Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Appendix A **must** be completed for all board members, officers, managers, owners, partners, principal stakeholders, directors, and members. For board members, officers, managers, owners, partners, directors, and members of the applicant that are not natural persons, Appendix A must be completed by each board member, officer, manager, owner, partner, director and member of that entity, going back to the level of ownership by a natural person. **An Organizational Chart documenting your organizational structure must be included with this application.**

1. Business Name: THC Health Inc.

This is the name that was entered in Section A of the Application for Registration as a Registered Organization.

2. Name: Christian Cespedes

3. Title: President & Chief Executive Off

4. Briefly describe the role of this person or entity in the proposed registered organization:

Head of executive operations; oversee all business & operating activity; lead design, updates & implementation of business & operating models

5. Will this person or entity come into contact with medical marijuana or medical marijuana products?

☑ **Yes** ☐ **No**

Any managers who may come in contact with or handle medical marijuana, including medical marijuana products, shall be subject to a fingerprinting process as part of a criminal history background check in compliance with the procedures established by Division of Criminal Justice Services and submission of the applicable fee. Criminal history background checks must be done through Identogo at http://www.identogo.com/FP/NewYork.aspx using the ORI number NY0412500 and the Fingerprint Reason "Control Substance License."

6. Has this person or entity held any position of management or ownership during the preceding ten years of a 10% or greater interest in any other business which manufactured or distributed drugs? ☐ **Yes** ☑ **No**

If the answer to this question is yes, provide the name of the business, a statement defining the position of management or ownership held in such business, and any finding of violations of law or regulation by a governmental agency against the business or person or entity.

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

7. Has this person or entity been convicted of a felony or had any type of registration or license suspended or revoked in any administrative or judicial proceeding?
☐ Yes ☑ No

If the answer to either of these questions is "Yes," a statement explaining the circumstances of the felony, suspension or revocation must be provided below.

8. Phone: [redacted]		9. Fax:	
10. Email: [redacted]			
11. Residence Address: [redacted]			
12. City: [redacted]		13. State [redacted]	14. ZIP Code: [redacted]

15. Formal Education		Dates Attended		Degree	
Institution	Address	From	To	Degree Received	Date Received
Columbia University Graduate School of Business	New York, NY 10027	2003	2004	MBA, Finance and Economics	August 2004
State University of New York @ Stony Brook	Stony Brook, NY 11794	1994	1996	Bachelor of Science, Biology	August 1996
Cornell University	Ithaca, NY	1991	1993	N/A	N/A

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

16. Licenses Held: List any and all licenses issued by a governmental or other regulatory entity.

Type of Professional License	License Number	Institution Granting License (Mailing Address, Phone, Email)	Effective Date	Expiration Date

17. Employment History for the Past 10 Years: Start with MOST RECENT employment and include employment during the last 10 years. Attach additional copies of page 3, if necessary.

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Type of Business:		
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:	Type of Business:	
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		

18. Offices Held or Ownership Interest in Other Businesses

List any affiliations you have been associated with in the past 10 years. Affiliation, for the purpose of this section, includes serving as either a board member, officer, manager, owner, partner, principal stakeholder, director or member of the organization. Organizations outside of New York State must also be disclosed.

Have you owned or operated a business or had any affiliations with the operations of a business in New York, in the USA, or in other countries? ☐ **Yes** ☑ **No**

From:	Name and Address of Business:	
To:		
Business Type:	Office Held/Nature of Interest:	☐ **open** ☐ **closed** ☐ **proposed**
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

From:	Name and Address of Business:	
To:		
Business Type:	Office Held/Nature of Interest:	☐ open ☐ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		
From:	Name and Address of Business:	
To:		
Business Type:	Office Held/Nature of Interest:	☐ open ☐ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		
From:	Name and Address of Business:	
To:		
Business Type:	Office Held/Nature of Interest:	☐ open ☐ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		

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19. Affirmative Statement of Qualifications

For individuals who have not previously served as a director/officer nor have had managerial experience, please include a statement below explaining how you are qualified to operate the proposed facility. This statement should include, but not be limited to, any relevant community/volunteer background and experience.

20. The undersigned certifies, under penalty of perjury, that the information contained herein or attached hereto is accurate, true, and complete in all material respects.

Signature:	Date: 02-JUNE-2015
Notary Name: Maria Teresa Nieva	Notary Registration Number: 50009340
Notary (Notary Must Affix Stamp or Seal) MARIA TERESA NIEVA NOTARY PUBLIC OF NEW JERSEY My Commission Expires 1/30/2020	Date: June 2, 2015

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Appendix A **must** be completed for all board members, officers, managers, owners, partners, principal stakeholders, directors, and members. For board members, officers, managers, owners, partners, directors, and members of the applicant that are not natural persons, Appendix A must be completed by each board member, officer, manager, owner, partner, director and member of that entity, going back to the level of ownership by a natural person. **An Organizational Chart documenting your organizational structure must be included with this application.**

1. Business Name: THC Health Inc

This is the name that was entered in Section A of the Application for Registration as a Registered Organization.

2. Name: Doodnauth Dhanraj | 3. Title: Board Advisor - Finance Manag

4. Briefly describe the role of this person or entity in the proposed registered organization:

Head of financial planning analysis and reporting requirements; advise finance management operating model design & implementation;

5. Will this person or entity come into contact with medical marijuana or medical marijuana products?
☐ **Yes** ☑ **No**

Any managers who may come in contact with or handle medical marijuana, including medical marijuana products, shall be subject to a fingerprinting process as part of a criminal history background check in compliance with the procedures established by Division of Criminal Justice Services and submission of the applicable fee. Criminal history background checks must be done through Identogo at http://www.identogo.com/FP/NewYork.aspx using the ORI number NY0412500 and the Fingerprint Reason "Control Substance License."

6. Has this person or entity held any position of management or ownership during the preceding ten years of a 10% or greater interest in any other business which manufactured or distributed drugs? ☐ **Yes** ☑ **No**

If the answer to this question is yes, provide the name of the business, a statement defining the position of management or ownership held in such business, and any finding of violations of law or regulation by a governmental agency against the business or person or entity.

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

7. Has this person or entity been convicted of a felony or had any type of registration or license suspended or revoked in any administrative or judicial proceeding?
☐ Yes ☑ No

If the answer to either of these questions is "Yes," a statement explaining the circumstances of the felony, suspension or revocation must be provided below.

8. Phone: [redacted]		9. Fax: na	
10. Email: [redacted]			
11. Residence Address: [redacted]			
12. City: [redacted]	13. State [redacted]	14. ZIP Code: [redacted]	

15. Formal Education		Dates Attended		Degree	
Institution	Address	From	To	Degree Received	Date Received
City College of NY	160 convent avenue NY, NY 10031	1992	1996	BS - Chemical Engineering	June 1996
New York University Stern School of Business	44 West 4th street NY, NY 10012	2000	2002	MBA - Finance and Management	June 2002

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Type of Business:		
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:	Type of Business:	
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		

18. Offices Held or Ownership Interest in Other Businesses

List any affiliations you have been associated with in the past 10 years. Affiliation, for the purpose of this section, includes serving as either a board member, officer, manager, owner, partner, principal stakeholder, director or member of the organization. Organizations outside of New York State must also be disclosed.

Have you owned or operated a business or had any affiliations with the operations of a business in New York, in the USA, or in other countries? ☑ Yes ☐ No

From:	Name and Address of Business:	
To:		
Business Type:	Office Held/Nature of Interest:	☐ open ☐ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members
Redacted pursuant to N.Y. Public Officers Law, Art. 6

Business Type:	Office Held/Nature of Interest:	☐open ☐closed ☐proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

19. Affirmative Statement of Qualifications

For individuals who have not previously served as a director/officer nor have had managerial experience, please include a statement below explaining how you are qualified to operate the proposed facility. This statement should include, but not be limited to, any relevant community/volunteer background and experience.

20. The undersigned certifies, under penalty of perjury, that the information contained herein or attached hereto is accurate, true, and complete in all material respects.

Signature:	Date: 5/21/15
Notary Name: RAYMOND KOZIKOTT	Notary Registration Number: 01KO6159179
Notary (Notary Must Affix Stamp or Seal)	Date: 05/21/15

RAYMOND KOZIKOTT
Notary Public - State of New York
NO. 01KO6159179
Qualified in Nassau County
My Commission Expires 01/16/2019

RAYMOND KOZIKOTT
Notary Public - State of New York
NO. 01KO6159179
Qualified in Nassau County
My Commission Expires 01/16/2019

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Appendix A **must** be completed for all board members, officers, managers, owners, partners, principal stakeholders, directors, and members. For board members, officers, managers, owners, partners, directors, and members of the applicant that are not natural persons, Appendix A must be completed by each board member, officer, manager, owner, partner, director and member of that entity, going back to the level of ownership by a natural person. **An Organizational Chart documenting your organizational structure must be included with this application.**

1. Business Name: THC Health Inc.

This is the name that was entered in Section A of the Application for Registration as a Registered Organization.

2. Name: Rosario Cespedes	3. Title: None

4. Briefly describe the role of this person or entity in the proposed registered organization:
Shareholder, owner

5. Will this person or entity come into contact with medical marijuana or medical marijuana products?
☐ Yes ☑ No

Any managers who may come in contact with or handle medical marijuana, including medical marijuana products, shall be subject to a fingerprinting process as part of a criminal history background check in compliance with the procedures established by Division of Criminal Justice Services and submission of the applicable fee. Criminal history background checks must be done through Identogo at http://www.identogo.com/FP/NewYork.aspx using the ORI number NY0412500 and the Fingerprint Reason "Control Substance License."

6. Has this person or entity held any position of management or ownership during the preceding ten years of a 10% or greater interest in any other business which manufactured or distributed drugs? ☐ Yes ☑ No

If the answer to this question is yes, provide the name of the business, a statement defining the position of management or ownership held in such business, and any finding of violations of law or regulation by a governmental agency against the business or person or entity.

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

7. Has this person or entity been convicted of a felony or had any type of registration or license suspended or revoked in any administrative or judicial proceeding?
☐ Yes ☑ No

If the answer to either of these questions is "Yes," a statement explaining the circumstances of the felony, suspension or revocation must be provided below.

8. Phone [redacted]			9. Fax:		
10. Email [redacted]					
11. Residence Address: [redacted]					
12. City [redacted]		13. State [redacted]		14. ZIP Code: [redacted]	
15. Formal Education		Dates Attended		Degree	
Institution	Address	From	To	Degree Received	Date Received

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

16. Licenses Held: List any and all licenses issued by a governmental or other regulatory entity.

Type of Professional License	License Number	Institution Granting License (Mailing Address, Phone, Email)	Effective Date	Expiration Date

17. Employment History for the Past 10 Years: Start with MOST RECENT employment and include employment during the last 10 years. Attach additional copies of page 3, if necessary.

[redacted]

Street Address:

City:	State:	Zip Code:

Starting Date of Employment:	Ending Date of Employment:
Name of Supervisor for Reference:	Supervisor Phone Number:

[redacted]

Reason For Departure:

Name of Employer:

Type of Business:

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:		
Type of Business:		
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:		
Type of Business:		
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Type of Business:		
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:	Type of Business:	
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		

18. Offices Held or Ownership Interest in Other Businesses

List any affiliations you have been associated with in the past 10 years. Affiliation, for the purpose of this section, includes serving as either a board member, officer, manager, owner, partner, principal stakeholder, director or member of the organization. Organizations outside of New York State must also be disclosed.

Have you owned or operated a business or had any affiliations with the operations of a business in New York, in the USA, or in other countries? ☐ **Yes** ☑ **No**

From:	Name and Address of Business:	
To:		
Business Type:	Office Held/Nature of Interest:	☐ **open** ☐ **closed** ☐ **proposed**
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

From:	Name and Address of Business:	
To:		
Business Type:	Office Held/Nature of Interest:	☐ open ☐ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		
From:	Name and Address of Business:	
To:		
Business Type:	Office Held/Nature of Interest:	☐ open ☐ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		
From:	Name and Address of Business:	
To:		
Business Type:	Office Held/Nature of Interest:	☐ open ☐ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

19. Affirmative Statement of Qualifications

For individuals who have not previously served as a director/officer nor have had managerial experience, please include a statement below explaining how you are qualified to operate the proposed facility. This statement should include, but not be limited to, any relevant community/volunteer background and experience.

I will not be operating any proposed facilities. I will remain a silent investor.

20. The undersigned certifies, under penalty of perjury, that the information contained herein or attached hereto is accurate, true, and complete in all material respects.

Signature: Rosario L. Cepeda	Date: June 2, 2015
Notary Name: Maria Teresa Nieva	Notary Registration Number: 50009340
Notary (Notary Must Affix Stamp or Seal) MARIA TERESA NIEVA NOTARY PUBLIC OF NEW JERSEY My Commission Expires 1/30/2020	Date: June 2, 2015

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Appendix A **must** be completed for all board members, officers, managers, owners, partners, principal stakeholders, directors, and members. For board members, officers, managers, owners, partners, directors, and members of the applicant that are not natural persons, Appendix A must be completed by each board member, officer, manager, owner, partner, director and member of that entity, going back to the level of ownership by a natural person. **An Organizational Chart documenting your organizational structure must be included with this application.**

1. Business Name: THC Health Inc.

This is the name that was entered in Section A of the Application for Registration as a Registered Organization.

2. Name: Mark Haugen	3. Title: Chief Financial Officer

4. Briefly describe the role of this person or entity in the proposed registered organization:

Head of finance operations; lead design, implementation, and execution of financial management operations.

5. Will this person or entity come into contact with medical marijuana or medical marijuana products?
☐ **Yes** ☑ **No**

Any managers who may come in contact with or handle medical marijuana, including medical marijuana products, shall be subject to a fingerprinting process as part of a criminal history background check in compliance with the procedures established by Division of Criminal Justice Services and submission of the applicable fee. Criminal history background checks must be done through Identogo at http://www.identogo.com/FP/NewYork.aspx using the ORI number NY0412500 and the Fingerprint Reason "Control Substance License."

6. Has this person or entity held any position of management or ownership during the preceding ten years of a 10% or greater interest in any other business which manufactured or distributed drugs? ☐ **Yes** ☑ **No**

If the answer to this question is yes, provide the name of the business, a statement defining the position of management or ownership held in such business, and any finding of violations of law or regulation by a governmental agency against the business or person or entity.

Appendix A:
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7. Has this person or entity been convicted of a felony or had any type of registration or license suspended or revoked in any administrative or judicial proceeding?
☐ Yes ☑ No

If the answer to either of these questions is "Yes," a statement explaining the circumstances of the felony, suspension or revocation must be provided below.

8. Phone: [redacted]		9. Fax:	
10. Email: [redacted]			
11. Residence Address [redacted]			
12. City: [redacted]	13. State: [redacted]	14. ZIP Code: [redacted]	

15. Formal Education		Dates Attended		Degree	
Institution	Address	From	To	Degree Received	Date Received
CFA Institute	915 East High Street Charlottesville, VA 22902 USA	2001	2003	Chartered Financial Analyst	2003
Western University	1151 Richmond Street London, Ontario, Canada N6A 3K7	1999	2000	Masters Arts (Economics)	2000
University of Alberta	116 St & 85 Ave Edmonton, Alberta, Canada T6G 2R3	1996	1999	Bachelor of Arts (Honors Economics)	1999

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

16. Licenses Held: List any and all licenses issued by a governmental or other regulatory entity.

Type of Professional License	License Number	Institution Granting License (Mailing Address, Phone, Email)	Effective Date	Expiration Date

17. Employment History for the Past 10 Years: Start with MOST RECENT employment and include employment during the last 10 years. Attach additional copies of page 3, if necessary.

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Name of Employer:
Type of Business:

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:		
Type of Business:		
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:		
Type of Business:		
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:		

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Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:	Type of Business:	
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		

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List any affiliations you have been associated with in the past 10 years. Affiliation, for the purpose of this section, includes serving as either a board member, officer, manager, owner, partner, principal stakeholder, director or member of the organization. Organizations outside of New York State must also be disclosed.

Have you owned or operated a business or had any affiliations with the operations of a business in New York, in the USA, or in other countries? ☑ Yes ☐ No

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:

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Redacted pursuant to N.Y. Public Officers Law, Art. 6

Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		
From:	Name and Address of Business:	
To:		
Business Type:	Office Held/Nature of Interest:	☐ open ☐ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		
From:	Name and Address of Business:	
To:		
Business Type:	Office Held/Nature of Interest:	☐ open ☐ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		

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Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

19. Affirmative Statement of Qualifications

For individuals who have not previously served as a director/officer nor have had managerial experience, please include a statement below explaining how you are qualified to operate the proposed facility. This statement should include, but not be limited to, any relevant community/volunteer background and experience.

In addition to my experience as disclosed above I sit on the following two boards.

[redacted]

20. The undersigned certifies, under penalty of perjury, that the information contained herein or attached hereto is accurate, true, and complete in all material respects.

Signature:	Date: May 29, 2015
Notary Name: HEIDI DANIELS-ROQUE	Notary Registration Number: N/A
Notary (Notary Must Affix Stamp or Seal)	Date: 29 May 2015

Heidi A. Daniels-Roque
NOTARY PUBLIC
FOR AND IN THE ISLANDS OF BERMUDA
VICTORIA PLACE, 31 VICTORIA STREET
HAMILTON HM 10, BERMUDA
MY COMMISSION IS UNLIMITED AS TO TIME

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

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1. Business Name: THC Health Inc.

This is the name that was entered in Section A of the Application for Registration as a Registered Organization.

2. Name: Oscar Dizon

3. Title: None

4. Briefly describe the role of this person or entity in the proposed registered organization:
Shareholder, owner

5. Will this person or entity come into contact with medical marijuana or medical marijuana products?
☐ Yes ☑ No

Any managers who may come in contact with or handle medical marijuana, including medical marijuana products, shall be subject to a fingerprinting process as part of a criminal history background check in compliance with the procedures established by Division of Criminal Justice Services and submission of the applicable fee. Criminal history background checks must be done through Identogo at http://www.identogo.com/FP/NewYork.aspx using the ORI number NY0412500 and the Fingerprint Reason "Control Substance License."

6. Has this person or entity held any position of management or ownership during the preceding ten years of a 10% or greater interest in any other business which manufactured or distributed drugs? ☐ Yes ☑ No

If the answer to this question is yes, provide the name of the business, a statement defining the position of management or ownership held in such business, and any finding of violations of law or regulation by a governmental agency against the business or person or entity.

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7. Has this person or entity been convicted of a felony or had any type of registration or license suspended or revoked in any administrative or judicial proceeding?
☐ Yes ☑ No

If the answer to either of these questions is "Yes," a statement explaining the circumstances of the felony, suspension or revocation must be provided below.

8. Phone: [redacted]	9. Fax:
10. Email:	
11. Residence Address: [redacted]	
12. City: [redacted]	13. State: [redacted] 14. ZIP Code: [redacted]

15. Formal Education		Dates Attended		Degree	
Institution	Address	From	To	Degree Received	Date Received

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16. Licenses Held: List any and all licenses issued by a governmental or other regulatory entity.

Type of Professional License	License Number	Institution Granting License (Mailing Address, Phone, Email)	Effective Date	Expiration Date

17. Employment History for the Past 10 Years: Start with MOST RECENT employment and include employment during the last 10 years. Attach additional copies of page 3, if necessary.

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Name of Employer:
Type of Business:

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:		
Type of Business:		
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:		
Type of Business:		
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Type of Business:		
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:	Type of Business:	
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		

18. Offices Held or Ownership Interest in Other Businesses

List any affiliations you have been associated with in the past 10 years. Affiliation, for the purpose of this section, includes serving as either a board member, officer, manager, owner, partner, principal stakeholder, director or member of the organization. Organizations outside of New York State must also be disclosed.

Have you owned or operated a business or had any affiliations with the operations of a business in New York, in the USA, or in other countries? ☐ **Yes** ☑ **No**

From:	Name and Address of Business:	
To:		
Business Type:	Office Held/Nature of Interest:	☐ **open** ☐ **closed** ☐ **proposed**
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

From: To:	Name and Address of Business:	
Business Type:	Office Held/Nature of Interest:	☐open ☐closed ☐proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		
From: To:	Name and Address of Business:	
Business Type:	Office Held/Nature of Interest:	☐open ☐closed ☐proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		
From: To:	Name and Address of Business:	
Business Type:	Office Held/Nature of Interest:	☐open ☐closed ☐proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

19. Affirmative Statement of Qualifications

For individuals who have not previously served as a director/officer nor have had managerial experience, please include a statement below explaining how you are qualified to operate the proposed facility. This statement should include, but not be limited to, any relevant community/volunteer background and experience.

I will not be operating any proposed facilities. I will remain a silent investor.

20. The undersigned certifies, under penalty of perjury, that the information contained herein or attached hereto is accurate, true, and complete in all material respects.

Signature:	Date: JUNE 3, 2015
Notary Name: Neal Auman	Notary Registration Number: 2165766
Notary (Notary Must Affix Stamp or Seal) NEAL AUMAN Notary Public of New Jersey ID #2165766 Commission Expires May 25, 2019	Date: 06/03/2015

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Appendix A **must** be completed for all board members, officers, managers, owners, partners, principal stakeholders, directors, and members. For board members, officers, managers, owners, partners, directors, and members of the applicant that are not natural persons, Appendix A must be completed by each board member, officer, manager, owner, partner, director and member of that entity, going back to the level of ownership by a natural person. **An Organizational Chart documenting your organizational structure must be included with this application.**

1. Business Name: THC Health Inc

This is the name that was entered in Section A of the Application for Registration as a Registered Organization.

2. Name: Collin Davidson

3. Title: Chief Science Officer

4. Briefly describe the role of this person or entity in the proposed registered organization:

5. Will this person or entity come into contact with medical marijuana or medical marijuana products?
☐ **Yes** ☑ **No**

Any managers who may come in contact with or handle medical marijuana, including medical marijuana products, shall be subject to a fingerprinting process as part of a criminal history background check in compliance with the procedures established by Division of Criminal Justice Services and submission of the applicable fee. Criminal history background checks must be done through Identogo at http://www.identogo.com/FP/NewYork.aspx using the ORI number NY0412500 and the Fingerprint Reason "Control Substance License."

6. Has this person or entity held any position of management or ownership during the preceding ten years of a 10% or greater interest in any other business which manufactured or distributed drugs? ☐ **Yes** ☑ **No**

If the answer to this question is yes, provide the name of the business, a statement defining the position of management or ownership held in such business, and any finding of violations of law or regulation by a governmental agency against the business or person or entity.

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

7. Has this person or entity been convicted of a felony or had any type of registration or license suspended or revoked in any administrative or judicial proceeding?
☐ Yes ☑ No

If the answer to either of these questions is "Yes," a statement explaining the circumstances of the felony, suspension or revocation must be provided below.

8. Phone: [redacted]			9. Fax:		
10. Email: [redacted]					
11. Residence Address: [redacted]					
12. City: [redacted]		13. State: [redacted]		14. ZIP Code: [redacted]	
15. Formal Education		Dates Attended		Degree	
Institution	Address	From	To	Degree Received	Date Received

Redacted pursuant to N.Y. Public Officers Law, Art. 6

SUNY at Buffalo	12 Capen Hall, Buffalo, New York 14260-1660	08/1994	05/1998	BA in Psychology	05/1998
Pennsylvania State University, College of Medicine	500 University Drive Hershey, PA 17033	08/1999	05/2004	PhD in Neuroscience	05/2004
Duke University, Fuqua School of Business	100 Fuqua Drive, Durham, NC 27708	03/2006	11/2007	Masters of Business Administration	11/2007

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

16. Licenses Held: List any and all licenses issued by a governmental or other regulatory entity.				
Type of Professional License	License Number	Institution Granting License (Mailing Address, Phone, Email)	Effective Date	Expiration Date

17. Employment History for the Past 10 Years: Start with MOST RECENT employment and include employment during the last 10 years. Attach additional copies of page 3, if necessary.

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Name of Employer: Pennsylvania State University, College of Medicine		
Type of Business: Academic Institution		
Street Address: 500 University Drive		
City: Hershey	State: PA	Zip Code: 17033
Starting Date of Employment: 08/1999	Ending Date of Employment: 05/2004	
Name of Supervisor for Reference: [redacted]	Supervisor Phone Number: [redacted]	
Position/Responsibilities: Graduate Fellow in Integrated Biosciences (Neuroscience). Designed and executed molecular and cellular biological assays		
Reason For Departure: [redacted]		
Name of Employer:		
Type of Business:		
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Type of Business:		
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:	Type of Business:	
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		

18. Offices Held or Ownership Interest in Other Businesses

List any affiliations you have been associated with in the past 10 years. Affiliation, for the purpose of this section, includes serving as either a board member, officer, manager, owner, partner, principal stakeholder, director or member of the organization. Organizations outside of New York State must also be disclosed.

Have you owned or operated a business or had any affiliations with the operations of a business in New York, in the USA, or in other countries? ☐ Yes ☑ No

From:	Name and Address of Business:	
To:		
Business Type:	Office Held/Nature of Interest:	☐ open ☐ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

From: To:	Name and Address of Business:	
Business Type:	Office Held/Nature of Interest:	☐open ☐closed ☐proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		
From: To:	Name and Address of Business:	
Business Type:	Office Held/Nature of Interest:	☐open ☐closed ☐proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		
From: To:	Name and Address of Business:	
Business Type:	Office Held/Nature of Interest:	☐open ☐closed ☐proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

19. Affirmative Statement of Qualifications

For individuals who have not previously served as a director/officer nor have had managerial experience, please include a statement below explaining how you are qualified to operate the proposed facility. This statement should include, but not be limited to, any relevant community/volunteer background and experience.

I have had managerial experience in multiple companies, all of which have been healthcare or professional services companies. Please see attached resume for details on these experiences.

20. The undersigned certifies, under penalty of perjury, that the information contained herein or attached hereto is accurate, true, and complete in all material respects.

Signature:	Date: 05/18/15
Notary Name:	Notary Registration Number:
Notary (Notary Must Affix Stamp or Seal)	Date: 5/18/15

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Appendix A **must** be completed for all board members, officers, managers, owners, partners, principal stakeholders, directors, and members. For board members, officers, managers, owners, partners, directors, and members of the applicant that are not natural persons, Appendix A must be completed by each board member, officer, manager, owner, partner, director and member of that entity, going back to the level of ownership by a natural person. **An Organizational Chart documenting your organizational structure must be included with this application.**

1. Business Name: THC Health Inc.

This is the name that was entered in Section A of the Application for Registration as a Registered Organization.

2. Name: Kate Bender

3. Title: Chief Pharmacology Officer

4. Briefly describe the role of this person or entity in the proposed registered organization:

Head of Pharmacology; Quality Assurance / Quality Control Officer, lead corporate pharmacology communications; co-lead clinical study design & execution; lead design and implementation of corporate pharmacy procedures & protocols; advise clinical studies capabilities design & implementation.

5. Will this person or entity come into contact with medical marijuana or medical marijuana products?

☑ **Yes** ☐ **No**

Any managers who may come in contact with or handle medical marijuana, including medical marijuana products, shall be subject to a fingerprinting process as part of a criminal history background check in compliance with the procedures established by Division of Criminal Justice Services and submission of the applicable fee. Criminal history background checks must be done through Identogo at http://www.identogo.com/FP/NewYork.aspx using the ORI number NY0412500 and the Fingerprint Reason "Control Substance License."

6. Has this person or entity held any position of management or ownership during the preceding ten years of a 10% or greater interest in any other business which manufactured or distributed drugs? ☐ **Yes** ☑ **No**

If the answer to this question is yes, provide the name of the business, a statement defining the position of management or ownership held in such business, and any finding of violations of law or regulation by a governmental agency against the business or person or entity.

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

7. Has this person or entity been convicted of a felony or had any type of registration or license suspended or revoked in any administrative or judicial proceeding?
☐ Yes ☑ No

If the answer to either of these questions is "Yes," a statement explaining the circumstances of the felony, suspension or revocation must be provided below.

8. Phone: [redacted]		9. Fax: n/a	
10. Email: [redacted]			
11. Residence Address: [redacted]			
12. City: [redacted]	13. State: [redacted]	14. ZIP Code: [redacted]	

15. Formal Education		Dates Attended		Degree	
Institution	Address	From	To	Degree Received	Date Received
University of North Carolina Eshelman School of Pharmacy	CB #7355 Chapel Hill, NC 27599-7355	8/2011	5/2015	Doctor of Pharmacy (PharmD)	5/2015
University of North Carolina School of Business	CB #3490, McColl Building Chapel Hill, NC 27599-3490	6/2013	7/2013	n/a	n/a
Albright College	N. 13th and Bern Streets P.O. Box 15234 Reading, PA 19612	8/2002	5/2006	Bachelor of Science (BS), Chemistry	5/2006

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

16. Licenses Held: List any and all licenses issued by a governmental or other regulatory entity.				
Type of Professional License	License Number	Institution Granting License (Mailing Address, Phone, Email)	Effective Date	Expiration Date

17. Employment History for the Past 10 Years: Start with MOST RECENT employment and include employment during the last 10 years. Attach additional copies of page 3, if necessary.

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Appendix A:

Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Redacted pursuant to N.Y. Public Officers Law, Art. 6

18. Offices Held or Ownership Interest in Other Businesses

List any affiliations you have been associated with in the past 10 years. Affiliation, for the purpose of this section, includes serving as either a board member, officer, manager, owner, partner, principal stakeholder, director or member of the organization. Organizations outside of New York State must also be disclosed.

Have you owned or operated a business or had any affiliations with the operations of a business in New York, in the USA, or in other countries? ☐ Yes ☑ No

From:	Name and Address of Business:	
To:		
Business Type:	Office Held/Nature of Interest:	☐ open ☐ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

From: To:	Name and Address of Business:	
Business Type:	Office Held/Nature of Interest:	☐ open ☐ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		
From: To:	Name and Address of Business:	
Business Type:	Office Held/Nature of Interest:	☐ open ☐ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		
From: To:	Name and Address of Business:	
Business Type:	Office Held/Nature of Interest:	☐ open ☐ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

19. Affirmative Statement of Qualifications

For individuals who have not previously served as a director/officer nor have had managerial experience, please include a statement below explaining how you are qualified to operate the proposed facility. This statement should include, but not be limited to, any relevant community/volunteer background and experience.

I have 5+ years of experience as a research and development chemist in the pharmaceutical industry, leading product testing and verification using various analytical methods (e.g. HPLC, NMR, LCMS, etc.) and performing organic and inorganic chemical synthesis.

I have a PharmD with experience in the community, hospital, and pharmaceutical industry settings. I have extensive experience educating and counseling patients on prescription, over-the-counter, and herbal supplement products. I also have experience in evaluating, designing, and conducting clinical research trials on investigational products.

20. The undersigned certifies, under penalty of perjury, that the information contained herein or attached hereto is accurate, true, and complete in all material respects.

Signature: Kath Bender	Date: 6/2/15
Notary Name: Maria Teresa Nieva	Notary Registration Number: 50009340
Notary (Notary Must Affix Stamp or Seal) MARIA TERESA NIEVA NOTARY PUBLIC OF NEW JERSEY My Commission Expires 1/30/2020	Date: June 2, 2015

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Appendix A **must** be completed for all board members, officers, managers, owners, partners, principal stakeholders, directors, and members. For board members, officers, managers, owners, partners, directors, and members of the applicant that are not natural persons, Appendix A must be completed by each board member, officer, manager, owner, partner, director and member of that entity, going back to the level of ownership by a natural person. **An Organizational Chart documenting your organizational structure must be included with this application.**

1. Business Name: THC Health Inc

This is the name that was entered in Section A of the Application for Registration as a Registered Organization.

2. Name: Renee Ortiz

3. Title: Board AdvisorGovrnment & La

4. Briefly describe the role of this person or entity in the proposed registered organization:

Lead engagements & communications related to corporate public & political relations; support corporate compliance

5. Will this person or entity come into contact with medical marijuana or medical marijuana products?

☐ Yes ☑ No

Any managers who may come in contact with or handle medical marijuana, including medical marijuana products, shall be subject to a fingerprinting process as part of a criminal history background check in compliance with the procedures established by Division of Criminal Justice Services and submission of the applicable fee. Criminal history background checks must be done through Identogo at http://www.identogo.com/FP/NewYork.aspx using the ORI number NY0412500 and the Fingerprint Reason "Control Substance License."

6. Has this person or entity held any position of management or ownership during the preceding ten years of a 10% or greater interest in any other business which manufactured or distributed drugs? ☐ Yes ☑ No

If the answer to this question is yes, provide the name of the business, a statement defining the position of management or ownership held in such business, and any finding of violations of law or regulation by a governmental agency against the business or person or entity.

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

7. Has this person or entity been convicted of a felony or had any type of registration or license suspended or revoked in any administrative or judicial proceeding?
☐ Yes ☐ No

If the answer to either of these questions is "Yes," a statement explaining the circumstances of the felony, suspension or revocation must be provided below.

