

PROMISSORY NOTE

Principal Amount: \$5,000,000
Toronto, Ontario

Maturity Date: November 9, 2024
Date of Issue: November 9, 2022

FOR VALUE RECEIVED, Halo Collective Inc. (the "**Maker**") promises to pay to Reef Capital Inc. (the "**Holder**"), at [Redacted] or at such other place as Holder may determine in its sole discretion, the principal sum of \$5,000,000 (the "**Facility Limit**") or such lesser amount as shall equal the then remaining amount of the principal balance (the "**Principal**") in lawful money of Canadian dollars, together with interest thereon from the date hereof until paid at the rate interest set out herein.

Notations of Advances and Payments. The Maker authorizes the Holder to make, at the time of any advance and at the time of receipt of any payment under this Note, an appropriate notation on the grid attached as Schedule C to this promissory note (the "**Note**"), reflecting the making of such advance or the receipt of such payment, as the case may be. The outstanding principal balance entered on Schedule C as of any date by the Holder shall be, absent manifest error, prima facie evidence of the actual outstanding principal balance unpaid and owing to the Holder as of such date.

Commitment. Subject to the terms and conditions set forth herein, upon the consent of the Holder in its sole discretion, at the request of the Maker, the Holder shall make advances to the Maker in an aggregate amount up to the Facility Limit.

Schedule A to this Note contains the definitions of capitalized terms and expressions not defined herein.

1. **Payment Terms and Conditions.**

The Principal together with all outstanding Interest (as defined herein), fees and expenses must be paid in full by the Maker on the earliest of any of the following dates (the "**Maturity Date**"):

- (a) November 9, 2024 (the "**Initial Maturity Date**") as such Initial Maturity Date may be extended in accordance with the terms herein;
- (b) an Insolvency Default (as defined herein); and
- (c) upon demand from the Holder following an Event of Default (as defined herein).

Notwithstanding the foregoing, the Maker may extend the Initial Maturity Date by an additional 12 month period, provided that the Maker has provided Holder thirty (30) days prior written notice of its request to extend the Initial Maturity Date.

The Principal shall bear interest, both before and after demand and judgment to the date of the repayment in full of the principal amount, at 10% per annum until the Maturity Date and 15% per annum thereafter (collectively, the "**Interest**"). Interest shall accrue and be payable (i) monthly in arrears on the last Business Day of each calendar month, commencing November 9, 2022; and (ii) at the Maturity Date. If the date on which any amount is due and payable under this Note is a day other than a Business Day, such payment shall be due and payable on the next succeeding Business Day.

The Principal will be advanced by the Holder to the Maker in separate tranches each in a minimum amount of \$250,000. Subject to the conversion provisions set out in Schedule D (collectively, the "**Conversion Provisions**"), the Principal shall be repaid in full on the Maturity Date.

The Holder and the Maker, as applicable, shall have the right, from time to time, to convert the outstanding Principal under this Note into common shares in the capital of the Maker (the "**Common Shares**") in accordance with the Conversion Provisions.

The undersigned may prepay any and all amounts owing hereunder at any time without notice or bonus. Any such prepayment shall be first be applied against Interest and then Principal.

Subject to the Conversion Provisions, all payments to be made by the undersigned to Holder under or pursuant to this Note shall be made in immediately available Canadian dollar funds. All payments, whether in cash or otherwise, shall be made without setoff or counterclaim, and in the event that any payments submitted hereunder are in funds not available until collected, said payments shall continue to bear interest until collected.

2. Use of Funds.

The Principal shall be advanced by the Holder on the date of the requested advance and shall be used by the Maker for working capital purposes.

3. Representations and Warranties.

The Maker hereby represents and warrants to the Holder that:

- (a) Other than in respect of U.S. Cannabis Laws, there is currently no, and it is not aware of any threatened or pending, litigation, legal proceeding, arbitration, claims or judicial procedure which could cause a Material Adverse Event.
- (b) It is duly organized, validly existing and in good standing under the laws of the Province of Ontario and it has the power and authority to own its property and assets and to transact the business in which it is engaged and presently proposes to engage. It is duly qualified to carry on its business, and is in good standing, in each jurisdiction where the ownership, leasing or operation of its property or the conduct of its business requires such qualification, other than in respect of U.S. Cannabis Laws.
- (c) It has the corporate power to execute, deliver and perform the terms and provisions of this Note and has taken all necessary action to authorize the execution, delivery and performance by it of this Note. It has duly executed and delivered this Note, and the Note constitutes its legal, valid and binding obligation enforceable against it in accordance with its terms, subject to applicable bankruptcy, reorganization, moratorium or similar laws affecting creditors' generally, the fact that specific performance and injunctive relief may only be given at the discretion of the courts, and the equitable or statutory powers of the courts to stay proceedings before them and to stay the execution of judgments.
- (d) Neither the execution, delivery or performance by it of this Note, nor compliance by it with the terms and provisions hereof, contravenes any applicable law, conflicts with or results in any breach of any of the terms, covenants, conditions or provisions of, or constitutes a default under, or results in the creation or imposition of any lien upon any of its property or assets.

