and a brief description of the anticipated change in the conversion right of this Note.

(iii) *Compliance Covenant*. The Company will not become a party to any Common Shares Change Event unless its terms are consistent with this **Section 8(J)**.

(K) *Pre-Emptive Right.*

(i) In connection with any Distribution, the Holder shall have the right, but not the obligation (the "**Pre-Emptive Right**"), exercisable in accordance with **Section 8(K)(iii)**, to directly, or indirectly through an Affiliate, subscribe for up to an aggregate number of Distributed Securities, on the same terms and conditions as all other participants in the Distribution (including the same price but, in each case, excluding any underwriting commissions and discounts, to the extent not payable by the Company in relation to the securities issued on the exercise of the Pre-Emptive Right, it being agreed that the Company shall use its commercially reasonable efforts to have such charges not apply to the Holder), mutatis mutandis, determined in accordance with the following formula:

A = B X C

For purposes of the foregoing formula, the following definitions shall apply:

A means the aggregate number of Distributed Securities for which the Holder has the right to subscribe pursuant to the Pre-Emptive Right, expressed as a positive number;

B means the Ownership Percentage of the Holder, calculated as of immediately prior to the closing of the Distribution (for greater certainty, expressed for purposes of this formula as a number – *e.g.*, 19.9% shall be expressed as 0.1999); and

C means the aggregate number of Distributed Securities to be issued in connection with the Distribution, expressed as a positive number.

(ii) The Company shall deliver to the Holder a notice in writing, as soon as practicable following a determination by the Company to effect a Distribution and in no event less than 15 Business Days prior to closing of any proposed Distribution (a "**Distribution Notice**"), which Distribution Notice shall: (a) specify the total number and type of Distributed Securities which are being offered in the Distribution, to the extent known; (b) specify the rights, privileges, restrictions, terms and conditions of such Distributed Securities; (c) specify the price at which the Distributed Securities are being offered in the Distribution and any other material terms, to the extent known; (d) to the extent known, specify the maximum number of Distributed Securities for which the Holder has the right to subscribe pursuant to **Section 8(K)(i)** and the aggregate subscription price therefor; (e) specify the date (which shall not be less than 15 Business Days after the date on which the Distribution Notice is delivered) on which the Distribution is to be completed; (f) state the reasons for the issuance of the Distributed Securities; and (g) specify the resulting dilution to the Holder if pre-emptive rights are not exercised, to the extent known.

(iii) The Holder may elect to subscribe for up to such number of Distributable Securities as is calculated under **Section 8(K)(i)** by delivering a written subscription notice to the Company (the "**Pre-Emptive Right Subscription Notice**") within five Business Days after receipt of a Distribution Notice pursuant to **Section 8(K)(ii)**, setting out the number of Distributed Securities for which the Holder and/or its Affiliates wish to subscribe and the aggregate price therefor.

(iv) In the event that the Company expects to complete the applicable Distribution and the Holder has delivered a Pre-Emptive Right Subscription Notice, no later than two Business Days prior to the expected closing date thereof, the Company shall deliver a written notice to the Holder confirming: (a) the expected closing date thereof; and (b) the number of Distributed Securities allocated to the Holder and the aggregate subscription price therefor. The Holder shall or shall cause, on or prior to the closing date of the Distribution, deliver or cause to be delivered to the Company (or as the Company may otherwise direct) a certified cheque, bank draft or wire transfer of immediately available funds in the amount of the aggregate subscription price for the Distributed Securities allocated to the Holder, and the Company shall issue, or shall cause the issuance of, such Distributed Securities as directed by the Holder to the Holder or an Affiliate of the Holder, concurrently with the closing of the Distribution and in any event no later than 60 days following closing of the Distribution.

(L) *Top-Up Right.*

(i) In connection with any Top-Up Distribution, the Holder shall have the right, but not the obligation (the "**Top-Up Right**"), exercisable in accordance with **Section 8(L)(iii)**, to directly, or indirectly through an Affiliate, subscribe for up to an aggregate number of Top Up Distributed Shares on the same terms and conditions as all other participants in the Top-Up Distribution (including for any Top-Up Distribution (other than Designated ELOC Common Shares and/or ATM Shares), at the lower of (A) the same price as utilized in the Top-Up Distribution, and (B) the price at the end of the relevant quarter less the maximum discounted permitted by the rules of the TSX), mutatis mutandis, determined in accordance with the following formula:

$$\mathbf{A = [B / (1 - C)] - B}$$

For purposes of the foregoing formula, the following definitions shall apply:

A means the aggregate number of Top-Up Distributed Securities for which the Holder has the right to subscribe pursuant to the Top-Up Right, expressed as a positive number;

B means the aggregate number of Top-Up Distributed Securities issued in connection with the Top-Up Distribution expressed as a positive number; and

C means the Ownership Percentage of the Holder, calculated as of immediately prior to the closing of the Top-Up Distribution (for greater certainty, expressed for purposes of this formula as a number – *e.g.*, 19.9% shall be expressed as 0.1999).

(ii) Concurrently with and, in any event, no later than two Business Days following:

(1) the end of each of the Company's fiscal quarters; or

(2) if the Holder's Ownership Percentage is reduced by more than 1% in the aggregate solely as a result of one or more Top-Up Distributions contemplated in **Section 8(L)(i)** that have been completed since the end of the most recent fiscal quarter, the closing of the most recent Top-Up Distribution; or

(3) if applicable securities laws (including Canadian Securities Laws) do not permit the exercise in full of the Top-Up Right until the passage of a prescribed period of time, the later of: (i) the time implied by (1) and (2) above; and (ii) 20 Business Days prior to the expiry of such prescribed period of time, as applicable,

the Company shall deliver to the Holder a notice ("**Top-Up Notice**"), which Top-Up Notice shall: (A) specify the total number and type of Top-Up Distributable Securities which were issued in connection with the Top-Up Distribution; (B) specify the rights, privileges, restrictions, terms and conditions of such Top-Up Distributable Securities; (C) specify the price at which such Top-Up Distributable Securities were issued; (D) specify the maximum number of Top-Up Distributable Securities for which the Holder has the right to subscribe pursuant to **Section 8(L)(i)** and the aggregate subscription price therefor; (E) in the case of a Top-Up Distribution, state with reasonable supporting details the specific clause of the definition of "Top-Up Distribution" hereunder applicable thereto; and (F) specify the resulting dilution to the Holder if top-up rights are not exercised.

(iii) The Holder shall have the right, exercisable by the Holder within 90 days after receipt of a Top-Up Notice pursuant to **Section 8(L)(ii)**, by delivering a subscription notice to the Company (the "**Top-Up Right Subscription Notice**") setting out: (a) the number of Top-Up Distributable Securities for which the Holder and/or its Affiliates wish to subscribe; and (b) the desired closing date for the issuance of such Top-Up Distributable Securities (which date shall not be earlier than five Business Days after receipt by the Company of the Top-Up Right Subscription Notice and not earlier than, if applicable, the passage of the prescribed period of time referenced in **Section 8(L)(ii)**).

(iv) On or prior to the desired closing date for the issuance of the Top-Up Distributable Securities set out in the Top-Up Right Subscription Notice, The Holder shall deliver or cause to be delivered to the Company (or as the Company may otherwise direct) a certified cheque, bank draft or wire transfer of immediately available funds in the amount of the aggregate subscription price in respect of such Top-Up Distributable Securities, and the Company shall issue, or shall cause the issuance of, such Top-Up Distributable Securities as directed by the Holder to the Holder or an Affiliate of the Holder, on the desired closing date for such issuance as set out in the Top-Up Right Subscription Notice.