8. Phone: [redacted]	9. Fax
10. Email: [redacted]	
11. Residence Address:	
12. City: [redacted]	13. State [redacted] 14. ZIP Code: [redacted]

15. Formal Education		Dates Attended		Degree	
Institution	Address	From	To	Degree Received	Date Received
Suffolk Community College	Selden, NY	9/91	5/94	None (transferred)	
Stony Brook University	Stony Brook, NY	9/00	5/03	BA	5/03
Stony Brook University	Stony Brook, NY	9/04	5/06	MA	5/03

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

16. Licenses Held: List any and all licenses issued by a governmental or other regulatory entity.

Type of Professional License	License Number	Institution Granting License (Mailing Address, Phone, Email)	Effective Date	Expiration Date

17. Employment History for the Past 10 Years: Start with MOST RECENT employment and include employment during the last 10 years. Attach additional copies of page 3, if necessary.

Name of Employer: Suffolk Community College

Type of Business: Development Professional

Street Address: 533 College Road

City: Selden | State: NY | Zip Code: 11784

Starting Date of Employment: 3/30/14 | Ending Date of Employment: Presently employed

Name of Supervisor for Reference: [redacted] | Supervisor Phone Number: [redacted]

Position/Responsibilities:

Assistant Director of Development. Work in conjunction with Director of Development to secure funding through various resources to support scholarships and special programs for students. Identify and cultivate potential donors: individuals, corporations and partner organizations. Grant writing to secure funds to support scholarships and special programs.

Reason For Departure:

Name of Employer: Suffolk County Legislature

Type of Business: Government Office

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Street Address: 725 Veterans Memorial Highway		
City: Smithtown	State: NY	Zip Code: 11787
Starting Date of Employment: 1/06	Ending Date of Employment: 4/14	
Name of Supervisor for Reference: [redacted]	Supervisor Phone Number: [redacted]	
Position/Responsibilities: Chief Deputy Clerk. Manage staff of 30. Provide work direction and supervision, handle all employee relations, oversee all performance management. Oversee processing and tracking of all proposed and adopted County legislation. Set and oversee agenda for monthly general meetings of the legislature.		
Reason For Departure: [redacted]		
Name of Employer:		
Type of Business:		
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:		
Type of Business:		
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Type of Business:		
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:	Type of Business:	
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		

18. Offices Held or Ownership Interest in Other Businesses

List any affiliations you have been associated with in the past 10 years. Affiliation, for the purpose of this section, includes serving as either a board member, officer, manager, owner, partner, principal stakeholder, director or member of the organization. Organizations outside of New York State must also be disclosed.

Have you owned or operated a business or had any affiliations with the operations of a business in New York, in the USA, or in other countries? ☐ **Yes** ☑ **No**

From:	Name and Address of Business:	
To:		
Business Type:	Office Held/Nature of Interest:	☐ **open** ☐ **closed** ☐ **proposed**
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

From: 12/11 To: Present	Name and Address of Business: Town of Islip Community Development Agency	
Business Type: Non-Profit	Office Held/Nature of Interest: Board Of Directors	☑ open ☐ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable: N/A		
From: 12/12 To: Present	Name and Address of Business: Long Island Head Start	
Business Type: Non-Profit	Office Held/Nature of Interest: Board of Directors	☑ open ☐ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable: N/A		
From: To:	Name and Address of Business:	
Business Type:	Office Held/Nature of Interest:	☐ open ☐ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

19. Affirmative Statement of Qualifications

For individuals who have not previously served as a director/officer nor have had managerial experience, please include a statement below explaining how you are qualified to operate the proposed facility. This statement should include, but not be limited to, any relevant community/volunteer background and experience.

20. The undersigned certifies, under penalty of perjury, that the information contained herein or attached hereto is accurate, true, and complete in all material respects.

Signature: Irene Ortiz	Date: 5/27/15
Notary Name: Lucia D. Braaten	Notary Registration Number: 4803364
Notary (Notary Must Affix Stamp or Seal) LUCIA D. BRAATEN NOTARY PUBLIC, State of New York No. 4803364 Qualified in Suffolk County Commission Expires Dec. 31, 2018	Date: 5/27/15

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Appendix A **must** be completed for all board members, officers, managers, owners, partners, principal stakeholders, directors, and members. For board members, officers, managers, owners, partners, directors, and members of the applicant that are not natural persons, Appendix A must be completed by each board member, officer, manager, owner, partner, director and member of that entity, going back to the level of ownership by a natural person. **An Organizational Chart documenting your organizational structure must be included with this application.**

1. Business Name: THC Health Inc.

This is the name that was entered in Section A of the Application for Registration as a Registered Organization.

2. Name: Raquel Dizon	3. Title: None

4. Briefly describe the role of this person or entity in the proposed registered organization:
Shareholder, owner

5. Will this person or entity come into contact with medical marijuana or medical marijuana products?
☐ **Yes** ☑ **No**

Any managers who may come in contact with or handle medical marijuana, including medical marijuana products, shall be subject to a fingerprinting process as part of a criminal history background check in compliance with the procedures established by Division of Criminal Justice Services and submission of the applicable fee. Criminal history background checks must be done through Identogo at http://www.identogo.com/FP/NewYork.aspx using the ORI number NY0412500 and the Fingerprint Reason "Control Substance License."

6. Has this person or entity held any position of management or ownership during the preceding ten years of a 10% or greater interest in any other business which manufactured or distributed drugs? ☐ **Yes** ☑ **No**

If the answer to this question is yes, provide the name of the business, a statement defining the position of management or ownership held in such business, and any finding of violations of law or regulation by a governmental agency against the business or person or entity.

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

7. Has this person or entity been convicted of a felony or had any type of registration or license suspended or revoked in any administrative or judicial proceeding?
☐ Yes ☑ No

If the answer to either of these questions is "Yes," a statement explaining the circumstances of the felony, suspension or revocation must be provided below.

8. Phone: [redacted]			9. Fax:		
10. Email:					
11. Residence Address: [redacted]					
12. City: [redacted]		13. State: [redacted]		14. ZIP Code: [redacted]	
15. Formal Education		Dates Attended		Degree	
Institution	Address	From	To	Degree Received	Date Received

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

16. Licenses Held: List any and all licenses issued by a governmental or other regulatory entity.

Type of Professional License	License Number	Institution Granting License (Mailing Address, Phone, Email)	Effective Date	Expiration Date

17. Employment History for the Past 10 Years: Start with MOST RECENT employment and include employment during the last 10 years. Attach additional copies of page 3, if necessary.

[redacted]

Street Address:

City:	State:	Zip Code:

Starting Date of Employment:	Ending Date of Employment:
Name of Supervisor for Reference:	Supervisor Phone Number:

[redacted]

Reason For Departure:

Name of Employer:

Type of Business:

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:		
Type of Business:		
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:		
Type of Business:		
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Type of Business:		
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:	Type of Business:	
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		

18. Offices Held or Ownership Interest in Other Businesses

List any affiliations you have been associated with in the past 10 years. Affiliation, for the purpose of this section, includes serving as either a board member, officer, manager, owner, partner, principal stakeholder, director or member of the organization. Organizations outside of New York State must also be disclosed.

Have you owned or operated a business or had any affiliations with the operations of a business in New York, in the USA, or in other countries? ☐ **Yes** ☑ **No**

From:	Name and Address of Business:	
To:		
Business Type:	Office Held/Nature of Interest:	☐ **open** ☐ **closed** ☐ **proposed**
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

From: To:	Name and Address of Business:	
Business Type:	Office Held/Nature of Interest:	☐open ☐closed ☐proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		
From: To:	Name and Address of Business:	
Business Type:	Office Held/Nature of Interest:	☐open ☐closed ☐proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		
From: To:	Name and Address of Business:	
Business Type:	Office Held/Nature of Interest:	☐open ☐closed ☐proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

19. Affirmative Statement of Qualifications

For individuals who have not previously served as a director/officer nor have had managerial experience, please include a statement below explaining how you are qualified to operate the proposed facility. This statement should include, but not be limited to, any relevant community/volunteer background and experience.

I will not be operating any proposed facilities. I will remain a silent investor.

20. The undersigned certifies, under penalty of perjury, that the information contained herein or attached hereto is accurate, true, and complete in all material respects.

Signature: Raquel L. Dizon	Date: June 3, 2015
Notary Name: Neal Auman	Notary Registration Number: 2165766
Notary (Notary Must Affix Stamp or Seal) Neal Auman NEAL AUMAN Notary Public of New Jersey ID #2165766 Commission Expires May 25, 2019	Date: 06/03/2015

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Appendix A **must** be completed for all board members, officers, managers, owners, partners, principal stakeholders, directors, and members. For board members, officers, managers, owners, partners, directors, and members of the applicant that are not natural persons, Appendix A must be completed by each board member, officer, manager, owner, partner, director and member of that entity, going back to the level of ownership by a natural person. **An Organizational Chart documenting your organizational structure must be included with this application.**

1. Business Name: THC Health, Inc.

This is the name that was entered in Section A of the Application for Registration as a Registered Organization.

2. Name: Dwight B. Mamanteo	3. Title: Board of Directors, Chairman

4. Briefly describe the role of this person or entity in the proposed registered organization:

Lead business development; secure start-up financing; and advise with financial management.

5. Will this person or entity come into contact with medical marijuana or medical marijuana products?
☐ **Yes** ☑ **No**

Any managers who may come in contact with or handle medical marijuana, including medical marijuana products, shall be subject to a fingerprinting process as part of a criminal history background check in compliance with the procedures established by Division of Criminal Justice Services and submission of the applicable fee. Criminal history background checks must be done through Identogo at http://www.identogo.com/FP/NewYork.aspx using the ORI number NY0412500 and the Fingerprint Reason "Control Substance License."

6. Has this person or entity held any position of management or ownership during the preceding ten years of a 10% or greater interest in any other business which manufactured or distributed drugs? ☐ **Yes** ☑ **No**

If the answer to this question is yes, provide the name of the business, a statement defining the position of management or ownership held in such business, and any finding of violations of law or regulation by a governmental agency against the business or person or entity.

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

7. Has this person or entity been convicted of a felony or had any type of registration or license suspended or revoked in any administrative or judicial proceeding?
☐ Yes ☑ No

If the answer to either of these questions is "Yes," a statement explaining the circumstances of the felony, suspension or revocation must be provided below.

8. Phone: [redacted]		9. Fax	
10. Email: [redacted]			
11. Residence Address: [redacted]			
12. City: [redacted]	13. State: [redacted]	14. ZIP Code: [redacted]	

15. Formal Education		Dates Attended		Degree	
Institution	Address	From	To	Degree Received	Date Received
Columbia University Graduate School of Business	116th Street and Broadway, New York, NY 10027	2003	2004	MBA, Finance and Economics	August 2004
Concordia University	1455 De Maissonneuve Blvd. W., Montreal, Quebec, Canada, H3G 1M8	1989	1993	Bachelor of Engineering, Electrical Engineer	May 1993
John Abbott College	21275 Rue Lakeshore, Sainte-Anne-de-Bellevue, Quebec, Canada H9X 3V9	1986	1989	Diploma in Pure & Applied Sciences	May 1989

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

16. Licenses Held: List any and all licenses issued by a governmental or other regulatory entity.

Type of Professional License	License Number	Institution Granting License (Mailing Address, Phone, Email)	Effective Date	Expiration Date

17. Employment History for the Past 10 Years: Start with MOST RECENT employment and include employment during the last 10 years. Attach additional copies of page 3, if necessary.

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Name of Employer:

Type of Business:

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:		
Type of Business:		
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:		
Type of Business:		
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Type of Business:		
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		
Name of Employer:	Type of Business:	
Street Address:		
City:	State:	Zip Code:
Starting Date of Employment:	Ending Date of Employment:	
Name of Supervisor for Reference:	Supervisor Phone Number:	
Position/Responsibilities:		
Reason For Departure:		

18. Offices Held or Ownership Interest in Other Businesses

List any affiliations you have been associated with in the past 10 years. Affiliation, for the purpose of this section, includes serving as either a board member, officer, manager, owner, partner, principal stakeholder, director or member of the organization. Organizations outside of New York State must also be disclosed.

Have you owned or operated a business or had any affiliations with the operations of a business in New York, in the USA, or in other countries? ☑ Yes ☐ No

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		
From: March 2007 To: Present	Name and Address of Business: MAM Software, Inc., 3435 Winchester Road, Suite 100, Allentown, PA 18104	
Business Type: Software Development/Sales	Office Held/Nature of Interest: Board of Directors, Member	☑ open ☐ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		
From: January 2014 To: Present	Name and Address of Business: GlyEco, Inc., 4802 East Ray Road, Suite 23-408, Phoeniz, AZ 85044	
Business Type: Ethylene Glycol Recycler	Office Held/Nature of Interest: Board of Directors, Chairman	☑ open ☐ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

From: June 2013 To: October 2014	Name and Address of Business: ARI Network Services, Inc., 10850 West Park Place, Suite 1200, Milwaukee, WI 53224	
Business Type: Software Development/Sales	Office Held/Nature of Interest: Board of Directors, Member	☐ open ☑ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		
From: March 2012 To: April 2012	Name and Address of Business: CDC Software, Inc., 1155 Perimeter Center West, Suite 700, Atlanta, GA 30338	
Business Type: Software Development/Sales	Office Held/Nature of Interest: Board of Directors, Member	☐ open ☑ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		
From: April 2009 To: November 2010	Name and Address of Business: EasyLink Services, Inc., 6025 The Corners Parkway NW, Suite 100, Norcross, GA 30092	
Business Type: Software Development/Sales	Office Held/Nature of Interest: Board of Directors, Member	☐ open ☑ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

From: December 2007 To: November 2008	Name and Address of Business: PetWatch Animal Hospitals, Inc., 3051 Thurston Road, Urbana, MD 21704	
Business Type: Veterinary Hospitals	Office Held/Nature of Interest: Board of Directors, Chairman	☐ open ☑ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		
From: To:	Name and Address of Business:	
Business Type:	Office Held/Nature of Interest:	☐ open ☑ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		
From: To:	Name and Address of Business:	
Business Type:	Office Held/Nature of Interest:	☐ open ☑ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

19. Affirmative Statement of Qualifications

For individuals who have not previously served as a director/officer nor have had managerial experience, please include a statement below explaining how you are qualified to operate the proposed facility. This statement should include, but not be limited to, any relevant community/volunteer background and experience.

20. The undersigned certifies, under penalty of perjury, that the information contained herein or attached hereto is accurate, true, and complete in all material respects.

Signature:	Date: 5/21/15
Notary Name: VINCIA WILLIAMS	Notary Registration Number: NO. 01WI6183540.
Notary (Notary Must Affix Stamp or Seal) VINCIA WILLIAMS Notary Public, State of New York No. 01WI6183540 Qualified in Bronx County Commission Expires March 1, 2016	Date: Sworn to before me this 21st day of May, 2015 State of New York County of Bronx York

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Appendix A **must** be completed for all board members, officers, managers, owners, partners, principal stakeholders, directors, and members. For board members, officers, managers, owners, partners, directors, and members of the applicant that are not natural persons, Appendix A must be completed by each board member, officer, manager, owner, partner, director and member of that entity, going back to the level of ownership by a natural person. **An Organizational Chart documenting your organizational structure must be included with this application.**

1. Business Name: THC Health Inc.

This is the name that was entered in Section A of the Application for Registration as a Registered Organization.

2. Name: Tyrel Hooker	3. Title: Chief Legal Officer

4. Briefly describe the role of this person or entity in the proposed registered organization:

Head of Legal Operations: lead implementation of compliance requirements; lead legal review of all activity; conduct ongoing risk analysis; issue guidance to board on a monthly basis; lead maintenance of corporate compliance activity.

5. Will this person or entity come into contact with medical marijuana or medical marijuana products?
☐ Yes ☑ No

Any managers who may come in contact with or handle medical marijuana, including medical marijuana products, shall be subject to a fingerprinting process as part of a criminal history background check in compliance with the procedures established by Division of Criminal Justice Services and submission of the applicable fee. Criminal history background checks must be done through Identogo at http://www.identogo.com/FP/NewYork.aspx using the ORI number NY0412500 and the Fingerprint Reason "Control Substance License."

6. Has this person or entity held any position of management or ownership during the preceding ten years of a 10% or greater interest in any other business which manufactured or distributed drugs? ☐ Yes ☑ No

If the answer to this question is yes, provide the name of the business, a statement defining the position of management or ownership held in such business, and any finding of violations of law or regulation by a governmental agency against the business or person or entity.

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

7. Has this person or entity been convicted of a felony or had any type of registration or license suspended or revoked in any administrative or judicial proceeding?
☐ Yes ☑ No

If the answer to either of these questions is "Yes," a statement explaining the circumstances of the felony, suspension or revocation must be provided below.

8. Phone: [redacted]	9. Fax:
10. Email: [redacted]	
11. Residence Address: [redacted]	
12. City: [redacted]	13. State: [redacted] 14. ZIP Code: [redacted]

15. Formal Education		Dates Attended		Degree	
Institution	Address	From	To	Degree Received	Date Received
Wake Forest University School of Law	1834 Wake Forest Rd. Winston-Salem, NC 27109	08/2009	05/2012	JD	12/13/2012
Wake Forest Univ. Graduate School of Arts & Sciences	1834 Wake Forest Rd. Winston-Salem, NC 27106	01/2011	12/2012	MA in Bioethics	12/13/2012
University of Texas at Austin	1 Inner Campus Dr. Austin, TX 78712	01/2006	12/2008	BA in History	12/20/2008
Odessa Community College	201 W. University Odessa, TX 79764	08/2004	12/2005	None	N/A

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

16. Licenses Held: List any and all licenses issued by a governmental or other regulatory entity.

Type of Professional License	License Number	Institution Granting License (Mailing Address, Phone, Email)	Effective Date	Expiration Date
Law	46127	North Carolina State Bar PO Box 25908 Raleigh, NC 27611-5908	08/28/2013	N/A
		(919) 828-4620 Tammy Jackson: tjackson@ncbar.gov		

17. Employment History for the Past 10 Years: Start with MOST RECENT employment and include employment during the last 10 years. Attach additional copies of page 3, if necessary.

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Appendix A:

Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

Redacted pursuant to N.Y. Public Officers Law, Art. 6

18. Offices Held or Ownership Interest in Other Businesses List any affiliations you have been associated with in the past 10 years. Affiliation, for the purpose of this section, includes serving as either a board member, officer, manager, owner, partner, principal stakeholder, director or member of the organization. Organizations outside of New York State must also be disclosed.		
Have you owned or operated a business or had any affiliations with the operations of a business in New York, in the USA, or in other countries? ☐ Yes ☑ No		
From:	Name and Address of Business:	
To:		
Business Type:	Office Held/Nature of Interest:	☐ open ☐ closed ☐ proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

From: To:	Name and Address of Business:	
Business Type:	Office Held/Nature of Interest:	☐open ☐closed ☐proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		
From: To:	Name and Address of Business:	
Business Type:	Office Held/Nature of Interest:	☐open ☐closed ☐proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		
From: To:	Name and Address of Business:	
Business Type:	Office Held/Nature of Interest:	☐open ☐closed ☐proposed
Name, Address and Phone Number of Licensing/Regulatory Agency, if applicable:		

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

19. Affirmative Statement of Qualifications

For individuals who have not previously served as a director/officer nor have had managerial experience, please include a statement below explaining how you are qualified to operate the proposed facility. This statement should include, but not be limited to, any relevant community/volunteer background and experience.

I am qualified to operate the proposed facility because of my legal training and experience, my experience in hospital compliance, my education background in bioethics, and my broad range of practical experience and community involvement.

My experience as an attorney has prepared me to provide competent legal guidance to THC Health Inc. I have been given a great amount of responsibility as an attorney with [redacted] and have handled a wide variety of complex legal cases with competence and professionalism. In combination with my experience in hospital compliance and regulations, I am prepared to implement a compliance program and audit system to maintain THC Health Inc.'s compliance with NY York Laws and regulations and other applicable laws.

In addition, companies operating within New York's medical marijuana program will face tough ethical situations. My educational background in bioethics will help guide THC Health Inc. in making responsible and ethical business decisions.

Finally, I have a broad range of practical experience. I am involved in the NC LEAP program through the NC Bar Association. This pro bono program assists start-up and non-profit businesses with various business and legal needs. I am active in the community and involved in ABC of the Carolinas' Membership Committee, the Raleigh Chamber of Commerce, the Eno River Association, and various other organizations.

I am committed to the relief of pain and suffering. Medical marijuana may be able to provide such relief. Therefore, I am driven to do what is necessary to guide THC Health Inc. to clearly and unambiguously comply with all applicable laws and regulations so that we may be able to provide such relief.

20. The undersigned certifies, under penalty of perjury, that the information contained herein or attached hereto is accurate, true, and complete in all material respects.

Signature: [signature]	Date: June 1 2015
Notary Name: Cassie Colvin	Notary Registration Number: 201131800005
Notary (Notary Must Affix Stamp or Seal)	Date: My Commission expires: 11/27/2016

Cassie Colvin NOTARY PUBLIC Wake County, N.C.

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

16. Licenses Held: List any and all licenses issued by a governmental or other regulatory entity.

Type of Professional License	License Number	Institution Granting License (Mailing Address, Phone, Email)	Effective Date	Expiration Date

17. Employment History for the Past 10 Years: Start with MOST RECENT employment and include employment during the last 10 years. Attach additional copies of page 3, if necessary.

Name of Employer: University of Texas at Austin, Engineering Library

Type of Business: Library

Street Address: ECJ 1.300

City: Austin | State: TX | Zip Code: 78713

Starting Date of Employment: 02/2006 | Ending Date of Employment: 12/2008

Name of Supervisor for Reference: [redacted] | Supervisor Phone Number: [redacted]

Position/Responsibilities:
Student Worker. Assisted research staff in locating research materials. Provided administrative support to library staff. Performed clerical duties. Opened and closed the library.

Reason For Departure [redacted]

Name of Employer:

Type of Business:

Attachment to No. 17
1 of 4

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

16. Licenses Held: List any and all licenses issued by a governmental or other regulatory entity.

Type of Professional License	License Number	Institution Granting License (Mailing Address, Phone, Email)	Effective Date	Expiration Date

17. Employment History for the Past 10 Years: Start with MOST RECENT employment and include employment during the last 10 years. Attach additional copies of page 3, if necessary.

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Name of Employer:
Type of Business:

Attachment to NO. 17
2 of 4

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

16. Licenses Held: List any and all licenses issued by a governmental or other regulatory entity.

Type of Professional License	License Number	Institution Granting License (Mailing Address, Phone, Email)	Effective Date	Expiration Date

17. Employment History for the Past 10 Years: Start with MOST RECENT employment and include employment during the last 10 years. Attach additional copies of page 3, if necessary.

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Attachment to No. 17
3 of 4

Appendix A:
Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members

16. Licenses Held: List any and all licenses issued by a governmental or other regulatory entity.

Type of Professional License	License Number	Institution Granting License (Mailing Address, Phone, Email)	Effective Date	Expiration Date

17. Employment History for the Past 10 Years: Start with MOST RECENT employment and include employment during the last 10 years. Attach additional copies of page 3, if necessary.

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Attachment to No. 17
4 of 4

MARIJUANA...

CONTINUED FROM PAGE 1

Assemblyman Anthony Palumbo (R-New Suffolk) supported the measure while state Sen. Ken LaValle (R-Port Jefferson) voted against it.

The Van de Weterings don't know for certain if any other applicants from Suffolk County have come forward, but said they've heard rumblings about a proposal at the Enterprise Park at Calverton. But, they said, they already have the infrastructure in place to start growing right away — unlike the EPCAL site.

The Van de Weterings have already made a substantial financial commitment toward their proposal. It cost them $10,000 just to receive the state's 1,000-page application and will cost an additional $200,000 for them to apply on Friday — plus $1 million in bonds. To date, they've also paid $250,000 in legal fees.

Last week, the Van de Weterings said they approached a number of local elected officials and business leaders seeking support for their application. After those initial meetings, they said, it appeared most people were in favor of the idea, with many promising to write letters of recommendation to the state Department of Health. One of the people they met with was Ray Pickersgill, executive director of the Riverhead Business Improvement District Management Association.

"They're going to do it anyway in New York State, no matter what," said Mr. Pickersgill, who said he needed to confer with other BID members before agreeing to write the Van de Weterings a recommendation letter. "I'm not really for marijuana, but as long as it's heavily regulated, I think it'll be all right."

Suffolk County Legislator Al Krupski (D-Cutchogue) said he's also considering writing to the state in support of the idea.

"It's a very interesting proposal, certainly," Mr. Krupski said. "We had a discussion about medical marijuana at the Legislature a year ago and there were concerns for the security of the product — that it doesn't get out for recreational use — but the medical people I've spoken to have said [marijuana] is a valuable tool for terminally ill people."

Riverhead Town Supervisor Sean Walter, on the other hand, said he is suspect of medical marijuana laws because he feels they're part of an "incremental approach" to the drug's outright legalization.

On Tuesday, the Riverhead Town Board voted 3-2 against a resolution to write the Van de Weterings a letter of recommendation.

During the meeting, at which Jack Van de Wetering spoke, board members were divided over the proposal, with Mr. Walter and council members Jodi Giglio and George Gabrielsen voting no. Councilman John Dunleavy, who said he initially opposed the plan, now thinks it's a good idea. Councilman James Wooten also expressed support for the Van de Weterings.

Last week, Mr. Walter told the News-Review he thought medical marijuana was "OK" so long as New York State "stays where they are now" and doesn't move toward full legalization for recreational purposes.

"But that's not what I see happening," the supervisor said. "So I'm not jumping up and down, saying wonabout the proposal during an interview Friday.

"My heart goes out to all the people with pain who are suffering that need [medical marijuana], but we've just been presented with this idea and I don't know," Ms. Giglio said. She added that her first husband lost a significant amount of weight before dying of cancer and that she sometimes wonders if the drug could have helped him.

Still, she said, "I think it would be irresponsible to move forward without understanding the impacts and getting public input."

Jack Van de Wetering said having a local medical marijuana farm would benefit more than just patients. He estimates the project could generate about $400 million in annual revenue. Riverhead Town would receive around $4 million in tax revenue, he said, and Suffolk County would bring in about $11 million.

The Van de Weterings said there won't be a retail component to their proposal. Customers would have to travel to a dispensary to pick up their supply of medical marijuana, which would be available in liquid or pill form, per state regulations. They're working with a medical company in New York City to handle distribution.

Only a decade ago, Jack Van de Wetering said, he wouldn't have supported his own proposal.

But attitudes are shifting, he said, including his own.

"I thought this was the wrong thing going back 10, 15 years," he said. "I wanted nothing to do with it. I thought whoever was involved with it should be in jail. But you start thinking differently as you get older and feel more pain and hear of people with cancer. Why should they be denied some comfort?"

His son agreed.

"We've always tried to be innovative," Kurt Van de Wetering said. "This

ON THE REGS

DETAILS ABOUT MEDICAL MARIJUANA LEGISLATION IN NEW YORK

Last year, New York became the 23rd state in the nation to adopt legislation allowing the production and sale of medical marijuana.

Locally, elected state legislators were split in how they voted on the bill, known as the Compassionate Care Act. State Sen. Ken LaValle (R-Port Jefferson) voted against the bill, while Assemblyman Anthony Palumbo (R-New Suffolk) supported it.

Here are the basics:

- Five authorized producers are expected to be chosen by the state Department of Health in July. Applications are due June 5. Each selected grower will be permitted to operate up to four dispensaries throughout the state.
- Each application must be accompanied by a certified check for $210,000. All but $10,000 of those funds will be returned if the applicant is not chosen.
- Marijuana produced under the act will be available in edible and vaporized form. Users will not be able to smoke it.
- It will be used, at the discretion of doctors, to treat a variety of illnesses, including cancer, ALS, HIV/AIDS, epilepsy and Parkinson's disease.
- Medical marijuana may not be vaporized in public places or places where smoking is prohibited, such as bars, restaurants or bingo facilities.

JOSEPH PINCIARO

Eyes set on a new crop: marijuana

Farm hopes to grow for medicinal use; town takes a pass

BY RACHEL YOUNG
STAFF WRITER

If Jack and Kurt Van de Wetering get their way, Suffolk County's first medical marijuana plants will begin growing in January at a 30,000-square-foot greenhouse on their Baiting Hollow farm.

Jack Van de Wetering, founder and longtime owner of Ivy Acres Inc., told the News-Review last Thursday that he and his son are applying for a New York State Department of Health license to grow up to 10 acres of medical marijuana at their Edwards Avenue property.

Mr. Van de Wetering, 74, said he and his son, 40, began the application process 18 months ago and will travel to the health department's Albany headquarters tomorrow, June 5, to formally submit their proposal.

State officials will reach a decision 45 days later, Jack Van de Wetering said. Only five licenses will be issued statewide.

"This will give good jobs to the local area, which is kind of depressed if you look at Riverhead compared to the Hamptons," he said, estimating that between 65 and 100 full-time positions would be created. "If it doesn't happen here, it's going to go upstate somewhere. And why let it go upstate if you can help it?"

'If it doesn't happen here, it's going to go upstate.'

Jack Van de Wetering

If their application is approved, Kurt Van de Wetering said, his family could begin growing marijuana Jan. 1, 2016. They would initially grow the plant in an existing 30,000-square-foot greenhouse on the property. If demand rises, they'll be permitted to grow up to 10 acres of it.

"Don't expect to see fields and fields of marijuana," said Kurt Van de Wetering, who will manage the project. "We're talking about highly intense, multiple crops at different stages of life in one structure that is highly secured."

There would be barbed-wire fencing, he said, and anyone entering the growing facility would need to be thoroughly vetted.

SEE EDITORIAL
Page 8

"The restrictions are up to, if not greater than, the level of going to the airport: multiple checkpoints, physical as well as cyber security, background, fingerprinting, all that," he said.

His father added they would hire security personnel to "make sure everything stays safe."

In June 2014, New York became one of 23 states to legalize the sale of medical marijuana. Locally, state

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Local grad at the top of his class at Parris Island
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Strawberry season is here. Where can you pick your own?
Page 13

Riverhead senior sets record at track meet
Sports

RIVERHEAD
NEWS-REVIEW
WINNER OF NEW YORK PRESS ASSOCIATION'S 2014 AWARD FOR GENERAL EXCELLENCE

RiverheadNewsReview.com NEWS | SPORTS | COMMENTARY Thursday, June 4, 2015 $1.50

BARBARAELLEN KOCH PHOTO

Jack Van de Wetering (left) and his son Kurt inside a 30,000-square-foot greenhouse Monday at their Baiting Hollow farm, Ivy Acres. On Friday, the men will travel to New York State Department of Health headquarters in Albany to submit an application for a license to grow medical marijuana at the site. The state is expected to issue five licenses by July.

Organized 1931

Rotary Club of Riverhead

Charter No. 3456

District 7260
P. O. Box 518
Riverhead, New York 11901-0518

June 2, 2015

New York State Department of Health
Albany, NY

To whom it may concern:

On behalf of the Rotary Club of Riverhead, I am writing in strong support of the Van de Wetering family, Ivy Acres and their partners THC Health Inc.'s application for a license for a Medical Marijuana facility. As one of the leading agricultural counties in our state, Suffolk County deserves to be granted one of the 5 coveted licenses being awarded. Ivy Acres has over 11 acres of greenhouses with the capability and capacity to swiftly implement a program that can respond to the prescribed timetable in order to contribute its share to the medicinal needs of New Yorkers.

In their almost fifty years of innovative activity as a wholesale grower of high quality annuals, perennials, pot plants, vegetables and specialty crops, Ivy Acres has become known internationally as a leader in the horticultural industry in the Northeast. Ivy Acres is in the top five of growers by size to service Home Depot and is number 15 of the largest greenhouse operations nationwide for flowering material and also named to 2014's Top 100 Grower List. From greenhouse design, container specifications and production mechanization, Ivy Acres sets the standard in optimizing efficiency. Two examples of setting this standard stand out. Founder Jack Van de Wetering developed an automatic transplanter which enables greenhouse space to be filled rapidly and Jack has also promoted an Eco-friendly product called the "Straw Pot", which is made from straw and coconut material, which decomposes swiftly.

We have been advised that if a license is granted to Ivy Acres, they would initially create over 50 well paid jobs with that number approaching 200 over several years. Ivy Acres is located in Riverhead Township, and both Riverhead and Suffolk County could benefit greatly from the jobs and the derived tax revenue. Ivy Acres certainly has the capability to develop and implement a successful program with such important economic benefits going to the local community.

Historically, the Van de Wetering family and Ivy Acres have a long and distinguished record of supporting our local community and have been awarded countless awards by local organizations for their generosity and commitment to making Long Island a better place. They certainly have become important pillars of our community and we believe they have earned the right to the license through their collective community activities. The Van de Wetering family has made outstanding contributions over the past 50 years. Jack and his family members serve on a variety of boards associated with farming, Peconic Bay Hospital, Rotary, Riverhead Ambulance, East End Arts, ADD, and others. Jack has been honored as a farm community leader and has been the recipient of many community awards.

The Rotary Club of Riverhead is one of the more successful local community organizations in Riverhead and we rely on our members to attain this distinction. We are proud to count Jack as one of those members and to say his support has been critical to our success over the years is a vast understatement. Over the past year, the Rotary Club of Riverhead has contributed almost $300,000 to various causes both locally and internationally. Of that amount, $54,500 is being awarded in local scholarships, the proceeds of which primarily come from our golf outing. Jack is a big supporter of that event. Rotary Uncorked, our premier event which raises money to go to local organizations, raised approximately $30,000 this year. Again, Jack and Ivy Acres are big supporters of that event. And most notably, Jack spearheaded and personally raised $140,000 this year to support a Rotary sponsored trip by International Surgical Mission Support's (ISMS) surgical mission to Burma this past spring. This team of approximately 20 doctors and medical professionals procured surgical equipment and supplies, traveled and transported the equipment to Burma, set up the equipment at a local hospital, and spent two weeks performing over 200 surgeries and training the local doctors on how to use the equipment and perform the surgeries long after the team departed. Jack was the force behind making that mission possible. As I said previously, to say Jack's support has been critical to the Rotary Club of Riverhead's success over the years is a vast understatement.