- (e) No order, consent, certificate, approval, permit, license, authorization or validation of, or filing, recording or registration with, or exemption by, any Person is required to authorize, or is required in connection with, the execution, delivery or performance by it of this Note, or the legality, validity, binding effect or enforceability with respect to it of this Note, or the consummation of the transactions contemplated therein.
- (f) Other than in respect of U.S. Cannabis Laws, there are no events, circumstances or facts known to it that, individually or in the aggregate, are or could reasonably be expected to cause a Material Adverse Event.
- (g) There are no Events of Default which have not been disclosed in writing to the Holder.
- (h) The necessary authorizations required for the execution of this Note by it and the performance of the obligations provided herein have been obtained and are in full force and effect.
- (i) The Common Shares issuable pursuant to the Conversion Provisions have been duly and validly authorized for issuance and, when issued and delivered by the Maker upon the valid conversion of the Principal in accordance with the Conversion Provisions, such Common Shares will be validly issued as fully paid and non-assessable common shares in the capital of the Maker.

4. Positive Covenants.

During any period when there is Principal outstanding under this Note, the Maker covenants in favour of the Holder that:

- (a) It shall: (i) preserve and maintain its existence, (ii) abstain from undertaking any proceedings to dissolve or wind-up without the prior written consent of the Holder; and (iii) preserve and keep in force and effect all material licenses, permits and franchises necessary to the proper conduct of its business.
- (b) It shall maintain, preserve and keep its property, plant, equipment and other assets in good repair, working order and condition (ordinary wear and tear excepted).
- (c) Other than in respect of U.S. Cannabis Laws, it shall comply, in all material respects, with all standards, legislation and regulations applicable to its business and to its property and maintain at all times all permits and authorizations required pursuant to such legislation and regulation.
- (d) It shall keep and maintain books of account and other accounting records which a prudent director would keep with respect to its business and its property and will let the Holder (no more than two times per year), during regular business hours during a Business Day, examine or obtain a copy of relevant extracts of same.
- (e) It shall promptly notify the Holder of (i) any Event of Default, (ii) any litigation claim filed against it, or (iii) any Material Adverse Event.

5. Negative Covenants.

During any period when there is Principal outstanding under this Note, the Maker covenants in favour of the Holder that, without the prior written consent of the Holder:

- (a) It shall not undertake any proceedings to dissolve or wind up.

- (b) It will not obtain, create, incur or assume, directly or indirectly, any secured debt other than (i) debt secured by Permitted Liens; (ii) debt secured by purchase money liens; and debt incurred pursuant to any sale leaseback of its equipment (each a "**Leaseback**").
- (c) It will not dispose of (other than in the ordinary course), grant or permit to exist any charge, mortgage, lien or encumbrance on any of its property, assets or undertaking except for (i) the liens set out in Schedule B attached hereto (ii) liens pursuant to non-exclusive licenses granted in the ordinary course of business; (iii) liens in connection with this Note; (iv) any (A) disposition of equipment; or (B) grant of charge, mortgage, lien or encumbrance; in each case in connection with any Leaseback; (collectively, the "**Permitted Liens**").
- (d) It shall not enter into any contract, arrangement or transaction with any affiliate except agreements in the ordinary course of, and pursuant to the reasonable requirements of business and at prices and on terms substantially the same as those that it would reasonably expect to receive in a comparable arm's length transaction with another Person.
- (e) It will not guarantee, endorse or otherwise become responsible for the obligations of any Person.
- (f) It will not effect, or consummate any transaction or series of transactions that results in a liquidation event.
- (g) Except as publicly disclosed by the Maker as of the date hereof, it will not create or acquire any subsidiary, or dispose of any interest in any subsidiary which may reasonably be expected to result in a Material Adverse Event.
- (h) It will not lend money to, or guarantee the debts of, any other Person (other than intercompany indebtedness or pursuant to this Note).
- (i) It will not cancel or permit to be cancelled or otherwise terminated any license, permit or authorization in respect of the Maker's business if such cancellation may reasonably be expected to result in a Material Adverse Event.

6. Events of Default.

The occurrence of one or more of the following events will constitute a default under this Note (each, an "**Event of Default**"):

- (a) The Maker defaults in the payment of any principal, interest, fee or any other monies required to be paid in connection with this Note. Notwithstanding the foregoing, during the term of this Note, the Maker shall be granted a ten (10) day cure period (each a "**Cure Period**") with respect to this Section 6(a), such that the failure to make any payment under this Section 6(a) shall not constitute an Event of Default for ten (10) days following such non-payment.
- (b) The Maker fails to observe or perform any covenant, undertaking or agreement contained herein pursuant to this Note and such default has not been remedied within 30 days after the earlier of (A) the date on which an officer of the Maker became aware of such default, and (B) the date on which the Maker received notice of such default from the Holder.
- (c) Any representation or warranty contained herein becomes false or incorrect in any material respect.

- (d) If any third party: (i) makes any application under any Insolvency Legislation in respect of the Maker; or (ii) files a proposal or notice of intention to file a proposal under any Insolvency Legislation in respect of the Maker; or (iii) institutes any winding-up proceeding under any Insolvency Legislation or any relevant incorporating statute or any similar legislation in Canada or the United States of America in respect of the Maker; or (iv) presents a petition in bankruptcy under any Insolvency Legislation in respect of the Maker; or (v) files, institutes or commences any other petition, proceeding or case under any other bankruptcy, insolvency, debt restructuring, reorganization, incorporation, readjustment of debt, dissolution, liquidation, winding-up or similar law now or hereafter in effect, seeking bankruptcy, liquidation, reorganization, dissolution, winding-up, composition or readjustment of debt of the Maker; unless such application, filing, proceeding, petition or case, as applicable, is being contested in good faith by bona fide action on the part of the Maker and is dismissed, stayed or withdrawn within forty-five (45) days after the commencement thereof.
- (e) The Maker: (i) institutes proceedings for substantive relief in any bankruptcy, insolvency, debt restructuring, reorganization, readjustment of debt, dissolution, liquidation, winding-up or other similar proceedings (including proceedings under any Insolvency Legislation or incorporating statute (or other legislation, document or agreement creating the Maker, as applicable)), or (ii) makes an assignment for the benefit of creditors; or (iii) admits in writing its inability, to pay its debts as they become due or otherwise acknowledges its insolvency or commits any other act of bankruptcy or is insolvent under any applicable legislation; or (iv) takes any action in furtherance of, any of the foregoing.
- (f) This Note, or any provision hereof, shall at any time cease to be a legally binding and enforceable obligation of the Maker that is a party thereto in accordance with its terms or be declared null and void, the legality, validity, binding nature or enforceability of this Note, or any provision thereof, shall be contested by the Maker, or the Maker shall deny that it has any further liabilities or obligations under this Note to which it is a party.
- (g) The dissolution, liquidation, wind-up or termination of existence of the Maker or if any proceedings are commenced in respect thereof.
- (h) The occurrence of a Material Adverse Event.

7. Remedies; Waivers.

- (a) Remedies.
 - (i) Upon the occurrence and during the continuance of any of the Events of Default set out in paragraphs 6(d) – 6(e) (each, an "**Insolvency Default**"), all Obligations shall become immediately due and payable, without the necessity of any demand upon or notice to the Maker by the Holder, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Maker.
 - (ii) Upon the occurrence and during the continuance of any other Event of Default, the Holder may by written notice delivered to the Maker declare all Obligations to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Maker. Without limiting the generality of the foregoing, the Holder shall be entitled to, upon the occurrence and during the continuance of an Event of Default, realize upon and enforce any other action, remedy or proceeding authorized or permitted by this Note or at law or in equity.

- (iii) Upon the occurrence and during the continuance of an Event of Default, subject only to prior receipt by Holder of payment in full of all Obligations then outstanding, Holder shall have all of the rights and remedies described herein, and Holder may exercise any one, more or all of such remedies at its sole discretion.
- (iv) Each right, power, and remedy of Holder as provided for in this Note or now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for in this Note or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by Holder, of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by Holder of any or all such other rights, powers, or remedies.

(b) **Waivers.**

No delay, indulgence, departure, extension of time for payment, acceptance of a partial or past due installment or any other act or omission by Holder with respect to Maker shall: (A) release, discharge, modify, change or otherwise affect the original liability of any party hereunder; (B) be construed as a novation or reinstatement of the indebtedness evidenced hereby, or be construed as a waiver of any right of acceleration or the right of Holder to insist upon strict compliance with the terms hereof; or (C) preclude Holder from exercising any right, privilege or power granted herein or by law. Maker hereby expressly waives the benefit of any statute or rule of law or equity, whether now or hereafter provided, which would produce a result contrary to or in conflict with the foregoing.

8. Miscellaneous.

- (a) This Note shall bind the undersigned, and the undersigned's respective heirs, personal representatives, successors and assigns. None of the terms or provisions of this Note may be waived, altered, modified or amended except as Holder and Maker may consent thereto in writing, and then only to the extent and for the period of time expressly stated therein.
- (b) This Note shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein, without giving effect to principles of conflict of laws that would cause the laws of another state to apply.
- (c) All headings used herein are used for convenience only and shall not be used to construe or interpret this Note. The terms "herein," "hereof", "hereby" and "hereunder" and other words of similar import refer to this Note as a whole and not to any particular section, paragraph or subdivision. Unless the context of this Note clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms "includes" and "including" are not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or."
- (d) In no event shall the amount of interest due or payable hereunder exceed the maximum rate of interest allowed by applicable law, and in the event any such payment is inadvertently made by the undersigned or inadvertently received by Holder, then such excess sum shall be credited as a payment of principal. It is the express intent hereof that the Maker not pay, and Holder not receive, directly or indirectly, in any manner whatsoever, interest in excess of that which may legally be paid by the Maker under applicable law.

- (e) This Note may, with the consent of the Maker, be assigned by Holder to any other person and, if so assigned, the assignee shall have and be entitled to exercise any and all discretions, rights and powers of Holder hereunder, and all references herein to Holder shall include such assignee. The Maker may not assign this Note or any of its rights or obligations hereunder. In any action brought by an assignee of this Note to enforce any rights hereunder, the Maker shall not assert against the assignee any claims or defence which the Maker now has or hereafter may have against the Holder.
- (f) If any action is brought to enforce the rights hereunder, attorney's fees and costs of each party hereto shall be paid by the non-prevailing party. TIME IS OF THE ESSENCE OF THIS NOTE, and presentment, demand, protest, notice of dishonor, notice of demand or intent to demand, notice of acceleration or intent to accelerate, and all other notices whatsoever, are hereby waived by the Maker.
- (g) If any provision of this Note is, for any reason and to any extent, invalid or unenforceable, then the remaining provisions of this Note, and the application of the provision determined to be unenforceable to other circumstances, shall not, at the election of the party for whom the benefit of the unenforceable provision exists, be affected thereby, but instead shall be enforceable to the maximum extent permitted by applicable law.
- (h) All references to "\$" herein shall refer to the lawful currency of Canada.
- (i) The Holder acknowledges that the Maker shall be required, in accordance with applicable laws, to publicly disclose the transactions contemplated herein and to file a copy of this Note on SEDAR, and in such case the Maker agrees that it shall make such redactions to this Note as requested by the Holder and which are permitted under Section 12.2(3) of National Instrument 51-102 ("**NI 51-102**") (subject to compliance by the Maker with the remaining provisions of Section 12.2 of NI 51-102).
- (j) TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF MAKER AND, BY ITS ACCEPTANCE HEREOF, HOLDER WAIVES, AND OTHERWISE AGREES NOT TO REQUEST, A TRIAL BY JURY IN ANY COURT AND IN ANY ACTION, PROCEEDING OR COUNTERCLAIM OF ANY TYPE AS TO ALL MATTERS AND THINGS ARISING DIRECTLY OR INDIRECTLY OUT OF THIS NOTE.

9. Notices, etc.

Without prejudice to any other method of giving notice, all communications provided for or permitted hereunder shall be in writing and delivered to the addressee by prepaid private courier or sent by email, telecopy or other direct written electronic means to the applicable address and to the attention of the officer of the addressee as follows:

to the Maker at:

Halo Collective Inc.
77 King Street West, Suite 400
Toronto, ON, M5K 0A1

Attention: Katharyn Field, Chief Executive Officer
Email: [Redacted – Email Address]

to the Holder at:

[Redacted]

Email: [Redacted – Email Address]

Any notice or other communication made by personal delivery, email or other direct written electronic means on a Business Day shall be deemed to have been given, received and made on such Business Day so long as it is actually received prior to 4:00 p.m. (Toronto time) on such Business Day, and otherwise shall be deemed to have been made on the next following Business Day (any such notice given, received or made on a day which is not a Business Day shall be deemed to have been made on the next following Business Day).

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has executed this Note under seal as of the day and year first above written.

HALO COLLECTIVE INC.

Per: (signed) "Katharyn Field"

Name: Katharyn Field

Title: Chief Executive Officer

Address: 77 King Street West, Suite 400, Toronto,
Ontario, M5K 0A1

The foregoing terms and conditions are agreed to and acknowledged by:

REEF CAPITAL INC.

Per: [Redacted – Personal Information]

Name: [Redacted – Personal Information]

Title: [Redacted – Personal Information]

**SCHEDULE A
DEFINITIONS**

- 1 **Business Day**: means any day on which The Bank of Nova Scotia is open for business in Toronto, Ontario, excluding Saturday, Sunday and any other day that is a statutory holiday in Toronto, Ontario.
- 2 **Insolvency Legislation**: means legislation in any applicable jurisdiction relating to reorganization, arrangement, compromise or re-adjustment of debt, dissolution or winding-up, or any similar legislation, and specifically includes for greater certainty the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), and the *Winding-Up and Restructuring Act* (Canada) and in each case, any legislation similar to or enacted in replacement of the foregoing from time to time.
- 3 **Material Adverse Event**: means a material adverse change in or effect on, either individually or in the aggregate, the business, assets, liabilities, financial positions or operating results of the Maker taken as a whole or which adversely affects the ability of the Maker to perform its obligations under or pursuant to this Note in accordance with its terms or its validity or enforceability, provided that no change or effect caused directly or indirectly as a result of the Maker's breach of U.S. Cannabis Laws shall be considered a Material Adverse Event.
- 4 **Obligations**: means all present and future obligations of Maker to the Holder, including pursuant to this Note and all extensions, renewals and amendments of any of the foregoing.
- 5 **Person**: means any individual, sole proprietorship, corporation, company, partnership, unincorporated association, association, institution, entity, party, trust, joint venture, estate or other judicial entity or any governmental body.
- 6 **U.S. Cannabis Laws**: means the *Controlled Substances Act of 1970*, 21 U.S.C. Section 801, et seq., any regulations promulgated pursuant thereto, and any other law predicated on the violation thereof.

SCHEDULE B
PERMITTED LIENS

- (a) liens for taxes which are not delinquent or remain payable without penalty or which are being contested in good faith by appropriate proceedings commenced in a timely manner and diligently pursued and for which appropriate reserves have been taken in accordance with International Financial Reporting Standards;
- (b) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other similar liens arising in the ordinary course of business which are not delinquent for more than 90 days or remain payable without penalty or which are being contested in good faith by appropriate proceedings;
- (c) liens consisting of pledges or deposits required in the ordinary course of business in connection with workplace safety insurance, employment insurance and other social security legislation or to secure the performance of tenders, statutory obligations, surety, stay, customs and appeals bonds, bids, leases, governmental contracts, trade contracts, performance and return of money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money) or to secure liability to insurance carriers;
- (d) liens securing purchase money security interests;
- (e) permits, licenses, agreements, restrictions, easements, rights-of-way and other similar interests in land (including permits, licenses, agreements, restrictions, easements and rights-of-way for sidewalks, public ways, sewers, drains, gas steam and water mains, utilities, telephone and telegraph conduits, poles, wires and cables) which do not, in the reasonable opinion of the Holder, materially impair the use or the value of the real property and improvements thereon;
- (f) title defects or irregularities in respect of real property, and reservations, limitations, provisos and conditions, if any, expressed in any original grants from the Crown, provided that in the opinion of the Holder, such matters do not materially impair or detract from the use or the value of the real property and improvements thereon or materially interfere with the business of the Maker;
- (g) liens held by landlords in respect of property held under lease and any other liens of a similar nature which do not materially impair the use of such property in the operation of the business of Maker or the value of such property for the purposes of such business;
- (h) applicable municipal and other governmental restrictions affecting the use of real property or the nature of any structure which may be erected thereon;
- (i) the right reserved to or vested in any governmental authority to terminate any lease, licence, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof; and
- (j) any other lien consented to in writing by the Holder.

SCHEDULE D
CONVERSION PROVISIONS

- 1 For the purposes hereof:
- (a) "Conversion Price" with respect to each conversion made pursuant to a Conversion Notice, means the greater of: (i) the closing market price of the Common Shares on the NEO Exchange (or such other primary stock exchange on which the Common Shares are then listed) on the day preceding the date on which the Holder delivers such Conversion Notice to the Maker less 20% (rounded up to the nearest whole cent), and (ii) \$0.10;
 - (b) "Conversion Principal Amount" means the amount of principal, such amount not to exceed the Eligible Conversion Amount, elected by the Holder to be converted pursuant to a Conversion Notice;
 - (c) "Conversion Notice" means the form of notice attached hereto as Appendix 1;
 - (d) "Eligible Conversion Amount" means, at the date of conversion, an amount equal to the outstanding Principal; and
 - (e) "NEO Exchange" means the Neo Exchange Inc.
- 2 **Optional Conversion.** At any time up to and including the Maturity Date, the Holder shall have the right, at its sole discretion, to convert the then outstanding Eligible Conversion Amount, or a portion thereof, into Common Shares at the Conversion Price, subject to adjustment as set forth in Section 8 of Schedule D, if applicable. Upon delivery of the Conversion Notice (i) the Holder will be entitled to receive that number of Common Shares equal to the quotient obtained when the aggregate of the applicable Conversion Principal Amount is divided by the Conversion Price, and (ii) the Holder acknowledges and agrees that the Principal represented by such Conversion Principal Amount will be deemed to be indefeasibly repaid in full. The Holder shall be entitled to be entered in the books of the Maker, as at the date the Maker receives the Conversion Notice, as the holder of the number of Common Shares into which the applicable Conversion Principal Amount is converted in accordance with the provisions hereof.
- 3 **No Requirement to Issue Fractional Shares.** The Maker shall not be required to issue fractional Common Shares upon the conversion of a Conversion Principal Amount. If any fractional interest in a Common Share would, except for the provisions of this Section 3, be deliverable upon the conversion of the Eligible Conversion Amount, the Maker shall, in lieu of delivering any certificate of such fractional interest, round down to the nearest whole number.
- 4 **Interest.** Upon conversion, the Holder will receive accrued and unpaid interest with respect to such Conversion Principal Amount in cash for the period from, and including, the date of the latest interest payment date to, and including, the date of conversion.
- 5 **Certificates.** Upon compliance with the conversion conditions as aforesaid, the Maker will cause to be issued to the Holder the fully paid and non-assessable Common Shares. The Maker will cause to be delivered to the Holder at the address set out for the Holder in Section 10 of this Note within five Business Days, certificate(s) or direct registration statement(s) evidencing the number of Common Shares, in form satisfactory to the Maker, acting reasonably, as calculated in accordance with Section 2 or Section 3 of this Schedule D, as applicable.

6 **No Rights of Shareholder Until Conversion.** This Note does not confer any rights of a shareholder on the Holder (including any right to receive dividends or other distribution to shareholders or to vote at any meeting of the shareholders of the Maker).

7 **Transferability.** This Note and the securities issuable upon conversion of this Note may not be transferred or assigned in whole or in part without compliance by the transferor and the transferee with the provisions of this Note, all applicable securities laws and the rules, instruments and policies of any applicable securities regulatory authority.

8 **Adjustment Provisions.**

(a) **Reorganization, Consolidation, Amalgamation, etc.** If, and whenever there is a capital reorganization or reclassification of the Maker or a consolidation, merger, arrangement or amalgamation (statutory or otherwise) of the Maker with or into another body corporate (any such event being called a "**Reorganization**"), and the conversion set forth in Section 2 or Section 3 of Schedule D has not occurred prior to the effective date or record date for such Reorganization, then the Holder shall still be entitled to receive and shall accept, upon the conversion of the Eligible Conversion Amount or a portion thereof after the effective date or record date for such Reorganization, the number securities of the Maker (or of the corporation or body corporate resulting, surviving or continuing from the Reorganization) that such Holder would have received if the Holder had held the Common Shares on the effective date or record date for such Reorganization.

(b) **Other Adjustments.** In the event that:

- (i) the Maker shall take a record of the holders of its Common Shares for the purpose of entitling them to receive a dividend payable otherwise than in cash, or any other distribution in respect of the Common Shares (including cash), pursuant to, without limitation, any spin-off, split-off or distribution of the Maker's assets; or
- (ii) the Maker shall take a record of the holders of its Common Shares for the purpose of entitling them to subscribe for or purchase any shares of any class or to receive any other rights; or
- (iii) of any classification, reclassification or other reorganization of the Common Shares which the Maker is authorized to issue, any consolidation or merger of the Maker with or into any other Maker, or conveyance of all or substantially all of the assets of the Maker; or
- (iv) the voluntary or involuntary dissolution, liquidation or winding up of the Maker;

then, and in each such case, the Maker shall mail to the Holder, at least thirty (30) days prior thereto a notice stating the date or the expected date on which a record is to be taken for the purpose of such dividend, distribution or rights or the date on which such classification, reclassification, reorganization, consolidation, merger, conveyance, dissolution, liquidation or winding-up is to take place, as the case may be. Such notice shall also specify the date or expected date, if any is to be fixed, as of which holders of Common Shares of record shall be entitled to participate in such dividend, distribution or rights, or shall be entitled to exchange their Common Shares for securities or the property deliverable upon such classification, reclassification, reorganization, consolidation, merger, conveyance, dissolution, liquidation or winding-up, as the case may be.

(c) **Continuation of Terms.** Upon any Reorganization or distribution referred to in this Section 8, this Note will continue in full force and effect and the terms of this Note will be applicable to the

Common Shares and/or property receivable on the conversion of this Note after the consummation of such Reorganization or distribution, as the case may be, and will be binding upon the issuer of any such Common Shares and/or property.

(d) **Cumulative Adjustments.** The adjustments provided for in this Note are cumulative.

9 **Restrictions on Conversion.** The conversion of the Eligible Conversion Amount or any portion thereof, and the Maker's obligation to issue the Common Shares, shall not be effective or enforceable if the issuance of such Common Shares to the Holder would result in: (i) the Holder and any person acting in combination or in concert with such holder, holding greater than 9.99% of the outstanding Common Shares after giving effect to the conversion and issuance, without the Holder having filed and cleared a Personal Information Form ("**PIF**") with the NEO Exchange; or (ii) the Holder and any person acting in combination or in concert with such Holder, holding greater than 19.99% of the outstanding Common Shares after giving effect to the conversion and issuance.

10 **Legends.** Notwithstanding anything herein contained, Common Shares issuable upon conversion of this Note will only be issued in compliance with the securities laws of any applicable jurisdiction, and the certificates representing the Common Shares thereby issued will bear all applicable legends, which may include, without limitation, the following:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS [4 MONTHS AND A DAY AFTER THE DATE OF ISSUE]."

11 **Maker's Covenants.**

(a) **Reserve Common Shares.** The Maker shall at all times reserve and keep available out of its authorized share capital (if the number thereof is or becomes limited) solely for the purpose of issue upon conversion of this Note as provided herein, and issue to the Holder such number of securities as shall then be issuable upon the conversion of this Note.

(b) **Listing of Common Shares.** The Maker shall use its best efforts to ensure that the Common Shares issuable upon conversion of this Note shall be listed and posted for trading on the NEO Exchange (or such other primary stock exchange on which the Common Shares are listed).

**APPENDIX 1
CONVERSION NOTICE**

To: Halo Collective Inc.
77 King St West, Suite 400
Toronto, ON, M5K 0A1
Attention: Katharyn Field
Email: katie@haloco.com

The undersigned irrevocably elects to convert \$ _____ (the "**Conversion Principal Amount**") into Common Shares in accordance with the terms of the promissory note dated effective November 9, 2022 between Reef Capital Inc., as lender, and Halo Collective Inc., as borrower (the "**Promissory Note**"), and directs that the Common Shares issuable and deliverable upon the conversion be issued and delivered to the undersigned.

Unless otherwise defined, capitalized terms used herein have the meaning assigned to them in the Promissory Note.

In connection with the conversion of the Conversion Principal Amount, the undersigned represents as follows: (Please check the ONE box applicable):

- 1. The undersigned, at the time of conversion, is resident in a jurisdiction other than Canada or the United States and has properly completed, signed and delivered the Foreign Purchaser Certificate attached hereto as Appendix 1-A and the representations, warranties and covenants contained therein are true and accurate as of the date of conversion.
- 2. The undersigned has not completed, signed and delivered the Foreign Purchaser Certificate attached hereto as Appendix 1-A.

The undersigned further represents that the undersigned (a) at the time of conversion is not a U.S. person; (b) at the time of conversion is not within the United States; (c) is not converting any of the principal amount outstanding under the Promissory Note for the account or benefit of any U.S. person or person within the United States; and (d) did not execute or deliver this conversion notice in the United States.

"**1933 Act**" means the United States Securities Act of 1933, as amended. "**U.S. person**" and "**United States**" are as defined by Regulation S under the 1933 Act.

Please issue and deliver a certificate for the Common Shares being purchased as follows:

NAME: _____
(please print)

ADDRESS: _____

DELIVERY: _____

This conversion of the Conversion Principal Amount, and the Corporation's obligation to issue the Common Shares under the Promissory Note, shall not be effective or enforceable if the issuance of such Common Shares to the holder would result in: (i) the holder and any person acting in combination or in concert with such holder, holding greater than 9.99% of the outstanding Common Shares after giving effect to the conversion and issuance, without the holder having filed and cleared a Personal Information Form ("**PIF**") with the NEO Exchange Inc. ("**NEO**"); or

(ii) the holder and any person acting in combination or in concert with such holder, holding greater than 19.99% of the outstanding Common Shares after giving effect to the conversion and issuance.

The undersigned certifies on behalf of the holder converting the Conversion Principal Amount contemplated hereby that as of the date hereof, the holder and all persons acting in combination or in concert with the holder hold an aggregate of _____ Common Shares ("**Current Shares**").

Name: _____

Title:

I, _____, in my capacity as an officer of the Corporation and not in my personal capacity, have made reasonable inquiry and to the best of my knowledge and without personal liability certify that the number of Current Shares, held by the holder of the Promissory Note contemplated by this conversion notice and all persons disclosed to the Corporation by the holder as acting in combination or in concert therewith: (i) either (a) will not own more than 9.99% of the Common Shares upon conversion of such Conversion Principal Amount; or (b) the holder has filed a PIF (in prescribed form) with the NEO (or such other exchange on which the Common Shares are then trading), and (ii) will not own more than 19.99% of the Common Shares upon conversion of such Conversion Principal Amount.

Name: _____

Title:

[Signature Page Follows]

DATED this _____ day of _____, 202_

)	
Signature of Witness [Please Note Instruction 2]	)	Signature of registered holder or Signatory thereof
)	
)	
Print name of Witness	)	If applicable, print Name and Office of Signatory
)	
)	
	)	Print Name of registered holder as on certificate
)	
)	
	)	Street Address
)	
)	
	)	City, Province/State and Postal/ZIP Code

APPENDIX 1-A
FOREIGN PURCHASER CERTIFICATE

TO: **Halo Collective Inc. (the "Corporation")**

Unless otherwise defined, capitalized terms used herein have the meaning assigned to them in promissory note dated effective November 9, 2022, between Reef Capital Inc., as lender, and Halo Collective Inc., as borrower.

In connection with the conversion of the Conversion Principal Amount into Common Shares, the undersigned hereby represents, warrants, covenants and certifies to the Corporation that:

1. The Holder is acquiring the Common Shares as principal for its own account and not for the benefit of any other person and not with a view to the resale or distribution of the Common Shares.
2. The undersigned is a resident of _____ (the "**Foreign Jurisdiction**") with a residence at _____, and the decision to acquire the Common Shares was made in the Foreign Jurisdiction.
3. The undersigned is not subject to the securities laws of Canada or the United States.
4. The issuance of the Common Shares to the undersigned complies with all laws applicable to the undersigned, including the laws of the Foreign Jurisdiction, and all other applicable laws, and will not cause the Corporation to become subject to, or require it to comply with, any disclosure, prospectus, filing or reporting requirements under any applicable laws of the Foreign Jurisdiction.
5. The undersigned is knowledgeable of, or has been independently advised as to, the applicable or jurisdiction of the securities laws of the Foreign Jurisdiction which would apply to the issuance of the Common Shares.
6. The undersigned is receiving the Common Shares pursuant to exemptions from the prospectus and registration requirements (or their equivalent) under the applicable securities laws of the Foreign Jurisdiction or, if such is not applicable, is permitted to receive the Common Shares pursuant to the applicable securities laws of the Foreign Jurisdiction without the need to rely on an exemption.
7. The applicable securities laws of the Foreign Jurisdiction do not require the Corporation to register the Common Shares, file a prospectus, registration statement, offering memorandum or similar document, or make any filings or disclosures or seek any approvals of any kind whatsoever from any regulatory authority of any kind whatsoever in the Foreign Jurisdiction.
8. The undersigned will not sell, transfer or dispose of any of the Common Shares except in accordance with all applicable laws, including applicable securities laws of Canada and the United States, and the undersigned acknowledges that the Corporation will not have any obligation to register any such purported sale, transfer or disposition which violates applicable Canadian or United States securities laws.

[Signature Page Follows]

Dated: _____.

)	
Signature of Witness [Please Note Instruction 2]	)	Signature of registered holder or Signatory thereof
)	
)	
Print name of Witness	)	If applicable, print Name and Office of Signatory
)	
)	
	)	Print Name of registered holder as on certificate
)	
)	
	)	Street Address
)	
)	
	)	City, Province/State and Postal/ZIP Code