(v) For greater certainty, the provisions of paragraphs (i) to (iv) of this Section 8(L) shall apply to a Top-Up Distribution that is either a distribution or issuance of Designated ELOC Common Shares or ATM Shares, but except for the pricing provisions of paragraph (i), which shall not apply to a Top-Up Distribution that is either a distribution or issuance of Designated ELOC Common Shares or ATM Shares. With respect to any such Top-Up Distribution that is either a distribution or issuance of Designated ELOC Common Shares or ATM Shares, the relevant Top-Up Notice shall, in addition to such other details required to be included therein pursuant to paragraph (ii) of this Section 8(L), also specify the volume weighted average price of all Designated ELOC Common Shares or ATM Shares, as applicable, issued and sold by the Company during its last fiscal quarter and the Holder's Top-Up Right with respect thereto shall be exercisable at a price per Common Share equal to the foregoing volume weighted average price of all Designated ELOC Common Shares or ATM Shares, as applicable, so issued during the quarter and as so stated in the Top-Up Notice.

(M) *Required Approvals.*

(i) In the event that the approval of the TSX, any governmental authority or other applicable stock exchange on which the Company's Common Shares are then listed, is required in connection with (1) any exercise by the Holder of the Pre-Emptive Right or the Top-Up Right, or (2) any issuance of securities by the Company to the Holder pursuant thereto, the Company shall use its best efforts to obtain any such approval as promptly as practicable.

Section 9. Affirmative and Negative Covenants.

(A) *Stay, Extension and Usury Laws*. To the extent that it may lawfully do so, the Company (A) agrees that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law (wherever or whenever enacted or in force) that would prohibit or forgive the Company from paying all or any portion of the principal of the Note or may affect the covenants or the performance of this Note; and (B) expressly waives all benefits or advantages of any such law and agrees that it will not, by resort to any such law, hinder, delay or impede the execution of any power granted to the Holder by this Note, but will suffer and permit the execution of every such power as though no such law has been enacted.

(B) *Corporate Existence.* Subject to **Section 10**, the Company will cause to preserve and keep in full force and effect:

(i) its corporate existence and the corporate existence of its Subsidiaries in accordance with the organizational documents of the Company or its Subsidiaries, as applicable; and

(ii) the rights (charter and statutory), licenses and franchises of the Company and its Subsidiaries;

provided, *however*, that the Company need not preserve or keep in full force and effect any such rights (charter and statutory), license or franchise or existence of any of its Subsidiaries if the Board of Directors determines in good faith that (x) the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries, taken as a whole; and (y) the loss thereof is not, individually or in the aggregate, materially adverse to the Company; and provided further, that any Subsidiary may merge into, amalgamate or consolidate with any other Subsidiary and any Subsidiary may liquidate or dissolve if all of its property passes to the Company or another Subsidiary.

(C) *Ranking*. All payments due under this Note (i) shall rank pari passu with all Other Notes and (ii) shall rank senior to all other indebtedness of the Company.

(D) *Indebtedness; Amendments to Indebtedness*. The Company shall not and shall not permit any Subsidiary to without the prior written consent of the Holder: (a) create, incur, assume, guarantee or be or remain liable with respect to any Indebtedness, other than Permitted Indebtedness; (b) prepay any Indebtedness except for (i) by the conversion of Indebtedness into equity securities (other than Disqualified Stock) and the payment of cash in lieu of fractional shares in connection with such conversion, and (ii) a refinancing of the entire amount of such Indebtedness which does not impose materially more burdensome terms upon the Company or its Subsidiaries than exist in such Indebtedness prior to such refinancing, but with a maturity date which is later than one hundred eighty-one (181) days following the Maturity Date; or (c) amend or modify any documents or notes evidencing any Indebtedness in any manner which shortens the maturity date or any amortization, redemption or interest payment date thereof or otherwise imposes materially more burdensome terms upon the Company or its Subsidiaries than exist in such Indebtedness prior to such amendment or modification without the prior written consent of Holder. The Company shall not and shall not permit any Subsidiary to incur any Indebtedness that would cause a breach or Default under the Notes or prohibit or restrict the performance of any of the Company's or its Subsidiaries' obligations under the Notes, including without limitation, the payment of interest and principal thereon.

(E) *Change of Control*. The Company shall not be permitted to complete any Change of Control without the prior written consent of the Holder unless the price per share paid in connection with such Change of Control exceeds the Conversion Price at that time multiplied by 130% or, if such Change of Control consists of the sale of all or substantially all of the consolidated assets of the Company, the proceeds of such sale, if distributed to the shareholders of the Company, on a per share basis, exceeds the Conversion Price at that time multiplied by 130%, in which case the prior written consent of the Holder shall not be required.

(F) *Consolidations, Conversions or Mergers*. Except as permitted pursuant to **Section 9(E)**, the Company shall not be permitted to do any of the following: (a) convert its status as a type of Person (e.g., corporation, limited liability company, partnership) or the jurisdiction in which it is organized, formed or created, unless it shall have provided thirty (30) days prior written notice to the Collateral Agent; (b) consummate a statutory division, merge or consolidate with or into, any Person; (c) convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of the assets (whether now owned or hereafter acquired) of any Subsidiary (taken as a whole) to or in favour of any Person other than another Subsidiary; or (d) liquidate, wind-up or dissolve any Subsidiary.

(G) *No Prepayment of Notes*. The Company will not be permitted to redeem or repay the Note prior to the Maturity Date without the prior written consent of the Holder.

(H) *Liens*. The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or permit to exist any Lien of any kind on any asset now owned or hereafter acquired, except Permitted Liens.

(I) *Investments*. The Company shall not directly or indirectly acquire or own, or make any Investment in or to any Person, or permit any of its Subsidiaries so to do, other than Permitted Investments; provided that the Company may not make any Investment (including a Permitted Investment) or permit any of its Subsidiaries to make any Investment (including a Permitted Investment) if (i) any Event of Default has occurred or (ii) any event or circumstance has occurred and is continuing which, with the giving of notice or passage of time or both, could constitute an Event of Default.

(J) *Distributions*. The Company shall not, and shall not allow any Subsidiary to, without the Holder's prior written consent, not to be unreasonably withheld (a) repurchase or redeem any class of stock or other Equity Interest other than pursuant to employee, director or consultant repurchase plans or other similar agreements provided under plans approved by the Board of Directors; provided, however, in each case the repurchase or redemption price does not exceed the original consideration paid for such stock or Equity Interest; provided further, that the Company or any Subsidiary may repurchase, receive via forfeiture, withhold or transfer any class of stock or other Equity Interest pursuant to a net exercise of an Equity Right or other convertible security to cover the payment of the exercise price or the payment of withholding taxes associated with the exercise or vesting of equity awards under any equity compensation plan of the Company or repurchases of Common Shares, Equity Right or other convertible security upon an employee's, contractor's or consultant's termination of services, or (b) declare or pay any cash dividend or make a cash distribution on any class of stock or other Equity Interest, except that a Subsidiary may pay dividends or make distributions to the Company or a parent company that is a direct or indirect Wholly Owned Subsidiary of the Company, or (c) lend money to any employees, officers or directors (except as permitted under clause (F) of the definition of Permitted Investment), or guarantee the payment of any such loans granted by a third party in excess of fifty thousand dollars ($50,000) in the aggregate or (d) waive, release or forgive any Indebtedness owed by any employees, officers or directors in excess of fifty thousand dollars ($50,000) in the aggregate.

(K) *Asset Dispositions*. The Company shall not, and shall not allow any Subsidiary to, voluntarily or involuntarily transfer, sell, lease, license, lend or in any other manner convey any equitable, beneficial or legal interest in any of the assets of the Company or any of its Subsidiaries, without the prior written consent of the Holder, except for Permitted Asset Dispositions. In respect of any Permitted Asset Dispositions or any other disposition (including, without limitation, any potential sale or liquidation of the Company's equity interest in Truss CBD USA), the Company shall apply the proceeds therefrom to pay down the outstanding balance of the Principal Amount if and to the extent required by the Holder (in its sole discretion).

(L) *Taxes*. The Company and its Subsidiaries shall pay when due all taxes, fees or other charges of any nature whatsoever (together with any related interest or penalties) now or hereafter imposed or assessed against the Company and its Subsidiaries or their respective assets or upon their ownership, possession, use, operation or disposition thereof or upon their rents, receipts or earnings arising therefrom (except where the failure to pay would not, individually or in the aggregate, have a material effect on the Company or any of its Subsidiaries). The Company and its Subsidiaries shall file on or before the due date therefor all personal property tax returns (except where the failure to file would not, individually or in the aggregate, have a material effect on the Company or any of its Subsidiaries). Notwithstanding the foregoing, the Company and its Subsidiaries may contest, in good faith and by appropriate proceedings, taxes for which they maintain adequate reserves therefor in accordance with IFRS.

(M) *Minimum Liquidity*. The Company shall at all times maintain Unrestricted Cash in an amount equal to or greater than $20,000,000, provided that if at any time the Company fails to maintain Unrestricted Cash in an amount equal to or greater than $20,000,000, the Company shall be entitled to cure such failure and shall not be in default of this covenant if it ensures, within 30 days thereafter, that the amount of its Unrestricted Cash is equal to or greater than $20,000,000, provided further that the Company shall be entitled to cure such default only one time during the term of this Note.

(N) *Adjusted EBITDA*. As of the last day of each three-month period starting with the three-month period ending April 30, 2023, the Company and its consolidated Subsidiaries shall have Adjusted EBITDA of not less than $1.00 for the three-month period ending on such day.

(O) *Change in Nature of Business*. The Company shall not, and the Company shall cause each of its Subsidiaries to not, directly or indirectly, engage in any material line of business substantially different from those lines of business conducted by or publicly contemplated to be conducted by the Company and each of its Subsidiaries on the Issue Date or any business substantially related or incidental thereto. For greater certainty, neither the Company nor its Subsidiaries shall be restricted from expanding their business through the introduction of new products, geographic expansion, or Permitted Investments as long as such expanded business is substantially related or incidental to the business conducted by the Company and each of its Subsidiaries on the Issue Date and is not in contravention of applicable law.

(P) *Change in Structure*. The Company shall not, and shall cause the Subsidiaries not to, amend, modify or restate any of its organizational documents in any manner that materially and adversely affects the Holder's interests, and any amendment, modification or restatement of such organizational documents shall be made in good faith and for a bona fide business or corporate governance purpose.

(Q) *Reporting Status*. The Company shall timely file all reports required to be filed with the CSA and with the SEC pursuant to the Exchange Act (reports filed in compliance with the time period specified in Rule 12b-25 promulgated under the Exchange Act shall be considered timely for this purpose), and the Company shall not terminate its status as a "reporting issuer" in each of the provinces and territories of Canada within the meaning of Canadian Securities Laws or as an issuer required to file reports under the Exchange Act even if the Exchange Act or the rules and regulations thereunder would no longer require or otherwise permit such termination.

(R) *Accounting Changes; Fiscal Year*. The Company shall use reasonable commercial efforts to convert the accounting standards it uses to prepare its financial statements to generally accepted accounting standards used by public company issuers in the United Stated of America (i.e. U.S. GAAP) as at and for the financial year ended July 31, 2023, provided that the Company shall be required to have converted to U.S. GAAP for all reporting periods of the Company beginning August 1, 2023. Except as provided in the immediately preceding sentence, the Company shall not make any material change in accounting treatment or reporting practices (except as required by IFRS or GAAP, as applicable), or change its fiscal year.

(S) *Annual Budget*. At least sixty (60) days prior to the commencement of each fiscal year of the Company, the Company shall deliver to the Holder the Company's consolidated annual operating plans, operating and capital expenditure budgets and financial forecasts, and promptly following the preparation thereof, shall deliver to the Holder any updates to any of the foregoing from time to time prepared by management of the Company (such report, as amended, supplemented or otherwise modified, in each case, subject to the immediately following sentence, as approved by the board of directors of the Company, the "**Annual Budget**"). Each such Annual Budget, and any updates made thereto, shall be subject to the review and comment of the Holder. The Company shall provide each proposed Annual Budget to the Holder for its review and comment not less than 10 Business Days prior to submitting such proposed Annual Budget to the board of directors of the Company and shall ensure that the Holder shall have had the opportunity to review and comment on any Annual Budget prior to submitting such proposed Annual Budget to the board of directors of the Company for its approval. The Company shall operate its business and the business of its Subsidiaries in all material respects in accordance with the Annual Budgets,

(T) *Maintenance of Properties, Etc*. The Company shall maintain and preserve, and the Company shall cause each of its Subsidiaries to maintain and preserve, all of its properties which are necessary or material (as determined by the Company in good faith) to the conduct of its business in good working order and condition, ordinary wear and tear excepted, and comply at all times with the provisions of all leases to which it is a party as lessee or under which it occupies property, so as to prevent any loss or forfeiture thereof or thereunder, except where the failure to do so would not, individually or in the aggregate, have a material effect on the Company and the Subsidiaries taken as a whole.

(U) *Maintenance of Intellectual Property*. The Company will take, and the Company shall cause each of its Subsidiaries to take, all actions necessary or advisable to maintain all of the Intellectual Property Rights (as defined in the Transaction Agreement) of the Company or such Subsidiary that are necessary or material (as determined by the Company in good faith) to the conduct of its business in full force and effect, except where the failure to do so would not, individually or in the aggregate, have a material effect on the Company and the Subsidiaries taken as a whole.

(V) *Maintenance of Insurance*. The Company shall, and the Company shall cause each of its Subsidiaries to, maintain or cause to be maintained, with responsible and reputable insurance companies or associations, insurance with respect to their respective properties (including all real properties leased or owned by it) and business against such liabilities, casualties, risks and contingencies and in such types and amounts and with deductibles as is required by any governmental authority having jurisdiction with respect thereto or as are customary in the case of persons engaged in the same or similar businesses and similarly situated. Notwithstanding the foregoing, the Company and its Subsidiaries shall be entitled to maintain or cause to be maintained the Permitted Self-Insurance.

(W) *Transactions with Affiliates*. Neither the Company, nor any of its Subsidiaries, shall enter into, renew, extend or be a party to, any transaction or series of related transactions (including, without limitation, the purchase, sale, lease, transfer or exchange of property or assets of any kind or the rendering of services of any kind) with any affiliate (other than the Company or any of its Wholly Owned Subsidiaries), except (i) transactions for consideration and on terms no less favorable to it than would be obtainable in a comparable arm's length transaction with a Person that is not an Affiliate thereof, and (ii) transactions with any Permitted Investment which is a joint venture with an arm's length third party disclosed pursuant to the Transaction Agreement as of the date of the Transaction Agreement where the failure to complete the transaction or series of related transactions would result in the Company breaching or otherwise being in default under the terms of any shareholder, limited partnership, joint venture or similar agreement with such third party in respect of such Permitted Investment.

(X) *Restricted Issuances*. The Company shall not, and shall cause its Subsidiaries not to, directly or indirectly, without the prior written consent of the holders of a majority in aggregate principal amount of the Notes then outstanding, (i) issue any Notes (other than the Notes and, subject to the conditions specified in paragraph (A)(ii) of the definition of "Permitted Indebtedness", the Other Notes) or (ii) issue any other securities where it would cause a breach or Default under the Notes or that by their terms would prohibit or restrict the performance of any of the Company's or its Subsidiaries' obligations under the Notes, including without limitation, the payment of interest and principal thereon.

(Y) *Share Purchases*. The Company shall not purchase, repurchase, redeem or otherwise acquire any Common Shares except with the prior written consent of the Holder.

(Z) *Independent Investigation*. At the request of the Holder at any time the Holder has determined in good faith that an Event of Default has occurred and is continuing but the Company has not timely agreed to such determination in writing, the Company shall hire an independent, reputable investment bank selected by the Company and approved by the Holder to investigate as to whether such Event of Default has occurred (the "**Independent Investigator**"). If the Independent Investigator determines that such Event of Default has occurred, the Independent Investigator shall notify the Company of such Event of Default and the Company shall deliver written notice to the Holder of such Event of Default. In connection with such investigation, the Independent Investigator may, during normal business hours and upon signing a confidentiality agreement in a form reasonably acceptable to the Company, inspect all contracts, books, records, personnel, offices and other facilities and properties of the Company and its Subsidiaries and, to the extent available to the Company after the Company uses reasonable efforts to obtain them, the records of its accountants (including the accountants' work papers) and any books of account, records, reports and other papers not contractually required of the Company to be confidential or secret, or subject to attorney-client or other evidentiary privilege, and the Independent Investigator may make such copies and inspections thereof as the Independent Investigator may reasonably request. The Company shall furnish the Independent Investigator with such financial and operating data and other information with respect to the business and properties of the Company as the Independent Investigator may reasonably request. The Company shall permit the Independent Investigator to discuss the affairs, finances and accounts of the Company with, and to make proposals and furnish advice with respect thereto to, any of the Company's officers, directors, key employees and independent public accountants (and by this provision the Company authorizes said accountants to discuss with such Independent Investigator the finances and affairs of the Company and any Subsidiaries; provided, that the Company's chief executive officer and chief financial officer shall be invited to join any such discussion), all at such reasonable times, upon reasonable notice, and as often as may be reasonably requested.

(AA) Upon delivery by the Company to the Holder (or receipt by the Company from the Holder) of any notice in accordance with the terms of this Note, unless the Company has in good faith determined that the matters relating to such notice do not constitute material, non-public information relating to the Company or any of its Subsidiaries, the Company shall on or prior to 9:00 am, Toronto time on the Business Day immediately following such notice delivery date, publicly disclose such material, non-public information on a Form 6-K or otherwise. In the event that the Company believes that a notice contains material, non-public information relating to the Company or any of its Subsidiaries, the Company shall so indicate to the Holder explicitly in writing in such notice (or immediately upon receipt of notice from the Holder, as applicable), and in the absence of any such written indication in such notice (or notification from the Company immediately upon receipt of notice from the Holder), the Holder shall be entitled to presume that information contained in the notice does not constitute material, non-public information relating to the Company or any of its Subsidiaries. Nothing contained in this **Section 9(AA)** shall limit any obligations of the Company, or any rights of the Holder, under the Transaction Agreement.

(BB) The Company acknowledges and agrees that the Holder is not a fiduciary or agent of the Company, the Holder will not have any obligations hereunder except those obligations expressly set forth herein (and in the Transaction Agreement) and the Holder is acting solely in the capacity of an arm's length contractual counterparty to the Company with respect to the Note and not as a fiduciary or agent of the Company. The Company agrees that it will not assert any claim against the Holder based on an alleged breach of fiduciary duty by the Holder in connection with the Note. Subject to the Holder's compliance with applicable securities laws, the Company acknowledges that the Holder shall have no obligation to (a) maintain the confidentiality of any information provided by the Company or (b) refrain from trading any securities while in possession of such information in the absence of a written non-disclosure agreement signed by an officer of the Holder that explicitly provides for such confidentiality and trading restrictions. In the absence of such an executed, written non-disclosure agreement, the Company acknowledges that, subject to the Holder's compliance with applicable securities laws, the Holder may freely trade in any securities issued by the Company, may possess and use any information provided by the Company in connection with such trading activity, and may disclose any such information to any third party.

(CC) The Company agrees that any Common Shares issued under this Note (whether upon conversion of this Note or otherwise), shall be, at the option of the Holder, either be (i) initially eligible for trading on an Eligible Exchange and bearing the Stock Exchange Official List identification code BMDCRJ4 or (ii) initially eligible for trading on the TSX and bearing Stock Exchange Daily Official List identification code BMDCRL6.

(DD) By no later than thirty (30) days following the Closing Date, the Company shall cause a title company reasonably acceptable to the Holder to issue a title insurance policy, in an amount of not less than two hundred ten million dollars ($210,000,000) and otherwise in form and substance reasonably satisfactory to the Holder, insuring that the Lien of the mortgage recorded against the Issuer's property in Quebec, Canada, is for the benefit of the Holder and is senior to all Liens other than Permitted Liens.

(EE) *Settlement of Litigation*. The Company shall use best efforts to settle the litigation identified in Section 4.1(2) of the Disclosure Letter delivered in connection with the Transaction Agreement, such settlement to be on terms mutually agreeable to the Company and the Holder.

(FF) *Truss CBD USA*. The Company shall ensure that on the earliest date subsequent to the date hereof upon which any Equity Interest in Truss CBD USA held by the Company or any of its Subsidiaries may be pledged in connection herewith, the Company and each of its Subsidiaries which owns any Equity Interest in Truss CBD USA shall grant a fully-perfected, first-ranking Lien over all the Equity Interests that the Company and/or such Subsidiary owns in Truss CBD USA pursuant to a securities pledge agreement, in form and substance satisfactory to the Holder. Such securities pledge agreement shall be deemed to be a "Security Document". At the same time, the Company shall deliver or cause to be delivered to the Holder: (a) the original certificates representing such Equity Interests together with an executed blank stock power transfer form (in the case of shares) and such other evidence or instrument (in the case of any other Equity Interest), (b) legal opinions in form and substance satisfactory to the Holder, (c) any and all approvals and consents that may be required in connection with the granting of such Lien and (d) such other resolutions, certificates, instruments and other evidence that the Holder may require.

(GG) For the avoidance of doubt, to the extent of any conflicts or inconsistencies, this Section 9 will apply to the Note in lieu of Article 9 of the Indenture, and such Article 9 of the Indenture will be deemed to be replaced with this Section 9 to the extent of such conflicts or inconsistencies, *mutatis mutandis*, and any provisions of Article 9 of the Indenture not specifically addressed or amended by this Section 9 shall continue to apply and control.

Section 10. Successors.

The Company will not consolidate with or merge with or into, or (directly, or indirectly through one or more of its Subsidiaries) sell, lease or otherwise transfer, in one transaction or a series of transactions, all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, to another Person, other than the Holder or any of its Affiliates (a "**Business Combination Event**"), unless:

(A) the resulting, surviving or transferee Person either (x) is the Company or (y) if not the Company, is a corporation (the "**Successor Corporation**") duly organized and existing under the laws of the United States of America, any State thereof, the District of Columbia or the laws of Canada or any Province or Territory thereof that expressly assumes (by executing and delivering to the Holder, at or before the effective time of such Business Combination Event, a supplement to this Note, in form and substance satisfactory to the Holder) all of the Company's obligations under this Note; and

(B) immediately after giving effect to such Business Combination Event, no Default or Event of Default will have occurred and be continuing.

At the effective time of any Business Combination Event, the Successor Corporation (if not the Company) will (a) succeed to, and may exercise every right and power of, the Company under this Note and (b) assume and be liable and responsible for all obligations of the Company under this Note with the same effect as if such Successor Corporation had been named as the Company in this Note, and, except in the case of a lease, the predecessor Company will be discharged from its obligations under this Note.

Section 11. Defaults and Remedies

(A) *Events of Default*. "**Event of Default**" means the occurrence of any of the following:

(i) a default in the payment when due of the Principal Amount, Maturity Principal Amount, Fundamental Change Repurchase Price, or Forced Conversion Additional Payment, of this Note;

(ii) a default for two (2) Business Days in the payment when due of interest on this Note;

(iii) a default in the Company's obligation to convert this Note in accordance with **Section 8(A) through (J)**, inclusive, upon the exercise of the conversion right with respect thereto or upon Forced Conversion;

(iv) a default in the Company's obligation to timely deliver a Fundamental Change Notice pursuant to **Section 7(C)**, and such default continues for three (3) Business Days;

(v) any failure to timely deliver an Event of Default Notice or a certification that the Equity Conditions have been satisfied or a materially false or inaccurate certification as to whether any Event of Default has occurred or that the Equity Conditions have been satisfied;

(vi) a default in any of the Company's obligations or agreements under this Note or the Transaction Documents (in each case, other than a default set forth in clauses **(i)-(v)** or **(vii)-(xvii)** of this **Section 11(A)**), or a breach of any representation or warranty in any material respect (other than representations or warranties subject to material adverse effect or materiality qualifications, which may not be breached in any respect) of any Transaction Document; *provided*, *however*, that if such default can be cured, then such default will not be an Event of Default unless the Company has failed to cure such default within ten (10) days after the earlier of knowledge thereof by the Company or notice thereof from the Holder;

(vii) any provision of any Transaction Document at any time for any reason (other than pursuant to the express terms thereof) ceases to be valid and binding on or enforceable against the Company or any of its Subsidiaries which are parties thereto, or the validity or enforceability thereof is contested, directly or indirectly, by the Company or any of its Subsidiaries, or a proceeding is commenced by the Company or any of its Subsidiaries or any governmental authority having jurisdiction over any of them, seeking to establish the invalidity or unenforceability thereof;

(viii) the Company fails to comply with any covenant set forth in **Section 9(B), Section 9(D)**, **Section 9(E)**, **Section 9(F)**, **Section 9(G) Section 9(H)**, **Section 9(I)**, **Section 9(J)**, **Section 9(K)**, **Section 9(N)**, **Section 9(P)**, **Section 9(Q) or Section 9(S)** of this Note;

(ix) at any time, this Note or any Common Shares issuable upon conversion of this Note are not Freely Tradable;

(x) the suspension from trading or failure of the Common Shares to be trading or listed on an Eligible Exchange or the TSX for a period of three (3) consecutive Trading Days;

(xi) (i) the failure of the Company or any of its Subsidiaries to pay when due or within any applicable grace period any Indebtedness having an individual principal amount in excess of at least two hundred and fifty thousand dollars ($250,000) (or its foreign currency equivalent) in the aggregate of the Company or any of its Subsidiaries, whether such Indebtedness exists as of the Issue Date or is thereafter created, and whether such default has been waived for any period of time or is subsequently cured; or (ii) the occurrence of any breach or default under any terms or provisions of any other Indebtedness of at least one hundred thousand dollars ($100,000) (or its foreign currency equivalent) in the aggregate of the Company or any of its Subsidiaries, if the effect of such failure or occurrence is to cause or to permit the holder or holders of any such indebtedness, to cause, Indebtedness having an individual principal amount in excess of one hundred thousand dollars ($100,000) to become or be declared due prior to its stated maturity;

(xii) one or more final judgments, orders or awards (or any settlement of any litigation or other proceeding that, if breached, would result in a judgment, order or award) for the payment of at least two hundred and fifty thousand dollars ($250,000) (or its foreign currency equivalent) in the aggregate (excluding any amounts covered by insurance pursuant to which the insurer has been notified and has not denied coverage), is rendered against the Company or any of its Subsidiaries and remains unsatisfied and (i) enforcement proceedings shall have been commenced by any creditor upon any such judgment, order, award or settlement or (ii) there shall be a period of fifteen (15) consecutive Trading Days after entry thereof during which (A) a stay of enforcement thereof is not in effect or (B) the same is not vacated, discharged, stayed or bonded pending appeal;

(xiii) (A) the Company fails to timely file its interim reports on Form 6-K or its annual reports on Form 40-F with the Commission in the manner and within the time periods required by the Exchange Act and has not subsequently remedied such failure to timely file such reports), or (B) the Company withdraws or restates any such quarterly report or annual report previously filed with the Commission due to any material misstatement in its financial statements, or (C) fails to comply in all material respects with its continuous disclosure obligations under applicable Canadian Securities Laws;

(xiv) any Security Document shall for any reason fail or cease to create a separate valid and perfected and, except to the extent permitted by the terms hereof or thereof, first priority Lien on the Collateral, in each case, in favor of the Collateral Agent in accordance with the terms thereof, or any material provision of any Security Document shall at any time for any reason cease to be valid and binding on or enforceable against the Company or the validity or enforceability thereof shall be contested by any party thereto, or a proceeding shall be commenced by the Company or any governmental authority having jurisdiction over the Company, seeking to establish the invalidity or unenforceability thereof;

(xv) any material damage to, or loss, theft or destruction of, any Collateral (provided that any damage, loss, theft or destruction of the Collateral that reduces the value of such Collateral by five hundred thousand dollars ($500,000) or more shall be deemed to be material), whether or not insured, or any strike, lockout, labor dispute, embargo, condemnation, act of God or public enemy, or other casualty which causes, for more than fifteen (15) consecutive days, the cessation or substantial curtailment of revenue producing activities at any facility of the Company or any Subsidiary, if any such event or circumstance would reasonably be expected to have a Material Adverse Effect (as defined in the Transaction Agreement). For clarity, an Event of Default under this **Section 11(A)(xv)** will not require any curtailment of revenue;

(xvi) the Company or any of its Significant Subsidiaries, except as provided in Section 11 of the Disclosure Letter, pursuant to or within the meaning of any Bankruptcy Law, either:

(1) commences a voluntary case or proceeding;

(2) consents to the entry of an order for relief against it in an involuntary case or proceeding;

(3) consents to the appointment of a custodian of it or for any substantial part of its property;

(4) makes a general assignment for the benefit of its creditors;

(5) takes any comparable action under any analogous bankruptcy laws outside of the United States or Canada; or

(6) generally is not paying its debts as they become due,

(xvii) except as provided in Section 11 of the Disclosure Letter, a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that either:

(1) is for relief against Company or any of its Significant Subsidiaries in an involuntary case or proceeding;

(2) appoints a custodian of the Company or any of its Significant Subsidiaries, or for any substantial part of the property of the Company or any of its Significant Subsidiaries;

(3) orders the winding up or liquidation of the Company or any of its Significant Subsidiaries; or

(4) grants any similar relief with respect to the Company or any of its Significant Subsidiaries under any foreign Bankruptcy Law,

and, in each case under this **Section 11(A)(xvii)**, such order or decree remains unstayed and in effect for at least thirty (30) days; or

(xviii) failure of the Company to deliver an Annual Budget at least 60 days prior to the commencement of each fiscal year of the Company to the Holder pursuant to Section 9(S).

For the avoidance of doubt, this Section 11(A) will apply to the Note in lieu of Section 5.1 of the Indenture, and such Section 5.1 of the Indenture will be deemed to be replaced with this Section 11(A), *mutatis mutandis*.

(B) *Acceleration*.

(i) *Automatic Acceleration in Certain Circumstances*. If an Event of Default set forth in **Section 11(A)(xvi) or (xvii)** occurs with respect to the Company (and not solely with respect to a Significant Subsidiary of the Company), then the then outstanding portion of the Maturity Principal Amount of, and all accrued and unpaid interest, if any, on, this Note will immediately become due and payable without any further action or notice by any Person.

(ii) *Optional Acceleration*. If an Event of Default (other than an Event of Default set forth in **Section 11(A)(xvi) or (xvii)** with respect to the Company and not solely with respect to a Subsidiary of the Company) occurs and has not been waived by the Holder, then the Holder, by notice to the Company, may declare this Note (or any portion thereof) to become due and payable immediately for cash in an amount equal to the Event of Default Acceleration Amount.

(iii) *Note Provisions Control*. For the avoidance of doubt, to the extent of any conflicts or inconsistencies, this Section 11(B) will apply to the Note in lieu of Section 5.2 of the Indenture, and such Section 5.2 of the Indenture will be deemed to be replaced with this Section 11(B) to the extent of such conflict or inconsistency, *mutatis mutandis*, and any provisions of Section 5.2 of the Indenture not specifically addressed or amended by this Section 11(B) shall continue to apply and control.

(C) *Notice of Events of Default*. Promptly, but in no event later than two (2) Business Days after an Event of Default, the Company will provide written notice (which may be delivered via email) of such Event of Default to the Holder and to the Trustee (an "**Event of Default Notice**"), which Event of Default Notice shall include (i) a reasonable description of the applicable Event of Default, (ii) the date on which the Event of Default occurred and (iii) the date on which the Default underlying such Event of Default initially occurred, if different than the date on which the Event of Default occurred. For the avoidance of doubt, this Section 11(C) will apply to the Note in lieu of Section 6.1 of the Indenture, and such Section 6.1 of the Indenture will be deemed to be replaced with this Section 11(C), *mutatis mutandis*.

Section 12. Ranking.

The indebtedness represented by this Note will constitute the senior secured obligations of the Company.

Section 13. Replacement Notes.

If the Holder of this Note claims that this Note has been mutilated, lost, destroyed or wrongfully taken, then the Company will issue, execute and deliver a replacement Note upon surrender to the Company of such mutilated Note, or upon delivery to the Company of evidence of such loss, destruction or wrongful taking reasonably satisfactory to the Company. In the case of a lost, destroyed or wrongfully taken Note, the Company and the Trustee may require the Holder to provide such security or an indemnity that is reasonably satisfactory to the Company and/or the Trustee, as applicable, to protect the Company and/or the Trustee from any loss that it may suffer if this Note is replaced. For the avoidance of doubt, this Section 13 will apply to the Note in lieu of Section 3.6 of the Indenture, and such Section 3.6 of the Indenture will be deemed to be replaced with this Section 13, *mutatis mutandis*.

Section 14. Notices.

Any notice or communication to the Company will be deemed to have been duly given if in writing and delivered in person or by first class mail (registered or certified, return receipt requested), electronic transmission (including e-mail) or other similar means of unsecured electronic communication or overnight air courier guaranteeing next day delivery, or to the other's address, which initially is as follows:

HEXO Corp.
120 Chemin de la rive
Gatineau, Quebec
J8M 1V2, Canada
Attention: General Counsel
Email address: roch.vaillancourt@hexo.com

The Company, by notice to the Holder, may designate additional or different addresses for subsequent notices or communications.

Any notice or communication to the Holder will be deemed to have been duly given if in writing and delivered in person or by first class mail (registered or certified, return receipt requested), electronic transmission (including e-mail) or other similar means of unsecured electronic communication or overnight air courier guaranteeing next day delivery, or to the other's address, which initially is as follows:

Tilray Brands, Inc.
655 Madison Avenue
19th Floor
New York, NY
10065
United States of America

Attention: Mitchell Gendel, Global General Counsel
Email: mitchell.gendel@tilray.com

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

DLA Piper (Canada) LLP
Suite 6000, 1 First Canadian Place
PO Box 367, 100 King St W
Toronto, ON
M5X 1E2
Canada
Attention: Russel Drew
Email: russel.drew@dlapiper.com

The Holder, by notice to the Company, may designate additional or different addresses for subsequent notices or communications.

If a notice or communication is mailed in the manner provided above within the time prescribed, it will be deemed to have been duly given, whether or not the addressee receives it.

The Trustee shall not be deemed to have any knowledge of any repayment, repurchase, conversion, default or any other event hereunder unless it has received written notice of such event.

Section 15. Successors and Assigns.

All agreements of the Company in this Note will inure to the benefit of the Holder, its successors and assigns permitted hereby, except that the Holder may not assign or otherwise transfer any of their rights or obligations hereunder pursuant to **Section 16** hereof, unless an Event of Default has occurred.

In the event of any assignment or transfer by the Initial Holder of this Note or any subsequent Holder(s) of this Note, in whole or in part, all of the successors and assigns thereof shall enjoy the rights under this Note and the agreements of the Company in this Note, and shall be subject to the obligations under this Note, on a pro rata basis based on the Principal Amount held by any such successors and assigns as a result of such assignments or transfers.

Section 16. Right of First Refusal.

If, at any time while no Default or Event of Defaults is continuing, the Holder desires to transfer or otherwise dispose of this Note (or any portion hereof) to a third-party that is not Affiliate of the Holder, the Holder shall deliver to the Company a written notice stating the terms upon which the Holder proposes to transfer or otherwise dispose of this Note, or the applicable portion thereof (the "**ROFR Notice**"). The ROFR Notice shall constitute the Holder's offer to transfer this Note, or the applicable portion thereof, to the Company on the terms set forth in the ROFR Notice, which offer shall be irrevocable until the end of the ROFR Notice Period (as defined below). Upon receipt of the ROFR Notice, the Company shall have 30 days (the "**ROFR Notice Period**") to elect to purchase this Note, or the applicable portion thereof, by delivering a written notice (an "**Acceptance Notice**") to the Holder stating that it elects to purchase this Note, or the applicable portion thereof, on the terms specified in the ROFR Notice. Any Acceptance Notice shall be binding upon delivery and irrevocable by the Company. Completion of the sale of this Note, or the applicable portion thereof, to the Company pursuant to such Acceptance Notice shall take place within two (2) Business Days following the end of the ROFR Notice Period, or such longer period as may be agreed between the Holder and the Company, at such place and on such date as the Holder and the Company shall agree. If the Company does not deliver an Acceptance Notice during the ROFR Notice Period, it shall be deemed to have waived its rights to purchase the Note, or the applicable portion thereof, pursuant to this Section with respect to the transfer or other disposition described in such ROFR Notice and the Holder shall be free to transfer or dispose of this Note, or the applicable portion thereof, without the prior consent of the Company to any third-party in accordance with the terms set forth in the ROFR Notice. This Section 16 shall not apply in connection with: (a) a change of control of the Holder or a sale of all or substantially all of the assets of the Holder or (b) any transfer or other disposition of this Note which occurs in connection with, or substantially simultaneously with, such change of control or sale.

Section 17. Currency Indemnity.

If, for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Note, it becomes necessary to convert into a particular currency (the "**Judgment Currency**") any amount due under this Note in any currency other than the Judgment Currency (the "**Currency Due**"), then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given for the relevant currencies as publicized at such time by Bloomberg L.P. In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgment is given and the date of receipt by the Holder of the amount due, the Corporation will, on the date of receipt by the Holder, pay such additional amounts, if any, or be entitled to receive reimbursement of such amount, if any, as may be necessary to ensure that the amount received by the Holder on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of receipt by the Holder is the amount then due under this Note in the Currency Due. If the amount of the Currency Due which the Holder is so able to purchase is less than the amount of the Currency Due originally due to it, the Corporation shall indemnify and save the Holder harmless from and against all loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in this Note, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Holder from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due under this Note or under any judgment or order. For the avoidance of doubt, to the extent of any conflicts or inconsistencies, this Section 17 will apply to the Note in lieu of Section 1.14 of the Indenture, and such Section 1.14 of the Indenture will be deemed to be replaced with this Section 17 to the extent of such conflict or inconsistency, *mutatis mutandis*, and any provisions of Section 1.14 of the Indenture not specifically addressed or amended by this Section 17 shall continue to apply and control.

Section 18. QUEBEC MATTERS

For purposes of any assets, liabilities or entities located in the Province of Québec and for all other purposes pursuant to which the interpretation or construction of this Note may be subject to the laws of the Province of Québec or a court or tribunal exercising jurisdiction in the Province of Québec, (a) "personal property" shall include "movable property", (b) "real property" or "real estate" shall include "immovable property", (c) "tangible property" shall include "corporeal property", (d) "intangible property" shall include "incorporeal property", (e) "security interest", "mortgage" and "lien" shall include a "hypothec", "right of retention", "prior claim" and a resolutory clause, (f) all references to filing, perfection, priority, remedies, registering or recording under the Uniform Commercial Code or a Personal Property Security Act shall include publication under the *Civil Code of Québec,* (g) all references to "perfection" of or "perfected" liens or security interest shall include a reference to an "opposable" or "set up" lien or security interest as against third parties, (h) any "right of offset", "right of setoff" or similar expression shall include a "right of compensation", (i) "goods" shall include "corporeal movable property" other than chattel paper, documents of title, instruments, money and securities, (j) an "agent" shall include a "mandatary", (k) "construction liens" shall include "legal hypothecs"; (l) "joint and several" shall include "solidary"; (m) "gross negligence or wilful misconduct" shall be deemed to be "intentional or gross fault"; (n) "beneficial ownership" shall include "ownership on behalf of another as mandatary"; (o) "easement" shall include "servitude"; (p) "priority" shall include "prior claim"; (q) "survey" shall include "certificate of location and plan"; (r) "state" shall include "province"; (s) "fee simple title" shall include "absolute ownership"; (t) "accounts" shall include "claims". The parties hereto confirm that it is their wish that this Note and any other document executed in connection with the transactions contemplated herein be drawn up in the English language only and that all other documents contemplated thereunder or relating thereto, including notices, may also be drawn up in the English language only. *Les parties aux présentes confirment que c'est leur volonté que cette convention et les autres documents de crédit soient rédigés en langue anglaise seulement et que tous les documents, y compris tous avis, envisagés par cette convention et les autres documents peuvent être rédigés en langue anglaise seulement.*

Section 19. SEVERABILITY.

If any provision of this Note is invalid, illegal or unenforceable, then the validity, legality and enforceability of the remaining provisions of this Note will not in any way be affected or impaired thereby.

Section 20. HEADINGS, ETC.

The headings of the Sections of this Note have been inserted for convenience of reference only, are not to be considered a part of this Note and will in no way modify or restrict any of the terms or provisions of this Note.

Section 21. AMENDMENTS

This Note may not be amended or modified unless in writing by the Company and the Holder, and no condition herein (express or implied) may be waived unless waived in writing by each party whom the condition is meant to benefit. Any amendment or modification of this Note shall be subject to the prior approval of the TSX.

Section 22. Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

All questions concerning the construction, validity, enforcement and interpretation of this Note shall be governed by the laws of the Province of Ontario, without giving effect to any choice of law or conflict of law provision or rule (whether of the Province of Ontario or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the Province of Ontario. The Company and the Holder hereby irrevocably submits to the exclusive jurisdiction of the courts of the Province of Ontario sitting in the city of Toronto, for the adjudication of any dispute hereunder or in connection herewith or under any of the other Transaction Documents or with any transaction contemplated hereby or thereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Note and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein shall be deemed or operate to preclude any Holder from bringing suit or taking other legal action against the Company in any other jurisdiction to collect on the Company's obligations to such Holder or to enforce a judgment or other court ruling in favor of such Holder. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR UNDER ANY OTHER TRANSACTION DOCUMENT OR IN CONNECTION WITH OR ARISING OUT OF THIS NOTE OR ANY OTHER TRANSACTION DOCUMENT OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY. For the avoidance of doubt, to the extent of any conflicts or inconsistencies, this Section 22 will apply to the Note in lieu of Section 14.7 of the Indenture, and such Section 14.7 of the Indenture will be deemed to be replaced with this Section 22 to the extent of such conflict or inconsistency, *mutatis mutandis*, and any provisions of Section 14.7 of the Indenture not specifically addressed or amended by this Section 22 shall continue to apply and control.

Section 23. Electronic Execution.

Delivery of an executed counterpart of a signature page to this Note by facsimile, DocuSign or other electronic transmission, or by sending a scanned copy ("pdf" or "tif") by electronic mail shall be effective as delivery of a manually executed counterpart of this Note.

The words "executed," "execution," "signed," "signature," and words of similar import in this Note shall be deemed to include electronic or digital signatures or the keeping of records in electronic form, each of which shall be of the same effect, validity and enforceability as manually executed signatures or a paper-based recordkeeping system, as the case may be, to the extent and as provided for under applicable law, including the *Personal Information Protection and Electronic Documents Act* (Canada) and other similar federal or provincial laws based on the Uniform Electronic Commerce Act of the Uniform Law Conference of Canada or its Uniform Electronic Evidence Act, as the case may be.

Section 24. Enforcement Fees.

The Company agrees to pay all costs and expenses of the Holder incurred as a result of enforcement of this Note and the collection of any amounts owed to the Holder hereunder (whether in cash, Common Shares or otherwise), including, without limitation, reasonable attorneys' fees and expenses.

Section 25. Calculations.

For the avoidance of doubt, all calculations to be made in connection with this Note or any conversion, repayment, repurchase, default, or otherwise hereunder shall be made by the Holder, and the Trustee shall have no liability or responsibility for any calculation required in connection with this Note or any conversion, repayment, repurchase, default, or otherwise hereunder. If any such calculation results in a change in the principal amount of the Note, the Holder shall use reasonable efforts to provide the Trustee with written notice of such change.

Section 26. Currency

Any reference in this Note to "**Dollars**", "**dollars**" or "**$**" shall be deemed to be a reference to lawful money of the United States of America and any reference to any payments to be made by the Company shall be deemed to be a reference to payments made in lawful money of the United States of America. Any reference in this Agreement to "**CAD$**" shall be deemed to be a reference to lawful money of Canada. Except as specifically provided in this Note, the equivalent on any given date in one currency of an amount denominated in another currency is a reference to the amount of the first currency which could be purchased with the amount of the second currency at the screen rate published on Reuters or any substitute or successor of such service selected by the Holder or, if not available, the spot rate of exchange quoted to the Holder in the ordinary course of business at or about 11:00 a.m. (Toronto time) on such date for the purchase of the first currency with the second currency.

Section 27. UCC Recording

For the avoidance of doubt, the Trustee shall have no liability or responsibility for the filing, recording or delivery of any financing statement, continuation statement, amendment, termination, or any other document required under the UCC to be filed, recorded or delivered in connection with the Collateral.

Section 28. Rights of the Trustee.

The Company agrees that all of the rights, protections and indemnities afforded to the Trustee under the Indenture are extended hereto and incorporated herein .

* * *

Exhibit 99.1

TILRAY BRANDS ANNOUNCES DEFINITIVE AGREEMENT WITH HEXO CORP. RELATED TO HEXO'S SENIOR SECURED CONVERTIBLE NOTE

— Canada's Top Two Cannabis Market Leaders to Join Forces, Strengthening Operations and Unlocking up to US$80 Million of Shared Cost Synergies —

— Strategic Alliance Establishes Collaboration Agreement for Product Innovation, Including Optimizing Cannabis 2.0 Categories (Pre-Rolls, Beverages and Edibles), as well as Cannabis 3.0 Wellness Products —

LEAMINGTON, ON – April 12, 2022 — Tilray Brands, Inc. ("**Tilray Brands**" or the "**Company**") (Nasdaq | TSX: TLRY), a leading global cannabis-lifestyle and consumer packaged goods company inspiring and empowering the worldwide community to live their very best life, today announced that the Company has signed a definitive agreement for a commercial and financial partnership with HEXO Corp. ("**HEXO**") (Nasdaq | TSX: HEXO). As initially announced on March 3, 2022, the partnership will bring together Canada's top two cannabis market share leaders, strengthening their respective operationsoperations and setting the stage for production efficiencies, which are expected to yield increased productivity and other efficiencies amid intensely-competitive market dynamics.

Under the terms of the agreement, and subject to the satisfactory completion of certain closing conditions, Tilray Brands will acquire 100% of the remaining US$193 million outstanding principal balance of the senior secured convertible note ("**Note**") that were issued by HEXO and held by funds affiliated with HT Investments MA LLC ("**HTI**") ("**Transaction**"). The Note includes conversion rights at a price of C$0.85 per HEXO Share, which would allow Tilray Brands to acquire a significant equity ownership position in HEXO and participate directly in its considerable growth opportunities.

Irwin D. Simon, Tilray Brands' Chairman and CEO, said, "We know that winning in Canada means a relentless focus on product innovation and operational excellence. The agreement with HEXO delivers on both fronts as it facilitates collaboration, the sharing of best-practices, and yields quantifiable operating efficiencies between two companies with unparalleled global cannabis expertise. In addition, the timing is right given HEXO's progress executing its operational turnaround plan that could deliver tangible value to Tilray Brands shareholders upon equity conversion of our investment. We look forward to working with HEXO to deliver on the promise and the potential of this partnership for our shareholders, consumers, and employees."

As previously announced, the strategic alliance between Tilray Brands and HEXO, the final terms of which are subject to negotiation and execution of the commercial agreements described below, is expected to provide several financial and commercial benefits, including:

- **Accretion and Flexibility:** the acquisition of the Note by Tilray Brands is expected to be immediately accretive to the Company. The agreement provides that HEXO will pay Tilray Brands an annual fee of US$18 million for advisory services with respect of cultivation, operations, and production matters. The terms of the Note, as amended, provide that the Note shall bear interest at a rate of 5% per annum, beginning on the date of Transaction closing. In addition, Tilray Brands shall have the flexibility to either be paid the principal amount of the Note plus any accrued interest and payment-in-kind upon the maturity of the Note or, prior to maturity, convert such amount into a substantial ownership position in HEXO.

- **Substantial Synergies:** the strategic alliance between Tilray Brands and HEXO is expected to deliver up to US$80 million of cost synergies and other efficiencies within two years of the completion of the Transaction, which will be shared equally subject to certain agreed upon adjustments. Both companies have been working collaboratively together to evaluate cost saving synergies as well as other production efficiencies, including with respect to cultivation and processing services, certain Cannabis 2.0 products, including pre-rolls, beverages and edibles, as well as shared services and procurement.

- **Strengthening Product Innovation for International Markets:** Tilray Brands and HEXO would bring together industry leading expertise in the global cannabis industry, including cannabis cultivation, product innovation, brand building, and distribution. Leveraging both companies' commitments to innovation and operational efficiencies, both companies will share their respective expertise and know-how to capitalize on opportunities for growth through a broadened product offering and accelerated CPG innovation.

Upon closing, Tilray Brands will nominate Denise Faltischek, Chief Strategy Officer and Head of International, to the HEXO Board of Directors ("**Board**"), in addition to appointing one Board observer.

Transaction Details

Under the terms of the agreement, and subject to the satisfaction of specific closing conditions, Tilray Brands would acquire 100% of the remaining US$193 million outstanding principal balance of the Note, all of which were originally issued by HEXO to HTI. As consideration for Tilray Brands' acquisition of the Note, Tilray Brands will pay 95% of the then outstanding principal balance for the Note ("**Purchase Price**"), plus accrued and unpaid interest thereon. Until closing, HTI may continue to redeem the Note pursuant to its terms; however, in no event shall the outstanding principal balance of the Note, when ultimately purchased by Tilray Brands, be less than US$160 million.

Among the various agreed amendments to the Note, the initial conversion price shall be C$0.85 (subject to adjustments as set forth in the certificates for the Note and the indenture governing the Note) ("**Conversion Price**"), which implies that, as of April 11, 2022, Tilray Brands has the right to convert into approximately 35% of the HEXO Shares (on a basic basis). The Purchase Price shall be satisfied in cash, common shares of Tilray Brands ("**Tilray Shares**"), or a combination thereof, at Tilray Brands' sole discretion.

HEXO will not receive any proceeds as a result of Tilray Brands' purchase of the Note from HTI.

In connection with the Transaction, the parties shall amend and restate the existing Note to, among other things, (i) extend the maturity date by three (3) years, to May 1, 2026; (ii) provide for the revised interest amounts previously identified; and (iii) amend or eliminate certain affirmative and negative covenants, including as it relates to minimum liquidity and minimum EBITDA covenants. The Note will also provide Tilray Brands with subscription rights and top-up rights in respect of all future equity and debt issuances by HEXO following closing, other than in respect of certain customary exceptions.

Commercial Agreements

As part of the Transaction, Tilray Brands and HEXO have agreed to work together to finalize and enter into commercial agreements at closing of the Transaction on mutually agreeable terms covering the following key areas: (i) Tilray Brands will complete some production and processing as a third-party manufacturer of products for HEXO; (ii) HEXO will source cannabis products for international markets, excluding Canada and the U.S., exclusively from Tilray Brands; and (iii) HEXO and Tilray Brands will share certain costs on a 50/50 basis, including as it relates to facilities optimization activities, procurement, general and administrative costs (including insurance and certain shared services), as well as certain production and processing activities for straight-edge pre-rolls, edibles and beverages. The commercial agreements will also provide that HEXO pay Tilray Brands an annual fee of US$18 million for advisory services with respect to cultivation, operations and production matters.

Transaction Conditions

The Transaction is subject to customary closing conditions, including (i) completion of all required amendments to the terms of the Note; (ii) receipt of any necessary approvals from the Toronto Stock Exchange and the Nasdaq Stock Market LLC; (iii) receipt of all consents and approvals required by any regulatory authorities; (iv) receipt of shareholder approval from the HEXO shareholders; (v) no material adverse effect having occurred in respect of HEXO; (vi) Tilray Brands and Hexo having entered into the commercial agreements; (vii) Hexo having a cash balance as of closing of not less than US$100 million and (viii) HEXO using reasonable best efforts to cause a committed equity line to be made available to HEXO for up to C$180 million on terms acceptable to both HEXO and Tilray Brands.

Transaction Advisors

Canaccord Genuity Corp. is serving as financial advisor, and DLA Piper LLP is serving as legal counsel, to Tilray Brands.

Lazard is serving as financial advisor, and Norton Rose Fulbright Canada LLP is serving as legal counsel, to HEXO.

About Tilray Brands

Tilray Brands, Inc. (Nasdaq: TLRY; TSX: TLRY), is a leading global cannabis-lifestyle and consumer packaged goods company with operations in Canada, the United States, Europe, Australia, and Latin America that is changing people's lives for the better – one person at a time. Tilray Brands delivers on this mission by inspiring and empowering the worldwide community to live their very best life and providing access to products that meet the needs of their mind, body, and soul while invoking wellbeing. Patients and consumers trust Tilray Brands to deliver a cultivated experience and health and wellbeing through high-quality, differentiated brands and innovative products. A pioneer in cannabis research, cultivation, and distribution, Tilray Brands' unprecedented production platform supports over 20 brands in over 20 countries, including comprehensive cannabis offerings, hemp-based foods, and craft beverages.

For more information on how we open a world of wellbeing, visit www.Tilray.com @Tilray

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this communication that are not historical facts constitute forward-looking information or forward-looking statements (together, "forward-looking statements") under Canadian securities laws and within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are intended to be subject to the "safe harbor" created by those sections and other applicable laws. Forward-looking statements can be identified by words such as "forecast," "future," "should," "could," "enable," "potential," "contemplate," "believe," "anticipate," "estimate," "plan," "expect," "intend," "may," "project," "will," "would" and the negative of these terms or similar expressions, although not all forward-looking statements contain these identifying words. Certain material factors, estimates, goals, projections or assumptions were used in drawing the conclusions contained in the forward-looking statements throughout this communication. Forward-looking statements include statements regarding our intentions, beliefs, projections, outlook, analyses or current expectations concerning, among other things: the Company's successful closing of theTransaction as well as the satisfaction of the Transaction conditions generally; expected production efficiencies and potential cost saving synergies resulting from the Transaction and agreed commercial arrangements; and the Company's ability to commercialize new and innovative products. Many factors could cause actual results, performance or achievement to be materially different from any forward-looking statements, and other risks and uncertainties not presently known to the Company or that the Company deems immaterial could also cause actual results or events to differ materially from those expressed in the forward-looking statements contained herein. For a more detailed discussion of these risks and other factors, see the most recently filed annual information form of Tilray and the Annual Report on Form 10-K (and other periodic reports filed with the SEC) of Tilray made with the SEC and available on EDGAR. The forward-looking statements included in this communication are made as of the date of this communication and the Company does not undertake any obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless required by applicable securities laws.

For further information:

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