We at Rotary have known the Van de Wetering family and Ivy Acres for many decades and most strongly believe that they along with their partner THC Health Inc. will be successful with this important Medicinal program. Thank you for your consideration.

Tom Lennon
President, The Rotary Club of Riverhead

MICHAEL W. DEMPSEY, MD
DIPLOMATE, AMERICAN BOARD OF INTERNAL MEDICINE
JANET L. BALDASARE, ANP-BC

1190 Old Country Road, Riverhead, N.Y. 11901
PHONE (631) 727-1818 FAX (631) 727-7365

June 2, 2015

New York State Department of Health
Albany, NY

Re: THC Health, Inc.

To Whom It May Concern:

I am writing in strong support of the Van de Wetering family and THC Health, Inc. with regard to their application for a licensure as a medical marijuana facility. With New York State approval to provide such a medicinal treatment program for its residents, I wish to go on record in unequivocal support of THC Health Inc.'s application to receive one of the five coveted licenses. As one of the leading agricultural counties in our state, Suffolk County is a deserving locale for licensure. In rural Suffolk, the Van de Wetering family has over eleven acres of established greenhouses with the capacity and capability to swiftly implement a program that will comply with the prescribed timetable, in order to successfully contribute its share to satisfy the medicinal needs of eligible New Yorkers.

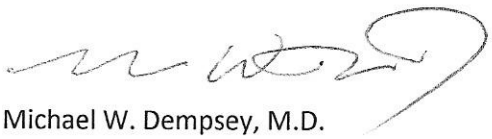
In their almost fifty years of innovative productivity as a wholesale grower of high quality annuals, perennials, potted plants, vegetables and specialty crops, the Van de Weterings have become known internationally as a leader in the horticultural industry in the Northeast. Named to 2014's Top 100 Grower List, Jack Van de Wetering's company is one of the top five growers, by size, to service Home Depot, and is number 15 of the largest greenhouse operations nationwide for flowering plants. From greenhouse design and container specifications to production mechanization, the Van de Wetering family sets the standard in optimizing efficiency. In fact, Jack Van de Wetering developed an automatic transplanter which facilitates the effectual filling of greenhouse space. He has also promoted an eco-friendly product called the "Straw Pot", made from coconuts and straw, that readily decomposes.

I have been advised that if THC Health Inc. is granted licensure, it would prompt the initial creation of over fifty well paid jobs, with that number likely approaching two hundred over several years. The Van de Wetering complex is located in the Town of Riverhead, an economically distressed community that would benefit greatly from such job creation, as well as the derived taxes and revenue. This would, of course, be advantageous for Suffolk County as well.

Besides having the established infrastructure and capability to readily develop and implement a successful and economically beneficial program, the Van de Weterings are upstanding citizens with a long history of community involvement. They have made outstanding contributions over the past fifty years, having served on a variety of

boards associated with farming, Rotary International, Peconic Bay Medical Center, and the local ambulance corps, as well as other organizations. Jack and Kurt Van de Wetering have been honored as farm community leaders and the recipients of a number of community awards. I have known the Van de Wetering family for over 20 years and I strongly believe that they have the desired experience and ideal qualifications to operate a medical marijuana facility, but also the character and reliability deserving of state licensure.

Respectfully,



Michael W. Dempsey, M.D.
N.Y. Lic. #: 130241

MWD/kmc

Sherry Patterson

[redacted]

New York State Department of Health
Albany, NY

May 29, 2015

To whom it may concern:

We write in strong support of the Van de Wetering family and THC Health Inc. application for a license for a Medical Marijuana facility. With the approval of New York State to provide such a program for the people of our state, we wish to go on record in full support of the THC Health Inc. application to receive one of the five coveted licenses. As one of the leading agricultural counties in our state, Suffolk County deserves to be granted a license. The Van de Wetering's have over 11 acres of greenhouses with the capability and capacity to swiftly implement a program that can respond to the prescribed timetable in order to contribute its share to the medicinal needs of New Yorkers.

In their almost fifty years of innovative activity as a wholesale grower of high quality annuals, perennials, pot plants, vegetables and specialty crops, the Van de Weterings have become known internationally as a leader in the horticultural industry in the Northeast. Named to 2014's Top 100 Grower List, Jack Van de Wetering and his company is in the top five of growers by size to service Home Depot and is number 15 of the largest greenhouse operations nationwide for flowering material.

From greenhouse design, container specifications and production mechanization, the family sets the standard in optimizing efficiency. In fact, Jack Van de Wetering developed an automatic transplanter which enables greenhouse space to be filled rapidly. Jack has also promoted an Eco-friendly product called the "Straw Pot", which is made from straw and coconut material, that decomposes swiftly.

We have been advised that if a license is granted to THC Health Inc., they would initially create over 50 well paid jobs with that number approaching 200 over several years. The Van de Wetering complex, located in Riverhead Township, is an economically distressed community and could benefit greatly from both the jobs and the derived taxes and revenue. Suffolk County would also share in those benefits.

Besides having the capability to develop and implement a successful program with important economic benefits going to the local and Riverhead communities, the Van de Weterings are important pillars of our community and we believe have earned the right to the license through their collective community activities. The Van de Wetering family has made outstanding contributions over the past 50 years. Jack and his family members serve on a variety of boards associated with farming, Peconic Bay Hospital, Rotary, Ambulance and others. Jack and Kurt have been honored as farm community leaders and has been the recipient of many community awards.

We have known the Van de Wetering family for many decades and believe that they will be successful in partnership with THC Health Inc. for this important Medicinal program. Thank you for your consideration.

Sincerely,

Sherry Patterson

Established 1897

Edwin Fishel Tuccio

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New York State Department of Health
Albany, NY

May 29, 2015

To whom it may concern:

We write in strong support of the Van de Wetering family and THC Health Inc. application for a license for a Medical Marijuana facility. With the approval of New York State to provide such a program for the people of our state, we wish to go on record in full support of the THC Health Inc. application to receive one of the five coveted licenses. As one of the leading agricultural counties in our state, Suffolk County deserves to be granted a license. The Van de Wetering's have over 11 acres of greenhouses with the capability and capacity to swiftly implement a program that can respond to the prescribed timetable in order to contribute its share to the medicinal needs of New Yorkers.

In their almost fifty years of innovative activity as a wholesale grower of high quality annuals, perennials, pot plants, vegetables and specialty crops, the Van de Weterings have become known internationally as a leader in the horticultural industry in the Northeast. Named to 2014's Top 100 Grower List, Jack Van de Wetering and his company is in the top five of growers by size to service Home Depot and is number 15 of the largest greenhouse operations nationwide for flowering material.

From greenhouse design, container specifications and production mechanization, the family sets the standard in optimizing efficiency. In fact, Jack Van de Wetering developed an automatic transplanter which enables greenhouse space to be filled rapidly. Jack has also promoted an Eco-friendly product called the "Straw Pot", which is made from straw and coconut material, that decomposes swiftly.

We have been advised that if a license is granted to THC Health Inc., they would initially create over 50 well paid jobs with that number approaching 200 over several years. The Van de Wetering complex, located in Riverhead Township, is an economically distressed community and could benefit greatly from both the jobs and the derived taxes and revenue. Suffolk County would also share in those benefits.

Besides having the capability to develop and implement a successful program with important economic benefits going to the local and Riverhead communities, the Van de Weterings are important pillars of our community and we believe have earned the right to the license through their collective community activities. The Van de Wetering family has made outstanding contributions over the past 50 years. Jack and his family members serve on a variety of boards associated with farming, Peconic Bay Hospital, Rotary, Ambulance and others. Jack and Kurt have been honored as farm community leaders and has been the recipient of many community awards.

We have known the Van de Wetering family for many decades and believe that they will be successful in partnership with THC Health Inc. for this important Medicinal program. Thank you for your consideration.

Sincerely,

Edwin Fishel Tuccio

EAST END ARTS AND HUMANITIES COUNCIL, INC.
www.EastEndArts.org

June 1, 2015

New York State Department of Health
Albany, NY

To whom it may concern:

This letter is to indicate that Ivy Acres has the full support of East End Arts and Humanities Council in its application to secure a New York State license to grow and manufacture medical marijuana to deliver relief to patients in New York State.

I believe Ivy Acres would be a first-rate provider in the state's plan to furnish needed treatment to the citizens of New York. Ivy Acres has an impressive organizational infrastructure, and its officers have exceptional business acumen, as well as expert knowledge and experience in cultivation and processing. I am also pleased with the economic impact this project would bring to the region: additional jobs and tax revenue, in addition to increased utility usage and thus revenue. As the traditional agricultural economy of the East End of Long Island abates, this new state-of-the-art industry that is also committed to our region and its residents will go a long way to serve as a catalyst for other developments and ensure local residents have an opportunity for meaningful employment.

Lastly, Ivy Acres has proven to be an exceptional corporate citizen though its ongoing support of the arts and the East End community at large. Jack Van de Wetering, Ivy Acres' CEO, has held leadership positions in The Long Island Farm Bureau, Aid to the Developmentally Disabled, Peconic Bay Medical Center Board of Directors, East End Arts Advisory Council and Rotary International. Ivy Acres has received many prestigious awards including the New York State Department of Agriculture "Business of the Year" Award, Rotary International "District Service Award" and Town of Riverhead "Business of the Year" Award.

I unreservedly add my support to Ivy Acres application to grow and manufacture medical marijuana in New York State.

Sincerely,

Patricia Drake Snyder
Executive Director

OFFICES/GALLERY: 133 East Main Street Riverhead, NY 11901-2494 voice 631.727.0900 fax 631.727.0966
SCHOOL: 141 East Main Street Riverhead, NY 11901-2455 voice 631.369.2171 fax 631.208.1877

PBMC HEALTH | Peconic Bay Medical Center

June 1, 2015

New York State Department of Health
Corning Tower
Empire State Plaza
Albany, NY 12237

Dear Sirs:

I write as the President and CEO of Peconic Bay Medical Center (PBMC) in strong support of the Van de Wetering - THC Health Inc. application for a license for a medical marijuana facility.

I have known the Van de Wetering family for the past 14 years in their role as major donors and as the Board Chair of the PBMC Board of Directors. The family demonstrates a keen understanding of community healthcare needs and is exceedingly committed to quality and excellence.

In their almost fifty years of innovative activity as a wholesale grower of high quality annuals, perennials, pot plants, vegetables and specialty crops, the Van de Wetering family has become known internationally as a leader in the horticultural industry in the Northeast. Named to 2014's Top 100 Grower List, Jack Van de Wetering is in the top five of growers by size to service Home Depot and is number 15 of the largest greenhouse operations nationwide for flowering material. Furthermore, through their national and international grower relationships, the Van de Wetering family has developed the specialized knowledge and skills necessary to be horticultural experts in medical marijuana.

In further support of this application, Van de Wetering - THC Health Inc., would initially create over 50 new jobs with that number approaching 200 over several years. The Van de Wetering complex is located in an economically challenged community and the region could benefit greatly from both the jobs and the derived tax revenue.

Thank you for your consideration.

Sincerely,

Andrew J. Mitchell, FACHE
President and CEO

Redacted pursuant to N.Y. Public Officers Law, Art. 6

LIVE WORK PLAY
Riverhead Chamber

542 East Main Street, Suite 2 • Riverhead, NY 11901
Phone: 631-727-7600 • Fax: 631-727-7946
riverheadchamber.com
info@riverheadchamber.com

2015 Executive Board

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Pat Snyder, East End Arts
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Ray Maynard
Skydive Long Island
Stan Picheny
Peconic City Properties LLC
Kristen Reyes
Hotel Indigo/Holiday Inn Express & Suites

Executive Director
Mary Hughes

Monday, June 01, 2015

New York State Department of Health
Corning Tower
Empire State Plaza
Albany, NY 12377

To Whom It May Concern:

We write in strong support of the Van de Wetering family and THC Health Inc. application for a license for a Medical Marijuana facility. With the approval of New York State to provide such a program for the people of our state, we wish to go on record in full support of the THC Health Inc. application to receive one of the five coveted licenses.

As one of the leading agricultural counties in our state, Suffolk County deserves to be granted a license. The Van de Wetering's have over 11 acres of greenhouses with the capability and capacity to swiftly implement a program that can respond to the prescribed timetable in order to contribute its share to the medicinal needs of New Yorkers.

We strongly urge you to approve Van de Wetering and THC Health Inc. for a license as a medical marijuana facility.

Should you have any further questions or need any more information, please contact me directly.

Thank you for your time.

Sincerely,

Brian Curtin
President

Congressman George J. Hochbrueckner (Retired)

[redacted]

New York State Department of Health
Albany, NY

May 31, 2015

To whom it may concern:

As a former eight year Congressman representing the east-end of Long Island and a former 10 year NY State Assemblyman, I write in strong support of the Van de Wetering family and their partner THC Health Inc.'s application for a license for a Medical Marijuana facility.

The Van de Weterings have become known internationally as leaders in the horticultural industry in the Northeast. Jack Van de Wetering and his company is in the top five of growers by size to service Home Depot and also named to 2014's Top 100 Grower List. Having successfully operated the family business for almost half a century they have the capability and capacity to swiftly implement a program that can help respond to the medicinal needs of New Yorkers. Also, THC Health Inc would initially create over 50 well paid jobs with that number approaching 200 over several years. The complex is located in Riverhead Township, which is not a wealthy community and could benefit greatly from both the jobs and the derived taxes and revenue. Suffolk County would also share in those benefits.

In addition to bringing a competent horticultural leader into your program, you would be adding an agricultural innovator with technologies that could benefit the entire agricultural community. From greenhouse design, container specifications and production mechanization, The Van de Wetering family sets the standard in optimizing efficiency. In fact, Jack Van de Wetering developed an automatic transplanter which enables greenhouse space to be filled rapidly. Jack has also promoted an Eco-friendly product called the "Straw Pot", which is made from straw and coconut material, which decomposes swiftly. The company is also exploring innovation in the electrical energy field.

As a 20+ year Electronics Engineer, if THC Health Inc. is selected, we will be working to install an innovative energy program which is being promoted by Governor Cuomo; a 'microgrid' to power the grow-lights and provide for the other electrical needs of the company. A 1.4 MW (million watt) fuel cell utilizing natural gas would generate the electrical power required for the special LED grow-lights with the byproduct thermal energy being used to heat piping in the ground to support early planting by a month and extend the harvest period by two months. This innovation has been in place at the farm for many years and encouraging its' use could allow many farms to be more productive by extending the annual growth cycle by an extra three months each year. Also, with this type of fuel cell, there are virtually no emissions since the natural gas is not combusted.

Granting one of the licenses to The Van de Weterings and their partner THC Health Inc. would bring a well-qualified supplier with modern technologies that could benefit agriculture statewide. I have known the Van de Wetering family as important contributing members of our Long Island community for decades. I believe that they along with THC Health Inc. will be successful with this important Medicinal program. Thank you for your consideration.

George Hochbrueckner

George J. Hochbrueckner
Member of Congress (1987-95)
Member New York State Assembly (1975-85)

SUFFOLK COUNTY LEGISLATURE

COMMITTEES
CHAIRMAN - PUBLIC WORKS, TRANSPORTATION & ENERGY
VICE CHAIRMAN - ENVIRONMENT, PLANNING & AGRICULTURE
MEMBER – VETERANS & SENIORS
SEWER INFRASTRUCTURE COMMITTEE

AL KRUPSKI
LEGISLATOR 1ST DISTRICT

BOARDS & COMMISSIONS
AGRICULTURE & FARMLAND PROTECTION BOARD
SOIL & WATER CONSERVATION DISTRICT
SEWER AGENCY
SPACE MANAGEMENT STEERING COMMITTEE
DREDGE PROJECT SCREENING COMMITTEE

June 1, 2015

New York State Department of Health
Albany, NY

To whom it may concern:

I understand that New York State will be granting five licenses for Medical Marijuana Projects. Should a license be designated for Long Island, as a Suffolk County Legislator, Vice-Chair of the Environment, Planning & Agriculture Committee and a proud member of the Long Island farming community, I would hope that the Van de Wetering family and their Ivy Acres greenhouses would receive full consideration along with their partners THC Health Inc.

Ivy Acres with its almost half a century of existence and experience in operating greenhouses is more than qualified to develop a successful program to provide the desired product. Also of real importance, the economic benefits to Suffolk County and Riverhead Township in the form of well paid jobs and the resultant tax revenue would be of great benefit to our local taxpayers.

In their almost fifty years of innovative activity as a wholesale grower of high quality annuals, perennials, pot plants, vegetables and specialty crops, Ivy Acres has become known internationally as a leader in the horticultural industry in the Northeast. Ivy Acres is in the top five of growers by size to service Home Depot and is number 15 of the largest greenhouse operations nationwide for flowering material and also named to 2014's Top 100 Grower List.
From greenhouse design, container specifications and production mechanization, Ivy Acres sets the standard in optimizing efficiency. In fact, Jack Van de Wetering developed an automatic transplanter which enables greenhouse space to be filled rapidly. Jack has also promoted an Eco-friendly product called the "Straw Pot", which is made from straw and coconut material, which decomposes swiftly. With regard to Long Island community activities, the Van de Wetering family has made outstanding contributions over the past 50 years.

As Chairman of the Public Works, Transportation & Energy Committee, I understand that Ivy Acres is still innovating through exploring the use of a microgrid, whereby a 1.4 MW fuel cell utilizing natural gas would generate the electrical power required for the special LED grow lights with the byproduct thermal energy being used to heat piping in the ground to support early planting by a month and extend the harvest period by two months. This innovation has been in

423 GRIFFING AVE. • SUITE 2, RIVERHEAD, NEW YORK 11901 • (631) 852-3200 • FAX (631) 852-3203
EMAIL: AL.KRUPSKI@SUFFOLKCOUNTYNY.GOV

place at Ivy Acres for many years and encouraging its' use could allow many farms to be more productive by extending the annual growth cycle by an extra three months each year. Also, with this type of fuel cell, there are virtually no emissions since the natural gas is not combusted.

Granting one of the licenses to Ivy Acres and their partners THC Health Inc. would bring a well-qualified supplier with modern technologies that could benefit agriculture statewide. I have known the Van de Wetering family and Ivy Acres for decades and now represent them in the Suffolk County Legislature. I believe that they will be successful at whatever task they pursue. Thank you for your consideration.

Sincerely,

Al Krupski

Al Krupski
Suffolk County Legislator, District 1

Roberta Keis

[redacted]

New York State Department of Health
Albany, NY

May 29, 2015

To whom it may concern:

We write in strong support of the Van de Wetering family and THC Health Inc. application for a license for a Medical Marijuana facility. With the approval of New York State to provide such a program for the people of our state, we wish to go on record in full support of the THC Health Inc. application to receive one of the five coveted licenses. As one of the leading agricultural counties in our state, Suffolk County deserves to be granted a license. The Van de Wetering's have over 11 acres of greenhouses with the capability and capacity to swiftly implement a program that can respond to the prescribed timetable in order to contribute its share to the medicinal needs of New Yorkers.

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We have been advised that if a license is granted to THC Health Inc., they would initially create over 50 well paid jobs with that number approaching 200 over several years. The Van de Wetering complex, located in Riverhead Township, is an economically distressed community and could benefit greatly from both the jobs and the derived taxes and revenue. Suffolk County would also share in those benefits.

Besides having the capability to develop and implement a successful program with important economic benefits going to the local and Riverhead communities, the Van de Weterings are important pillars of our community and we believe have earned the right to the license through their collective community activities. The Van de Wetering family has made outstanding contributions over the past 50 years. Jack and his family members serve on a variety of boards associated with farming, Peconic Bay Hospital, Rotary, Ambulance and others. Jack and Kurt have been honored as farm community leaders and has been the recipient of many community awards.

We have known the Van de Wetering family for many decades and believe that they will be successful in partnership with THC Health Inc. for this important Medicinal program. Thank you for your consideration.

Roberta Kerr

[redacted]

New York State Department of Health
Albany, NY

May 29, 2015

To whom it may concern:

I am writing in strong support of the Van de Wetering family and THC Health Inc. application for a license for a Medical Marijuana facility. With the approval of New York State to provide such a program for the people of our state, I wish to go on record in full support of the THC Health Inc. application to receive one of the five coveted licenses. As one of the leading agricultural counties in our state, Suffolk County deserves to be granted a license. The Van de Wetering's have over 11 acres of greenhouses with the capability and capacity to swiftly implement a program that can respond to the prescribed timetable in order to contribute its share to the medicinal needs of New Yorkers.

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From greenhouse design, container specifications and production mechanization, the family sets the standard in optimizing efficiency. In fact, Jack Van de Wetering developed an automatic transplanter which enables greenhouse space to be filled rapidly. Jack has also promoted an Eco-friendly product called the "Straw Pot", which is made from straw and coconut material that decomposes swiftly.

I have been advised that if a license is granted to THC Health Inc., they would initially create over 50 well paid jobs with that number approaching 200 over several years. The Van de Wetering complex, located in Riverhead Township, is an economically distressed community and could benefit greatly from both the jobs and the derived taxes and revenue. Suffolk County would also share in those benefits.

Besides having the capability to develop and implement a successful program with important economic benefits going to the local and Riverhead communities, the Van de Weterings are important pillars of our community and I believe have earned the right to the license through their collective community activities. The Van de Wetering family has made outstanding contributions over the past 50 years. Jack and his family members serve on a variety of boards associated with farming, Peconic Bay Hospital, Rotary, Ambulance and others. Jack and Kurt have been honored as farm community leaders and has been the recipient of many community awards.

I have known the Van de Wetering family for many decades and believe that they will be successful in partnership with THC Health Inc. for this important Medicinal program. Thank you for your consideration.

[redacted] I fully support continued medical use opportunities for the varied diseases in the public domain.

Jack Van de Wetering and family have been stalwart leaders in innovation within Long Island and National agricultural research at the [redacted]

These individuals are the real deal and capable of the financial and ethical fortitude to implement the provisions of New York State Law.

Very truly yours,

Joseph M Gergela

JOSEPH M. GERGELA III
Executive Director Long Island Farm Bureau (retired)

grown ON LONG ISLAND Long Island Farm Bureau

104 Edwards Avenue, Suite 3
Calverton, NY 11933
Tel (631) 727-3777 Fax (631) 727-3721
AskUs@lifb.com www.lifb.com

June 1, 2015

Kurt Van de Wetering
Ivy Acres
1675 Edwards Avenue
Baiting Hollow, NY 11933

Dear Kurt:

Long Island Farm Bureau is in support of your application to obtain one of five New York State licenses to become a registered organization to grow and manufacture medical marijuana.

As leaders in the agricultural industry, Ivy Acres has extensive expertise in growing annuals and the advancement over the years in changes to your production methods show that you can be both innovative in your operation and adapt to every changing environments. This puts you at the forefront of the industry and shows your commitment to excellence.

Additionally, over the years, both you and your father Jack have shown a tremendous effort in supporting the local community. Not only have you been a supporter of many organizations financially but the contributions of your personal time in service to the community on various Boards of Directors and projects shows an outstanding level of commitment to east end residents.

Long Island Farm Bureau has been active in working with New York State on economic development projects over the last few years, and we feel your application will not only benefit the east end with increased business development but will bring additional jobs and revenues to a town that is searching for the positions this project will provide.

We encourage New York State to seriously consider your application due to your expertise in growing agricultural crops, your integrity as business people and your commitment to supporting local community endeavors. We feel these qualities will be assets to you should any issues arise that you will need to deal with in this new frontier.

Should you or anyone from New York State wish to contact me at the Farm Bureau office, I will gladly make myself available on your behalf.

Sincerely,

Robert Carpenter
Administrative Director

EASTERN SUFFOLK
PULMONOLOGY

RAJESH C. PATEL, MD
715 ROANOKE AVE, SUITE 5
RIVERHEAD, NY, 11901

Phone: 631-369-7660 Fax: 631-369-7688

Riverhead, New York 11901

New York State Department of Health
Albany, NY

June 3, 2015

To whom it may concern:

I write in strong support of the Van de Wetering family and THC Health Inc. application for a license for a Medical Marijuana facility. With the approval of New York State to provide such a program for the people of our state, we wish to go on record in full support of the THC Health Inc. application to receive one of the five coveted licenses. As one of the leading agricultural counties in our state, Suffolk County deserves to be granted a license. The Van de Weterings have over 11 acres of greenhouses with the capability and capacity to swiftly implement a program that can respond to the prescribed timetable in order to contribute its share to the medicinal needs of New Yorkers.

In their almost fifty years of innovative activity as a wholesale grower of high quality annuals, perennials, potted plants, vegetables and specialty crops, the Van de Weterings have become known locally and internationally as a leader in the horticultural industry in the Northeast. Named to 2014's Top 100 Grower List, Jack Van de Wetering and his company is in the top five of growers by size to service Home Depot and is number 15 of the largest greenhouse operations nationwide for flowering material.

From greenhouse design, container specifications and production mechanization, the family sets the standard in optimizing efficiency. In fact, Jack Van de Wetering developed an automatic transplanter, which enables greenhouse space to be filled rapidly and efficiently. Jack has also promoted an Eco-friendly product called the "Straw Pot", which is made from straw and coconut material that decomposes swiftly.

We have been advised that if a license is granted to THC Health Inc., they would initially create over 50 well paid jobs with that number approaching 200 over several years. The Van de Wetering complex is located in the Riverhead Township, which is an economically distressed community and could benefit greatly from both the jobs and the derived taxes and revenue. Suffolk County would also share in those benefits.

Besides having the capability to develop and implement a successful program with important economic benefits going to the local and Riverhead communities, the Van de Weterings are important pillars of our community and we believe they have earned the right to the license through their collective community activities. The Van de Wetering family has made outstanding contributions over the past 50 years. Jack and his family members serve on a variety of Boards associated with farming, Peconic Bay Medical Center, Riverhead Rotary, The Ambulance Corps, amongst others. Jack and Kurt have been honored as farm community leaders and have been the recipients of many community awards.

I have known the Jack Van de Wetering & family personally for almost 10 years, and I can vouch for their integrity, sincerity and commitment toward the success of their partnership with THC Health Inc. for this important Medicinal program. Thank you for your consideration.

Sincerely,
Rajesh Patel, MD

Elizabeth Hanlon Agency Inc.
1236 Roanoke Ave
Riverhead, N.Y. 11901
(631) 727-1700
Bethhanlon@allstate.com

New York State Dept of Health
Albany, NY

To whom it may concern:

I am writing to express my strong support of the Van de Wetering family and THC Health Inc, application for a Medical Marijuana facility, With the approval of New York State to provide such a program for the people of our state, I wish to go on record in full support of the THC Health Inc application to receive one of the five coveted licenses. The Van de Wetering's are well established and have over 11 acres of greenhouses with the capability and capacity to swiftly implement this program.

The Van de Wetering's have a fifty year history of innovative activity as a wholesale grower and have been an outstanding friend to the Riverhead community. Their company has the capability to develop and implement a successful program.

We have been advised that if a license is granted to THC Health Inc , they would initially create over 50 well paid jobs with that increasing over several years. As a small business owner for over 28 years I would wholeheartedly support the addition of quality jobs in our area.

I have personally known the Van de Wetering's for over 12 years and am confident that they will be successful with the THC Health Inc for his important Medicinal program.

Thank you for your consideration,

Truly Yours,

Beth Hanlon

Beth Hanlon

Bernard & Cornelia Gevinski

[redacted]

New York State Department of Health
Albany, NY

May 29, 2015

To whom it may concern:

We write in strong support of the Van de Wetering family and THC Health Inc. application for a license for a Medical Marijuana facility. With the approval of New York State to provide such a program for the people of our state, we wish to go on record in full support of the THC Health Inc. application to receive one of the five coveted licenses. As one of the leading agricultural counties in our state, Suffolk County deserves to be granted a license. The Van de Wetering's have over 11 acres of greenhouses with the capability and capacity to swiftly implement a program that can respond to the prescribed timetable in order to contribute its share to the medicinal needs of New Yorkers.

In their almost fifty years of innovative activity as a wholesale grower of high quality annuals, perennials, pot plants, vegetables and specialty crops, the Van de Weterings have become known internationally as a leader in the horticultural industry in the Northeast. Named to 2014's Top 100 Grower List, Jack Van de Wetering and his company is in the top five of growers by size to service Home Depot and is number 15 of the largest greenhouse operations nationwide for flowering material.

From greenhouse design, container specifications and production mechanization, the family sets the standard in optimizing efficiency. In fact, Jack Van de Wetering developed an automatic transplanter which enables greenhouse space to be filled rapidly. Jack has also promoted an Eco-friendly product called the "Straw Pot", which is made from straw and coconut material, that decomposes swiftly.

We have been advised that if a license is granted to THC Health Inc., they would initially create over 50 well paid jobs with that number approaching 200 over several years. The Van de Wetering complex, located in Riverhead Township, is an economically distressed community and could benefit greatly from both the jobs and the derived taxes and revenue. Suffolk County would also share in those benefits.

Besides having the capability to develop and implement a successful program with important economic benefits going to the local and Riverhead communities, the Van de Weterings are important pillars of our community and we believe have earned the right to the license through their collective community activities. The Van de Wetering family has made outstanding contributions over the past 50 years. Jack and his family members serve on a variety of boards associated with farming, Peconic Bay Hospital, Rotary, Ambulance and others. Jack and Kurt have been honored as farm community leaders and has been the recipient of many community awards.

We have known the Van de Wetering family for many decades and believe that they will be successful in partnership with THC Health Inc. for this important Medicinal program. Thank you for your consideration.

Cornelia Gawinski
Bernard Gawinski

AEG Amethyst East Group, LLC
1236 Roanoke Ave. Suite 2
Riverhead, NY 11901-2740
(631) 727-0804
Fax (631) 727-0844
www.AEGinsurance.net
info@AEGinsurance.net

June 3, 2015

New York State Department of Health
Empire State Plaza
Albany, NY 12228

To whom it may concern:

As a local business woman, member of the Calverton Civic Association, past instructor for Just Say No to Drugs and resident of this community for 44 years, I am writing in strong support of the Van de Wetering family and THC Health Inc. application for a license for a Medical Marijuana facility.

The Van de Wetering's have over 11 acres of greenhouses with the capability and capacity to swiftly implement a program that can respond to the prescribed timetable in order to contribute its share to the medicinal needs of New Yorkers.

In their almost fifty years of innovative production of wholesale growing of high quality annuals, perennials, pot plants, vegetables and specialty crops, the Van de Weterings have become known internationally as a leader in the horticultural industry in the Northeast. Named to 2014's Top 100 Grower List, Jack Van de Wetering and his company are in the top five growers by size to service Home Depot and is number 15 of the largest greenhouse operations nationwide for flowering material.

From greenhouse design, container specifications and production mechanization, the family sets the standard in optimizing efficiency. In fact, Jack Van de Wetering developed an automatic transplanter which enables greenhouse space to be filled rapidly. Jack has also promoted an Eco-friendly product called the "Straw Pot", which is made from straw and coconut material, which decomposes swiftly.

In addition to having the capability to develop and implement a successful business with important economic benefits for Riverhead and surrounding communities, the Van de Weterings are important pillars of our community. The Van de Wetering family has made outstanding contributions over the past 50 years. Jack and his family members serve on a variety of boards associated with farming, Peconic Bay Hospital, Rotary, Ambulance and others. Jack and Kurt have been honored as farm community leaders and have been the recipients of many community awards.

I have known the Van de Wetering family since the 1970's and have watched the business grow into the multi-million dollar business it is today. The family has participated in and/or contributed generously to local schools, business groups, events, worthy causes and have been good neighbors. They can be counted on to do the right thing, even if no one is watching.

For these reasons I urge you to approve the Van deWetering's and THC Health Inc.'s license for a Medical Marijuana facility.

- Suffolk County deserves to be granted a license, as it is one of the leading agricultural counties in our state;

- the approval of one of the five coveted licenses New York State would initially create over 50 well paying jobs which will increase to over 200 jobs in the next several years to an area that is deprived of quality jobs

- The Van de Wetering complex, located in Riverhead Township, is an economically distressed community and could benefit greatly from both the jobs and the derived taxes and revenue

- Suffolk County would also benefit by the taxes and revenue

The Van de Weterings deserve the license because of their integrity, business acumen and community service.

I wish to go on record in full support of the THC Health Inc. application for a license for a Medical Marijuana facility.

Sincerely,

Evangeline Tuthill

Evangeline Tuthill
General Partner

Appendix B: Architectural Program

A SEPARATE "APPENDIX B" SHALL BE COMPLETED FOR EACH SEPARATE BUILDING AND/OR FACILITY INCLUDED IN THE ORGANIZATION'S BUSINESS PLAN

COMPANY INFORMATION	
Business Name:	THC Health Inc.
Facility Type:	Manufacturing Facility [X] Dispensing Facility [ ]
Use and Occupancy Classification:	U type occupancy at Greenhouse with F1 occupancy type for Processing Area
Building Construction Type and Classification:	IIIB
Facility Address:	1675 Edwards Ave, Calverton, NY 11933
Primary Contact Telephone number:	516-642-3953
Primary Contact Fax number:	631-727-2023

PART I – ARCHITECTURAL PROGRAM & CONSTRUCTION TIMELINE:

Applicant shall identify planning requirements, including but not limited to:

[ ]	TOWN BOARD APPROVAL
[ ]	PLANNING BOARD APPROVAL
[ ]	ZONING BOARD OF APPEALS APPROVAL
[X]	PREPARATION OF CONSTRUCTION DOCUMENTS
[X]	BUILDING PERMIT
[X]	BIDDING PHASE
[ ]	CONTRACT AWARD PHASE PER EACH APPLICABLE CONTRACTOR (Identify all that apply)
[X]	COMMENCEMENT OF CONSTRUCTION
[X]	COMPLETION OF CONSTRUCTION

Appendix B – Architectural Program

PART II – SITE PLAN(S)

Applicant shall provide the appropriate details for each of the following by identifying the location and dimension on the Site Plan attached to the application for each building location.

See siteplan for all applicable siteplan requirements

- ☐ Entrance and Exits
- ☐ Public Parking Spaces
- ☐ Staff Parking Spaces
- ☐ Accessible Parking Spaces
- ☐ Accessible Route(s)
- ☐ Fire Lane and/or Fire Apparatus Road
- ☐ Percentage of Green Space
- ☐ Location of Emergency Power Systems
- ☐ Loading & Unloading
- ☐ Security Gates & Fences

PART III – ENERGY SOURCES & ENGINEERING SYSTEMS:

Applicant shall provide the following minimum information to outline the specifications relating to the energy sources and engineering systems of each building included in the application.

See plans and siteplan for all additional information

Energy Source:

- ☒ Natural Gas
- ☐ Oil
- ☒ Electric
- ☒ Solar
- ☐ Other _____

Engineering Systems:

- ☒ Heating System: Type Existing, modify as required, Size na, Efficiency na,
  Ventilation Requirements _____
- ☒ Cooling System: Type Existing, modify as required, Size _____, Efficiency _____,
  Ventilation Requirements _____
- ☒ Ventilation & Humidification Systems: Existing, modify as required
  Type _____, Size _____, Efficiency _____,
  Ventilation Requirements _____
- ☒ Electrical Distribution Available 400 amp service
- ☒ Water Supply: Municipal Water Service X or Private Well Water _____
- ☐ Sewage: Municipal Sewer System X or Private Septic System _____
- ☒ Emergency Power System: Existing Diesel powered generator on site
  Type _____, Size _____, Efficiency _____,

Appendix B – Architectural Program

PART IV – BUILDING CODE COMPLIANCE: (pages 3-13)	
CHECK ALL APPLICABLE CODES FOR THE FACILITY	
☒	2010 BUILDING CODE OF NYS
☒	2010 FIRE CODE OF NYS
☒	2010 PLUMBING CODE OF NYS
☒	2010 MECHANICAL CODE OF NYS
☐	2010 FUEL GAS CODE OF NYS
☐	2010 PROPERTY MAINTENANCE CODE OF NYS
☐	2010 ENERGY CONSERVATION CONSTRUCTION CODE OF NYS
☐	2012 IECC COMMERCIAL PROVISIONS
☒	2010 EXISTING BUILDING CODE OF NYS
☐	NEC NATIONAL ELECTRIC CODE, (Specify Applicable Version)
☐	2014 NY CITY CONSTRUCTION CODE
☐	2008 NY CITY CONSTRUCTION CODE
☐	1968 NY CITY CONSTRUCTION CODE
☒	NFPA 101-06 LIFE SAFETY CODE
☐	ICC/ANSI A117.1-03 ACCESSIBLE AND USABLE BUILDINGS AND FACILITIES
☐	OTHER

Appendix B – Architectural Program

Select Project Type: Check all that apply. Refer to the Existing Building Code for definitions.	☐ New Building ☐ Repair ☐ Alteration Level 1 ☐ Alteration Level 2	☒ Alteration Level 3 ☐ Change of Occupancy ☐ Addition ☐ Historic Building	☐ Demolition ☐ Chapter 3. Prescriptive Compliance Method ☐ Chapter 13. Performance Compliance Method
Select Work Involved: Check all that apply.	☒ General Construction ☐ Roofing ☐ Asbestos Abatement/Environmental ☐ Fire Alarm	☒ Structural ☒ Mechanical ☒ Plumbing ☒ Electrical	☒ Site Work ☐ Sprinkler ☐ Elevators ☐ Other:_____

CODE COMPLIANCE REVIEW See Attached Code Review & Analysis which address the following:

Applicant shall provide all applicable information in regards to the code topic and section listed below.

1. Code Compliance Review is based on the 2010 NY State Building Code for New Construction. If any other building code applies to the location or type of construction, provide applicable code and sections that most closely relates and references the code topic and information in the code sections listed below. Provide appropriate abbreviations for other applicable codes, such as: **FC:** ***Fire Code*****, PC:** ***Plumbing Code*****, MC:** ***Mechanical Code*****, FGC:** ***Fuel Gas Code*****, ECCC:** ***Energy Conservation Code.***
2. Provide the Required standard for each applicable code section. (i.e.: area, quantity, classification type, materials, hourly separation, etc.). If section does not apply, indicate one of the following with explanation: **NA:** *Not Applicable,* **NR:** *Not Required,* **NP:** *Not Permitted*
3. Provide your facilities "Actual" value for each required standard as per applicable code section.

No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
1	Use & Occupancy Classification	302.1 - 312		Use & occupancy of this facility. Identify all applicable materials, class and quantities regarding Table 307.1.	See Attached Code Review & Analysis which address the following:	

Appendix B – Architectural Program

No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
2	Combustible Storage	413		All combustible storage areas and rooms, as per applicable Building and Fire Codes. Identify all combustible stored materials, area and room dimensions, all required fire separations, and exit requirements.	See Attached Code Review & Analysis which address the following:	
3	Hazardous Materials	414		All hazardous materials stored or used as per applicable Building and Fire Codes. Identify all combustible stored materials, area and room dimensions, all required fire separations, and exit requirements.		
4	Hazardous Materials Control Areas	414.2		Provide additional information indicating number, size, materials stored, and quantity of each material.		
5	Building Area & Height	501-507		Provide the building area & height Provide all calculations and cite applicable code sections for increased Building Area & Heights allowed per building code(s).		
6	Incidental Use Areas	508.2		Identify all Incidental Use Areas and required fire separation of occupancies on Building Plans.		

Appendix B – Architectural Program

No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
7	Mixed Occupancies	508.3		Provide analysis with code cited, and required fire separation of occupancies. Identify required fire separation of occupancies on Building Plan(s).	See Attached Code Review & Analysis which address the following:	
8	Nonseparated Uses	508.3.2		Provide analysis with code cited, and required fire separation of occupancies. Identify required fire separation of occupancies on Building Plan(s).		
9	Separated Uses (Ratio < 1)	508.3.3		Provide analysis with code cited, and required fire separation of occupancies. Identify required fire separation of occupancies on Building Plan(s).		
10	Construction Classification	602		Provide Construction Classification per each building included in Application.		
11	Fire Resistance Rating Reqm't for Building Elements	Table 601		Provide Fire Resistance Rating per each building element as per Table 601. Identify rating & elements on Building Plans.		

Appendix B – Architectural Program

No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
12	Exterior Wall Fire-Resistance Rating	Table 602		Identify required fire resistance rating of exterior walls on Building Plan(s).	See Attached Code Review & Analysis which address the following:	
13	Exterior Fire Separation Distance	Table 602		Identify required fire separation distance of exterior walls between Buildings on Plan.		
14	Fire Walls	705		Provide code information and identify all applicable required Fire Wall(s) and fire resistance requirement on Building Plans.		
15	Fire Barriers	706		Provide code information and identify all applicable required Fire Barrier(s) and fire resistance requirement on Building Plans.		
16	Shaft Enclosures	707		Provide code information and identify all applicable required Shaft Wall(s) and fire resistance requirement on Building Plans.		
17	Fire Partitions	708		Provide code information and identify all applicable required Fire Partition(s) and fire resistance requirement on Building Plans.		

Appendix B – Architectural Program

No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
18	Horizontal Assemblies	711		Provide code information and identify all applicable required Horizontal Assemblies and fire resistance requirement on Building Plans.	See Attached Code Review & Analysis which address the following:	
19	Fire Protection: Sprinkler System	903		Indicate Type of Sprinkler System: ☐ NFPA 13 ☐ NFPA 13 R ☐ NFPA 13D Provide code information of all applicable requirements for Automatic Sprinkler Systems with code section cited.		
20	Alt. Fire Extinguishing System	904		Provide code information of all applicable requirements for Alternative Automatic Fire-Extinguishing Systems with code section(s) cited.		
21	Standpipe System	905		Provide code information of all applicable requirements for Standpipe Systems with code section(s) cited.		
22	Fire Alarm & Detection Systems	907		Provide code information of all applicable requirements for Fire Alarm System(s) with code section cited. Indicate Type of Fire Alarm System ☐ Addressable ☐ Hardwired (zoned)		

Appendix B – Architectural Program

No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
23	Emergency Alarm System	908		Provide code information of all applicable requirements for Emergency Alarm Systems with code section cited.	See Attached Code Review & Analysis which address the following:	
24	Fire Department Connections	912		Identify Fire Department connections in accordance with NFPA applicable standard.		
25	Exits	1001.1 &2		Identify on the Building Plans and documents, per each door, the following information: door width, door height, direction of swing, type of construction, hourly rating, and door closures.		
26	Occupant Load	1004 & Table 1004.1.1		Identify the use/name of each room, dimensions of each room, and Occupant Loads per each room on the Building Plans.		
27	Egress Width	1005		Provide egress widths & cite applicable code section(s) and requirement(s) on the Building Plans		
28	Accessible Means of Egress	1007.1		Provide accessible means of egress as per Section 1007 & cite applicable code section(s) and requirement(s) on the Building Plans.		

Appendix B – Architectural Program

No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
29	Doors, Gates, and Turnstiles	1008		Means of egress doors shall meet the requirements of this section.	See Attached Code Review & Analysis which address the following:	
30	Interior Stairs	1009		Identify the following information for each stairway on the Building Plan(s): the width of stairways; the height, width, depth and number of risers and treads; dimensions of landings; stairway construction type; and handrail height.		
31	Ramps	1010.1		Identify the following information of each ramp, on the Building Plan(s): width; total vertical rise; length of ramp; and handrail height.		
32	Common Path of Travel	1014.3		Identify on the Building Plan(s): the length of the "Common Path of Travel" per each room as per applicable building code requirements.		
33	Exit Doorway Arrangement	1015		Identify on the Building Plan(s): applicable building code requirements for all Exits and Exit Access Doorways per each room and required exits in all buildings.		
34	Corridor Fire Rating	1017.1		Identify, on the Building Plan(s): all corridors with required fire resistance and the applicable fire rating.		

Appendix B – Architectural Program

No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
35	Corridor Width	1017.2		Identify on the Building Plan(s): the width of all corridors. Provide applicable code section(s) and requirement(s).	See Attached Code Review & Analysis which address the following:	
36	Dead End Corridor	1017.3		Corridors shall not exceed the maximum dead end corridor length as per applicable code.		
37	Number of Exits and Continuity	1019		Identify on the Building Plan(s): required number of exits, continuity and arrangement as per the applicable code requirements.		
38	Vertical Exit Enclosures	1020		Identify on the Building Plan(s): all applicable code requirements for each Vertical Exit Enclosure.		
39	Exit Passageways	1021		Identify on the Building Plan(s): all applicable code requirements for each Exit Passageway.		
40	Horizontal Exits	1022		Identify on the Building Plan(s): all applicable code requirements for each Horizontal Exit.		

Appendix B – Architectural Program

No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
41	Exterior Exit Ramps & Stairways	1023		Identify on the Building Plan(s): all applicable code requirements for each exterior exit ramps and stairways.	See Attached Code Review & Analysis which address the following:	
42	Exit Discharge	1024		Identify on the Building Plan(s): all applicable code requirements for each Exit Discharge.		
43	Accessibility	1101.1 - 1110 & ICC/A117. 1(03)		Identify on the Building Plan(s): all applicable code requirements such that the design and construction of each building/facility provides accessibility to physically disabled persons.		
44	Energy Conservation	2010 NYS ECCC & IECC 2012		Identify the R-Value and U-Value of each construction component and assembly of the building envelope as required in the applicable energy and building code(s).		
45	Emergency & Standby Power	2702.1		Identify emergency & Standby Power locations and specifications of the system to be provided.		
46	Smoke Control Systems	2702.2.2		Identify the Standby power for smoke control systems in accordance with Section 909.11 of NYS Building Code.		

Appendix B – Architectural Program

No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
47	Plumbing Fixture Count	2902.1		Identify on the Building Plan(s): the minimum plumbing facilities as per applicable plumbing code(s).	See Attached Code Review & Analysis which address the following:	
48	Available Street Water Pressure			Provide the available street or well water pressure.		
49	Fire Apparatus Access Road	FC503.1		Identify on the Site Plan: Fire Apparatus Road, Fire Lane and other Fire Service requirements per applicable Building and Fire Codes.		

Appendix B: Architectural Program

A SEPARATE "APPENDIX B" SHALL BE COMPLETED FOR EACH SEPARATE BUILDING AND/OR FACILITY INCLUDED IN THE ORGANIZATION'S BUSINESS PLAN

COMPANY INFORMATION	
Business Name:	THC Health Inc.
Facility Type:	Manufacturing Facility ☐ Dispensing Facility ☒
Use and Occupancy Classification:	B1 occupancy
Building Construction Type and Classification:	IIIB
Facility Address:	1373 Veterans Memorial Highway, Hauppauge, NY 11788
Primary Contact Telephone number:	516-642-3953
Primary Contact Fax number:	631-727-2023

PART I – ARCHITECTURAL PROGRAM & CONSTRUCTION TIMELINE:

Applicant shall identify planning requirements, including but not limited to:

☐	TOWN BOARD APPROVAL
☒	PLANNING BOARD APPROVAL
☐	ZONING BOARD OF APPEALS APPROVAL
☒	PREPARATION OF CONSTRUCTION DOCUMENTS
☒	BUILDING PERMIT
☒	BIDDING PHASE
☐	CONTRACT AWARD PHASE PER EACH APPLICABLE CONTRACTOR (Identify all that apply)
☒	COMMENCEMENT OF CONSTRUCTION
☒	COMPLETION OF CONSTRUCTION

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PART II – SITE PLAN(S)

Applicant shall provide the appropriate details for each of the following by identifying the location and dimension on the Site Plan attached to the application for each building location.

See siteplan for all applicable siteplan requirements	☐ Entrance and Exits ☐ Public Parking Spaces ☐ Staff Parking Spaces ☐ Accessible Parking Spaces ☐ Accessible Route(s)	☐ Fire Lane and/or Fire Apparatus Road ☐ Percentage of Green Space ☐ Location of Emergency Power Systems ☐ Loading & Unloading ☐ Security Gates & Fences

PART III – ENERGY SOURCES & ENGINEERING SYSTEMS:

Applicant shall provide the following minimum information to outline the specifications relating to the energy sources and engineering systems of each building included in the application.

See plans and siteplan for all additional information	Energy Source: ☒ Natural Gas ☐ Oil ☐ Electric ☐ Solar ☐ Other _____
	Engineering Systems: Existing no change ☒ Heating System: Type _____, Size _____ Efficiency na, Ventilation Requirements _____ ☒ Cooling System: TypeExisting no change _____ Efficiency _____, Ventilation Requirements _____ ☒ Ventilation & Humidification Systems: Existing, modify as required Type Existing no change _____, Efficiency _____, Ventila _____ ☒ Electrical Distribution Available 400 amp service ☒ Water Supply: Municipal Water Service X or Private Well Water _____ ☒ Sewage: Municipal Sewer System X or Private Septic System _____ ☒ Emergency Power System: Not known Type _____, Size _____ Efficiency _____,

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PART IV – BUILDING CODE COMPLIANCE: (pages 3-13)	
CHECK ALL APPLICABLE CODES FOR THE FACILITY	
☒	2010 BUILDING CODE OF NYS
☒	2010 FIRE CODE OF NYS
☒	2010 PLUMBING CODE OF NYS
☒	2010 MECHANICAL CODE OF NYS
☐	2010 FUEL GAS CODE OF NYS
☐	2010 PROPERTY MAINTENANCE CODE OF NYS
☐	2010 ENERGY CONSERVATION CONSTRUCTION CODE OF NYS
☐	2012 IECC COMMERCIAL PROVISIONS
☒	2010 EXISTING BUILDING CODE OF NYS
☐	NEC NATIONAL ELECTRIC CODE, (Specify Applicable Version)
☐	2014 NY CITY CONSTRUCTION CODE
☐	2008 NY CITY CONSTRUCTION CODE
☐	1968 NY CITY CONSTRUCTION CODE
☒	NFPA 101-06 LIFE SAFETY CODE
☐	ICC/ANSI A117.1-03 ACCESSIBLE AND USABLE BUILDINGS AND FACILITIES
☐	OTHER

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Select Project Type: Check all that apply. Refer to the Existing Building Code for definitions.	☐ New Building ☐ Repair ☐ Alteration Level 1 ☒ Alteration Level 2	☐ Alteration Level 3 ☐ Change of Occupancy ☐ Addition ☐ Historic Building	☐ Demolition ☐ Chapter 3. Prescriptive Compliance Method ☐ Chapter 13. Performance Compliance Method
Select Work Involved: Check all that apply.	☒ General Construction ☐ Roofing ☐ Asbestos Abatement/Environmental ☐ Fire Alarm	☐ Structural ☐ Mechanical ☒ Plumbing ☒ Electrical	☐ Site Work ☐ Sprinkler ☐ Elevators ☐ Other:_____

CODE COMPLIANCE REVIEW

Applicant shall provide all applicable information in regards to the code topic and section listed below.

1. Code Compliance Review is based on the 2010 NY State Building Code for New Construction. If any other building code applies to the location or type of construction, provide applicable code and sections that most closely relates and references the code topic and information in the code sections listed below. Provide appropriate abbreviations for other applicable codes, such as: **FC:** ***Fire Code*****, PC:** ***Plumbing Code*****, MC:** ***Mechanical Code*****, FGC:** ***Fuel Gas Code*****, ECCC:** ***Energy Conservation Code.***
2. Provide the Required standard for each applicable code section. (i.e.: area, quantity, classification type, materials, hourly separation, etc.). If section does not apply, indicate one of the following with explanation: **NA:** *Not Applicable,* **NR:** *Not Required,* **NP:** *Not Permitted*
3. Provide your facilities "Actual" value for each required standard as per applicable code section.

No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
1	Use & Occupancy Classification	302.1 - 312		Use & occupancy of this facility. Identify all applicable materials, class and quantities regarding Table 307.1.	See Attached Code Review & Analysis which address the following:	

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No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
2	Combustible Storage	413		All combustible storage areas and rooms, as per applicable Building and Fire Codes. Identify all combustible stored materials, area and room dimensions, all required fire separations, and exit requirements.	See Attached Code Review & Analysis which address the following:	
3	Hazardous Materials	414		All hazardous materials stored or used as per applicable Building and Fire Codes. Identify all combustible stored materials, area and room dimensions, all required fire separations, and exit requirements.		
4	Hazardous Materials Control Areas	414.2		Provide additional information indicating number, size, materials stored, and quantity of each material.		
5	Building Area & Height	501-507		Provide the building area & height Provide all calculations and cite applicable code sections for increased Building Area & Heights allowed per building code(s).		
6	Incidental Use Areas	508.2		Identify all Incidental Use Areas and required fire separation of occupancies on Building Plans.		

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No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
7	Mixed Occupancies	508.3		Provide analysis with code cited, and required fire separation of occupancies. Identify required fire separation of occupancies on Building Plan(s).	See Attached Code Review & Analysis which address the following:	
8	Nonseparated Uses	508.3.2		Provide analysis with code cited, and required fire separation of occupancies. Identify required fire separation of occupancies on Building Plan(s).		
9	Separated Uses (Ratio < 1)	508.3.3		Provide analysis with code cited, and required fire separation of occupancies. Identify required fire separation of occupancies on Building Plan(s).		
10	Construction Classification	602		Provide Construction Classification per each building included in Application.		
11	Fire Resistance Rating Reqm't for Building Elements	Table 601		Provide Fire Resistance Rating per each building element as per Table 601. Identify rating & elements on Building Plans.		

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No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
12	Exterior Wall Fire-Resistance Rating	Table 602		Identify required fire resistance rating of exterior walls on Building Plan(s).	See Attached Code Review & Analysis which address the following:	
13	Exterior Fire Separation Distance	Table 602		Identify required fire separation distance of exterior walls between Buildings on Plan.		
14	Fire Walls	705		Provide code information and identify all applicable required Fire Wall(s) and fire resistance requirement on Building Plans.		
15	Fire Barriers	706		Provide code information and identify all applicable required Fire Barrier(s) and fire resistance requirement on Building Plans.		
16	Shaft Enclosures	707		Provide code information and identify all applicable required Shaft Wall(s) and fire resistance requirement on Building Plans.		
17	Fire Partitions	708		Provide code information and identify all applicable required Fire Partition(s) and fire resistance requirement on Building Plans.		

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No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
18	Horizontal Assemblies	711		Provide code information and identify all applicable required Horizontal Assemblies and fire resistance requirement on Building Plans.	See Attached Code Review & Analysis which address the following:	
19	Fire Protection: Sprinkler System	903		Indicate Type of Sprinkler System: ☐ NFPA 13 ☐ NFPA 13 R ☐ NFPA 13D Provide code information of all applicable requirements for Automatic Sprinkler Systems with code section cited.		
20	Alt. Fire Extinguishing System	904		Provide code information of all applicable requirements for Alternative Automatic Fire-Extinguishing Systems with code section(s) cited.		
21	Standpipe System	905		Provide code information of all applicable requirements for Standpipe Systems with code section(s) cited.		
22	Fire Alarm & Detection Systems	907		Provide code information of all applicable requirements for Fire Alarm System(s) with code section cited. Indicate Type of Fire Alarm System ☐ Addressable ☐ Hardwired (zoned)		

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No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
23	Emergency Alarm System	908		Provide code information of all applicable requirements for Emergency Alarm Systems with code section cited.	See Attached Code Review & Analysis which address the following:	
24	Fire Department Connections	912		Identify Fire Department connections in accordance with NFPA applicable standard.		
25	Exits	1001.1 &2		Identify on the Building Plans and documents, per each door, the following information: door width, door height, direction of swing, type of construction, hourly rating, and door closures.		
26	Occupant Load	1004 & Table 1004.1.1		Identify the use/name of each room, dimensions of each room, and Occupant Loads per each room on the Building Plans.		
27	Egress Width	1005		Provide egress widths & cite applicable code section(s) and requirement(s) on the Building Plans		
28	Accessible Means of Egress	1007.1		Provide accessible means of egress as per Section 1007 & cite applicable code section(s) and requirement(s) on the Building Plans.		

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No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
29	Doors, Gates, and Turnstiles	1008		Means of egress doors shall meet the requirements of this section.	See Attached Code Review & Analysis which address the following:	
30	Interior Stairs	1009		Identify the following information for each stairway on the Building Plan(s): the width of stairways; the height, width, depth and number of risers and treads; dimensions of landings; stairway construction type; and handrail height.		
31	Ramps	1010.1		Identify the following information of each ramp, on the Building Plan(s): width; total vertical rise; length of ramp; and handrail height.		
32	Common Path of Travel	1014.3		Identify on the Building Plan(s): the length of the "Common Path of Travel" per each room as per applicable building code requirements.		
33	Exit Doorway Arrangement	1015		Identify on the Building Plan(s): applicable building code requirements for all Exits and Exit Access Doorways per each room and required exits in all buildings.		
34	Corridor Fire Rating	1017.1		Identify, on the Building Plan(s): all corridors with required fire resistance and the applicable fire rating.		

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No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
35	Corridor Width	1017.2		Identify on the Building Plan(s): the width of all corridors. Provide applicable code section(s) and requirement(s).	See Attached Code Review & Analysis which address the following:	
36	Dead End Corridor	1017.3		Corridors shall not exceed the maximum dead end corridor length as per applicable code.		
37	Number of Exits and Continuity	1019		Identify on the Building Plan(s): required number of exits, continuity and arrangement as per the applicable code requirements.		
38	Vertical Exit Enclosures	1020		Identify on the Building Plan(s): all applicable code requirements for each Vertical Exit Enclosure.		
39	Exit Passageways	1021		Identify on the Building Plan(s): all applicable code requirements for each Exit Passageway.		
40	Horizontal Exits	1022		Identify on the Building Plan(s): all applicable code requirements for each Horizontal Exit.		

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No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
41	Exterior Exit Ramps & Stairways	1023		Identify on the Building Plan(s): all applicable code requirements for each exterior exit ramps and stairways.	See Attached Code Review & Analysis which address the following:	
42	Exit Discharge	1024		Identify on the Building Plan(s): all applicable code requirements for each Exit Discharge.		
43	Accessibility	1101.1 - 1110 & ICC/A117. 1(03)		Identify on the Building Plan(s): all applicable code requirements such that the design and construction of each building/facility provides accessibility to physically disabled persons.		
44	Energy Conservation	2010 NYS ECCC & IECC 2012		Identify the R-Value and U-Value of each construction component and assembly of the building envelope as required in the applicable energy and building code(s).		
45	Emergency & Standby Power	2702.1		Identify emergency & Standby Power locations and specifications of the system to be provided.		
46	Smoke Control Systems	2702.2.2		Identify the Standby power for smoke control systems in accordance with Section 909.11 of NYS Building Code.		

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No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
47	Plumbing Fixture Count	2902.1		Identify on the Building Plan(s): the minimum plumbing facilities as per applicable plumbing code(s).	See Attached Code Review & Analysis which address the following:	
48	Available Street Water Pressure			Provide the available street or well water pressure.		
49	Fire Apparatus Access Road	FC503.1		Identify on the Site Plan: Fire Apparatus Road, Fire Lane and other Fire Service requirements per applicable Building and Fire Codes.		

Appendix B: Architectural Program

A SEPARATE "APPENDIX B" SHALL BE COMPLETED FOR EACH SEPARATE BUILDING AND/OR FACILITY INCLUDED IN THE ORGANIZATION'S BUSINESS PLAN

COMPANY INFORMATION	
Business Name:	THC Health Inc.
Facility Type:	Manufacturing Facility ☐ Dispensing Facility ☒
Use and Occupancy Classification:	B1 occupancy
Building Construction Type and Classification:	IIIB
Facility Address:	27 Matthews Street, Goshen, NY 10924
Primary Contact Telephone number:	516-642-3953
Primary Contact Fax number:	631-727-2023

PART I – ARCHITECTURAL PROGRAM & CONSTRUCTION TIMELINE:

Applicant shall identify planning requirements, including but not limited to:

☐	TOWN BOARD APPROVAL
☒	PLANNING BOARD APPROVAL
☐	ZONING BOARD OF APPEALS APPROVAL
☒	PREPARATION OF CONSTRUCTION DOCUMENTS
☒	BUILDING PERMIT
☒	BIDDING PHASE
☐	CONTRACT AWARD PHASE PER EACH APPLICABLE CONTRACTOR (Identify all that apply)
☒	COMMENCEMENT OF CONSTRUCTION
☒	COMPLETION OF CONSTRUCTION

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PART II – SITE PLAN(S)

Applicant shall provide the appropriate details for each of the following by identifying the location and dimension on the Site Plan attached to the application for each building location.

See siteplan for all applicable siteplan requirements	☐ Entrance and Exits ☐ Public Parking Spaces ☐ Staff Parking Spaces ☐ Accessible Parking Spaces ☐ Accessible Route(s)	☐ Fire Lane and/or Fire Apparatus Road ☐ Percentage of Green Space ☐ Location of Emergency Power Systems ☐ Loading & Unloading ☐ Security Gates & Fences

PART III – ENERGY SOURCES & ENGINEERING SYSTEMS:

Applicant shall provide the following minimum information to outline the specifications relating to the energy sources and engineering systems of each building included in the application.

See plans and siteplan for all additional information	Energy Source: ☒ Natural Gas ☐ Oil ☐ Electric ☐ Solar ☐ Other _____
	Engineering Systems: Existing no change ☒ Heating System: Type _____, Size _____ Efficiency na, Ventilation Requirements _____ ☒ Cooling System: TypeExisting no change _____ Efficiency _____, Ventilation Requirements _____ ☒ Ventilation & Humidification Systems: Existing, modify as required Type Existing no change _____, Efficiency _____, Ventila _____ ☒ Electrical Distribution Available 400 amp service ☒ Water Supply: Municipal Water Service X or Private Well Water _____ ☒ Sewage: Municipal Sewer System X or Private Septic System _____ ☒ Emergency Power System: Not known Type _____, Size _____ Efficiency _____,

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PART IV – BUILDING CODE COMPLIANCE: (pages 3-13)	
CHECK ALL APPLICABLE CODES FOR THE FACILITY	
☒	2010 BUILDING CODE OF NYS
☒	2010 FIRE CODE OF NYS
☒	2010 PLUMBING CODE OF NYS
☒	2010 MECHANICAL CODE OF NYS
☐	2010 FUEL GAS CODE OF NYS
☐	2010 PROPERTY MAINTENANCE CODE OF NYS
☐	2010 ENERGY CONSERVATION CONSTRUCTION CODE OF NYS
☐	2012 IECC COMMERCIAL PROVISIONS
☒	2010 EXISTING BUILDING CODE OF NYS
☐	NEC NATIONAL ELECTRIC CODE, (Specify Applicable Version)
☐	2014 NY CITY CONSTRUCTION CODE
☐	2008 NY CITY CONSTRUCTION CODE
☐	1968 NY CITY CONSTRUCTION CODE
☒	NFPA 101-06 LIFE SAFETY CODE
☐	ICC/ANSI A117.1-03 ACCESSIBLE AND USABLE BUILDINGS AND FACILITIES
☐	OTHER

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Select Project Type: Check all that apply. Refer to the Existing Building Code for definitions.	☐ New Building ☐ Repair ☐ Alteration Level 1 ☐ Alteration Level 2	☒ Alteration Level 3 ☐ Change of Occupancy ☐ Addition ☐ Historic Building	☐ Demolition ☐ Chapter 3. Prescriptive Compliance Method ☐ Chapter 13. Performance Compliance Method
Select Work Involved: Check all that apply.	☒ General Construction ☐ Roofing ☐ Asbestos Abatement/Environmental ☐ Fire Alarm	☐ Structural ☒ Mechanical ☒ Plumbing ☒ Electrical	☐ Site Work ☐ Sprinkler ☐ Elevators ☐ Other:_____

CODE COMPLIANCE REVIEW

Applicant shall provide all applicable information in regards to the code topic and section listed below.

1. Code Compliance Review is based on the 2010 NY State Building Code for New Construction. If any other building code applies to the location or type of construction, provide applicable code and sections that most closely relates and references the code topic and information in the code sections listed below. Provide appropriate abbreviations for other applicable codes, such as: **FC:** ***Fire Code*****, PC:** ***Plumbing Code*****, MC:** ***Mechanical Code*****, FGC:** ***Fuel Gas Code*****, ECCC:** ***Energy Conservation Code.***
2. Provide the Required standard for each applicable code section. (i.e.: area, quantity, classification type, materials, hourly separation, etc.). If section does not apply, indicate one of the following with explanation: **NA:** *Not Applicable,* **NR:** *Not Required,* **NP:** *Not Permitted*
3. Provide your facilities "Actual" value for each required standard as per applicable code section.

No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
1	Use & Occupancy Classification	302.1 - 312		Use & occupancy of this facility. Identify all applicable materials, class and quantities regarding Table 307.1.	See Attached Code Review & Analysis which address the following:	

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No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
2	Combustible Storage	413		All combustible storage areas and rooms, as per applicable Building and Fire Codes. Identify all combustible stored materials, area and room dimensions, all required fire separations, and exit requirements.	See Attached Code Review & Analysis which address the following:	
3	Hazardous Materials	414		All hazardous materials stored or used as per applicable Building and Fire Codes. Identify all combustible stored materials, area and room dimensions, all required fire separations, and exit requirements.		
4	Hazardous Materials Control Areas	414.2		Provide additional information indicating number, size, materials stored, and quantity of each material.		
5	Building Area & Height	501-507		Provide the building area & height Provide all calculations and cite applicable code sections for increased Building Area & Heights allowed per building code(s).		
6	Incidental Use Areas	508.2		Identify all Incidental Use Areas and required fire separation of occupancies on Building Plans.		

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No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
7	Mixed Occupancies	508.3		Provide analysis with code cited, and required fire separation of occupancies. Identify required fire separation of occupancies on Building Plan(s).	See Attached Code Review & Analysis which address the following:	
8	Nonseparated Uses	508.3.2		Provide analysis with code cited, and required fire separation of occupancies. Identify required fire separation of occupancies on Building Plan(s).		
9	Separated Uses (Ratio < 1)	508.3.3		Provide analysis with code cited, and required fire separation of occupancies. Identify required fire separation of occupancies on Building Plan(s).		
10	Construction Classification	602		Provide Construction Classification per each building included in Application.		
11	Fire Resistance Rating Reqm't for Building Elements	Table 601		Provide Fire Resistance Rating per each building element as per Table 601. Identify rating & elements on Building Plans.		

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No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
12	Exterior Wall Fire-Resistance Rating	Table 602		Identify required fire resistance rating of exterior walls on Building Plan(s).	See Attached Code Review & Analysis which address the following:	
13	Exterior Fire Separation Distance	Table 602		Identify required fire separation distance of exterior walls between Buildings on Plan.		
14	Fire Walls	705		Provide code information and identify all applicable required Fire Wall(s) and fire resistance requirement on Building Plans.		
15	Fire Barriers	706		Provide code information and identify all applicable required Fire Barrier(s) and fire resistance requirement on Building Plans.		
16	Shaft Enclosures	707		Provide code information and identify all applicable required Shaft Wall(s) and fire resistance requirement on Building Plans.		
17	Fire Partitions	708		Provide code information and identify all applicable required Fire Partition(s) and fire resistance requirement on Building Plans.		

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No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
18	Horizontal Assemblies	711		Provide code information and identify all applicable required Horizontal Assemblies and fire resistance requirement on Building Plans.	See Attached Code Review & Analysis which address the following:	
19	Fire Protection: Sprinkler System	903		Indicate Type of Sprinkler System: ☐ NFPA 13 ☐ NFPA 13 R ☐ NFPA 13D Provide code information of all applicable requirements for Automatic Sprinkler Systems with code section cited.		
20	Alt. Fire Extinguishing System	904		Provide code information of all applicable requirements for Alternative Automatic Fire-Extinguishing Systems with code section(s) cited.		
21	Standpipe System	905		Provide code information of all applicable requirements for Standpipe Systems with code section(s) cited.		
22	Fire Alarm & Detection Systems	907		Provide code information of all applicable requirements for Fire Alarm System(s) with code section cited. Indicate Type of Fire Alarm System ☐ Addressable ☐ Hardwired (zoned)		

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No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
23	Emergency Alarm System	908		Provide code information of all applicable requirements for Emergency Alarm Systems with code section cited.	See Attached Code Review & Analysis which address the following:	
24	Fire Department Connections	912		Identify Fire Department connections in accordance with NFPA applicable standard.		
25	Exits	1001.1 &2		Identify on the Building Plans and documents, per each door, the following information: door width, door height, direction of swing, type of construction, hourly rating, and door closures.		
26	Occupant Load	1004 & Table 1004.1.1		Identify the use/name of each room, dimensions of each room, and Occupant Loads per each room on the Building Plans.		
27	Egress Width	1005		Provide egress widths & cite applicable code section(s) and requirement(s) on the Building Plans		
28	Accessible Means of Egress	1007.1		Provide accessible means of egress as per Section 1007 & cite applicable code section(s) and requirement(s) on the Building Plans.		

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No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
29	Doors, Gates, and Turnstiles	1008		Means of egress doors shall meet the requirements of this section.	See Attached Code Review & Analysis which address the following:	
30	Interior Stairs	1009		Identify the following information for each stairway on the Building Plan(s): the width of stairways; the height, width, depth and number of risers and treads; dimensions of landings; stairway construction type; and handrail height.		
31	Ramps	1010.1		Identify the following information of each ramp, on the Building Plan(s): width; total vertical rise; length of ramp; and handrail height.		
32	Common Path of Travel	1014.3		Identify on the Building Plan(s): the length of the "Common Path of Travel" per each room as per applicable building code requirements.		
33	Exit Doorway Arrangement	1015		Identify on the Building Plan(s): applicable building code requirements for all Exits and Exit Access Doorways per each room and required exits in all buildings.		
34	Corridor Fire Rating	1017.1		Identify, on the Building Plan(s): all corridors with required fire resistance and the applicable fire rating.		

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No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
35	Corridor Width	1017.2		Identify on the Building Plan(s): the width of all corridors. Provide applicable code section(s) and requirement(s).	See Attached Code Review & Analysis which address the following:	
36	Dead End Corridor	1017.3		Corridors shall not exceed the maximum dead end corridor length as per applicable code.		
37	Number of Exits and Continuity	1019		Identify on the Building Plan(s): required number of exits, continuity and arrangement as per the applicable code requirements.		
38	Vertical Exit Enclosures	1020		Identify on the Building Plan(s): all applicable code requirements for each Vertical Exit Enclosure.		
39	Exit Passageways	1021		Identify on the Building Plan(s): all applicable code requirements for each Exit Passageway.		
40	Horizontal Exits	1022		Identify on the Building Plan(s): all applicable code requirements for each Horizontal Exit.		

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No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
41	Exterior Exit Ramps & Stairways	1023		Identify on the Building Plan(s): all applicable code requirements for each exterior exit ramps and stairways.	See Attached Code Review & Analysis which address the following:	
42	Exit Discharge	1024		Identify on the Building Plan(s): all applicable code requirements for each Exit Discharge.		
43	Accessibility	1101.1 - 1110 & ICC/A117. 1(03)		Identify on the Building Plan(s): all applicable code requirements such that the design and construction of each building/facility provides accessibility to physically disabled persons.		
44	Energy Conservation	2010 NYS ECCC & IECC 2012		Identify the R-Value and U-Value of each construction component and assembly of the building envelope as required in the applicable energy and building code(s).		
45	Emergency & Standby Power	2702.1		Identify emergency & Standby Power locations and specifications of the system to be provided.		
46	Smoke Control Systems	2702.2.2		Identify the Standby power for smoke control systems in accordance with Section 909.11 of NYS Building Code.		

Appendix B – Architectural Program

No.	Topic	NYS Building Code Section	Other Code[1] (as Stated Above) & Section	Minimum Information Required to be Identified for this building/facility on the Building or Site Plan(s)	Required Code Value[2] /Allowed Code Value	Facility's Actual Value[3]
47	Plumbing Fixture Count	2902.1		Identify on the Building Plan(s): the minimum plumbing facilities as per applicable plumbing code(s).	See Attached Code Review & Analysis which address the following:	
48	Available Street Water Pressure			Provide the available street or well water pressure.		
49	Fire Apparatus Access Road	FC503.1		Identify on the Site Plan: Fire Apparatus Road, Fire Lane and other Fire Service requirements per applicable Building and Fire Codes.		

APPENDIX B

Dispensary #2

1373 Veterans Memorial Highway, Hauppage, NY

THC Health Inc.

Conceptual Timeline for the Construction and Operation of Medical Marijuana Dispensary Facility

		Month 1				Month 2				Month 3				Month 4				Month 5				Month 6				Month 7				Month 8				Month 9			
		1			**4**				**8**				**12**				**16**				**20**				**24**				**28**				**32**				**36**
	Project Timeline after receiving License																																		
A	Municipal Approvals																																		
	Planning Board Approval																																		
B	Construction Documents																																		
C	Bid Process, Contracts & Negotiations & Builidng Permit																																		
D	Construction																																		
E	Operational & Move in																																		

Notes Schedules are estimated based on achievable but aggressive timeline.

THC Health Inc.

Conceptual Timeline for the Construction and Operation of Medical Marijuana Cultivation and Processing Facility

		Month 1				Month 2				Month 3				Month 4				Month 5				Month 6				Month 7				Month 8				Month 9			
		1			4				8				12				16				20				24				28				32				36
	Project Timeline after receiving License																																		
A	Municipal Approvals																																		
	Existing facility regulated by Dept. of Ag & Mkt. Operational reconfiguring will not require municipal approval.																																		
B	Construction Documents																																		
	2 mo. window for CD work, in motion prior to licensing award																																		
C	Bid Process, Contracts & Negotiations																																		
D	Construction- Cultivation Facilities																																		
	Processing Facility																																		
	Completion & Final Move in.																																		

Notes Schedules are estimated based on achievable but aggressive timeline.

APPENDIX B

Dispensary

27 Matthews Street, Goshen, NY

THC Health Inc.

Conceptual Timeline for the Construction and Operation of Medical Marijuana Dispensary Facility

		Month 1				Month 2				Month 3				Month 4				Month 5				Month 6				Month 7				Month 8				Month 9			
		1			**4**				**8**				**12**				**16**				**20**				**24**				**28**				**32**				**36**
	Project Timeline after receiving License																																		
A	Municipal Approvals																																		
	Planning Board Approval																																		
B	Construction Documents																																		
C	Bid Process, Contracts & Negotiations & Building Permit																																		
D	Construction																																		
E	Operational & Move in																																		

Notes Schedules are estimated based on achievable but aggressive timeline.

CODE REVIEW AND ANALYSIS - EXHIBIT B; 27 Mathews Street, Goshen, NY , NY 10924; THC Health Inc Dispensary Location

Code Section	#	Topic		Required	Actual	Narrative
Chapter 3 Use & Occupancy	1	Use & Occupancy Classification	302.1	B classification		Dispensary is most similar to functions and operations of a bank and clinic-outpatitent, occupancies listed in B-class
Chapter 4 Special Reqs.	2	Combustible Storage	413	N/A		The will be no combustible or hazardous material storage at the dispensary facility.
	3	Hazardous Materials	414	N/A		
	4	Hazardous Materials Control Areas	414.2	N/A		
Chapter 5 Gen. Bldg Heights & Areas	5	Building Area & Height	501-507	Business Class Use - 4 Stories 19,000 sf	1 story 16,230 sf	
	6	Incidental Use Areas	508.2	Incidental Use areas require separation and/or protection as per table 508.2	See Plan.	Per Table 503, B class occupancy in Type IIIB occupancy allows for a 4 story building at 19,000 sf per.
	7	Mixed Occupancies	508.3	N/A		
	8	Non Separated Uses	508.3.2	Dispensary will be single use occupancy		
	9	Separated Uses	508.3.3	N/A		
Chapter 6 Types of Construction	10	Construction Classification	602		Type IIIB	Type of Construction will be Type IIIB construction, with a 3hr fire rated exterior assembly.
	11	Fire Resistance Rating	601	0	0	
	12	Exterior Wall Fire Resistance Rating	602	2	3	
	13	Exterior Fire Separation Distance	6002	greater than 30'		
Chapter 7 Fire-Resistance-Rated Const.	14	Fire Walls	705			Facility is an existing business occupancy operated by the Federal Bureau of Investigation as a former tenant. Type, occupancy class and fire hazards are not changed.
	15	Fire Barriers	706			
	16	Shaft Enclosures	707	n/a		
	17	Fire Paritions	708	n/a		
	18	Horizontal Assemblies	711	Not less than that required by type of construction	Existing. No change	
Chapter 9 Fire Protection Systems	19	Fire Protection: Sprinkler System	903	Existing sprinkler system	No change	Existing building is sprinkled with fully functional fire alarm system, with all appropriate Fire Department connections.
	20	Alt Fire Extinguishing System	904			
	21	Standpipe System	905			
	22	Fire Alaram & Detection Systems	907			
	23	Emergency Alarm System	908			
	24	Fire Department Connections	912			

CODE REVIEW AND ANALYSIS - EXHIBIT B; 27 Mathews Street, Goshen, NY , NY 10924; THC Health Inc Dispensary Location

Code Section	#	Topic		Required	Actual	Narrative
	25	Exits	1001.1&2	see # 27		
	26	Occupant Load	1004 & Table 1004.1.1	Business Use - 100 sf per occupant	160 occupants	
	27	Egress Width	1005	0.15 x occupant served, as per 1005.1 = 24" min	72" egress width for all spaces.	
	28	Accessible Means of Egress	1007.1	Not less than 1 accessible means of egress	All means of egress are accessible.	
	29	Doors, Gates & Turnstiles	1008			
	30	Interior Stairs	1009	n/a		
	31	Ramps	1010.1	n/a		Existing building has 3 means of egress. While complying with security requirements, all areas will have 2 accessible means of egress at grade. No common path of travel shall exceed 75 feet, as per 1014.3.
Chapter 10 Means of Egress	32	Common Path of Travel	1014.3	Not to Exceed 75ft	Less than 75 ft. See plan	
	33	Exit Doorway Arrangement	1015	Two or more.	Two per space.	
	34	Corridor Fire Rating	1017.1			
	35	Corridor Width	1017.2		60" min	
	36	Dead End Corridor	1017.3		None	
	37	Number of Exits and Continuity	1019	2	3	
	38	Vertical Exit Enclosures	1020	na		
	39	Exit Passageways	1021	na		
	40	Horizontal Exits	1022	na		
	41	Exterior Exit Ramps and Stairways	1023	na		
	42	Exit Discharge	1024	directly to exterior at grade	directly to exterior at grade	
Chapter 11 Accessibility	43	Accessibility	1101-1110			Building has required accessible parking, means of egress, lavatories.
Energy	44	Energy Conservation	2010 NYS ECCC & IECC 2012			Existing building with no change to the energy systems
Chapter 27 Electrical	45	Emergency & Standby Power	2702.1	Emergency and Standby systems will comply with and be installed as per NFPA 110 and 111		Emergency and Standby systems will comply with and be installed as per NFPA 110 and 111
	46	Smoke Control Systems	2702.2.2			
Chapter 29 Plumbing Systems	47	Plumbing Fixture Count		3 lavatories w/ 5 water closets min accessible to Men and Women	5 Lavs & 5 WC accessible to Men & Women	Water Closets and Drinking fountains will be in conformances of table 2902.1
	48	Available Street Water Pressure				Existing system with no change w/ regard to water pressure.
Fire Access	49	Fire Apparatus Access Road				Existing site layout with no change for Fire Apparatus Road.

THC Health Inc.

Conceptual Timeline for the Construction and Operation of Medical Marijuana Dispensary Facility

		Month 1				Month 2				Month 3				Month 4				Month 5				Month 6				Month 7				Month 8				Month 9			
		1			**4**				**8**				**12**				**16**				**20**				**24**				**28**				**32**				**36**
	Project Timeline after receiving License																																		
A	Municipal Approvals																																		
	Planning Board Approval																																		
B	Construction Documents																																		
C	Bid Process, Contracts & Negotiations & Building Permit																																		
D	Construction																																		
E	Operational & Move in																																		

Notes Schedules are estimated based on achievable but aggressive timeline.

	Time line	
License to THC from NYS		
Municipal Approvals	n/a	
No additional municipal approvals are required, since site is an existing grow facility. All necessary fitup will not constitute a change of use.		
Prepare Construction Docs	8 wks	
Construction		8 to 12 wks
Begin Cultivation		

CODE REVIEW AND ANALYSIS - EXHIBIT B; 1373 Veterans Memorial Highway, Hauppauge, NY 11788; THC Health Inc Dispensary Location

Code Section	#	Topic	#	Required	Actual	Narrative
Chapter 3 Use & Occupancy	1	Use & Occupancy Classification	302.1	B classification	B classification	Dispensary is most similar to functions and operations of a bank and clinic-outpatitent, occupancies listed in B-class
Chapter 4 Special Reqs.	2	Combustible Storage	413	N/A		The will be no combustible or hazardous material storage at the dispensary facility.
	3	Hazardous Materials	414	N/A		
	4	Hazardous Materials Control Areas	414.2	N/A		
Chapter 5 Gen. Bldg Heights & Areas	5	Building Area & Height	501-507	Business Class Use - 4 Stories 19,000 sf	1 story 8,866 sf	
	6	Incidental Use Areas	508.2	Incidental Use areas require separation and/or protection as per table 508.2	See Plan.	Per Table 503, B class occupancy in Type IIIB occupancy allows for a 4 story building at 19,000 sf per.
	7	Mixed Occupancies	508.3	N/A		
	8	Non Separated Uses	508.3.2	Dispensary will be single use occupancy		
	9	Separated Uses	508.3.3	N/A		
Chapter 6 Types of Construction	10	Construction Classification	602		Type IIIB	
	11	Fire Resistance Rating	601	0	0	Type of Construction is Type IIIB construction, with a 2hr fire rated exterior assembly.
	12	Exterior Wall Fire Resistance Rating	602	2	2	
	13	Exterior Fire Separation Distance	6002	greater than 30'		
Chapter 7 Fire-Resistance-Rated Const.	14	Fire Walls	705			Facility is an existing commercial space with multiple leasable spaces. Type, occupancy class and fire hazards are not changed.
	15	Fire Barriers	706			
	16	Shaft Enclosures	707	n/a		
	17	Fire Paritions	708	n/a		
	18	Horizontal Assemblies	711	Not less than that required by type of construction	Existing. No change	
Chapter 9 Fire Protection Systems	19	Fire Protection: Sprinkler System	903	Existing sprinkler system	No change	Building is sprinkled. Existing, no change.
	20	Alt Fire Extinguishing System	904			
	21	Standpipe System	905			
	22	Fire Alaram & Detection Systems	907			
	23	Emergency Alarm System	908			
	24	Fire Department Connections	912			

CODE REVIEW AND ANALYSIS - EXHIBIT B; 1373 Veterans Memorial Highway, Hauppauge, NY 11788; THC Health Inc Dispensary Location

Code Section	#	Topic	#	Required	Actual	Narrative
	25	Exits	1001.1&2	see # 27		
	26	Occupant Load	1004 & Table 1004.1.1	Business Use - 100 sf per occupant	88 occupants	
	27	Egress Width	1005	0.15 x occupant served, as per 1005.1 = 13.2" min	96" total egress width for all spaces.	
	28	Accessible Means of Egress	1007.1	Not less than 1 accessible means of egress	All means of egress are accessible.	
	29	Doors, Gates & Turnstiles	1008			
	30	Interior Stairs	1009	n/a		
	31	Ramps	1010.1	n/a		Existing building has 3 means of egress. While complying with security requirements, all areas will have 2 accessible means of egress at grade. No common path of travel shall exceed 75 feet, as per 1014.3.
Chapter 10 Means of Egress	32	Common Path of Travel	1014.3	Not to Exceed 75ft	Less than 75 ft. See plan	
	33	Exit Doorway Arrangement	1015	Two or more.	Two per space.	
	34	Corridor Fire Rating	1017.1			
	35	Corridor Width	1017.2		60" min	
	36	Dead End Corridor	1017.3		None	
	37	Number of Exits and Continuity	1019	2	3	
	38	Vertical Exit Enclosures	1020	na		
	39	Exit Passageways	1021	na		
	40	Horizontal Exits	1022	na		
	41	Exterior Exit Ramps and Stairways	1023	na		
	42	Exit Discharge	1024	directly to exterior at grade	directly to exterior at grade	
Chapter 11 Accessibility	43	Accessibility	1101-1110			Building has required accessible parking, means of egress, lavatories.
Energy	44	Energy Conservation	2010 NYS ECCC & IECC 2012			Existing building with no change to the energy systems
Chapter 27 Electrical	45	Emergency & Standby Power	2702.1	Emergency and Standby systems will comply with and be installed as per NFPA 110 and 111		Emergency and Standby systems will comply with and be installed as per NFPA 110 and 111
	46	Smoke Control Systems	2702.2.2			
Chapter 29 Plumbing Systems	47	Plumbing Fixture Count		3 Lavs and WC accessible to Men and Women.	4 Lavs and WC accessible to Men and Women	Water Closets and Drinking fountains will be in conformances of table 2902.1
	48	Available Street Water Pressure				Existing system with no change w/ regard to water pressure.
Fire Access	49	Fire Apparatus Access Road				Existing site layout with no change for Fire Apparatus Road.

	Time line	
License to THC from NYS		
Municipal Approvals	n/a	
No additional municipal approvals are required, since site is an existing grow facility. All necessary fitup will not constitute a change of use.		
Prepare Construction Docs	8 wks	
Construction		8 to 12 wks
Begin Cultivation		

THC Health Inc.

Conceptual Timeline for the Construction and Operation of Medical Marijuana Dispensary Facility

		Month 1				Month 2				Month 3				Month 4				Month 5				Month 6				Month 7				Month 8				Month 9			
		1			**4**				**8**				**12**				**16**				**20**				**24**				**28**				**32**				**36**
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THC Health Inc.

Conceptual Timeline for the Construction and Operation of Medical Marijuana Dispensary Facility

		Month 1				Month 2				Month 3				Month 4				Month 5				Month 6				Month 7				Month 8				Month 9			
		1			**4**				**8**				**12**				**16**				**20**				**24**				**28**				**32**				**36**
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	15	Fire Barriers	706			
	16	Shaft Enclosures	707	n/a		
	17	Fire Paritions	708	n/a		
	18	Horizontal Assemblies	711	Not less than that required by type of construction	Existing. No change	
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	20	Alt Fire Extinguishing System	904			
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	22	Fire Alaram & Detection Systems	907			
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	24	Fire Department Connections	912			

CODE REVIEW AND ANALYSIS - EXHIBIT B; 27 Mathews Street, Goshen, NY , NY 10924; THC Health Inc Dispensary Location

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	28	Accessible Means of Egress	1007.1	Not less than 1 accessible means of egress	All means of egress are accessible.	
	29	Doors, Gates & Turnstiles	1008			
	30	Interior Stairs	1009	n/a		
	31	Ramps	1010.1	n/a		Existing building has 3 means of egress. While complying with security requirements, all areas will have 2 accessible means of egress at grade. No common path of travel shall exceed 75 feet, as per 1014.3.
Chapter 10 Means of Egress	32	Common Path of Travel	1014.3	Not to Exceed 75ft	Less than 75 ft. See plan	
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	34	Corridor Fire Rating	1017.1			
	35	Corridor Width	1017.2		60" min	
	36	Dead End Corridor	1017.3		None	
	37	Number of Exits and Continuity	1019	2	3	
	38	Vertical Exit Enclosures	1020	na		
	39	Exit Passageways	1021	na		
	40	Horizontal Exits	1022	na		
	41	Exterior Exit Ramps and Stairways	1023	na		
	42	Exit Discharge	1024	directly to exterior at grade	directly to exterior at grade	
Chapter 11 Accessibility	43	Accessibility	1101-1110			Building has required accessible parking, means of egress, lavatories.
Energy	44	Energy Conservation	2010 NYS ECCC & IECC 2012			Existing building with no change to the energy systems
Chapter 27 Electrical	45	Emergency & Standby Power	2702.1	Emergency and Standby systems will comply with and be installed as per NFPA 110 and 111		Emergency and Standby systems will comply with and be installed as per NFPA 110 and 111
	46	Smoke Control Systems	2702.2.2			
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	48	Available Street Water Pressure				Existing system with no change w/ regard to water pressure.
Fire Access	49	Fire Apparatus Access Road				Existing site layout with no change for Fire Apparatus Road.

	Time line	
License to THC from NYS		
Municipal Approvals	n/a	
No additional municipal approvals are required, since site is an existing grow facility. All necessary fitup will not constitute a change of use.		
Prepare Construction Docs	8 wks	
Construction		8 to 12 wks
Begin Cultivation		

Redacted pursuant to N.Y. Public Officers Law, Art. 6

ALFANDRE ARCHITECTURE PC
231 MAIN STREET, SUITE 201
NEW PALTZ, NEW YORK 12561
WWW.ALFANDRE.COM
PHONE (845)255-4774

SITE PLAN

SCHEMATIC DESIGN

THC HEALTH INC.

1373 VETERANS MEMORIAL HIGHWAY, HAUPPAUGE, NY

DRAWN BY:
SBD

PROJECT NO:
14-105

DATE:
06/03/15

SHEET NO:
A1

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ALFANDRE ARCHITECTURE PC
231 MAIN STREET, SUITE 201
NEW PALTZ, NEW YORK 12561
WWW.ALFANDRE.COM
PHONE (845)255-4774

FLOOR PLAN

SCHEMATIC DESIGN

THC HEALTH INC.

1373 VETERANS MEMORIAL HIGHWAY, HAUPPAUGE, NY

DRAWN BY:
SBD

PROJECT NO:
14-105

DATE:
06/01/15

SHEET NO:
A2

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ALFANDRE ARCHITECTURE PC
231 MAIN STREET, SUITE 201
NEW PALTZ, NEW YORK 12561
WWW.ALFANDRE.COM
PHONE (845)255-4774

SITE PLANS

SCHEMATIC DESIGN

THC HEALTH INC. CULTIVATION AND PROCESSING FACILITY

1675 Edwards Ave, Calverton, NY

DRAWN BY: SBD

PROJECT NO. 15-109

DATE: 06/04/15

SHEET NO. A1

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ALFANDRE ARCHITECTURE PC
231 MAIN STREET, SUITE 201
NEW PALTZ, NEW YORK 12561
WWW.ALFANDRE.COM
PHONE (845)255-4774

BUILDING PLAN

SCHEMATIC DESIGN

THC HEALTH INC. CULTIVATION AND PROCESSING FACILITY

1675 Edwards Ave, Calverton, NY

DRAWN BY:
Author

PROJECT NO.
15-109

DATE:
06/04/15

SHEET NO.
A2

IT IS UNLAWFUL TO MODIFY A DOCUMENT BEARING THE SEAL AND SIGNATURE OF A LICENSED ARCHITECT

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ALFANDRE ARCHITECTURE PC
231 MAIN STREET, SUITE 201
NEW PALTZ, NEW YORK 12561
WWW.ALFANDRE.COM
PHONE (845)255-4714

SITEPLAN

SCHEMATIC DESIGN

THC HEALTH INC. DISPENSARY

27 MATTHEW STREET, GOSHEN NY

DRAWN BY:
SBD

PROJECT NO.
14-105

DATE:
06/01/15

SHEET NO.
A1

IT IS UNLAWFUL TO MODIFY A DOCUMENT BEARING THE SEAL AND SIGNATURE OF A LICENSED ARCHITECT

Redacted pursuant to N.Y. Public Officers Law, Art. 6

ALFANDRE ARCHITECTURE PC
231 MAIN STREET, SUITE 201
NEW PALTZ, NEW YORK 12561
WWW.ALFANDRE.COM
PHONE (845)255-4774

FLOORPLAN

SCHEMATIC DESIGN

THC HEALTH INC. DISPENSARY

27 MATTHEW STREET, GOSHEN NY

DRAWN BY:
SBD

PROJECT NO.
14-105

DATE:
06/01/15

SHEET NO.
A2

IT IS UNLAWFUL TO MODIFY A DOCUMENT BEARING THE SEAL AND SIGNATURE OF A LICENSED ARCHITECT

“Attachment A”

Identification of

The list of sites below serves as identification of all real property, buildings, and facilities that will be used in manufacturing and dispensing activities, pursuant to PHL § 3365 and 10 NYCRR § 1004.5(b)(2).”

Manufacturing

- 1675 Edwards Avenue, Baiting Hollow, NY 11933

Dispensing

- 27 Matthew Street, Goshen, NY 10924
- 1383-8 Veterans Memorial Highway, Hauppauge, NY 11788

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Redacted pursuant to N.Y. Public Officers Law, Art. 6

OFFICE LEASE

by and between

MATRIX EQUITIES, INC., AS AGENT FOR MATRIX CROSSROADS, LLC AND CREST PLAZA LLC

as Landlords,

and

THC HEALTH, INC.

as Tenant,

at

1383-8 VETERANS MEMORIAL HIGHWAY
HAUPPAUGE, NY 11788

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EXHIBITS

Exhibit A	Depiction of the Premises
Exhibit B	Rules and Regulations
Exhibit C	Work Letter
Exhibit D	Form of Commencement Date Letter Agreement
Exhibit E	Cleaning Specs

OFFICE LEASE

June **THIS OFFICE LEASE (this "LEASE") (this "LEASE")** is made this 4th day of ~~May~~, 2015 between MATRIX EQUITIES, INC. as agent for MATRIX CROSSROADS, LLC and CREST PLAZA LLC (collectively, "**Landlord**"), having an office 1201 Route 112, Port Jefferson Station, New York 11776 and THC HEALTH INC., having an address at 4-74 48TH Avenue Long Island City NY 11109 ("**Tenant**"), for space in the building located at 1383-8 Veterans Memorial Highway, Hauppauge, New York 11788 (such building, together with the land upon which it is situated and any other related improvements owned by Landlord, being herein referred to as the "**Building**"). The following schedule (the "**Schedule**") sets forth certain basic terms of this Lease:

S-1. Premises: 6,926 square feet located in Building 1383-8, as depicted on **Exhibit A** attached hereto and made a part hereof.

S-2. Commencement Date: August 1, 2015

Rent Commencement Date: October 1, 2015

S-3. Expiration Date: September 31, 2025

S-4. Base Rent:

Time Period	Rent Per Square Foot	Monthly Rent	Annual Rent
8/1/2015- 9/31/2015	$0.00	$0.00	$0.00
10/1/2015 – 7/31/2016	$22.95	$13,245.98	$158,951.70
8/1/2016 – 7/31/2017	$23.64	$13,643.35	$163,720.25
8/1/2017 – 7/31/2018	$24.35	$14,054.00	$168,648.10
8/1/2018 – 7/31/2019	$25.08	$14,475.34	$173,704.08
8/1/2019 – 7/31/2020	$25.83	$14,908.21	$178,898.58
8/1/2020 – 7/31/2021	$26.60	$15,352.63	$184,231.60
8/1/2021 – 7/31/2022	$27.39	$15,808.60	$189,703.14
8/1/2022 – 7/31/2023	$28.21	$16,281.87	$195,382.46
8/1/2023 – 7/31/2024	$29.06	$16,772.46	$201,269.56

8/1/2024 – 9/31/2025	$29.93	$17,274.60	$207,295.18

S-5. Base Rent Increases: 3% per annum per above table.

S-6. Electricity Charges: Tenant will pay electric for demised premises in addition to the base rent charges at $3.25p/sf subject to market fluctuation. Electric charges will apply during free rent period at the rate of $22,509.50 per annum equating to $1,875.79 per month.

S-7. Cleaning Charges: Included in the Base Rent charges; but will apply during free rent period at $246.67 per month.

S-8. Security Deposit: $26,490.00

S-9. Broker(s): Coldwell Banker Commercial

S-10. Permitted Use: General Office

S-11. Expense Base Year: 2015/2016

S-12. Tax Base Year: 2015/2016

1. **Demise and Term.** Landlord leases to Tenant and Tenant leases from Landlord the premises (the "**Premises**") described in Item 1 of the Schedule and shown on the plan attached hereto as **Exhibit A**, subject to the covenants and conditions set forth in this Lease, for a term (the "**Term**") commencing on the date (the "**Commencement Date**") described in Item 2 of the Schedule and expiring on the date (the "**Expiration Date**") described in Item 3 of the Schedule, unless extended or terminated earlier as otherwise provided in this Lease. Promptly upon the occurrence of the Commencement Date, Landlord and Tenant shall execute and deliver a letter designating the Commencement Date substantially in the form attached hereto as **Exhibit D**, but the failure by either party to execute and deliver such a letter shall have no effect on the Rent Commencement Date, as hereinabove determined. Notwithstanding the foregoing, Tenant shall be entitled to access the Premises for a period of fourteen (14) days prior to the anticipated Commencement Date for the purpose of preparing the Premises for its use.

2. **Rent**

A. **Definitions.** For purposes of this Lease, the following terms shall have the following meanings:

i. "**Expenses**" shall mean the sum of all expenses (other than Taxes and Electricity Charges) incurred by Landlord in the ownership, operation, maintenance, repair and cleaning of the Building, including the parking facilities serving the Building, which shall include, but not be limited to, the following: (1) electricity, gas, water, HVAC, sewer and other utility charges of every type and nature with respect to the common areas and parking areas of the Building; (2) premiums and other charges for insurance and deductibles under such insurance policies; (3) commercially reasonable management fees and personnel costs of the Building; (4) costs of service and maintenance contracts relating to the Building; (5) all maintenance, repair and replacement costs and expenses and all supplies associated therewith; (6) costs of capital expenditures made by Landlord to reduce operating expenses or to comply with legal or insurance requirements applicable to the Building which requirements were not in existence on the date hereof or to replace existing equipment, machinery, Building systems or facilities used in connection with the operation or maintenance of the Building, such capital costs to be amortized over such reasonable period as Landlord shall determine, together with interest at the Interest Rate (including such expeditions which may have been made prior to the Commencement Date and which are the subject of reasonable amortization as contemplated herein); (7) charges for janitorial, trash removal and cleaning services and supplies furnished to the Building; (8) any business, professional and occupational license tax payable by Landlord with respect to the Building; (9) reasonable reserves for replacements, repairs and contingencies; (10) costs of snow removal; (11) the cost of operating the conference center, fitness center and main entrance area located in the Building, including wages, salaries, supplies and utilities; and (12) any other expense incurred by Landlord in maintaining, repairing, operating or cleaning the Building.

ii. "**Excluded Expenses**." Expenses shall not include: (i) principal or interest payments and any other charges, including late charges, default interest or other penalties, on any mortgages, (ii) all costs and expenses of leasing space in the Building, including advertising, promotion and other marketing expenses, commissions, legal fees, and allowance, (iii) capital expenditures, except as and to the extent specified above in clause (6) of the preceding sentence; (iv) all costs and expenses of providing any service to any tenant or occupant of, or to any leasable space in, the Building that is not available to Tenant free of separate or additional charge, including, without limitation, overtime or supplemental HVAC service, overtime elevator service, supplemental cleaning, etc.; (v) costs in connection with damage, casualty or condemnation of all or a portion of the Building which are reimbursed to Landlord by Landlord's insurers or by governmental authorities in eminent domain proceedings; (vi) advertising for vacant space in the Building; (vii) all costs and expenses of any demolition in, painting, carpeting, or refurbishing of, or alterations or improvements to, any leasable space made for any tenant or occupant or to enhance the marketability thereof or prepare the same for leasing; (viii) all charitable or political contributions; (ix) the costs to acquire and insure sculptures, paintings, and other works of art; (x) costs, expenses, fines and penalties to the extent primarily and

directly necessitated by the gross negligence or willful misconduct of Landlord or its employees; (xi) sums paid by Landlord for any indemnity, damages, fines, late charges, penalties or interest for any late payment or to correct violations of building codes or other laws, regulations or ordinances applicable to the Building that may exist as of the Commencement Date, except for expenditures for repairs, maintenance and replacement or other items that would otherwise reasonably constitute Expenses; (xii) all costs and expenses attributable to any testing, monitoring, investigation, remediation, or removal of hazardous materials (other than any testing, monitoring or removal which are customarily conducted by owners of similar office buildings in the ordinary course of operating and managing a building); (xiii) all legal, architectural, engineering, accounting and other professional fees unrelated to the management, maintenance or operation of the Building; (xiv) ground lease rents; (xv) that portion of any Expenses that is paid to any entity affiliated with Landlord that is in excess of a commercially reasonable amount that would otherwise be paid to an entity that is not affiliated with Landlord for the provision of the same service; (xvi) costs and expenses of administration and management of the Landlord entity itself, as distinguished from the costs of management, operation and ownership of the Building; and (xvii) legal fees, space planners' fees or similar fees incurred in connection with disputes with tenants of the Building or the negotiation of leases with tenants or prospective tenants. If the average occupancy rate for the Building during any calendar year, including the Expense Base Year, is less than ninety-five percent (95%), or if any tenant is separately paying for (or does not require) electricity or janitorial services furnished to its premises, then Expenses for such year shall be deemed to include all additional expenses, as reasonably estimated by Landlord, which would have been incurred during such year if such average occupancy rate had been ninety-five percent (95%) and if Landlord paid for electricity and janitorial services furnished to such premises.

iii. "**Rent**" shall mean Base Rent and Additional Rent as such terms are hereinafter defined.

iv. "**Taxes**" shall mean (1) all real estate taxes, personal property taxes, vault and/or public space rentals, business district or arena taxes, special user fees, rates, and assessments (including general and special assessments, if any), ordinary and extraordinary, foreseen and unforeseen, which are imposed upon Landlord or assessed against the Building or Landlord's personal property used in connection therewith; (2) any other present or future taxes or governmental charges that are imposed upon Landlord or assessed against the Building which are in the nature of or in substitution for real estate taxes, including any tax levied on or measured by the rents payable by tenants of the Building, and (3) expenses, including, without limitation, reasonable attorneys' and consultants' fees and expenses and court costs, incurred in reviewing, protesting or seeking a reduction of real estate taxes, whether or not such protest or reduction is ultimately successful. Subject to the foregoing, Taxes shall not include any inheritance, estate, gift, franchise, corporation, transfer, net income or net profits tax assessed

against Landlord solely relating to the Building. If during any calendar year, including the Tax Base Year, the Building is not fully assessed for tax purposes, then Taxes for such year shall be deemed to include all additional taxes, as reasonably estimated by Landlord, which would have been incurred during such year if the Building had been fully assessed.

B **Tenant Payments**. Tenant agrees to pay the following amounts to Landlord at the office of the Building or at such other place as Landlord designates:

i. Base rent ("**Base Rent**") to be paid in monthly installments in the amount set forth in Item 4 of the Schedule in advance on or before the first day of each month of the Term, except that Tenant shall pay the first month's Base Rent upon execution of this Lease.

ii. Adjustment Reimbursables ("**Adjustment Reimbursables**") for each calendar year falling entirely or partly within the Term in an amount equal to Tenant's Proportionate Share of (a) Expenses for any calendar year in excess of Expenses for the Expense Base Year, and (b) Taxes for any calendar year in excess of Taxes for the Tax Base Year. Prior to each calendar year, Landlord shall estimate the amount of Expenses and Taxes due for such year, and Tenant shall pay Landlord one-twelfth of such estimate on the first day of each month during such year. Such estimate may be revised by Landlord whenever it obtains information relevant to making such estimate more accurate, but in no event more frequently than twice in any twelve month period. After the end of each calendar year, Landlord shall deliver to Tenant a report setting forth the actual Expenses and Taxes for such calendar year and a statement of the amount of Expenses and Taxes that Tenant has paid and is payable for such year. Within thirty days after receipt of such report, Tenant shall pay to Landlord the amount of Expenses and Taxes due for such calendar year minus any payments of Expenses and Taxes made by Tenant for such year. If Tenant's estimated payments of Expenses and Taxes exceed the amount due Landlord for such calendar year, Landlord shall apply such excess as a credit against Tenant's other obligations under this Lease or promptly refund such excess to Tenant if the Term has already expired, provided Tenant is not then in default hereunder, in either case without interest to Tenant. The Expenses and Taxes do not constitute revenues of Landlord; rather, the Expenses and Taxes are intended to provide a mechanism whereby Landlord may pay certain costs and expenses on behalf of Tenant and other tenants of the Building, and then recover from Tenant the portion thereof that is applicable to Tenant's use and occupancy of the Premises.

iii. Additional rent ("**Additional Rent**") in an amount equal to any sums that Tenant may owe to Landlord under the Lease other than Base Rent and Electricity Charges.

iv. Cleaning Charges ("C**leaning Charges**") with respect to the Premises in the amount set forth in Item 7 of the Schedule, payable on or before the first day

of each month of the Term, except Tenant shall pay the first month's Cleaning Charges upon execution of this Lease. Such Cleaning Charges shall be increased from time to time upon notice from Landlord to Tenant by an amount equal to the percentage increase in the cost per square foot charged Landlord by the Cleaning company providing janitorial services to the Building charged Landlord during the month in which the Commencement Date occurs.

C. **Payment of Rent**. The following provisions shall govern the payment of Rent and Adjustment Reimbursables: (i) if this Lease commences or ends on a day other than the first day or last day of a calendar month, respectively, the Rent and Adjustment Reimbursables for the month in which this Lease so begins or ends shall be prorated accordingly; (ii) all Rent and Adjustment Reimbursables shall be paid to Landlord without offset or deduction, and the covenant to pay Rent and Adjustment Reimbursables shall be independent of every other covenant in this Lease, and all Rent and Adjustment Reimbursables shall be payable to Landlord and addressed as follows: Matrix Crossroads, LLC 1201 Route 112 Port Jefferson Station NY 11776 (or to such other address as Landlord may subsequently designate); (iii) any sum due from Tenant to Landlord which is not paid when due shall bear interest from the date due until the date paid at the annual rate of four percentage points above the Prime Rate then most recently announced by The Wall Street Journal, from time to time in effect, but in no event higher than the maximum rate permitted by law (the "**Interest Rate**"); and, in addition, Tenant shall pay Landlord a late charge for any Rent or Adjustment Reimbursable payment which is paid more than five days after its due date equal to five percent (5%) of such payment; (iv) if changes are made to this Lease or the Building changing the number of square feet contained in the Premises or in the Building, Landlord shall make an appropriate adjustment to Tenant's Proportionate Share; (v) in the event of the termination of this Lease prior to the determination of any Adjustment Reimbursables, Tenant's agreement to pay any such sums and Landlord's obligation to refund any such sums (provided Tenant is not in default hereunder) shall survive the termination of this Lease; (vi) no adjustment to the Rent by virtue of the operation of the adjustment provisions in this Lease shall result in the payment by Tenant in any year of less than the Base Rent shown on the Schedule; (vii) Landlord may at any time change the fiscal year of the Building; (viii) each amount owed to Landlord under this Lease for which the date of payment is not expressly fixed shall be due on the same date as the Rent listed on the statement showing such amount is due; and (ix) if Landlord fails to give Tenant an estimate of Adjustment Reimbursables prior to the beginning of any calendar year, Tenant shall continue to pay Adjustment Reimbursables at the rate for the previous calendar year until Landlord delivers such estimate.

3. **Use.** Tenant agrees that it shall occupy and use the Premises only for office space and for no other use or purpose. Tenant shall comply with all federal, state and municipal laws, ordinances and regulations and all covenants, conditions and restrictions of record applicable to Tenant's use or occupancy of the Premises. Without limiting the foregoing, Tenant shall not

cause, nor permit, any hazardous or toxic substances to be brought upon, produced, stored, used, discharged or disposed of in, on or about the Premises or the Building without the prior written consent of Landlord which consent Landlord may withhold or condition in Landlord's sole discretion and then only in compliance with all applicable environmental laws

4. **Condition of Premises.** Tenant's taking possession of the Premises shall be conclusive evidence that the Premises were in good order and satisfactory condition when Tenant took possession. No agreement of Landlord to alter, remodel, decorate, clean or improve the Premises or the Building (or to provide Tenant with any credit or allowance for the same), and no representation regarding the condition of the Premises or the Building, have been made by or on behalf of Landlord or relied upon by Tenant, except that Landlord agrees to perform the work described in Exhibit C hereto at Landlord's sole expense, except as otherwise set forth therein.

5. **Building Services.**

A. **Basic Services**. Landlord shall furnish the following services: (i) heating and air conditioning to provide a temperature condition required, in Landlord's judgment, for comfortable occupancy of the Premises under normal business operations, daily from 8:00 A.M. to 6:00 P.M., Saturdays, Sundays and holidays excepted; (ii) water for drinking, and, subject to Landlord's approval, water at Tenant's expense for any private restrooms and office kitchen requested by Tenant; (iii) men's and women's restrooms at locations designated by Landlord, in common with other tenants of the Building; (iv) daily janitor service in the Premises and common areas of the Building, weekends and holidays excepted, including periodic outside window washing of the perimeter windows in the Premises; and (v) passenger elevator service in common with Landlord and other tenants of the Building, 24 hours a day, 7 days a week; and freight elevator service daily, weekends and holidays excepted, upon request of Tenant and subject to scheduling and charges by Landlord. Overtime use of heating and air conditioning will be billed at a rate of $10/hour.

B. **Electricity**. Electricity shall be distributed to the Premises either by the electric utility company serving the Building or, at Landlord's option, by Landlord; and Landlord shall permit Landlord's wire and conduits, to the extent available, suitable and safely capable, to be used for such distribution. The use of electricity in the Premises shall not exceed the capacity of existing electrical panels, feeders and risers to or wiring in the Premises. If Tenant requests permission to consume excess electrical service in the Premises, Landlord may refuse to consent or may condition consent upon conditions that Landlord reasonably elects (including, without limitation, the installation of utility service upgrades, meters, sub-meters, air handlers or cooling units), and the additional usage, installation and maintenance costs associated therewith shall be paid by Tenant. If and so long as Landlord is distributing electricity to the Premises, Tenant shall obtain all of its electricity from Landlord.

C. **Telephones and Telecommunication Services**. Landlord will provide Tenant with sufficient and unobstructed, secure shaft space to the telecommunication point of entry. Tenant is obligated to pay for the expense of delivering the telecommunications services from the point of entry to the Premises. Tenant shall arrange for telephone and telecommunication service directly with one or more of the public utility companies servicing the Building and shall

be solely responsible for paying for such telephone and telecommunications service. If Landlord acquires ownership of the telephone and/or telecommunication cables in the Building at any time, Landlord shall permit Tenant to connect to such cables on such terms and conditions as Landlord may prescribe. In no event does Landlord make any representation or warranty with respect to telephone or telecommunication service in the Building, and Landlord shall have no liability with respect thereto.

D. **Additional Services**. Landlord shall not be obligated to furnish any services other than those stated above. If Landlord elects to furnish services requested by Tenant in addition to those stated above (including services at times other than those stated above), Tenant shall pay Landlord's then prevailing charges for such services. If Tenant shall fail to make any such payment, Landlord may, without notice to Tenant and in addition to all other remedies available to Landlord, discontinue any additional services. No discontinuance of any such service shall result in any liability of Landlord to Tenant or be considered as an eviction or a disturbance of Tenant's use of the Premises. In addition, if Tenant's concentration of personnel or equipment adversely affects the temperature or humidity in the Premises or the Building, Landlord may install supplementary air conditioning units in the Premises; and Tenant shall pay for the cost of installation and maintenance thereof.

E. **Failure or Delay in Furnishing Services**. Tenant agrees that Landlord shall not be liable for damages for failure or delay in furnishing any service stated above if such failure or delay is caused, in whole or in part, by any one or more of the events stated in Section 25.J. below, nor shall any such failure or delay be considered to be an eviction or disturbance of Tenant's use of the Premises, or relieve Tenant from its obligation to pay any Rent when due or from any other obligations of Tenant under this Lease.

6. **Rules and Regulations.** Tenant shall observe and comply, and shall cause its subtenants, assignees, invitees, employees, contractors and agents to observe and comply, with the rules and regulations listed on **Exhibit B** attached hereto and with such reasonable modifications and additions thereto as Landlord may make from time to time. Landlord shall not be liable for failure of any person to obey such rules and regulations. Landlord shall not be obligated to enforce such rules and regulations against any person, and the failure of Landlord to enforce any such rules and regulations shall not constitute a waiver thereof or relieve Tenant from compliance therewith.

7. **Certain Rights Reserved to Landlord.** Landlord reserves the following rights, each of which Landlord may exercise without notice to Tenant (except as expressly set forth below) and without liability to Tenant, and the exercise of any such rights shall not be deemed to constitute an eviction or disturbance of Tenant's use or possession of the Premises and shall not give rise to any claim for set-off or abatement of rent or any other claim: (a) with prior written notice to Tenant, to change the name or street address of the Building or the suite number of the Premises; (b) to install, affix and maintain any and all signs on the exterior or interior of the Building; (c) to make repairs, decorations, alterations, additions, or improvements, whether structural or otherwise, in and about the Building, and for such purposes to enter upon the Premises, temporarily close doors, corridors and other areas in the Building and interrupt or temporarily suspend services or use of common areas, and Tenant agrees to pay Landlord for overtime and

similar expenses incurred if such work is done other than during ordinary business hours at Tenant's request; (d) to retain at all times, and to use in appropriate instances, keys to all doors within and into the Premises; (e) to grant to any person or to reserve unto itself the exclusive right to conduct any business or render any service in the Building; (f) to show or inspect the Premises at reasonable times and, if vacated or abandoned, to prepare the Premises for reoccupancy; (g) to install, use and maintain in and through the Premises pipes, conduits, wires and ducts serving the Building, provided that such installation, use and maintenance does not unreasonably interfere with Tenant's use of the Premises; and (h) to take any other action which Landlord deems reasonable in connection with the operation, maintenance or preservation of the Building.

8. **Maintenance and Repairs.** Tenant, at its expense, shall maintain and keep the Premises in good order and repair at all times during the Term. In addition, Tenant shall reimburse Landlord for the cost of any repairs to the Building necessitated by the acts or omissions of Tenant, its subtenants, assignees, invitees, employees, contractors and agents, to the extent Landlord is not reimbursed for such costs under its insurance policies. Subject to the preceding sentence, Landlord shall perform any maintenance or make any repairs to the Building as Landlord shall desire or deem necessary for the safety, operation or preservation of the Building, or as Landlord may be required or requested to do by order or decree of any court or by any other governmental authority with jurisdiction over the Premises and/or the Building.

9. **Alterations.**

A. **Requirements**. Tenant shall not make any replacement, alteration, improvement or addition to or removal from the Premises (each, an "**Alteration**") without the prior written consent of Landlord, which consent shall not be unreasonably withheld, EXCEPT, HOWEVER, that Landlord may withhold its consent in its sole and absolute discretion to any Alterations which will (i) alter or affect any portion of the Building's mechanical systems, service systems, structural components, facade, roof or foundation; (ii) detract from the use or character of the Building; (iii) require a building permit or an amendment of any certificate of occupancy for the Premises or the Building; (iv) interfere with the use or occupancy of Landlord or any other tenant in the Building; or (v) require the consent of any insurer under any required insurance or any other policy of insurance covering the Building. In no event shall Tenant be entitled to perform any Alterations in the Premises while Tenant is in default under this Lease. In the event Tenant proposes to make any Alteration, Tenant shall, prior to commencing such Alteration, submit to Landlord for prior written approval: (a) detailed plans and specifications for any Alteration other than painting, carpeting or installing any wall coverings; (b) sworn statements or such other comparable written notification as may be reasonably acceptable to Landlord, including the names, addresses and copies of contracts for all contractors; (c) all necessary permits evidencing compliance with all applicable governmental rules, regulations and requirements; (d) certificates of insurance in form and amounts required by Landlord, naming Landlord and any other parties designated by Landlord as additional insureds; and (e) all other documents and information as Landlord may reasonably request in connection with such Alteration. Tenant agrees to pay Landlord's standard charges for review of all such items and supervision of the Alteration, which shall in no event exceed five percent (5%) of the cost of such Alteration. In addition, Tenant shall reimburse Landlord for its actual out of pocket costs charged by third parties to examine

Tenant's Alteration or Tenant's plans therefor. Neither approval of the plans and specifications nor supervision of the Alteration by Landlord shall constitute a representation or warranty by Landlord as to the accuracy, adequacy, sufficiency or propriety of such plans and specifications or the quality of workmanship or the compliance of such Alteration with applicable law. Tenant shall pay the entire cost of the Alteration and, if requested by Landlord, shall deposit with Landlord, prior to the commencement of the Alteration, security for the payment and completion of the Alteration in form and amount reasonably required by Landlord. Each Alteration shall be performed by general contractors and subcontractors reasonably acceptable to Landlord, in a good and workmanlike manner, in accordance with the plans and specifications approved by Landlord, and shall meet or exceed the standards for construction and quality of materials established by Landlord for the Building. In addition, each Alteration shall be performed in compliance with all applicable governmental and insurance company laws, regulations and requirements. Each Alteration shall be performed by union contractors if required by Landlord and in harmony with Landlord's employees, contractors and other tenants. Each Alteration, whether temporary or permanent in character, made by Landlord or Tenant in or upon the Premises (excepting only Tenant's furniture, equipment and trade fixtures) shall become Landlord's property and shall remain upon the Premises at the expiration or termination of this Lease without compensation to Tenant; provided, however, that Landlord shall have the right to require Tenant to remove such Alteration at Tenant's sole cost and expense in accordance with the provisions of Section 15 of this Lease.

B. **Liens**. Upon completion of any Alteration, Tenant shall promptly furnish Landlord with sworn owner's and contractors' statements and full and final waivers of lien covering all labor and materials included in such Alteration. Tenant shall not permit any mechanic's lien to be filed against the Building, or any part thereof, arising out of any Alteration or any other work performed, or alleged to have been performed, by or on behalf of Tenant. If any such lien is filed, Tenant shall within ten days thereafter have such lien released of record or deliver to Landlord a bond in form, amount, and issued by a surety satisfactory to Landlord, indemnifying Landlord against all costs and liabilities resulting from such lien and the foreclosure or attempted foreclosure thereof. If Tenant fails to have such lien so released or to deliver such bond to Landlord, Landlord, without investigating the validity of such lien, may pay or discharge the same; and Tenant shall reimburse Landlord upon demand for the amount so paid by Landlord, including Landlord's expenses and attorneys' fees.

10. **Insurance**.

A. **Tenant's Insurance.** Tenant, at its sole cost and expense, shall maintain at all times during the Term (and, if Tenant occupies or conducts activities in or about the Building or Premises prior to or after the term hereof, then also during such pre-term or post-term period) the following insurance policies: (a) property insurance covering causes of loss of risk of direct physical loss or damage ("all risk" or "special risks" (or its equivalent), including, but not limited to, fire, lightning, explosion, windstorm or hail, smoke, aircraft or vehicle damage, riot or civil commotion, vandalism and malicious mischief, sprinkler leakage and water damage, collapse, building ordinance or law, demolition and debris removal (depending on the location earthquake and earth movement and water damage including flood), coverage insuring the full replacement cost on an agreed amount basis without deduction for depreciation of all improvements,

alterations or additions to the Premises made at Tenant's expense, and all other property owned or used by Tenant (including property of others) and located in the Premises including coverage for Tenant's loss of business interruption or income; (b) commercial general liability insurance covering premises operations, personal and advertising injury liability, products/completed operations liability, fire legal liability (damage to rented premises), medical payments, contractual liability insurance with respect to the Building and the Premises, with limits to be set by Landlord from time to time but in any event not less than $1,000,000 combined single limit for personal injury, sickness or death or for damage to or destruction of property for any one occurrence and $2,000,000 in the aggregate dedicated to this location only (and if the use and occupancy of the Premises includes any activity or matter that is or may be excluded from coverage under a commercial general liability policy [e.g. the sale, service or consumption of alcoholic beverages], Tenant shall obtain such endorsements to its commercial general liability policy or otherwise obtain insurance to insure all liability arising from such activity or matter [including liquor liability, if applicable] in such amounts as Landlord may reasonably require); (c) if Tenant operates owned, leased or non-owed vehicles on the Premises or Property, business automobile liability insurance covering all owed, non-owned and hired vehicles with limits not less than $1,000,000 combined single limit for bodily injury and property damage liability; (d) workers' compensation insurance to meet state statutory requirements and employer's liability insurance with limits not less than $1,000,000 each accident, $1,000,000 disease each employee and $1,000,000 disease policy limit; (e) umbrella liability insurance with limits of not less than $1,000,000 each occurrence and $1,000,000 aggregate in excess of Tenant's commercial general liability, business automobile liability and employer's liability insurance; and, (f) insurance against such other risks and in such other amounts as Landlord may from time to time require. Landlord makes no representation that the types of insurance or limits of liability required hereunder from time to time shall be adequate to protect Tenant. The form of all such policies and deductibles or self-insured retentions thereunder shall be subject to Landlord's prior approval. All such policies shall be issued by insurers acceptable to Landlord and licensed to do business in the State of New York with an A.M. Best Rating of A-VII or better and shall contain a waiver of any rights of subrogation and a waiver of all rights of recovery against Landlord, Landlord's Real Estate/Property Manager, members, partners, directors, officers, shareholders, and their respective agents, employees and/or representatives thereunder. In addition, the policies shall (i) name Landlord, Landlord's Real Estate/Property Manager, members, partners, directors, officers, shareholders, and their respective agents, employees, representatives and any other parties designated by Landlord as additional insureds, (except for workers' compensation and employer's liability insurance described in clause (d) above); (ii) shall require at least thirty days' prior written notice to Landlord and Landlord's Real Estate/Property Manager of cancellation, non-renewal, modification or reduction in limits of Tenant's insurance required; and (iii) shall be primary and not contributory to any insurance maintained by Landlord and/or Landlord's Real Estate/Property Manager. Tenant shall cause any of its contractors, subcontractors, vendors, suppliers, movers or other parties conducting activities in or about or occupying the Premises to indemnify, defend and hold harmless Landlord and Landlord's Real Estate/Property Manager, Tenant, members, partners, directors, officers, shareholders, and their respective agents, employees, representatives and any other parties designated by Landlord, and to obtain and maintain insurance as reasonably determined by Landlord. Tenant shall, at least ten days prior to the Commencement Date (and any pre-term period), and within ten days prior

to the expiration of each such policy (and any post-term period), deliver to Landlord and Landlord's Real Estate/Property Manager certificates of insurance evidencing the foregoing insurance or renewal thereof, as the case may be. Landlord and/or Landlord's Real Estate/Property Manager may at any time, and from time to time, inspect and/or copy any and all insurance policies required by this Lease.

B. **Landlord's Insurance**: Throughout the Term of this Lease, Landlord shall maintain the following insurance policies: (1) property insurance on a replacement cost basis; and (2) commercial general liability insurance in an amount deemed appropriate by Landlord, in its sole discretion. The cost of all insurance carried by Landlord with respect to the Building shall be included in the Operating Costs. The foregoing insurance policies and any other insurance carried by Landlord shall be for the sole benefit of Landlord and under Landlord's sole control, and Tenant shall have no right or claim to any proceeds thereof or any other rights hereunder.

C. **Subrogation**. Each Party's property insurance shall contain a waiver of any rights of subrogation and a waiver of all rights of recovery against the other and its permitted subtenants, their respective members, partners, directors, officers, shareholders, and their respective agents, employees and/or representatives thereunder, as the case may be. Each Party waives all claims and rights of recovery against the other and its permitted subtenants, their respective members, partners, directors, officers, shareholders, and their respective agents, employees and/or representatives thereunder for any loss or damage to any property of the Parties, which loss or damage is insured against, or required to be insured against, by each Party pursuant to this Section 10, whether or not such loss or damage is due to the action, inaction, fault or negligence of either Party and its permitted subtenants, their respective members, partners, directors, officers, shareholders, and their respective agents, employees and/or representatives thereunder, and regardless of the amount of insurance proceeds collected or collectible under any insurance policies in effect. Notwithstanding anything contained herein to the contrary, the foregoing waivers in this Subsection 10(C) shall be ineffective if they invalidate any policy of insurance of the parties hereto, now or hereafter issued

11. Waiver and Indemnity.

A. **Waiver**. Tenant releases Landlord and Landlord's real estate/property manager, and their respective members, partners, shareholders, directors, officers and their respective agents, employees and/or representatives from, and waives all claims for, damage or injury to person or property and loss of business sustained by Tenant and resulting from the Building or the Premises or any part thereof or any equipment therein becoming in disrepair, or resulting from any accident in or about the Building. This paragraph shall apply particularly, but not exclusively, to flooding, damage caused by Building equipment and apparatus, water, snow, frost, steam, excessive heat or cold, broken glass, sewage, gas, odors, excessive noise or vibration or the bursting or leaking of pipes, plumbing fixtures or sprinkler devices. Without limiting the generality of the foregoing, Tenant waives all claims and rights of recovery against Landlord and Landlord's real estate/property manager, and their respective members, partners, officers and directors and their respective agents, employees and/or representatives for any loss or damage to any property of Tenant, which loss or damage is insured against, or required to be

insured against, by Tenant pursuant to Section 10 above, whether or not such loss or damage is due to the action, inaction, fault or negligence of Landlord, or such real estate/property manager, or their respective members, partners, officers, directors, agents, employees and/or representatives, and regardless of the amount of insurance proceeds collected or collectible under any insurance policies in effect.

B. **Indemnity**. Tenant agrees to indemnify, defend and hold harmless Landlord and Landlord's real estate/property manager, and their respective members, partners, officers and directors and their respective agents, employees and/or representatives ("**Landlord's Indemnified Parties**"), from and against any and all claims, demands, actions, liabilities, damages, costs and expenses (including attorneys' fees), for injuries to any persons and damage to or theft or misappropriation or loss of property occurring in or about the Building and arising from the use and occupancy of the Premises **(unless any injury to any person was caused, in whole or in part, by the negligence of Landlord or Landlord's Indemnified Parties)** or from any activity, work, or thing done, permitted or suffered by Tenant in or about the Premises (including, without limitation, any Alteration by Tenant) or the Building or from any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of Tenant to be performed under this Lease or due to any other act or omission of Tenant, its subtenants, assignees, invitees, employees, contractors and agents. Without limiting the foregoing, Tenant shall indemnify, defend and hold Landlord and Landlord's real estate/property manager, and their respective members, partners, officers and directors and their respective agents, employees and/or representatives harmless from any claims, liabilities, damages, costs and expenses arising out of the use or storage of hazardous or toxic materials in or about the Building by Tenant. If any such proceeding is filed against Landlord or any such indemnified party, Tenant agrees to defend Landlord or such party in such proceeding at Tenant's sole cost by legal counsel reasonably satisfactory to Landlord, if requested by Landlord.

12. **Fire and Casualty**. If all or a substantial part of the Premises or the Building is rendered untenantable by reason of fire or other casualty, Landlord may, at its option, either restore the Premises and the Building, or terminate this Lease effective as of the date of such fire or other casualty. Landlord agrees to give Tenant written notice within sixty days after the occurrence of any such fire or other casualty designating whether Landlord elects to so restore or terminate this Lease. If Landlord elects to terminate this Lease, Rent shall be paid through and apportioned as of the date of such fire or other casualty. If Landlord elects to restore, Landlord's obligation to restore the Premises shall be limited to restoring those improvements in the Premises existing as of the date of such fire or other casualty which were made at Landlord's expense and shall exclude any furniture, equipment, fixtures and Alterations in or to the Premises which were made at Tenant's expense. If Landlord elects to restore, Rent shall abate for that part of the Premises which is untenantable on a per diem basis from the date of such fire or other casualty until Landlord has substantially completed its repair and restoration work, provided that Tenant does not occupy such part of the Premises during said period.

13. **Condemnation**. If the Premises or the Building is rendered untenantable by reason of a condemnation (or by a deed given in lieu thereof), then either party may terminate this Lease by giving written notice of termination to the other party within thirty days after such condemnation, in which event this Lease shall terminate effective as of the date of such

condemnation. If this Lease so terminates, Rent shall be paid through and apportioned as of the date of such condemnation. If such condemnation does not render the Premises or the Building untenantable, this Lease shall continue in effect and Landlord shall promptly restore the portion not condemned to the extent reasonably possible to the condition existing prior to the condemnation. In such event, however, Landlord shall not be required to expend an amount in excess of the proceeds received by Landlord from the condemning authority. Landlord reserves all rights to compensation for any condemnation. Tenant hereby assigns to Landlord any right Tenant may have to such compensation, and Tenant shall make no claim against Landlord or the condemning authority for compensation for termination of Tenant's leasehold interest under this Lease or interference with Tenant's business.

14. **Assignment and Subletting**.

A. **Landlord's Consent**. Tenant shall not, without the prior written consent of Landlord, which consent shall not be unreasonably withheld: (i) assign, convey, mortgage or otherwise transfer this Lease or any interest hereunder, or sublease the Premises, or any part thereof, whether voluntarily or by operation of law; or (ii) permit the use of the Premises by any person other than Tenant and its employees. Any such transfer, sublease or use described in the preceding sentence (a "**Transfer**") occurring without the prior written consent of Landlord shall be void and of no effect. Landlord's consent to any Transfer shall not constitute a waiver of Landlord's right to withhold its consent to any future Transfer. Landlord's consent to any Transfer or acceptance of rent from any party other than Tenant shall not release Tenant from any covenant or obligation under this Lease. Landlord may require as a condition to its consent to any assignment of this Lease that the assignee execute an instrument in which such assignee assumes the obligations of Tenant hereunder. For the purposes of this paragraph, the transfer (whether direct or indirect) of all or a majority of the capital stock in a corporate Tenant (other than the shares of the capital stock of a corporate Tenant whose stock is publicly traded) or the merger, consolidation or reorganization of such Tenant or the transfer of all or any general partnership interest in any partnership Tenant or the transfer of all or any managing member's interest in any limited liability company Tenant shall be considered a Transfer. Tenant shall not advertise (or list with brokers or publish on any computer generated listing service) its space for assignment or subletting at a rental rate lower than the greater of the then Building rental rate for such space or the rental rate than being paid by Tenant to Landlord, nor shall Tenant actually charge a rental lower than such greater amount. The content, form, medium of publication (including, without limitation, brochure, newspaper or magazine ad, electronic mail), and publisher of any such proposed advertising shall be reasonably approved in writing, in advance, by Landlord.

B. **Standards for Consent**. If Tenant desires the consent of Landlord to a Transfer, Tenant shall submit to Landlord, at least thirty days prior to the proposed effective date of the Transfer, a written notice with a description of all terms and conditions of the proposed Transfer, copies of the proposed documentation, and the following information about the proposed transferee: name and address; reasonably satisfactory information about its business and business history; its proposed use of the Premises; banking, financial, and other credit information; and general references sufficient to enable Landlord to determine the proposed transferee's creditworthiness and character. If Landlord does not terminate this Lease, in whole

or in part, pursuant to Section 14C, Landlord shall not unreasonably withhold its consent to any assignment or sublease, and shall notify Tenant of its consent or refusal to consent thereto within fifteen days after the date on which Tenant has furnished to Landlord all of the items required pursuant to this Section 14B. Landlord shall not be deemed to have unreasonably withheld its consent if, in the judgment of Landlord: (i) Tenant is in default under this Lease; (ii) the transferee is of a character or engaged in the conduct of business which is not in keeping with the standards or criteria used by Landlord in leasing the Building; (iii) the financial condition of the transferee is such that it may not be able to perform its obligations in connection with this Lease; (iv) the proposed use of the Premises or portion thereof is in violation of the terms of this Lease or the lease of any other tenant in the Building, or will violate any applicable law, or will impose any additional obligation or burden upon Landlord or the systems or amenities of the Building, or increase Landlord's obligations under or cost of compliance with any laws; (v) the transferee is a tenant, subtenant or other occupant of any part of the Building (or an affiliate thereof), or has dealt with Landlord or Landlord's agent (directly or through a broker) with respect to space in the Building during the twelve (12) months immediately preceding Tenant's request for Landlord's consent, or directly or indirectly, controls, is controlled by or is under common control with a tenant, subtenant or other occupant or person or entity who is a tenant, subtenant or other occupant of the Building (or an affiliate thereof); (vi) the transferee is a government (or subdivision or agency thereof); (vii) the transferee cannot accurately make the representation and warranty set forth in Section 25R hereof; or (viii) any other bases which Landlord reasonably deems appropriate. If Landlord wrongfully withholds its consent to any Transfer, Tenant's sole and exclusive remedy therefor shall be to seek specific performance of Landlord's obligation to consent to such Transfer.

C. **Recapture**. Landlord shall have the right to terminate this Lease as to that portion of the Premises covered by a Transfer. Landlord may exercise such right to terminate by giving notice to Tenant at any time within fifteen days after the date on which Tenant has furnished to Landlord all of the items required under Section 14B above. If Landlord exercises such right to terminate, Landlord shall be entitled to recover possession of, and Tenant shall surrender such portion of, the Premises (with appropriate demising partitions erected at the expense of Tenant) on the later of (i) the effective date of the proposed Transfer, or (ii) sixty days after the date of Landlord's notice of termination. In the event Landlord exercises such right to terminate, Landlord shall have the right to enter into a lease with the proposed transferee without incurring any liability to Tenant on account thereof. If Landlord consents to any Transfer, Tenant shall pay to Landlord fifty percent of all rent and other consideration received by Tenant in excess of the Rent paid by Tenant hereunder for the portion of the Premises so transferred. Such rent shall be paid as and when received by Tenant. In addition, Tenant shall pay to Landlord any commercially reasonable, out-of-pocket attorneys' fees and expenses actually incurred by Landlord in connection with any proposed Transfer, whether or not Landlord consents to such Transfer.

15. **Surrender**. Upon termination of the Term or Tenant's right to possession of the Premises, Tenant shall return the Premises to Landlord in good order and condition, ordinary wear and damage by fire or other casualty excepted. If Landlord requires Tenant to remove any Alterations pursuant to Section 9, then such removal shall be done in a good and workmanlike manner; and upon such removal Tenant shall restore the Premises to its condition prior to the

installation of such Alterations. If Tenant does not remove such Alterations after request to do so by Landlord, Landlord may remove the same and restore the Premises; and Tenant shall pay the cost of such removal and restoration to Landlord upon demand. Tenant shall also remove its furniture, equipment, trade fixtures, cabling, wiring, conduits and all other items of personal property from the Premises prior to termination of the Term or Tenant's right to possession of the Premises. If Tenant does not remove such items, Tenant shall be conclusively presumed to have conveyed the same to Landlord without further payment or credit by Landlord to Tenant; or at Landlord's sole option such items shall be deemed abandoned, in which event Landlord may cause such items to be removed and disposed of at Tenant's expense without notice to Tenant and without obligation to compensate Tenant.

16. **Defaults and Remedies**.

A. **Default.** The occurrence of any of the following shall constitute a default (a "**Default**") by Tenant under this Lease: (i) Tenant fails to pay any Rent when due and such failure is not cured within five days after notice from Landlord; (ii) Tenant fails to perform any other provision of this Lease and such failure is not cured immediately if the failure involves a hazardous condition or within thirty days after notice from Landlord (or such long period as is reasonably required if such default is incapable of being cured within such thirty day period so long as Tenant promptly commences and thereafter pursues the cure thereof); (iii) the leasehold interest of Tenant is levied upon or attached under process of law; (iv) Tenant or any guarantor of this Lease dies or dissolves; or (v) any voluntary or involuntary proceedings are filed by or against Tenant or any guarantor of this Lease under any bankruptcy, insolvency or similar laws and, in the case of any involuntary proceedings, are not dismissed within thirty days after filing.

B. **Right of Re-Entry**. Upon the occurrence of a Default, Landlord may elect to terminate this Lease or, without terminating this Lease, terminate Tenant's right to possession of the Premises. Upon any such termination, Tenant shall immediately surrender and vacate the Premises and deliver possession thereof to Landlord. Tenant grants to Landlord the right to enter and repossess the Premises and to expel Tenant and any others who may be occupying the Premises and to remove any and all property therefrom, without being deemed in any manner guilty of trespass and without relinquishing Landlord's rights to Rent or any other right given to Landlord hereunder or by operation of law.

C. **Reletting**. If Landlord terminates Tenant's right to possession of the Premises without terminating this Lease, Landlord may relet the Premises or any part thereof. In such case, Landlord shall use reasonable efforts to relet the Premises on such terms as Landlord shall reasonably deem appropriate; provided, however, Landlord may first lease Landlord's other available space and shall not be required to accept any tenant offered by Tenant or to observe any instructions given by Tenant about such reletting. Tenant shall reimburse Landlord for the costs and expenses of reletting the Premises including, but not limited to, all brokerage, advertising, legal, Alteration, and other expenses incurred to secure a new tenant for the Premises. In addition, if the consideration collected by Landlord upon any such reletting, after payment of the expenses of reletting the Premises which have not been reimbursed by Tenant, is insufficient to pay monthly the full amount of the Rent, Tenant shall pay to Landlord the amount of each monthly deficiency as it becomes due. If such consideration is greater than the amount

necessary to pay the full amount of the Rent, the full amount of such excess shall be retained by Landlord and shall in no event be payable to Tenant.

D. **Termination of Lease**. If Landlord terminates this Lease, Landlord may recover from Tenant and Tenant shall pay to Landlord, on demand, as and for liquidated and final damages, an accelerated lump sum amount equal to the amount by which Landlord's estimate of the aggregate amount of Rent owing from the date of such termination through the Expiration Date plus Landlord's estimate of the aggregate expenses of reletting the Premises, exceeds Landlord's estimate of the fair rental value of the Premises for the same period (after deducting from such fair rental value the time needed to relet the Premises and the amount of concessions which would normally be given to a new tenant) both discounted to present value at the rate of five percent per annum.

E. **Other Remedies**. Landlord may but shall not be obligated to perform any obligation of Tenant under this Lease; and, if Landlord so elects, all costs and expenses paid by Landlord in performing such obligation, together with interest at the Interest Rate, shall be reimbursed by Tenant to Landlord on demand. Any and all remedies set forth in this Lease: (i) shall be in addition to any and all other remedies Landlord may have at law or in equity, (ii) shall be cumulative, and (iii) may be pursued successively or concurrently as Landlord may elect. The exercise of any remedy by Landlord shall not be deemed an election of remedies or preclude Landlord from exercising any other remedies in the future.

F. **Bankruptcy**. If Tenant becomes bankrupt, the bankruptcy trustee shall not have the right to assume or assign this Lease unless the trustee complies with all requirements of the United States Bankruptcy Code; and Landlord expressly reserves all of its rights, claims, and remedies thereunder.

G. **Waiver of Trial by Jury**. Landlord and Tenant waive trial by jury in the event of any action, proceeding or counterclaim brought by either Landlord or Tenant against the other in connection with this Lease.

17. **Holding Over**. If Tenant retains possession of the Premises after the expiration or termination of the Term or Tenant's right to possession of the Premises, Tenant shall pay Rent at 150% of such rate, computed on a monthly basis for each month or partial month that Tenant remains in possession. Tenant shall also pay, indemnify and defend Landlord from and against all claims and damages, consequential as well as direct, sustained by reason of Tenant's holding over. The provisions of this Section do not waive Landlord's right of re-entry or right to regain possession by actions at law or in equity or any other rights hereunder, and any receipt of payment by Landlord shall not be deemed a consent by Landlord to Tenant's remaining in possession or be construed as creating or renewing any lease or right of tenancy between Landlord and Tenant.

18. **Security Deposit**. (a) Upon execution of this Lease, Tenant shall deposit the security deposit set forth in Item 7 of the Schedule (the "**Security Deposit**") with Landlord as security for the performance of Tenant's obligations under this Lease. Upon the occurrence of a Default, Landlord may use all or any part of the Security Deposit for the payment of any Rent or

for the payment of any amount which Landlord may pay or become obligated to pay by reason of such Default, or to compensate Landlord for any loss or damage which Landlord may suffer by reason of such Default. If any portion of the Security Deposit is used, Tenant shall within five days after written demand therefor deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its original amount. Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on the Security Deposit. In no event shall the Security Deposit be considered an advanced payment of Rent, and in no event shall Tenant be entitled to use the Security Deposit for the payment of Rent. If no default by Tenant exists hereunder, the Security Deposit or any balance thereof shall be returned to Tenant within thirty days after the expiration of the Term and vacation of the Premises by Tenant. Landlord shall have the right to transfer the Security Deposit to any purchaser of the Building. Upon such transfer, Tenant shall look solely to such purchaser for return of the Security Deposit; and Landlord shall be relieved of any liability with respect to the Security Deposit.

(b) In addition to delivery of the Security Deposit as contemplated in Section 17(a) above, Tenant shall also deliver to Landlord, upon execution of this Lease, a bank letter of credit or a bond issued by a reputable issuer, all to the reasonable satisfaction of Landlord, which secures payment of the first three years' Rent called for hereunder.

19. **Substitution of Other Premises**. At any time hereafter, Landlord may upon sixty days' prior written notice to Tenant substitute for the Premises other premises in the Building (the "**New Premises**"), provided that the New Premises shall have an area substantially similar to that of the Premises and be reasonably usable for Tenant's business hereunder; and, if Tenant is already in occupancy of the Premises, then in addition Landlord shall pay the expenses of moving Tenant from the Premises to the New Premises and for improving the New Premises so that they are substantially similar to the Premises, including but not limited to all electrical and telecommunications connections, wiring and hookups. In addition, Landlord shall reimburse Tenant for Tenant's reasonable out-of-pocket expenses in an amount not to exceed $500.00 for reprinting Tenant's stationery and other materials which identify the location of the Premises in the Building in such quantities as were on hand immediately prior to Landlord's notice to Tenant of the substitution of the New Premises.

20. **Estoppel Certificate**. Tenant agrees that, from time to time upon not less than ten days' prior written request by Landlord, Tenant shall execute and deliver to Landlord a written certificate certifying: (i) that this Lease is unmodified and in full force and effect (or if there have been modifications, a description of such modifications and that this Lease as modified is in full force and effect); (ii) the dates to which Rent has been paid; (iii) that Tenant is in possession of the Premises, if that is the case; (iv) that Landlord is not in default under this Lease, or, if Tenant believes Landlord is in default, the nature thereof in detail; (v) that Tenant has no off-sets or defenses to the performance of its obligations under this Lease (or if Tenant believes there are any off-sets or defenses, a full and complete explanation thereof); and (vi) such additional matters as may be requested by Landlord, it being agreed that such certificate may be relied upon by any prospective purchaser, mortgagee, or other person having or acquiring an interest in the Building. If Tenant fails to execute and deliver any such certificate within ten days after request, such event shall be considered a Default under this Lease, or at Landlord's

option, the failure to deliver such instruments within such time shall be conclusive upon Tenant that this Lease is in full force and effect, without modification except as may be represented by Landlord, there are no uncured defaults by or defenses or claims against Landlord and that not more than one (1) month's Rent has been paid in advance and Tenant shall be estopped from asserting any defaults, defenses or claims known to it at that time.

21. **Subordination**. This Lease is and shall be expressly subject and subordinate at all times to (i) any ground or underlying lease of the Building, now or hereafter existing, and all amendments, renewals and modifications to any such lease; and (ii) the lien of any mortgage or trust deed now or hereafter encumbering fee title to the Building and/or the leasehold estate under any such lease. If any such mortgage or trust deed is foreclosed, or if any such lease is terminated, upon request of the mortgagee, holder or lessor, as the case may be, Tenant will attorn to the purchaser at the foreclosure sale or to the lessor under such lease, as the case may be. The foregoing provisions are declared to be self-operative and no further instruments shall be required to effect such subordination and/or attornment; provided, however, that Tenant agrees upon request by any such mortgagee, holder, lessor or purchaser at foreclosure, to execute and deliver such subordination and/or attornment and non-disturbance instruments as may be required by such person to confirm such subordination and/or attornment. If Tenant fails to execute and deliver any such instrument within ten days after request, such failure shall be considered a Default under this Lease.

22. **Quiet Enjoyment**. As long as no Default exists, Tenant shall peacefully and quietly have and enjoy the Premises for the Term, free from interference by Landlord, subject, however, to the provisions of this Lease. The loss or reduction of Tenant's light, air or view will not be deemed a disturbance of Tenant's occupancy of the Premises nor will it affect Tenant's obligations under this Lease or create any liability of Landlord to Tenant.

23. **Broker**. Tenant represents to Landlord that Tenant has dealt only with the broker set forth in Item 8 of the Schedule (the "**Broker**") in connection with this Lease and that, insofar as Tenant knows, no other broker negotiated this Lease or is entitled to any commission in connection herewith. Tenant agrees to indemnify, defend and hold Landlord and Landlord's agents harmless from and against any claims for a fee or commission made by any broker, other than the Broker, claiming to have acted by or on behalf of Tenant in connection with this Lease. Landlord agrees to pay the Broker a commission in accordance with a separate agreement between Landlord and the Broker.

24. **Notices**. All notices and demands to be given by one party to the other party under this Lease shall be given in writing, mailed or delivered to Landlord or Tenant, as the case may be, at the address set forth below or at such other address as either party may hereafter designate. Notices shall be delivered by hand or by United States certified or registered mail, postage prepaid, return receipt requested, or by a nationally recognized overnight air courier service. Notices shall be considered to have been given upon the earlier to occur of actual receipt or two business days after posting in the United States mail. Notices shall be addressed as follows:

To Landlord:

Matrix Crossroads LLC
1201 Route 112
Port Jefferson NY 11776
Attn: Glen Nelson

and a copy to:

Gerard J. McCreight, Esq.
c/o Matrix Investment Group
1201 Route 112
Port Jefferson Station, N.Y. 11776

To Tenant: At the Premises

with a copy to:

CHRISTIAN CESPEDES
56 PATERSON RD.
FANWOOD, NJ 07023
Attention: THC HEALTH INC.

25. **Miscellaneous**.

A. **Successors and Assigns**. Subject to Section 14 of this Lease, each provision of this Lease shall extend to, bind and inure to the benefit of Landlord and Tenant and their respective legal representatives, successors and assigns; and all references herein to Landlord and Tenant shall be deemed to include all such parties.

B. **Entire Agreement**. This Lease, and the riders and exhibits, if any, attached hereto which are hereby made a part of this Lease, represent the complete agreement between Landlord and Tenant; and Landlord has made no representations or warranties except as expressly set forth in this Lease. No modification or amendment of or waiver under this Lease shall be binding upon Landlord or Tenant unless in writing signed by Landlord and Tenant.

C. **Time of Essence**. Time is of the essence of this Lease and each and all of its provisions.

D. **Execution and Delivery**. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of space or an option for lease, and it is not effective until execution and delivery by both Landlord and Tenant. Execution and delivery of this Lease by Tenant to Landlord shall constitute an irrevocable offer by Tenant to lease the Premises on the terms and conditions set forth herein, which offer may not be revoked for fifteen days after such delivery.

E. **Severability**. The invalidity or unenforceability of any provision of this Lease shall not affect or impair any other provisions.

F. **Governing Law**. This Lease shall be governed by and construed in accordance with the laws of the State in which the Premises are located.

G. **Attorneys' Fees**. Tenant agrees to pay Landlord's reasonable legal fees, with or without the institution of any action or proceeding, in the event there is a dispute arising from or regarding this Lease or if Tenant defaults in the performance or observance of any of the terms, conditions, covenants or obligations contained in this Lease, together with any and all costs and expenses relating thereto, including but not limited to court costs, witness fees and other expenses of litigation as additional rent. Interest as set forth in Section 2(c) shall accrue on Landlord's expenses as set forth in this paragraph upon the Landlord incurring the expense.

H. **Delay in Possession**. In no event shall Landlord be liable to Tenant if Landlord is unable to deliver possession of the Premises to Tenant on the Commencement Date for causes outside Landlord's reasonable control. If Landlord is unable to deliver possession of the Premises to Tenant by the Commencement Date, the Commencement Date shall be deferred until Landlord can deliver possession to Tenant, and the Expiration Date shall be deferred for an equal number of days.

I. **Joint and Several Liability**. If Tenant is comprised of more than one party, each such party shall be jointly and severally liable for Tenant's obligations under this Lease.

J. **Force Majeure**. Landlord shall not be in default hereunder and Tenant shall not be excused from performing any of its obligations hereunder if Landlord is prevented from performing any of its obligations hereunder due to any accident, breakage, strike, shortage of materials, acts of God or other causes beyond Landlord's reasonable control.

K. **Captions**. The headings and titles in this Lease are for convenience only and shall have no effect upon the construction or interpretation of this Lease.

L. **No Waiver; Landlord's Consent**. No receipt of money by Landlord from Tenant after termination of this Lease or after the service of any notice or after the commencing of any suit or after final judgment for possession of the Premises shall renew, reinstate, continue or extend the Term or affect any such notice or suit. No waiver of any default of Tenant shall be implied from any omission by Landlord to take any action on account of such default if such default persists or be repeated, and no express waiver shall affect any default other than the default specified in the express waiver and then only for the time and to the extent therein stated. Notwithstanding anything to the contrary, Landlord shall be entitled to withhold its consent or approval to any request made by or on behalf of Tenant if Tenant is in default under this Lease, and Landlord shall not be deemed to have acted unreasonably in withholding such consent or approval.

M. **No Recording**. Tenant shall not record this Lease or a memorandum of this Lease in any official records.

N. **Limitation of Liability**. Any liability of Landlord under this Lease shall be limited solely to its interest in the Building, and in no event shall any personal liability be asserted against Landlord in connection with this Lease nor shall any recourse be had to any other property or assets of Landlord.

O. Financial Statements. Upon written request by Landlord, Tenant shall deliver to Landlord certified financial statements of the operations and financial condition of the Tenant or if Tenant has audited financial statements, copies of such statements when they become available; provided, however, Landlord shall not request such statements more frequently than once in a twelve month period unless there is a default hereunder or Landlord is considering refinancing and/or securing any debt secured in whole or in part by the Building and/or transferring the Building or any interest therein.

P. Parking. During the Term hereof, Tenant shall have the right to use on a non-exclusive basis (3.2 per thousand square feet leased) automobile parking spaces in the parking area of the Building within the location designated by Landlord adjacent to the entrance to the portion of the Building in which the Premises are located (hereinafter referred to as the "**Parking Area**") and use of the covered parking garage at no additional charge. Landlord reserves the right to revise the location(s) of the Parking Area from time to time. Tenant and its employees shall observe reasonable safety precautions in the use of the garage and shall at all times abide by all rules and regulations governing the use of the garage promulgated by Landlord. Landlord does not assume any responsibility, and shall not be held liable, for any damage or loss to any automobile or personal property in or about the garage, or for any injury sustained by any person in or about the garage, except to the extent caused by the intentional misconduct or negligence of Landlord or its employees, agents or contractors. Tenant shall not store automobiles in the Parking Area for any extended period of time.

Q. **Executive Order 13224**. Tenant represents and warrants to Landlord that neither Tenant, nor any of the entities or individuals owning or controlling Tenant, have been designated as a blocked person pursuant to Executive Order 13224. Tenant shall update the foregoing representation by written notice to Landlord if the foregoing representation should ever become false during the Term. Any failure to update the foregoing representation shall constitute a Default by Tenant under this Lease and Landlord may immediately (without delivering any prior notice to Tenant or affording Tenant any opportunity to cure) exercise any and all rights and remedies permitted in this Lease. Furthermore, if Tenant or any of the entities or individuals owning or controlling Tenant either now or in the future is designated as a blocked person pursuant to Executive Order 13224, such circumstance shall constitute a Default by Tenant under this Lease and Landlord may immediately (without delivering any prior notice to Tenant or affording Tenant any opportunity to cure) exercise any and all rights and remedies permitted in this Lease. Tenant shall, within ten days after receipt of written request from Landlord, certify to Landlord in writing the identity of all entities and individuals owning or controlling Tenant.

R. **ERISA Representation**. Tenant hereby represents and warrants that Tenant is not (1) an "employee benefit plan" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), that is subject to Part 4 of

Title I of ERISA, (2) a "plan" within the meaning of Section 4975(e)(1) of the Internal Revenue Code of 1974, as amended (the "**Code**"), that is subject to Section 4975 of the Code, or (3) an entity whose underlying assets include "plan assets" by reason of a plan's investment in the entity.

D. **Use of Tenant's Name and Trademarks**. Tenant grants to Landlord a nonexclusive license during the Term of this Lease to use Tenant's trademarks and trade-names (the "Marks") in connection with advertising and publicity conducted by Landlord regarding the "Matrix Corporate Park" of which the Building and Premises are a part. Landlord shall use the Marks only for the aforementioned purposes and Landlord shall not have to pay any royalties or other compensation to Tenant therefor. Landlord acknowledges and recognizes and acknowledges that the Marks and all rights therein and goodwill pertaining thereto belong exclusively to Tenant, that all rights resulting from Landlord's use of the Marks inure to the benefit of Tenant, and that Tenant retains the right to use or to license the use of the Marks for any and all goods or services it offers.

S. **Contingencies**.

"The landlord acknowledges that its rights of reentry into the premises set forth in this lease do not confer on it the authority to manufacture and/or dispense on the premises medical marihuana in accordance with article 33 of the Public Health Law and agrees to provide the New York State Department of Health, Mayor Erastus Corning 2nd Tower, The Governor Nelson A. Rockefeller 29 Empire State Plaza, Albany, N.Y. 12237, with notification by certified mail of its intent to reenter the premises or to initiate dispossess proceedings or that the lease is due to expire, at least 30 days prior to the date on which the landlord intends to exercise a right of reentry or to initiate such proceedings or at least 60 days before expiration of the lease."

- This lease will commence and become effective only upon the award of a "Registered Organization" license to THC Health Inc.
    - This lease becomes null and void if THC Health Inc. does not receive a license.

- This lease will terminate if tenant loses license.
- We can make a final determination of how much lag time should exist. However, the principle goal for the state is that the operation is dismantled and the site cannot be used by anyone for MMJ business operations unless another new application by an entity other than us has been completed and approved by the state.
- We would need to occupy the space immediately upon an award of a provisional license. We expect the state to make the decisions and awards in late June or July. So, if a date is needed to formalize the agreement, let's call it occupancy on August 1, 2015

[Signature Page Follows]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD:

MATRIX EQUITIES, INC., as agent for Matrix Crossroads, LLC and Crest Plaza LLC

By: _____
Name: Gerard J. McCrosh
Title: Chief Legal Officer

TENANT:

THC HEALTH INC.

By: _____
Name: CHRISTIAN CESPEDES
Title: PRESIDENT & CEO

EXHIBIT A

DEPICTION OF THE PREMISES

EXHIBIT B

RULES AND REGULATIONS

1. Tenant shall not make any use of the Premises which may be dangerous to person or property or which shall increase the cost of insurance or require additional insurance coverage.

2. Tenant shall not paint, display, inscribe or affix any sign, picture, advertisement, notice, lettering or direction or install any lights on any part of the outside or inside of the Building, other than the Premises, and then not on any part of the inside of the Premises which can be seen from outside the Premises, except as approved by Landlord in writing.

3. Tenant shall not use the name of the Building in advertising or other publicity, except as the address of its business, and shall not use pictures of the Building in advertising or publicity.

4. Tenant shall not obstruct or place objects on or in sidewalks, entrances, passages, courts, corridors, vestibules, halls, elevators and stairways in and about the Building. Tenant shall not place objects against glass partitions or doors or windows or adjacent to any open common space which would be unsightly from the Building corridors or from the exterior of the Building.

5. Bicycles shall not be permitted in the Building other than in locations designated by Landlord.

6. Tenant shall not allow any animals, other than seeing eye dogs, in the Premises or the Building.

7. Tenant shall not disturb other tenants or make excessive noises, cause disturbances, create excessive vibrations, odors or noxious fumes or use or operate any electrical or electronic devices or other devices that emit excessive sound waves or are dangerous to other tenants of the Building or that would interfere with the operation of any device or equipment or radio or television broadcasting or reception from or within the Building or elsewhere, and shall not place or install any projections, antennae, aerials or similar devices outside of the Building or the Premises.

8. Tenant shall not waste electricity or water and shall cooperate fully with Landlord to assure the most effective operation of the Building's heating and air conditioning and shall refrain from attempting to adjust any controls except for the thermostats within the Premises. Tenant shall keep all doors to the Premises closed.

9. Unless Tenant installs new doors to the Premises, Landlord shall furnish two sets of keys for all doors to the Premises at the commencement of the Term. Tenant shall furnish Landlord with duplicate keys for any new or additional locks on doors installed by Tenant.

When the Lease is terminated, Tenant shall deliver all keys to Landlord and will provide to Landlord the means of opening any safes, cabinets or vaults left in the Premises.

10. Except as otherwise provided in the Lease, Tenant shall not install any signal, communication, alarm or other utility or service system or equipment without the prior written consent of Landlord.

11. Tenant shall not use any draperies or other window coverings instead of or in addition to the Building standard window coverings designated and approved by Landlord for exclusive use throughout the Building.

12. Landlord shall have no responsibility or liability for any theft, robbery or other crime in the Building. Tenant shall assume full responsibility for protecting the Premises, including keeping all doors to the Premises locked after the close of business.

13. Tenant shall not overload floors; and Tenant shall obtain Landlord's prior written approval as to size, maximum weight, routing and location of business machines, safes, and heavy objects. Tenant shall not install or operate machinery or any mechanical devices of a nature not directly related to Tenant's ordinary use of the Premises.

14. In no event shall Tenant bring into the Building inflammables such as gasoline, kerosene, naphtha and benzene, or explosives or firearms or any other articles of an intrinsically dangerous nature.

15. Furniture, equipment and other large articles may be brought into the Building only at the time and in the manner designated by Landlord. Tenant shall furnish Landlord with a list of furniture, equipment and other large articles which are to be removed from the Building, and Landlord may require permits before allowing anything to be moved in or out of the Building. Movements of Tenant's property into or out of the Building and within the Building are entirely at the risk and responsibility of Tenant.

16. No person or contractor, unless approved in advance by Landlord, shall be employed to do janitorial work, interior window washing, cleaning, decorating or similar services in the Premises.

17. Tenant shall not use the Premises for lodging, cooking (except for microwave reheating and coffee makers) or manufacturing or selling any alcoholic beverages or for any illegal purposes.

18. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

19. Tenant shall cooperate and participate in all reasonable security programs affecting the Building.

20. Tenant shall not loiter, eat, drink, sit or lie in the lobby or other public areas in the Building. Tenant shall not go onto the roof of the Building or any other non-public areas of the

Building (except the Premises), and Landlord reserves all rights to control the public and non-public areas of the Building. In no event shall Tenant have access to any electrical, telephone, plumbing or other mechanical closets without Landlord's prior written consent.

21. Tenant shall not use the freight or passenger elevators, loading docks or receiving areas of the Building except in accordance with regulations for their use established by Landlord.

22. Tenant shall not dispose of any foreign substances in the toilets, urinals, sinks or other washroom facilities, nor shall Tenant permit such items to be used other than for their intended purposes; and Tenant shall be liable for all damage as a result of a violation of this rule.

23. Smoking is prohibited in the Premises and in all common areas of the Building and in all other portions of the Building.

EXHIBIT C

WORK LETTER
[Landlord Performs Work]

1. Except as set forth in this Exhibit, Tenant accepts the Premises in their "as is" condition on the date that this Lease is entered into.

2. Work Costs. Landlord shall be responsible for all costs and expenses related to the Work including, without limitation, design of the Work and preparation of the Proposed Drawings and the Working Drawings, costs of construction, labor and materials, permit and inspection fees, electrical usage during construction, additional janitorial services, general signage, and related taxes and insurance costs, based upon the Building's standard fixtures and finishes, as determined by Landlord in its reasonable and reputable opinion, as set forth on Schedule 1 attached hereto and made a part hereof ("Building Standards"). Any additional costs relating to changes or substitutions to the Building Standards requested by Tenant, including reasonable fees for the contractor, are to be paid by Tenant to Landlord prior to the Commencement Date ("Excess Costs"). Tenant's failure to pay the Excess Costs to Landlord within ten (10) days after Landlord's written demand therefor shall be a Default under the Lease entitling Landlord to exercise all of its rights and remedies in connection therewith.

3. Performance of the Work. Subject to the issuance of municipal permits and/or approvals, Landlord shall cause the Work to be performed in a good and workmanlike manner by a general contractor, subcontractors, MEP engineer and such other employees and agents as Landlord may select. As used in this Lease, the term "Completion Date" shall mean the date on which the Work has been substantially completed, meaning that the Work has been completed except for such incomplete items ("Punch List Items") as would not materially interfere with the use of the Premises for its intended uses, as described in the Lease; provided, however, the Work shall be deemed to be substantially completed on the date on which the Work would have been substantially completed but for Tenant Delay. As used herein, the term "Tenant Delay" shall mean a delay in the substantial completion of the Work as a result of: (i) Tenant's request for any change to the Working Drawings or the Work; (ii) any delay resulting from difficulty in obtaining materials which are necessary for the construction of the Work; or (iii) the non-performance or delay in the substantial completion of the construction of any portion of the Work attributable to or caused by Tenant or any agent, employee or contractor of Tenant. Each calendar day of such delay will correspond to one (1) day of Tenant Delay. In the event of any dispute as to whether Landlord has substantially completed the Work, the decision of Landlord's architect shall be final and binding on the parties.

4. At any time after substantial completion of the Work, Landlord may enter the Premises to complete Punch List Items with reasonable prior notice to Tenant, and such entry by Landlord, its agents, employees or contractors for such purpose shall not constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of Rent, or relieve Tenant from any of its obligations under the Lease, or, subject to the terms of the Lease, impose any other liability upon Landlord, its agents, employees or contractors.

5. Landlord or its affiliate shall supervise the Work, make disbursements required to be made to the contractor and coordinate the relationship between the Work, the Building, and the Building's systems.

Schedule 1

Tenant Standards

Matrix Corporate Park
Hauppauge & Islandia, LI, NY

THC HEALTH INC.1383-8

Veterans Memorial Highway, Hauppauge , NY 11788

EXHIBIT D

FORM OF COMMENCEMENT DATE AGREEMENT

_____, 2015

RE: Lease dated May _____, 2015 (the "**Lease**") by and between **MATRIX EQUITIES, INC. AS AGENT FOR MATRIX CROSSROADS, LLC** and **CREST PLAZA LLC** (collectively, "**Landlord**") and THC Health, Inc. ("**Tenant**") for approximately 6,926 rentable square feet for space in the building located at 1383-8 Veterans Memorial Highway Hauppauge NY 11788 (such building, together with the land upon which it is situated and any other related improvements owned by Landlord, being herein referred to as the "**Building**")

Dear Tenant:

Reference is made to that certain Lease by and between Landlord and Tenant, with respect to the Premises in the above reference building. In accordance with **Section 1** of the Lease, this is to confirm that the Commencement Date of the Term of the Lease occurred on _____, and that the Term of the Lease, subject to adjustment in accordance with the terms of the Lease, shall expire on _____.

If the foregoing is in accordance with your understanding, kindly execute the enclosed duplicate of this letter, and return the same to us.

Very truly yours,

MATRIX EQUITIES, INC. as agent for Matrix Crossroads, LLC and Crest Plaza, LLC

By:_____
Name: Glen A. Nelson
Title: CEO/President

Accepted and Agreed:
[Tenant]

By: _____
Name: CHRISTIAN CESPEDES
Title: PRESIDENT & CEO
Date: 04-JUNE-2015

EXHIBIT "E"

CLEANING SPECS

Cleaning Schedule

Matrix Corporate Park

- 1300 and 1700 Veterans Memorial Highway
- Four Story Building - 1393
- One story buildings - 1363, 1373, 1383, 1707, 1717, 1737, 1747, 1757, 1767, 1777, 1787 and 1797

General Cleaning	
	Monday-Friday
Empty/Clean ashtrays, waste cans and urns	5x
Dust/Cleaned desks, phones, tables, files, sills, ledges	5x
Low Dust chair legs, baseboards, etc.	1x
High Dust sills, moldings, picture frames, door headers	1x
spot clean walls	5x
Clean water fountain, coolers *	5x
Clean/Polish metal/entrance door handles/ bars/plates	1x
Clean Elevator tracks *	5x
Clean Stairways *	1x
Floors	
Vacuum carpet/rugs	5x
Sweep/Dust/Mop floor	5x
Damp Mop floor	5x
Buff/Polish floor *	
Spray Buff floor *	1x
Scrub/Rinse floor	
Spot Carpet	5x
Stairwells-Mop *	1x
Windows	
Wash inside	2x year
Wash outside	2x year
Clean glass doors	5x
Restrooms	
Refill/towel/tissue dispensers	5x
Empty Waste receptacle	5x
Sweep restroom floor	5x
Clean/disinfect toilets, urinals, basins, tile areas	5x
Clean Mirrors, dispensers, bright metal	5x
Damp dust horizontal surfaces/partitions	5x
Damp mop disinfectant restroom floors	5x
Other	
Police Stairwells *	5x
Less frequent Projects	
Strip Floor *	
Seal Floor *	2x year
Apply floor finish/buff/polish *	
Deep Clean carpet/Carper Maintenance program *	4x year
Spin Clean Carpet with rotary mop pad	
Dust lighting fixtures, ceiling vents *	Upon request
Scrub Disinfect restroom floor *	1x Month

(*) Not applicable to the one story buildings

James Van de Wetering
1675 Edwards Avenue
Baiting Hollow, NY 11933

June _2_, 2015

THC Health Inc.
Mr. Christian Cespedes
christian.a.cespedes@gmail.com
4-74 48th Avenue, Apt. PH-2E
Long Island City, NY 11109

Re: Lease Agreement

This agreement (hereinafter, the "Lease"), dated as of the date set forth above, but effective as of the date of Regulatory Approval, as defined below (the "Effective Date"), is between James Van de Wetering ("Landlord") and THC HEALTH INC. ("Tenant"). Landlord owns certain agricultural land with improvements located at 1675 Edwards Avenue, Baiting Hollow, NY 11933 comprised of approximately ___2.5_____ acres and as identified as Block # _____01_____ Lot # ____23_____ ("Landlord Property"). Landlord hereby leases the portion of the Landlord Property to Tenant comprised of approximately 28,000 square feet, as depicted on Exhibit A (the "Premises"), on the terms and conditions set forth herein.

This letter shall serve as our binding agreement relating to the matters set forth herein:

TOPIC:	PROVISION:
Term	The term of this Lease shall be five (5) years or as otherwise terminated earlier pursuant to the terms of this Lease (the "Term") commencing on the Effective Date and ending on the fifth anniversary of the Effective Date.
New York Department of Health License	Tenant has an application pending with the New York State Department of Health ("NYS DOH") to obtain a license to grow medical marihuana. Tenant shall use its best efforts to obtain such license and to comply with all reasonable requests for fees, information and documentation from the NYS DOH. This Lease shall be effective immediately upon receipt by the Tenant of written approval of the NYS DOH of Tenant's application to obtain a license to grow medical marijuana pursuant to New York Public Health Law Article 33 , Title V-A and the receipt of such license ("Regulatory Approval"). In the event Regulatory Approval is not obtained, this Lease shall not be effective, null, and without legal effect. Further, should any State entity with the authority to do so revoke Tenant's

	Regulatory Approval for any reason, this Lease shall terminate immediately upon a final adjudication of such revocation.
Permitted Use	Tenant will use the Premises solely for the purpose of growing and cultivating marihuana for use in its business operations, (the "Permitted Use") and for no other purpose. Tenant shall comply, at Tenant's sole cost and expense, with all applicable New York State laws, and any other laws, rules or regulations of any board, agency or governmental subdivision having jurisdiction over the Premises, the Permitted Use or Tenant's manner of use of the Premises, including but not limited to New York Public Health Law Article 33, Title V-A and/or 10 NYCRR § 1004 *et seq.* (the "Marihuana Laws and Regulations"). Tenant shall cure any and all violations issued against the Premises arising from Tenant's Permitted Use or manner of use of the Premises within ten (10) days of the issuance of same. Failure to so cure shall constitute a material default under this Lease. Landlord makes no representation that the Premises may be utilized for the Permitted Use under the certificate of occupancy covering the Premises, or under any applicable zoning or other laws, rules or regulations governing the use of the Premises. Landlord shall have no obligation to make any application to obtain any certificate of occupancy, use permit or approval, or any amendment thereof, to permit the Permitted Use or Tenant's manner of use of the Premises.
Consideration and Expenses	Landlord agrees to lease the Premises to the Tenant for the Term in consideration for 100,000 shares of common stock of THC Health Inc. (the "Shares") which constitutes 10% of the currently issued and outstanding shares of THC Health Inc. on a fully diluted basis. The Shares are in full payment and consideration for all of the following during the Term: all rent, real estate taxes, and insurance costs (except Tenant's insurance as set forth below). The Shares shall be issued and transferred to Landlord, or its designee, on the Effective Date, free of any liens, claims or other encumbrances. Tenant shall pay for, at its sole cost and expense, all utilities supplied to the Premises by any utility company, whether public or private, including but not limited to water/sewer, gas, electricity, fuel oil, and telephone service. Tenant shall reimburse Landlord for the utility charges incurred by Landlord in providing service to the Premises to the extent Landlord incurs any such cost.

	Tenant shall be responsible for all maintenance and repairs, both structural and non-structural, to the Premises and outside the Premises to the extent such maintenance and repairs relate to utilities or other installations servicing Tenant. Tenant shall, at its own cost and expense, keep the Premises in good condition, repair, and appearance at all times throughout the term of this Lease including, without limitation, (i) maintenance, repair, and replacement of the electrical, plumbing, sprinkler, heating, air conditioning, ventilation, life safety and all other mechanical systems servicing the Premises; (ii) regularly-scheduled cleaning and maintenance of the interior of the Premises; and (iii) maintenance and replacement of lighting fixtures, bulbs and ballasts with respect to exterior lighting required for the operation of Tenant's business.
Security Deposit	Not applicable.
No Hazardous Materials	Neither Tenant, nor anyone acting by, through or on behalf of Tenant, will generate, handle, dispose, store or discharge any hazardous substances or wastes in, on, around or under the Premises in violation of any applicable laws or regulations. Tenant hereby agrees to indemnify and hold Landlord, its officers, directors, shareholders, employees and mortgagees (the "Indemnified Parties") harmless from and against any and all claims, suits, causes of action, judgments, damages (consequential or otherwise), fees, costs and expenses, including, without limitation, reasonable attorneys' fees, costs and disbursement, asserted, made or entered against or incurred by the Indemnified Parties in connection with Tenant's default under this provision.
Premises – Tenant Access	Tenant shall have access to the Premises at all times.
Premises – NYS DOH Access	The NYS DOH shall have reasonable access to the Premises for inspection.
Premises – Landlord Access	Subject to the provisions of the following section, Landlord shall have access to the Premises during normal business hours and at any time in the event of an emergency, in all cases in a manner so as to minimize interference with Tenant's use and occupancy of the Premises: (i) to examine the Premises; (ii) to show the Premises to prospective purchasers, mortgagees or lessees; and (iii) to make such repairs, as Landlord may deem reasonably necessary, to the Premises or to any other portion of the Landlord Property. The parties acknowledge that

	Landlord's access to the Premises may be prohibited, delayed, or otherwise inhibited by relevant restrictions on access to locations containing marihuana plants or products as set forth in the Marihuana Laws and Regulations.
Parking Spaces	Tenant's occupancy of the Premises will include use of sufficient parking spaces as designated on Exhibit B.
Repairs	Landlord shall maintain the Landlord Property generally and shall conduct timely repairs as needed and as reasonably determined to be necessary by Landlord. Landlord and Tenant acknowledge that such repairs may be delayed by restrictions on the Landlord's or third party's access to the Premises pursuant to the Marihuana Laws and Regulations. Tenant shall maintain the Premises and conduct specific repairs necessitated by its use and occupancy of the Premises. Both Landlord and Tenant covenant that neither shall instruct any individual to enter the Premises to conduct any repairs if such entry is prohibited by the Marijuana Laws and Regulations. Upon the expiration or earlier termination of this Lease, all Tenant improvements to the Premises (excluding Tenant's inventory, trade fixtures, equipment and personal property) shall become the property of the Landlord and Tenant shall repair any damage to the Premises.
Alterations	Tenant shall not make any alterations, additions or improvements to the Premises without first obtaining the written consent of Landlord. Prior to commencing operations at the Premises, Tenant shall obtain, at Tenant's sole cost and expense, all necessary licenses, approvals and/or permits to construct any improvements to the Premises and to operate at the Premises. Any and all improvements to the Premises, and any plans and specifications relating thereto, shall be subject to the Landlord's prior review and consent. Tenant shall reimburse Landlord for the reasonable costs incurred by Landlord in connection with the review of such plans and specifications by Landlord's licensed architect.
Liens, Assignments and Transfers.	Tenant shall not mortgage, pledge, assign or otherwise transfer this Lease, or sublease all or any portion of the Premises. The transfer of a majority of the issued and outstanding capital stock of the Tenant or of a majority of the total voting interest

	of the Tenant, however accomplished, and whether in a single transaction or in a series of related or unrelated transactions, shall be deemed an assignment of this Lease.
Subordination	This Lease shall be subject and subordinate to any mortgage now or herein after encumbering the Landlord Property. Tenant shall, within twenty (20) days after written request by Landlord, execute and deliver such further instruments confirming such subordination of this Lease as may be desired by Landlord or any mortgagee. In the event any mortgagee shall succeed to Landlord's interest under this Lease, Tenant shall attorn to such mortgagee and recognize such mortgagee as landlord under this Lease. Upon such attornment, this Lease shall continue in full force and effect as a direct lease between such successor landlord and Tenant upon all of the terms, conditions and covenants set forth in this Lease.
Estoppel	Tenant shall, from time to time, on not less than twenty (20) days prior written request by Landlord, execute, acknowledge and deliver to Landlord an estoppel certificate containing such information as Landlord may reasonably request.
Insurance	On or before occupying the Premises, Tenant shall obtain and have in full force and effect (and provide Landlord with evidence thereof): (i) commercial general liability insurance with a per occurrence limit of Three Million Dollars ($3,000,000) and a general aggregate of Five Million Dollars ($5,000,000) covering bodily injury and property damage and containing an endorsement naming Landlord as an additional insured; (ii) workers' compensation insurance as required by any applicable law or regulation and in accordance with the laws of the state having jurisdiction over Tenant's employees; (iii) during the period of any alterations, builder's risk insurance in such amount as may be reasonably required by Landlord; and (iv) All Risk" or "Special Form" property insurance, including the perils of flood and earthquake, for the full insurable value, covering all property owned by Tenant or for which Tenant is legally liable, or which is installed in the Premises by or on behalf of Tenant, and which is located within the Premises, including, without limitation, on all leasehold improvements, in an amount equivalent to the insurable value of said property, defined as the cost to replace or reconstruct new without deduction for physical depreciation. Tenant shall maintain all such insurance throughout the Term, at Tenant's

	sole cost and expense. If at any time Tenant shall neglect or fail to provide or maintain such insurance or to deliver insurance certificates evidencing same to Landlord, Landlord may upon ten (10) business days prior notice to Tenant, effect such insurance as agent for Tenant, by taking out policies in companies selected by Landlord, and the amount of the premiums paid for such insurance shall be paid by Tenant to Landlord within thirty (30) days of Landlord's demand. Landlord, in addition to Landlord's other rights and remedies, shall be entitled to recover as damages for any breach of this provision the uninsured amount of any loss, liability, damage, claim, costs and expenses suffered or incurred by Landlord which was to be covered Tenant's insurance required by this Lease. All insurance maintained pursuant to this provision shall provide that it is primary to and noncontributory with any and all insurance maintained by or afforded to an additional insured under such insurance.
Indemnification	Tenant shall defend, indemnify and hold Landlord and its officers, directors, shareholders, employees and agents harmless from and against any and all claims, actions or proceedings, costs, expenses and liabilities, including reasonable attorneys' fees and disbursements, relating to Tenant's default or breach of this Lease, or to Tenant's use, occupancy or manner of use of the Premises.
Authorization	The signatories on behalf of Tenant and Landlord represent and warrant that they are duly authorized to execute this Lease.
Notices	Any notice by either party to the other shall be in writing and shall be deemed to have been duly given only if (i) delivered personally, or (ii) sent by registered mail or certified mail return receipt requested in a postage paid envelope, or (iii) sent by nationally recognized overnight delivery service, at the addresses set forth above; or, to either at such other address as Tenant or Landlord, respectively, may designate in writing. Notice shall be deemed to have been duly given, if delivered personally, on delivery thereof, if mailed, upon the seventh (7th) day after the mailing thereof or if sent by overnight delivery service, the next business day.
No Broker	Each party represents and warrants that no broker brought about this transaction, and each hereby agrees to indemnify and hold

	the other harmless from any and all claims of any broker(s) arising out of or in connection with this Lease, including reasonable attorneys' fees.
Events of Default and Remedies	If any one or more of the following events ("Events of Default") shall occur: (i) Tenant shall fail to comply with or perform any term, covenant or condition hereof, and such failure shall continue for more than thirty (30) days after notice thereof from Landlord, or if such default cannot, with due diligence, be cured within such thirty (30) day period, Tenant within said period, shall not commence with due diligence and dispatch the curing of such default, or, having so commenced, thereafter shall fail or neglect to prosecute or complete with due diligence and dispatch the curing of such default; (ii) Tenant shall admit, in writing, that it is unable to pay its debts as such debts become due; (iii) Tenant shall make a general assignment for the benefit of creditors; (iv) Tenant shall file a voluntary petition under Title 11 of the United States Code, or if Tenant shall file any petition or answer seeking, consenting to or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under present or any future federal bankruptcy code or any other present or future applicable federal, state or other statute or law, or Tenant shall seek or consent to or acquiesce in or suffer the appointment of any trustee, receiver, custodian, assignee, sequestrator or liquidator or other similar official of Tenant or of all or any substantial part of its properties or of the Premises or any interest of Tenant therein; (iv) within sixty (60) days after the commencement of any proceeding against Tenant seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy code or any other present or future applicable federal, state or other statute or law, such proceeding shall not have been dismissed, or if, within sixty (60) days after the appointment, without the consent or acquiescence of Tenant, of any trustee, receiver, custodian, assignee, sequestrator or liquidator or other similar official of Tenant or of all or any substantial part of its properties or of the Premises or any interest of Tenant therein, such appointment shall not have been vacated or stayed on appeal or otherwise, or if, within thirty (30) days after the expiration of any such stay, such appointment shall not have been vacated; or (v) a levy under execution or attachment shall be made against Tenant relating to its interest in the Premises, and such execution or attachment shall not be vacated or removed by court order, bonding or otherwise within sixty (60) days, then Landlord, at

	any time thereafter, at its option, may terminate this Lease and the Term by giving Tenant five (5) days' notice of Landlord's intention to do so, and upon the giving of such notice, this Lease and the Term and all rights of Tenant under this Lease shall expire and terminate as if the date on which such Event of Default occurred were the date herein definitely fixed for the expiration of the Term and Tenant immediately shall quit and surrender the Premises. If an Event of Default described herein shall occur, or if this Lease shall be terminated as provided herein, Landlord, in addition to any other rights or remedies it may have, shall, after thirty (30) days written notice to Tenant and the New York State Department of Health, have the right of lawful reentry pursuant to legal proceedings and may remove all persons and property from the Premises after obtaining a writ of eviction against Tenant and such property may be removed and stored in a public warehouse or elsewhere at the cost and for the account of Tenant (provided, however, that Landlord shall not remove any marihuana plants, products, oils, derivatives, or the like from the Premises), without being deemed guilty of trespass, or becoming liable for any loss or damage which may be occasioned hereby. Notwithstanding the foregoing paragraph, Landlord acknowledges that its rights of reentry into the premises set forth in this Lease do not confer on him the authority to manufacture and/or dispense on the premises medical marihuana in accordance with article 33 of the Public Health Law, and Landlord agrees to provide the New York State Department of Health, Mayor Erastus Corning 2nd Tower, The Governor Nelson A. Rockefeller Empire State Plaza, Albany, N.Y. 12237, with notification by certified mail of its intent to reenter the premises or to initiate dispossess proceedings or that the lease is due to expire, at least 30 days prior to the date on which the landlord intends to exercise a right of reentry or to initiate such proceedings or at least 60 days before expiration of the lease. Further, Landlord shall not exercise such right of reentry if the exercise of such right would violate the Marihuana Laws and Regulations or a direct communication from the New York State Department of Health.
Miscellaneous	1. This Lease sets forth the entire mutual understanding between the parties hereto and supersedes any and all understandings, negotiations and/or agreements, written or oral, not expressly set forth in this Lease. This Lease

cannot be modified, changed, discharged or terminated except by an instrument in writing signed by the party sought to be charged.

2. If any of the provisions of this Lease, or the application of such provisions, will be invalid or unenforceable, the remainder of this Lease will not be affected, and this Lease will be valid and enforceable to the fullest extent permitted by law.

3. The topic headings in this Lease are intended for convenience only and will not be taken into consideration in any construction or interpretation of this Lease or any of its provisions.

4. No failure by either party to insist upon the strict performance of any covenant, agreement, term or condition of this Lease, or to exercise any right or remedy upon a breach of any such covenant, agreement, term or condition will constitute a waiver of any such breach or of such covenant, agreement, term or condition. No consent or waiver, express or implied, by either party to or of any breach of any covenant, condition or duty of the other party will be construed as a consent or waiver to or of any other breach of the same or any other covenant, condition or duty, unless such consent or waiver is in writing and signed by the party granting such consent or waiver.

5. The provisions of this Lease will apply to, bind and inure to the benefit of Landlord or Tenant, and their respective, successors and assigns.

6. Each party hereto shall cooperate and shall take such further action and shall execute and deliver such further documents as may be reasonably requested by any other party in order to carry out the provisions and purposes of this Lease.

7. This Lease may be executed in multiple counterparts, each of which will constitute a complete and fully executed original.

8. This Lease and all of the terms, conditions and provisions hereof shall be governed by, and shall be construed and interpreted in accordance with, the internal laws of the State of New York.

THE PARTIES to this Lease have executed and delivered this Lease as of the date set forth above.

LANDLORD:

By: _____
James Van de Wetering

TENANT:

THC HEALTH INC.

By: _____
Name: Christian Cespedes
Title: Chief Executive Officer

LEASE

BETWEEN

MATTHEW STREET GSA LLC
LANDLORD

AND

THC HEALTH INC.
TENANT

Dated: June 4, 2015

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AGREEMENT OF LEASE

FOR AND IN CONSIDERATION of the mutual covenants herein contained, the parties hereto do hereby agree as follows:

1. **Incorporated Terms**. The following terms are incorporated by reference into this Agreement:

(a) **DATE OF LEASE**:

(b) **NAME AND ADDRESS OF LANDLORD**:

Matthew Street GSA LLC
c/o Equity Associates
1355 15th Street
Fort Lee, New Jersey 07024

(c) **NAME AND ADDRESS OF TENANT**:

THC Health Inc.
4-74 48th Avenue
Apartment PH-2E
Long Island City, New York 11109

(d) **DESCRIPTION OF PREMISES**: That certain parcel of improved real property and having a mailing address of 27 Matthew Street, Goshen, NY 10924 (the "Property") including the building (the "Building") and other improvements thereon, and together with all rights, privileges, tenements, hereditaments, easements and appurtenances thereunto belonging or in anywise appertaining, subject to the conditions in this agreement, loading docks, parking areas, and Building, hereinafter all referred to as the "Premises". The Premises include the entire Building containing approximately 16,230 square feet of space.

(e) **TERM OF LEASE**: The term of this Lease shall be for twenty (20) years from the date the Tenant occupies the Premises (the "Commencement Date"). The initial term of this Lease will expire at twelve o'clock, midnight, Eastern Standard Time on the last day of the twentieth (20th) Lease Year (the "Expiration Date").

(f) **TENANT'S SHARE**: 100% Net Lease of the Entire Building

(g) **PERMITTED USE**: The Premises may be used for the storing and dispensing of medical marijuana as defined by Article 33 of the Public Health Law the regulations adopted in the Notice of Adoption on the New York State Register on April 15,

2015.and for no other use without the Landlord's prior written consent which consent shall not be unreasonably withheld, conditioned or delayed.

The landlord acknowledges that its rights of reentry into the premises set forth in this lease do not confer on it the authority to manufacture and/or dispense on the premises medical marihuana in accordance with Article 33 of the Public Health Law and agrees to provide the New York State Department of Health, Mayor Erastus Corning 2nd Tower, The Governor Nelson A. Rockefeller Empire State Plaza, Albany, N.Y. 12237, with notification by certified mail of its intent to reenter the premises or to initiate dispossess proceedings or that the lease is due to expire, at least 30 days prior to the date on which the landlord intends to exercise a right of reentry or to initiate such proceedings or at least 60 days before expiration of the lease.

(h) **SECURITY DEPOSIT**:

2 (Two) Months' Base Rent $81,150

(i) **RIDERS TO LEASE**:

Base Rent Rider
Extension Option Rider
Landlord's Work Rider
Plot Plan Rider
Restrictive Covenant and Exclusive Use Rider

2. **Description of Premises**. Landlord hereby leases to Tenant and Tenant hereby hires from Landlord, the space in the Office Building described in Section 1(d) (the "Premises").

3. **Term**. (a) The term of the Lease (the "Term") shall commence on the date set forth in Section 1(e) (the "Commencement Date") and terminate on the date set forth in Section 1(e) (the "Expiration Date"), except as hereinafter provided.

(b) In the event that Tenant is able to obtain the necessary license the tenant shall be entitled to immediately occupy the Premises on the first business day following the date Tenant is granted a medical marijuana license in connection with Tenant's Use pursuant to Article 33 of the Public Health Law (the "Commencement Date"). Tenant shall be subject to all of the provisions of this Lease from the Commencement Date, except that Tenant shall not be obligated to pay Base Rent, Tenant's Share of real property impositions or Tenant's Share of Common Area Costs until August 1, 2015 ("Rent Start Date").

(c) In the event that Tenant is unable to obtain the necessary license or begin operations by August 1, 2015, the Landlord and Tenant shall have the option to enter into a written agreement to amend this Lease Agreement or terminate it. If the Landlord and Tenant are unable to agree on the terms of the Amendment to this Agreement, this Lease Agreement shall terminate and be deemed null and void without

recourse to the parties hereto and Landlord shall promptly return to Tenant all deposits, prepaid rent or escrow funds, if any.

The first Lease Year shall be the period commencing on the Commencement Date and ending on December 31, 2015. Each succeeding twelve (12) calendar month period thereafter shall be a Lease Year.

4. **Rent**. Tenant shall pay to Landlord at the address set forth in Section 1(b), or to such other person or at such other place as Landlord may from time to time designate, without previous demand therefore and without counterclaim, deduction or set-off, the rent ("Base Rent") set forth on the Rent Rider annexed hereto, such Base Rent to be payable in monthly installments as set forth on the Rent Rider in advance on the first day of each month during the term of the Lease. If the Rent Start Date shall be other than the first day of a calendar month, Tenant shall pay Landlord on the Rent Start Date the proportionate amount of Base Rent for the balance of such month. The first monthly installment of Base Rent is being paid by Tenant on August 1, 2015 if Tenant is awarded a Medical Marijuana license. If not, Lease is terminated if Landlord so desires.

All obligations with respect to the Premises payable by Tenant other than the Base Rent are additional rent under this Lease. The term "rent" means the Base Rent and additional rent.

5. **Real Property Taxes**. (a) Tenant shall pay Tenant's Share as set forth in Section 5(c) of all real property impositions during the Term. The term "real property impositions" means (i) any tax, assessment or other governmental charge of any kind (general or special) which at any time during the Term may be assessed, levied, imposed upon or become due and payable with respect to the land, buildings and other improvements comprising the Office Building; (ii) any tax on the Landlord's right to receive, or the receipt of rent or income from the Office Building, or against Landlord's business of leasing the Office Building; (iii) any tax or charge for fire protection, refuse collection, streets, sidewalks or road maintenance or other services provided to the Office Building by any governmental agency; (iv) any tax replacing or supplementing in whole or in part any tax previously included within the definition of real property impositions under this Lease; and (v) the cost of prosecuting any appeal of the real property impositions with respect to the Office Building, including attorneys' fees, appraisers' fees, and any administration charge of the managing agent of the Office Building. During the first and last years of the Term, the real property impositions payable by Tenant shall be prorated for the fraction of the tax fiscal year included in the Term.

(b) Real property impositions do not include Landlord's federal or state income, franchise, inheritance or estate taxes.

(c) Tenant's Share shall be calculated as set forth in Section 1(f). Tenant's Share shall be modified from time to time in the event of a change in the ground floor area of the Premises or the total leaseable ground floor area of all buildings in the Office Building.

CC

6. **Common Areas**. (a) Tenant and its employees and customers shall have the non-exclusive right, in common with Landlord and all others to whom Landlord has or may hereafter grant rights, to use the common areas of the Office Building as designated from time to time by Landlord subject to such reasonable rules and regulations as Landlord may impose from time to time. Tenant agrees to abide by such rules and regulations and to use its best efforts to cause its employees, agents, customers and invitees to conform thereto. Landlord may, at any time, close any common area to make repairs or changes, to prevent the acquisition of public rights in such area, or to discourage non-customer parking, and may do such other acts in and to the common areas as in Landlord's sole judgment may be desirable. Tenant shall require its employees to park in designated employee parking areas.

(b) Omitted.

(c) Tenant agrees to Net Lease the property and pay the Common Area Costs (as hereinafter defined). The term "Common Area Costs" means all amounts incurred for operation of, maintenance of, and repairs and replacements to, the Office Building, including, without limitation: cleaning; snow and ice removal; removal of garbage and trash; landscaping; water and sewer charges; maintenance, repair and replacement of utility pipe lines, conduits or systems; maintenance and repair of sprinkler system and sprinkler alarm service; lighting (including lighting of Common Areas during the normal business hours of the Office Building as determined by Landlord and security lighting); striping, repairing and replacing parking areas, driveways and walkways not adjacent to the Premises; premiums for general comprehensive liability insurance (including, without limitation, umbrella coverage), automobile insurance, fire and casualty insurance and any deductible amount paid thereunder, rent insurance, sign insurance, and any other insurance carried by Landlord with respect to the Office Building.

(d) Omitted.

7. **Estimated Tax Payments.** Tenant shall pay Tenant's Share of real property impositions to Landlord in monthly installments on an estimated basis as determined by Landlord. Landlord may adjust such estimate at any time and from time to time based upon Landlord's experience and anticipation of costs. After the end of each calendar year during the Term, Landlord shall deliver to Tenant a statement setting forth the actual real property impositions. If Tenant has paid less than the actual amount due, Tenant shall pay the difference to Landlord within ten (10) days after Landlord's request therefore. Any amount paid by Tenant which exceeds the amount due shall be credited against the next succeeding estimated payments due hereunder, unless the Term has then expired, in which event the excess amount shall be refunded to Tenant.

8. **Insurance.** (a) Tenant shall provide, at its own expense, and keep in force during the Term:

CC

(1) General liability insurance, including contractual liability coverage, insuring against and saving harmless Landlord, Landlord's managing agent, any Landlord's mortgagee and Tenant, from all liability arising from any injury to or death of any person, or in any one incident or occurrence, in the amount of at least Two Million ($2,000,000.00) Dollars, and Five Hundred Thousand ($500,000.00) Dollars with respect to damage to property. The foregoing limits of insurance may be increased from time to time in accordance with the liability insurance limits from time to time customary for similar properties in the general area of the Office Building.

(2) Fire and casualty insurance with broad form extended coverage, including, but not limited to, coverage for vandalism and malicious mischief, in the amount of the full replacement cost, from time to time, of Tenant's trade fixtures, equipment, inventory and other contents of the demised premises.

(3) Workers' Compensation insurance in accordance with the laws of the state in which the Premises are located.

(4) Such other insurance as Landlord may from time to time reasonably require.

(b) All such policies shall be issued by insurance companies of recognized responsibility with a general policyholder's rating of not less than A and a financial rating of AAA as rated in the most current available "Best's" insurance reports, duly licensed and authorized to transact business in the state in which the Premises are located. Such insurance maintained by Tenant shall be written on an occurrence basis and shall be primary over all insurance applicable to the Office Building. Tenant agrees to deliver to Landlord, prior to the commencement of the Term, and thereafter not later than ten (10) days after request by Landlord, a copy of each such insurance policy or, if requested by Landlord, a certificate of insurance as to any such policy of insurance naming Landlord as additional insured, together with proof of the payment of the initial or renewal premiums therefore. Such insurance shall be non-cancellable without thirty (30) days' prior written notice to Landlord.

(c) Tenant hereby releases Landlord from any and all liability in the event of damage to or destruction of the Premises or the contents thereof, except those events caused by the negligence or other act, omission to act or fault of Landlord or its agents, servants or employees whether or not covered by Tenant's insurance. All insurance policies carried by Tenant covering the Premises, or the contents thereof, or in any manner relating thereto, shall expressly provide that the foregoing release shall not affect or reduce the coverage or the insuror's obligations thereunder and shall also expressly waive any right of subrogation on the part of the insurer against the Landlord.

(d) Omitted.

9. **Utilities.** (a) Tenant shall pay, directly to the appropriate supplier, the cost of all light, power, electricity, natural gas, fuel, oil, sewer service, sprinkler stand-by service, water, telephone, refuse disposal and other utilities and services supplied to the Premises.

(b) Tenant shall obtain a trash dumpster for its separate use and shall be responsible for its own trash removal, at Tenant's expense.

10. **Use of Premises.** (a) The Premises may only be used for the use set forth in Section 1(g).

(b) Not withstanding anything herein to the contrary, Landlord acknowledges that Tenant's Use of the Premises violates Federal Law and Tenant shall not be deemed to be in breach of this Lease simply as a result thereof.

(c Except as provided in 10(b), Tenant shall not use or permit the Premises to be used for (i) any unlawful purpose; (ii) in violation of any certificate of occupancy covering the Premises; (iii) any use which may constitute a public or private nuisance or make voidable any insurance in force relating to the Premises or Office Building; or (iv) any purpose which creates or produces noxious odors, smoke, fumes, emissions. noise or vibrations.

(d) Tenant shall not cause or permit any overloading of the floors of the Premises. Tenant shall not install any equipment or other items upon or through the roof, or cause openings to be made in the roof, without Landlord's prior written consent.

(e) No storage or sale of any goods, equipment or materials shall be permitted outside the Premises.

(f) Tenant shall not violate or cause Landlord to be in violation of any restrictive covenant or exclusive use provision contained in any lease now or hereafter in effect with respect to any portion of the Office Building. Nothing in this Lease shall permit Tenant to use the Premises except as set forth in Section l(g) in any event, however.

(g) Tenant agrees to conduct its business in the Premises under the trade name set forth in Section 1(c).

11. Omitted.

12. **Existing Conditions; Tenant's Work**. (a) Except for any work required to be performed by Landlord as provided in the Landlord's Work Rider, Tenant accepts the Premises in their "as is" condition as of the date hereof. Tenant acknowledges that Landlord has not made any representation as to the condition of the Premises or the suitability of the Premises for Tenant's intended use.

(b) Prior to opening the Premises to the public for business, Tenant agrees to make interior non-structural improvements and alterations to the Premises of a nature and design necessary for conduct of Tenant's business. Prior to commencing such improvements and alterations Tenant shall submit the plans and specifications therefore to Landlord for its approval. Tenant shall obtain all necessary governmental consents and permits for such work and for its use of the Premises. All materials shall

be new and both workmanship and materials shall be of first class quality and in compliance with all applicable laws. Tenant shall, at its cost and expense, obtain all governmental permits and approvals required for its occupancy of the Premises. Tenant shall comply with the requirements of Section 14 in making its initial improvements and alterations.

13. **Maintenance and Repairs.** (a) Landlord shall make all necessary repairs and replacements to or of: (i) the foundation and structure of the Premises (the structure to be deemed to mean, bearing walls, structural frames, beams and supports, and floors as distinguished from floor covering), excluding the roof. Notwithstanding the foregoing, if the necessity for any of the foregoing repairs or replacements shall result from the act, fault or negligence of Tenant, or its agents, servants, employees, licensees or invitees, or of anyone claiming under Tenant, or shall result from the default by Tenant under the provisions of this Lease, Tenant shall, upon demand reimburse Landlord for the cost of such repairs or replacements. Landlord shall not be required to make any repairs to windows, plate glass, doors and any fixtures or appurtenances composed of glass.

(b) Tenant shall, at its expense, keep the interior of the Premises and the sidewalks adjoining the Premises in a clean and orderly condition, free of accumulation of dirt, rubbish, debris, snow and ice, shall perform maintenance procedures on, and all necessary repairs to and replacements of the heating, ventilating and air-conditioning equipment serving the Premises, the sprinkler system, and shall make all interior and exterior repairs to the Premises which Landlord is not obligated to make pursuant to the provisions of this Lease, including, but not limited to, the storefront and exterior entrances. All repairs and replacements performed by Tenant shall be performed in a good and workmanlike manner and in conformity with all statutes, ordinances, rules, regulations and requirements of public authorities and insurance inspection and rating bureaus. Tenant shall obtain all necessary permits and approvals required in connection therewith.

(c) During the Term, Tenant shall procure and maintain an all-labor service contract for the inspection, service, maintenance and repair of all heating, ventilating and air conditioning equipment installed in the Premises. The inspection pursuant to such contract shall be made at least quarterly. The identity of the service contractor shall be subject to Landlord's reasonable approval. Copies of reports of inspections made hereunder shall be promptly supplied to Landlord.

14. **Alterations and Improvements.** (a) Tenant shall not make any alterations, additions or improvements to the Premises (the "Alterations") without Landlord's prior written consent, except for non-structural Alterations which do not affect mechanical systems in the Premises and do not exceed Fifty Thousand Dollars ($50,000) in cost and which are not visible from the outside of the Premises. In no event shall Alterations reduce the size or cubic content of the Premises or reduce the value of the Premises, or shall Tenant be permitted to construct or install any mezzanine or second floor in the Premises. Tenant shall submit to Landlord detailed plans and specifications for Alterations requiring Landlord's consent and reimburse Landlord for all reasonable expenses incurred by Landlord in connection with its review thereof. Tenant

shall also provide to Landlord for its reasonable approval the identity of the contractor Tenant proposes to employ to construct the Alterations. All Alterations shall be accomplished in accordance with the following conditions:

(1) Tenant shall procure all governmental permits and authorizations for the Alterations, and obtain and provide to Landlord an official certificate of occupancy and/or compliance upon completion of the Alterations, if appropriate.

(2) Tenant shall arrange for extension of the general liability insurance provided for in Section 8(b) to apply to the construction of the Alterations. Further, