



2720, 700 – 9th Ave SW
Calgary, AB T2P 3V4

Writer's Direct Line: [redacted]
E-Mail: [redacted]
[confidential contact information redacted]

May 7, 2021

Decibel Cannabis Company Inc.
710 530 8th Avenue SW
Calgary, AB T2P 3S8

Attention: Mr. Stuart Boucher, CFO

Dear Sir:

RE: COMMITMENT LETTER

Connect First Credit Union Ltd. (hereinafter called the "Credit Union") is pleased to advise that the following credit facilities (collectively, the "Credit Facilities", and each a "Credit Facility") have been approved on the terms and conditions set forth below. This Commitment Letter amends and restates in its entirety our prior Commitment Letter dated December 15, 2020. Any borrowings outstanding under such prior Commitment Letter are deemed to be borrowings hereunder outstanding under the related Credit Facility referenced herein.

If you agree with these terms and conditions please sign the duplicate copy of this letter under the heading "Acceptance" and return same to the writer's attention.

Borrower: Decibel Cannabis Company Inc.

Guarantors: DB Thunderchild Cultivation LP
DB Thunderchild Cultivation Inc.
Thunderchild Holdings Inc.
R. Spetifore & Sons Ltd.
We Grow BC Ltd.
1070582 B.C. Ltd.
Westleaf Labs Inc.
Decibel Labs Holdings Inc.
Westleaf Labs LP
Westleaf Retail Inc.
dB Retail Holdings Inc.
dB Retail LP

Credit Facility I: Commercial Mortgage Loan – EXISTING

Account Number: [confidential account information redacted]

Amount of Loan: \$16,000,000.00
(Principal Balance Outstanding as of May 6, 2021)

Purpose: Refinance of cultivation facility in Battleford SK.

Rate of Interest: The committed rate is a fixed rate of 4.75% per annum, calculated daily, payable monthly in arrears.

Term: 56 months remaining

Amortization: 116 months remaining

Repayment: Monthly interest only payments for the first 6 months from the date of advance to and including July 1, 2021; thereafter, commencing August 1, 2021 monthly blended payments of principal and interest of \$167,756.39.

Prepayment: Provided that no Event of Default has occurred and is continuing, the Borrower shall have the following privileges:

The Borrower shall have the privilege of prepaying the entire balance outstanding under this Credit Facility (the "Facility I Full Payout Privilege") upon payment of a bonus equal to the greater of (i) an additional three (3) months' interest on the outstanding principal amount of the Credit Facility at the interest rate then payable under the Credit Facility, and (ii) an amount in compensation for loss of interest, if any, where the interest rate then payable under this Credit Facility is greater than the Credit Union's current interest rate for reinvestment for the remainder of the term of this Credit Facility. The current interest rate for reinvestment is the Credit Union's stated rate in effect on the date the Facility I Full Payout Privilege payment is made for new loans of a similar kind offered for a term not greater than (i) the remainder of the current term of the Credit Facility, and (ii) the next shorter term offered, provided that where the remainder of the term of the Credit Facility is less than the next shorter term offered, the Credit Union's stated rate for the next shorter term shall apply. The bonus payable hereunder shall be calculated by the Credit Union and, in the absence of an obvious error, shall be conclusive.

Credit Facility 2: Commercial Mortgage Loan – EXISTING

Account Number: [*confidential account information redacted*]

Amount of Loan: \$5,354,375.09
(*Principal Balance Outstanding as of May 6, 2021*)

Purpose: Refinance of cultivation facility in Creston BC.

Rate of Interest: The committed rate is a fixed rate of 4.75% per annum, calculated daily, payable monthly in arrears.

Term: 56 months remaining

Amortization: 116 months remaining

Repayment: Monthly blended payments of Principal & Interest of \$57,666.26 payable on the last day of each month

Prepayment: The Borrower when not in default under this Credit Facility, shall have the following privileges:

The Borrower shall have the privilege of prepaying the entire balance outstanding under this Credit Facility (the “Facility 2 Full Pay-out Privilege”) upon payment of a bonus equal to the greater of (i) an additional three (3) months’ interest on the outstanding principal amount of the Credit Facility at the interest rate then payable under the Credit Facility, and (ii) an amount in compensation for loss of interest, if any, where the interest rate then payable under this Credit Facility is greater than the Credit Union’s current interest rate for reinvestment for the remainder of the term of this Credit Facility. The current interest rate for reinvestment is the Credit Union’s stated rate in effect on the date the Facility 2 Full Pay-out Privilege payment is made for new loans of a similar kind offered for a term not greater than (i) the remainder of the current term of the Credit Facility, and (ii) the next shorter term offered, provided that where the remainder of the term of the Credit Facility is less than the next shorter term offered, the Credit Union’s stated rate for the next shorter term shall apply. The bonus payable hereunder shall be calculated by the Credit Union and, in the absence of an obvious error, shall be conclusive.

Credit Facility 3: Commercial Mortgage Loan – EXISTING

Account Number: [*confidential account information redacted*]

Amount of Loan: \$6,814,659.21
(*Principal Balance Outstanding as of May 6, 2021*)

Purpose: Refinance of extraction facility in Calgary AB.

Rate of Interest: The committed rate is a fixed rate of 4.75% per annum, calculated daily, payable monthly in arrears.

Term: 56 months remaining

Amortization: 116 month remaining

Repayment: Monthly blended payments of Principal & Interest of \$73,393.42 payable on the last day of each month

Prepayment: The Borrower when not in default under this Credit Facility, shall have the following privileges:

The Borrower shall have the privilege of prepaying the entire balance outstanding under this Credit Facility (the “Facility 3 Full Pay-out Privilege”) upon payment of a bonus equal to the greater of (i) an additional three (3) months’ interest on the outstanding principal amount of the Credit Facility at the interest rate then payable under the Credit Facility, and (ii) an amount in compensation for loss of interest, if any, where the interest rate then payable under this Credit Facility is greater than the Credit Union’s current interest rate for reinvestment for the remainder of the term of this Credit Facility. The current interest rate for reinvestment is the Credit Union’s stated rate in effect on the date the Facility 3 Full Pay-out Privilege payment is made for new loans of a similar kind offered for a term not greater than (i) the remainder of the current term of the Credit Facility, and (ii) the next shorter term offered, provided that where the remainder of the term of the Credit Facility is less than the next shorter term offered, the Credit Union’s stated rate for the next shorter term shall apply. The bonus payable hereunder shall be calculated by the Credit Union and, in the absence of an obvious error, shall be conclusive.

Credit Facility 4: Authorized Overdraft (AOD) – EXISTING/AMENDED

Account Number: [confidential account information redacted]

Authorized Limit:

Up to a maximum of \$7,500,000.00 – subject to temporary maximum of \$7,364,398.32*

* Facility 4 limit is reduced by the amount of outstanding property taxes on Property I, as defined below, which are currently in arrears in the aggregate sum of \$135,601.68. Upon confirmation that the said property taxes are paid up to date, the authorized limit of \$7,500,000.00 will be available, subject to margining conditions, as more particularly set forth herein.

Purpose:

To finance day to day operating expenses. Amendment to the Credit Facility as follows:

- Increase authorized limit from \$1,500,000.00 to \$7,500,000.00;
- Amend margining conditions;
- Amend security.

Interest Rate:

The committed rate is Prime plus 1.00% per annum, calculated daily, payable monthly in arrears. “Prime” means the annual rate of interest announced by the Credit Union from time to time as its prime rate of interest on Canadian dollar commercial loans. As of the date hereof the Prime is 2.45% per annum.

Conditions of Margining:

Advances will be contained within the lesser of:

- a) The authorized limit, or
- b) On a forward margin basis, a maximum of 75% of the Credit Union’s valuation of assigned, good quality Accounts Receivable owed by a Governmental Authority after deducting the portion of the account past due 90 days or more, accounts in dispute, inter-company accounts, contra accounts, holdbacks, foreign accounts, source deductions (including Workers Compensation Board Premiums, GST, Employee Payroll deductions, etc.) and any other accounts deemed unacceptable by the Credit Union.

Plus: Amending agreements to mortgages over the North Battleford (to \$17,672,727) and Calgary (to \$8,685,000) properties to increase LTV to 60% on each would allow an additional \$1,672,727 and \$1,778,205 respectively for a total \$3,450,932. This \$3,450,000 would be a fixed amount within the margin, and the balance verses accounts receivables per margin conditions.

Repayment: Payable on demand, but until demand, interest only is payable monthly in arrears on the first day of each month.

Monthly Facility

Fees: \$[redacted] per month, payable in advance on the first of each month.
[commercially sensitive amount redacted]

This fee will be charged for each month this Credit Facility is available, even if the Borrower does not use or maintain a balance in the Credit Facility.

All Credit Facilities:

Review Date: The next annual review date has been established as June 30, 2022 but may be changed at the discretion of the Credit Union.

Non-refundable

Application Fee: \$[redacted] payable upon acceptance of this Commitment Letter
[commercially sensitive amount redacted]

Financial Covenants:

a) The Borrower shall maintain a **Debt Service Coverage Ratio** of not less than 1.40:1 to be tested annually.

“Debt Service Coverage Ratio” is defined as Earnings before Interest, Tax, Depreciation, Amortization (EBITDA) for the current year, less dividends declared or any Shareholder distributions, divided by the sum of all scheduled principal and interest paid by the Borrower within the same period on all Credit Union and third-party loans.

b) The Borrower shall maintain a **Debt to Equity Ratio** of not greater than 0.75:1 as at the end of the 2021 fiscal year and 0.5:1 subsequently and going forward, each to be tested annually.

Debt to Equity Ratio is defined as the Borrower’s total liabilities, as defined by Accounting Standards for Private Enterprises (“ASPE”) / International Financial Reporting Standards (“IFRS”), including the redemption value of any Preferred Shares not formally postponed to the Credit Union, excluding shareholder loans formally postponed and assigned to the Credit Union, divided by the Borrower’s total equity, as defined by ASPE / IFRS, plus shareholder loans formally postponed and assigned to the Credit Union. At the discretion of the Credit Union adjustments to total equity may be made for items such as intangibles and appraisal surplus.

c) The Borrower shall maintain a **Current Ratio** of not less than 1.25:1, to be tested monthly.

Current Ratio is defined as the Borrower’s current assets, as defined by Accounting Standards for Private Enterprises (“ASPE”) / International Financial Reporting Standards (“IFRS”), divided by the Borrower’s current liabilities, as defined by ASPE / IFRS.

Financial Reporting Requirements:

Monthly:

- a) Aged list of Accounts Receivable as at month end, to be provided by the 20th day of the following month;
- b) Aged list of Accounts Payable as at month end, to be provided by the 20th day of the following month;
- c) Statement of priority payables as at month end, to be provided by the 20th day of the following month;
- d) List of inventories as at month end, to be provided by the 20th day of the following month;
- e) In-house financial statements (Balance Sheet and Income and Expense Statement) as at month end, to be provided by the 25th day of the following month;
- f) Current Ratio calculator worksheet;
- g) Monthly management commentary on Borrower's performance as it relates to financial projections;
- h) Signed monthly cover sheet (by signing officer for Borrower) regarding reports submitted.

Annually

Within 120 days of the Borrower's fiscal year-end, the Borrower will provide the following:

- a) Audited, Consolidated Accountant Prepared financial statements of the Borrower;
- b) Updates regarding the status of any and all Health Canada Licenses.

Authorization is provided to the Credit Union to contact the Accounting firm of the Borrower and Guarantors to obtain copies of all financial statements and to answer questions relating to same.

Pre-disbursement Conditions:

The Credit Union's obligation to increase the limit of Credit Facility 4 is conditional upon receipt by the Credit Union of the following, all in form and substance satisfactory to the Credit Union.

- a) Completion, and where applicable, registration of all security.

Conditions of Credit:

- a) Advances under the Authorized Overdraft Credit Facility are to be against monthly margining;
- b) Borrower shall not utilize the Authorized Overdraft Credit Facility for CAPEX or Debenture paydown;

- c) The Borrower or the applicable Guarantor shall be and shall remain the sole legal and beneficial owner of the License;
- d) The Borrower or the applicable Guarantor, as the case may be, shall not take any action, or fail to perform the necessary action, to impede, jeopardize or otherwise place any risk on its ability to renew or maintain: (i) the License; or (ii) any material licenses, permits or approvals required to operate the Borrower's or such Guarantor's business, the absence of which would, for the Borrower and the Guarantors taken as a whole, reasonably be expected to have a material adverse effect;
- e) The Borrower or the applicable Guarantor, as the case may be, shall, with due diligence and in a reasonable manner, enforce the rights granted to it under and in connection with the License, and without limiting the foregoing, the Borrower or such Guarantor shall consistently apply the same yield improvement initiatives to the product produced in the new cannabis facility as across its other grow operations. The Borrower shall further ensure on a best efforts basis that the appropriate yield improvement initiatives, as well as all other applicable growing techniques and growing capacity, are in place to maximize the Borrower's production and that may positively influence growing capacity of cannabis on the new cannabis facility;
- f) Neither the Borrower nor any Guarantor shall dispose of or abandon any right, title or interest in the License held by it; and
- g) The Borrower shall apply for and obtain each future license, to the extent required under applicable laws, for the Borrower to operate its business (unless failure to do so would not reasonably be expected to have a material adverse effect), on or before such time as it shall be required by applicable law.

Other Conditions:

- a) The Borrower will not further encumber the properties being mortgaged hereunder without the prior written consent of the Credit Union, not to be unreasonably withheld;
- b) Reasonable out of pocket expenses to be paid by Borrower (e.g. legal fees, appraisal fees, interim inspection fees and Land Title searches); and
- c) Implementation and continuation the Credit Facilities is subject to periodic review, at least annually, by the Credit Union, and is also subject to no materially adverse changes in the financial position of the Borrower.

Registration of Mortgage Amount:

Although the Credit Union may register its mortgages for a sum greater than the amount of the Credit Facilities set out in this Commitment Letter, the Credit Union has no obligation to advance funds greater than the amount of the Credit Facilities set out in this Commitment Letter.

Limited Partnerships:

It is understood and agreed that where a general partner holds or will hold title to a property as the general partner of a limited partnership and where such general partner has executed this Commitment Letter and is executing Security including, but not limited to, Security to be registered on such property, it does so both on its own behalf as the registered owner of such property and on behalf of such limited partnership, in its capacity as general partner of such limited partnership. Accordingly, all covenants contained in the Security and in this Commitment Letter shall be binding upon both such limited partnership and such general partner on a joint and several basis.

Syndication:

The Borrower and the Guarantor, hereby acknowledge that the Credit Union is entitled to syndicate any portion of the Credit Facilities to third parties without notice. The Borrower and Guarantors further acknowledge that should the Credit Union decide to syndicate any portion of the Credit Facilities that they will be required to provide information respecting the Borrower and the Guarantor to any potential syndication partner, providing that any such potential syndication partner agrees to maintain such information in confidence. In the event of any syndication of the Credit Facilities, the Credit Union shall be the sole administrator of the Credit Facility, and will hold all Security exclusively in its own name. Notwithstanding the foregoing, any syndication partner will be entitled to all information in the possession of the Credit Union from time to time with respect to the Credit Facilities.

Renewal of Loan Beyond Maturity Date:

In the event that the Borrower fails to repay the outstanding principal and interest balance of the loan(s) on the applicable maturity date(s), or fails to accept a renewal offer tendered by the Credit Union within the reasonable time period permitted by the Credit Union's offer to renew (where such failure to repay or renew, as aforesaid, is not attributable to the Credit Union), and provided that there are no arrearages in principal and interest under the loan(s), then the Credit Union may, at its sole option, extend the term of the loan for such period from the expiry date to be determined by the Credit Union in its sole discretion. In such case, the loan from the date of this extension (and not for any period before) shall bear interest both before and after this new maturity at an interest rate being the greater of the contractual rate of interest or a rate equivalent to the Prime Rate plus five (5%) percent per annum, as it may vary and be determined as provided below. This interest rate shall be determined by the Credit Union on the first Banking Day of the month in which the term of the loan expires and thereafter on the first Banking Day of each month until full repayment of the loan in principal, interest, costs and accessories. Unpaid interest accrued on the principal also bears interest at the same rate.

"Banking Day" is defined as a day on which the head office of the Credit Union is open for business and which is not a Saturday, Sunday or civic or statutory holiday.

This interest shall be calculated daily and payable monthly. In the event that the renewal or repayment of the Credit Union's monies owing has not been finalized within the extension period, then there shall be no further extensions and the Credit Union will be at liberty to exercise any remedies available to it under the loan(s) and the Security.

When a term is extended as set forth above, the balance of the loan of principal and interest, as well as unpaid costs and accessories (money owed) may be paid in full on the expiry date or at any time during

the extension period, without notice or bonus. However, if not paid before, they shall be paid at expiry of the extension period.

A processing fee representing the greater of \$[redacted] or [redacted] of the outstanding principal balance at the expiry date shall be automatically added to the principal balance if this extension period is utilized. [commercially sensitive amounts redacted]

Security and Other Documents:

The Borrower agrees to provide to the Credit Union in form and substance satisfactory to it and its solicitors, all security and supporting agreements requested by the Credit Union including the following documentation (the "Security") which will be held by the Credit Union as security for the Credit Facility and all other direct and indirect liabilities of the Borrower and the Guarantors (or any of them) to the Credit Union from time to time.

Security currently held and will continue to be held for all Credit Facilities:

- a) All corporate documents, including:
 - Resolution of Directors of the Borrower and each Guarantor approving, with respect to the Borrower, the Credit Facilities, and, with respect to the Borrower and the Guarantors, approving the entering into of this Commitment Letter and all Security to which they are a party,
 - List of Directors and Officers authorized to execute this Commitment Letter and the Security
 - Officer's Certificate with constating documents attached, and
 - Certificate of incumbency
- b) A General Security Agreement granted by the Borrower comprising a first charge security interest over all present and after acquired personal property, registered at the Personal Property Registries of Alberta and Saskatchewan
- c) Assignment of Material Contracts
- d) Environmental Indemnity Agreement in an unlimited amount over Property from the Borrower and Guarantors
- e) Evidence of Commercial General Liability insurance in a minimum amount of \$10,000,000.00 showing the Credit Union as additional insured, and assignment of adequate All-Risk Insurance over subject Property showing the Credit Union as first loss payee via Standard Mortgage Endorsement Clause
- f) Direction and Authority to Pay
- g) An Opinion of Counsel to the Borrower, the Guarantors and the Credit Union

- h) Unlimited Guarantee and Postponement of Claim granted by DB Thunderchild Cultivation LP *(including supporting Limited Partnership documents)*, supported by:

A General Security Agreement comprising a first charge security interest over all present and after acquired personal property, registered at Personal Property Registries of Alberta and Saskatchewan

- i) Unlimited Guarantee and Postponement of Claim granted by DB Thunderchild Cultivation Inc. *(including supporting corporate documents)*, supported by:

A First Charge Demand Collateral Mortgage (of Leasehold Interest) in the amount of \$16,000,000.00 over the property which is municipally described as:

102 Kramer Crossing, Battleford, SK

and legally described as:

Surface Parcel #203238424

SW Section 01 Township 44 Range 17 W 3 Extension 75

(hereinafter referred to as "Property I")

Although the Credit Union's mortgage was registered at 15.00% the Credit Union is only entitled to interest at the committed rate

A General Security Agreement comprising a first charge security interest over all present and after acquired personal property, registered at Personal Property Registries of Alberta and Saskatchewan

- j) The Credit Union's Master Form Title Insurance Policy obtained through Chicago Title

- k) Unlimited Guarantee and Postponement of Claim granted by Thunderchild Holdings Inc. *(including supporting corporate documents)*, supported by:

A General Security Agreement comprising a first charge security interest over all present and after acquired personal property, registered at Personal Property Registry Alberta

- l) Tri-partite agreement between the Thunderchild Land Lessor, Decibel Cannabis Company Inc. as well as the Credit Union

- m) Unlimited Guarantee and Postponement of Claim granted by R. Spetifore & Sons Ltd. *(including supporting corporate documents)*, supported by:

A First Charge Demand Collateral Mortgage in the amount of \$5,500,000.00 over the property which is municipally described as:

896 Reclamation Road, Creston, BC

and legally described as:

Lot 1

District Lot 774

District Plan 11059

(hereinafter referred to as “Property 2”)

Although the Credit Union’s mortgage was registered at 15.00% the Credit Union is only entitled to interest at the committed rate

A First Assignment of All Rents and Leases on Property 2

A General Security Agreement comprising a first charge security interest over all present and after-acquired personal property, registered at Personal Property Registries of Alberta and British Columbia

n) The Credit Union’s Master Form Title Insurance Policy obtained through Chicago Title

o) Unlimited Guarantee and Postponement of Claim granted by We Grow BC Ltd. *(including supporting corporate documents)*, supported by:

A General Security Agreement comprising a first charge security interest over all present and after acquired personal property, registered at Personal Property Registries of Alberta and British Columbia

p) Unlimited Guarantee and Postponement of Claim granted by 1070582 B.C. Ltd., *(including supporting corporate documents)*, supported by:

A General Security Agreement comprising a first charge security interest over all present and after acquired personal property, registered at Personal Property Registries of Alberta and British Columbia

q) Unlimited Guarantee and Postponement of Claim granted by Westleaf Labs Inc. *(including supporting corporate documents)*, supported by:

A First Charge Demand Collateral Mortgage in the amount of \$7,000,000.00 over the property which is municipally described as:

3223 10th Street SE, Calgary, AB

and legally described as:

Plan 1846JK, Block 8 & 9

(hereinafter referred to as “Property 3”, and together with Property 1 and Property 2, collectively, the “Property”)

Although the Credit Union's mortgage was registered at 15.00% the Credit Union is only entitled to interest at the committed rate

A General Security Agreement comprising a first charge security interest over all present and after-acquired personal property, registered at Personal Property Registry of Alberta

r) The Credit Union's Master Form Title Insurance Policy obtained through Chicago Title

s) Unlimited Guarantee and Postponement of Claim granted by Decibel Labs Holdings Inc. *(including supporting corporate documents)*, supported by:

A General Security Agreement comprising a first charge security interest over all present and after acquired personal property, registered at Personal Property Registry of Alberta

t) Unlimited Guarantee and Postponement of Claim granted by Westleaf Labs LP *(including supporting limited partnership documents)*, supported by:

A General Security Agreement comprising a first charge security interest over all present and after acquired personal property, registered at Personal Property Registry of Alberta

u) Unlimited Guarantee and Postponement of Claim granted by Westleaf Retail Inc. *(including supporting limited partnership documents)*, supported by:

A General Security Agreement comprising a first charge security interest over all present and after acquired personal property, registered at Personal Property Registry of Alberta

Security currently held and will continue to be held for Credit Facility 1:

a) Borrowing Resolution in the amount of \$16,000,000.00

b) Promissory Note in the amount of \$16,000,000.00

Security currently held and will continue to be held for Credit Facility 2:

a) Borrowing Resolution in the amount of \$5,500,000.00

b) Promissory Note in the amount of \$5,500,000.00

Security currently held and will continue to be held for Credit Facility 3:

a) Borrowing Resolution in the amount of \$7,000,000.00

b) Promissory Note in the amount of \$7,000,000.00

Security to Obtained for all Credit Facilities:

- a) Unlimited Guarantee and Postponement of Claim granted by dB Retail LP (*including supporting limited partnership documents*), supported by:

A General Security Agreement comprising a first charge security interest over all present and after acquired personal property, registered at Personal Property Registry of Alberta
- b) Unlimited Guarantee and Postponement of Claim granted by dB Retail Holdings Inc. (*including supporting corporate documents*), supported by:

A General Security Agreement comprising a first charge security interest over all present and after acquired personal property, registered at Personal Property Registry Alberta
- c) Mortgage Amending Agreement in the amount of \$17,672,727.00 with respect to the Mortgage (of Leasehold Interest) granted over Property 1
- d) A First Assignment of Rents and Leases on Property 1
- e) Mortgage Amending Agreement in the amount of \$8,685,000.00 with respect to the Mortgage granted over Property 3
- f) A First Assignment of Rents and Leases on Property 3
- g) An Opinion of Counsel to the Borrower and the Guarantors pertaining to the Borrower and the Guarantors that are providing any new Security in favour of the Credit Union, in such form as the Credit Union shall require
- h) A Satisfactory Opinion of Counsel to the Credit Union in a form satisfactory to it
- i) Such other supporting documentation as the Credit Union or its solicitors, in the course of finalization, may determine as necessary for the protection of the advances

Security to be Obtained for Credit Facility 4:

- a) Borrowing Resolution in the amount of \$7,500,000.00
- b) Authorized Overdraft Agreement in the amount of \$7,500,000.00
- c) Direction and Authority to Pay

Security to be Released:

- a) Borrowing Resolution in the amount of \$1,500,000.00 (*Credit Facility 4*)
- b) Authorized Overdraft Agreement in the amount of \$1,500,000.00 (*Credit Facility 4*)

- c) A First Assignment of Rents and Leases in the amount of \$16,000,000.00 on Property 1 (*Credit Facility 1*)
- d) A First Assignment of Rents and Leases in the amount of \$7,000,000.00 on Property 3 (*Credit Facility 3*)

All the above documentation will be prepared by the Credit Union's solicitor. The Credit Union's solicitor in this transaction is:

Dentons Canada LLP

[confidential contact information redacted]

Please confirm the name, address and contact information of your solicitor:

Burnet, Duckworth & Palmer LLP

[confidential contact information redacted]

Your acceptance of this letter will constitute authority for the Credit Union to instruct its solicitors to prepare the necessary documentation

Commitment Expiry Date:

In the event Credit Facility 4 is not increased by November 30, 2021, this commitment expires.

Additional Terms and Conditions:

The attached Schedule "A" outlines additional terms and conditions that form part of this Commitment Letter.

The terms of this Commitment Letter are open for acceptance by the Borrower and the Guarantors executing the duplicate copy of this letter where indicated below and returning it together with the application fee of \$[redacted] to our office at #2720, 700 – 9th Avenue, S.W., Calgary, Alberta, T2P 3V4, on or before 3:00 p.m. on May 21, 2021, after which date and time, this offer shall lapse if it is not accepted. **[commercially sensitive amount redacted]**

This Commitment Letter and any amendments, renewals or replacements thereof may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed in original, faxed or electronic PDF format and the parties adopt any signatures received by a receiving fax machine or electronic transmission as original signatures of the parties.

Decibel Cannabis Company Inc.

Page 16

May 7, 2021

We wish to thank you for allowing the Credit Union the opportunity of being of assistance to you.

Yours truly,

CONNECT FIRST CREDIT UNION LTD.

"Signed"

Krista Evans, Account Manager
Corporate & Commercial Banking

Encs.

ACCEPTANCE

We hereby **accept and agree** to the Credit Facilities on the terms and conditions outlined by the Commitment Letter dated May 7, 2021, on this 12th day of May, 2021.

Decibel Cannabis Company Inc. – Borrower

Per: "Signed" _____
Per: _____
(Affix Corporate Seal)

**DB Thunderchild Cultivation LP,
by its General Partner, DB Thunderchild Cultivation Inc. – Guarantor**

Per: "Signed" _____
Per: _____
(Affix Corporate Seal)

DB Thunderchild Cultivation Inc. – Guarantor

Per: "Signed" _____
Per: _____
(Affix Corporate Seal)

Thunderchild Holdings Inc. – Guarantor

Per: "Signed" _____
Per: _____
(Affix Corporate Seal)

R. Spetifore & Sons Ltd. – Guarantor

Per: "Signed" _____
Per: _____
(Affix Corporate Seal)

Decibel Cannabis Company Inc.

We Grow BC Ltd. – Guarantor

Per: "Signed"

(Affix Corporate Seal)

Per: _____

I070582 B.C. Ltd. – Guarantor

Per: "Signed"

(Affix Corporate Seal)

Per: _____

Westleaf Labs Inc. – Guarantor

Per: "Signed"

(Affix Corporate Seal)

Per: _____

Decibel Labs Holdings Inc. – Guarantor

Per: "Signed"

(Affix Corporate Seal)

Per: _____

Westleaf Labs LP, by its General Partner, Westleaf Labs Inc. – Guarantor

Per: "Signed"

(Affix Corporate Seal)

Per: _____

Westleaf Retail Inc. – Guarantor

Per: "Signed"

(Affix Corporate Seal)

Per: _____

Decibel Cannabis Company Inc.

dB Retail Holdings Inc. – Guarantor

Per: "Signed" _____

(Affix Corporate Seal)

Per: _____

dB Retail LP, by its General Partner, dB Retail Holdings Inc. – Guarantor

Per: "Signed" _____

(Affix Corporate Seal)

Per: _____

SCHEDULE "A" **ADDITIONAL TERMS AND CONDITIONS**

Representations and Warranties:

Each of the Borrower and the Guarantors, to the extent applicable, represents and warrants to the Credit Union that:

- a. It is a corporation or a limited partnership, as the case may be, subsisting under the laws of the jurisdictions where it has been incorporated, created or formed, as applicable, and that it is duly registered or qualified to carry on business in all jurisdictions where the character of the properties owned by it or the nature of its business transacted make such registration or qualification necessary;
- b. The execution and delivery of this Commitment Letter and of the Security has or will have been duly authorized by all necessary actions and does not:
 - i) violate any law or any provisions of its constating documents, limited partnership agreement or similar organizational documents,
 - ii) result in a breach of, a default under, or the creation of any encumbrance on its properties or assets under any agreement or instrument to which it or any of its properties and assets may be bound or affected, and
 - iii) require any regulatory approval which has not been obtained;
- c. No event has occurred which is or which, with the giving notice, lapse of time or other condition, would constitute an event having material adverse effect on the financial condition of the Borrower and the Guarantors, taken as a whole, under or in respect of any agreement, undertaking, or instrument to which it is a party or to which it or any of its properties or assets may be subject.

Events of Default:

Without in any way affecting the Credit Union's right to demand repayment in respect of any Facility that is repayable on demand, it is an event of default ("Event of Default") if any one or more of the following events has occurred and is continuing:

- a. The non-payment, when due, of principal interest or any other amount due under this Commitment Letter;
- b. The breach by the Borrower under any provision of this Commitment Letter or any other agreement with the Credit Union;
- c. The default by the Borrower under any obligation to repay borrowed money - other than amounts due under this Commitment Letter, or in the performance or observance of any agreement or condition in respect of such borrowed money as a result of which the maturity of such obligation is accelerated or may be accelerated;
- d. If any representation or warranty made herein shall be false or inaccurate in any adverse respect;
- e. If in the opinion of the Credit Union, acting reasonably, there is:
 - i) A material adverse change in, or a material adverse effect upon, the financial condition, operations, assets, business, properties or prospects of the Borrower and any Guarantors;

- ii) A material impairment of the ability of the Borrower or any Guarantors to perform any of their obligations under any of the Security to which the Borrower or such Guarantor is a party;
 - iii) A material adverse effect upon any substantial portion of the assets or the property subject to the Security in favor of the Credit Union or upon the legality, validity, binding effect, rank or enforceability of any Security; or
 - iv) A change in applicable laws which fundamentally changes the nature of the Borrower's business and would reasonably be expected to have a material adverse effect on the Borrower or its business;
- f. If an order is made or an effective resolution is passed for the winding-up of the Borrower or if a petition is filed for the winding-up of the Borrower, unless such wind-up is previously approved by the Credit Union;
 - g. If the Borrower becomes insolvent, or makes an assignment or bulk sale of its assets, or if a petition in bankruptcy is filed or presented against the Borrower;
 - h. If any proceeding with respect to the Borrower is commenced under the *Companies' Creditors Arrangements Act*;
 - i. If any execution, sequestration, writ of enforcement or any other process of any court becomes enforceable against the Borrower, or if a distress or analogous process is levied upon the property of the Borrower or any part thereof, provided that such execution, sequestration, writ of enforcement or other process is not in good faith being contested by the Borrower;
 - j. If the Borrower ceases or threatens to cease to carry on its business or if the Borrower commits or threatens to commit any act of bankruptcy;
 - k. If the *Cannabis Act* (Canada) is repealed;
 - l. If there is any action, or failure to take the necessary action, which impedes, jeopardizes or otherwise places any risk to maintain the License or other material licenses, permits or approvals required to operate the Borrower's business and would reasonably be expected to have a material adverse effect on the Borrower or its business;
 - m. If the License is revoked or the revocation of any other material license, permit or approval from any governmental authority with respect to the Borrower's business which would reasonably be expected to have a material adverse effect on the Borrower or its business;
 - n. If there is a change of control of the Borrower without the Credit Union's prior written consent; or
 - o. If the Borrower fails to provide the Facility I License within 90 days of funding.

The Credit Union will permit, where applicable, the Borrower a 30-day cure period to rectify the above-mentioned events.

Remedies in the Event of Default on Credit Facilities:

If an Event of Default occurs, the Credit Union has the right in addition to its other rights at law or in equity to require immediate payment in full of all Credit Facilities.

Right of Termination:

The Credit Union shall have the right to terminate this Commitment Letter and be relieved of all obligations in connection therewith in the event any of the following events should occur:

- a. There is an Event of Default which is ongoing beyond any applicable cure period; or

- b. The Borrower fails or is unable or is unwilling for any reason whatsoever to comply with any of the terms and conditions set out in this Commitment Letter within the time indicated for such compliance; or
- c. The Borrower fails or refuses to execute any documentation requested by our solicitors or to deliver such documentation to our solicitors; or
- d. The net proceeds of the loan have not been fully advanced on or before the commitment expiry date referred to herein; or
- e. The Borrower refuses to accept the funds when advanced; or
- f. The Borrower or any other person or corporation whose covenant is required shall become bankrupt, or subject to bankruptcy, receivership or insolvency proceedings; or
- g. There has been, in the sole opinion of the Credit Union, acting reasonably, a material adverse change in the condition of the Property or the Borrower and its subsidiaries, taken as a whole, or in the actual or anticipated revenues from the Property; or
- h. Urea formaldehyde foam insulation or any construction material containing asbestos or other substance considered harmful by the Credit Union has been used or will be used in the Property; or there is in, or on about the Property any product or substance including, without restriction, PCBs contaminants or hazardous materials, equipment or anything which does, or is likely to, constitute an environmental hazard or contravenes any environmental law, regulation, order, decree or directive; or
- i. The Borrower has not complied with all the provisions of the *Builders' Lien Act* of Alberta and amendments thereto, to our satisfaction; or
- j. The Credit Union or its solicitor, acting reasonably, is not satisfied with the matters set out under the heading "Title"; or
- k. All legal matters and documentation relating to the transaction has not been completed to the Credit Union's and its counsel's satisfaction.

If the Credit Union elects to terminate this Commitment Letter or a Credit Facility prior to the advance of the entire amount under the Credit Facility, the amount advanced under the Credit Facility, if any, together with interest thereon at the rate set out herein shall become immediately due and payable and the Credit Union shall, whether or not any proceeds have been advanced, be entitled to retain the Commitment Fee as compensation for all damages sustained by it, it being agreed that the amount of such Commitment Fee is a fair estimate of the damages which will be suffered by the Credit Union in such event.

Collection, Use, Disclosure and Release of Financial and Other Information and Materials:

For the purposes of making, administering, reporting, selling or assigning in whole or in part, in connection with securitization or otherwise, and collecting the Credit Facilities, the following parties (collectively, "Authorized Parties") will be reviewing and examining financial and other information and materials provided to or obtained by the Credit Union concerning the Credit Facilities, the Borrower and the Guarantors:

- a) The Credit Union and/or any holder or servicer of the Credit Facilities or of an interest therein from time to time and/or their respective affiliates and/or agents;
- b) Rating agencies, purchasers or investors and prospective purchasers or investors;

- c) Respective third party advisors of the parties listed in a) and b) above, such as lawyers, accountants, real estate brokers, investment dealers and underwriters, consultants, and appraisers; and,
- d) Credit verification sources.

The Borrower and the Guarantors, acknowledges and irrevocably consents to the foregoing and irrevocably agrees that, in such manner as the Authorized Parties may determine to be necessary or desirable for these purposes, the Authorized Parties may disclose, release, exchange and share such information and materials:

- a) To and with any Individual(s), corporations(s) or other entities designated from time to time to hold title to the Credit Facilities and/or security documents as custodian(s) or agent(s);
- b) To and with each other;
- c) The Borrower and the Guarantors, hereby consents to the Authorized Parties conducting such credit inquires, as they may from time to time consider advisable for these purposes; and,
- d) The provisions of this paragraph shall apply until all loans have been fully and completely repaid and the security documents have been discharged.

Evidence of Advances:

The Borrower and the Guarantors, agree that the Credit Union's records evidencing an advance shall be complete and final proof, absent manifest error, that funds have been advanced under any one or more of the Credit Facilities set forth in the Commitment Letter and may, from time to time dependent upon the type of Credit Facility made available, be evidenced by other documentation such as, for example and without limitation, promissory notes, direct deposits, drafts or cheques made payable to other parties including solicitors and agents and any other means by which the Credit Union provides value to the Borrower under any one or more of the Credit Facilities.

Noteless Advances:

The Borrower acknowledges that the actual recording of the amount of any advance or repayment thereof under the Credit Facilities, and interest, fees and other amounts due in connection with the Credit Facilities, in an account of the Borrower maintained by the Credit Union, shall constitute prima facie evidence of the Borrower's indebtedness and liability under the applicable Credit Facility; provided that the obligation of the Borrower to pay or repay any indebtedness and liability in accordance with the terms and conditions of the applicable Credit Facility set out in the Commitment Letter shall not be affected by the failure of the Credit Union to make such recording. The Borrower also hereby acknowledges being indebted to the Credit Union for principal amounts shown as outstanding in the Credit Union's account records, and all accrued and unpaid interest in respect thereto, which principal and interest the Borrower hereby undertakes to pay to the Credit Union in accordance with the terms and conditions applicable to the Credit Facility as set out in this Commitment Letter.

Automatic Debit:

The Borrower authorizes and directs the Credit Union to automatically debit payment, by mechanical, electronic, or manual means, payable by the Borrower under this Commitment Letter or by the Borrower

under the Security, as defined below, including, but not limited to, the repayment of principal and the payment of interest, fees, and all charges for the keeping of the accounts of the Borrower.

Taxes:

All realty taxes and local improvement assessments are to be paid by the Borrower or its tenants to the municipality when due and you shall provide the Credit Union annually, if requested, with receipted copies of the realty tax bills for the Property. The Credit Union may, at its sole option, require that the Borrower pays on the monthly payment date provided for herein one-twelfth of the annual realty taxes payable or estimated by the Credit Union to be payable for the forthcoming year. Any deficiency between actual and estimated taxes shall be payable to the Credit Union forthwith upon demand.

Insurance:

The Borrower will insure and keep fully insured the Property and all tangible personal property against the following perils:

- a) With respect to all buildings and other improvements now or hereafter situated on the Property and all insurable property included within the buildings, coverage against loss or damage by fire and other insurable hazards defined in an "All Risks" insurance policy for the full replacement cost with the same/adjacent site requirement removed and with automatic vacancy permit;
- b) Equipment Breakdown insurance, if applicable, for the full replacement cost of the Property and all improvements thereon or such lesser amount as shall be acceptable to the Credit Union;
- c) Business interruption or rental loss insurance acceptable to the Credit Union for an indemnity period of not less than 12 months and with coverage of not less than 100% of the resulting loss or rent or other revenue received from the operation of the building;
- d) Loss or damage of all personal property by fire or other insurable hazards, including theft, in an amount not less than the full replacement cost thereof, and
- e) Commercial General Liability insurance to an amount not less than \$10,000,000 on an occurrence basis.

The policies of insurance to be maintained shall contain a stated amount co-insurance clause or not be subject to any co-insurance clauses and shall be in form and with insurers satisfactory to the Credit Union. The insurance shall include the agreement of the insurer that the policy will not be cancelled without at least thirty (30) days prior written notice of cancellation to the Credit Union. The Credit Union shall be named as the first mortgagee and loss payee subject to the standard Insurance Bureau of Canada Mortgage Clause. The Credit Union will be included as an additional insured on the Commercial General Liability coverage.

The Borrower, at least ten (10) days prior to the advance of any funds under the Credit Facilities, will furnish to the Credit Union or its solicitors evidence of insurance.

Title:

- a) Subject to (b), the party granting each mortgage hereunder is the legal and beneficial owner of the applicable Property and has good title in fee simple.

- b) Where a mortgagor hereunder is a general partner of a limited partnership, the beneficial owner of the applicable Property, or applicable interest in the Property, is such limited partnership.

The Property and all improvements thereon shall have been duly authorized and comply in all respects with all applicable laws, by-laws, government requirements, whether federal, provincial or municipal including, without restriction, those dealing with planning, zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped areas, pollution of the environment, toxic materials or other environmental hazards, building construction, public health and safety and there shall be no outstanding work orders against the Property or the improvements or any part thereof.

The Borrower shall provide such certificates or other written confirmation as the Credit Union's solicitors may reasonably require, certifying that no control orders, stop orders or prosecutions exist with respect to the Property or any activity or operation carried out thereon pursuant to any federal, provincial, municipal or local environmental, health and safety laws, statutes and regulations as may apply to the Property or the activities or operations carried out thereon.

Leases:

In the event the Property is leased, it shall be in accordance with the terms set out in the lease document(s) between landlord and each tenant. The Borrower will provide at the Credit Union's request, executed copies of such leases for our review which must be in a form and upon terms acceptable to the Credit Union. To the extent any of its real property is leased to a person other than a Guarantor, the Borrower will also provide to our solicitors an estoppel certificate with the written acknowledgement of each tenant as to the status of its tenancy at the time of the advance of funds hereunder. At the time of the advance of the funds hereunder each tenant (if applicable) must be in possession of the whole of its leased premises, carrying on business thereon and paying rent pursuant to the terms of the lease and the landlord and tenant shall otherwise have performed all their obligations contained in the lease.

The Credit Union may at its option require that all present and future leases of the Property (to the extent leased by the Borrower or any Guarantor and registered against title to the applicable Property) be postponed by way of a registered postponement agreement in favour of the Credit Union's interest in the Property.

In the event the forgoing is required, the Credit Union agrees to execute a non-disturbance agreement with each applicable tenant.

Payment of Costs:

The Borrower agrees to pay all expenses, fees and charges incurred by the Credit Union in relation to all loans and credits, the preparation and registration of all security, enforcement or preservation of any or all of the Credit Union's rights and remedies, whether or not any such documentation is completed or any funds are advanced, including but not limited to legal expenses (on a solicitor-and-its-own-client full indemnity basis), costs of accountants, engineers, architects, consultants, appraisers and the costs of any and all searches and registrations the Credit Union or its solicitor deems either necessary or desirable.

Signs:

In the event this loan is for the purpose of providing financing for a building or other major improvements to be constructed on the Property, the Credit Union shall have the right to require a sign or signs supplied by it to be erected and maintained by you on the Property in a location acceptable to the Credit Union, which sign or signs shall indicate that the Credit Union has provided financing for the Property.

Environmental Representations:

As set out in the security documentation.

Mandatory Membership:

Membership with the Credit Union requires that every Borrower invest a minimum of \$1.00 in Common Shares of the Credit Union and such ownership and membership must be maintained so long as there are any monies and obligations outstanding by the Borrower to the Credit Union.

Amendment:

Any amendment to this Commitment Letter or security documents must be in writing and signed by the Borrower, Guarantors, and the Credit Union.

Assignment:

The Borrower understands and acknowledges that, after the occurrence of an Event of Default which is continuing, the Credit Union shall have the unrestricted right to sell or assign the Credit Facilities or any loan thereunder, and/or the security documents (including this Commitment Letter) or any parts thereof to a third party of its choice. The Borrower consents to the disclosure by the Credit Union to any such assignee and its agents of personal information of the undersigned relating to the Credit Facilities, and/or the security documents (including this Commitment Letter) or any parts thereof and consents to the collection and use of such personal information by such assignee and its agents. The Borrower also consents to the collection and use of said personal information by third parties involved in the assignment or sale of the Credit Facilities and the further disclosure of such information to the third parties' agents and assignees and those parties' subsequent collection and use of the information, in each case, for the purpose of the ongoing management of the Credit Facilities.

Governing Law:

This Commitment Letter constituted by your acceptance shall be governed by the laws of the Province of Alberta and the federal laws of Canada applicable therein.

Headings:

The headings contained in this letter are for reference only and shall not constitute any part of the terms and conditions contained herein.

Payments:

Unless otherwise directed and agreed to by the Credit Union all amounts payable by the Borrower hereunder shall be paid to the Credit Union at its Commercial Banking Office/Branch, 2720, 700 – 9th Avenue SW, Calgary, Alberta T2P 3V4, in Canadian dollars.

Successors and Assigns:

Subject to the provisions hereof, this Commitment Letter shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

Severability:

Each provision of this Commitment Letter is severable and any term or provisions hereby declared to the contrary to, prohibited by, or invalid under applicable laws or regulations shall be inapplicable and deemed omitted herefrom, but shall not invalidate the remaining terms and provisions hereof.

Conflict:

The terms and conditions of this Commitment Letter shall not be merged by and shall survive the execution, delivery and registration of any and all security documents. In the event of a conflict between the terms of this Commitment Letter and the terms of any security document, the terms of this Commitment Letter shall prevail. For clarity, the mention of a provision in either the Commitment Letter and not in the Security or vice versa shall not constitute a conflict but shall be deemed to be supplemental and in addition to any of the terms and conditions available under either the Credit Facility or the Security as the case may be.

Time:

Time shall in all respects be of the essence hereof.

Waiver:

No terms or requirement of this Commitment Letter or any security documents may be waived or varied orally or by any course of conduct or any officer, employee, or agent of the Credit Union. Any failure by the Credit Union to exercise any rights or remedies hereunder or under any of the Security shall not constitute a waiver thereof.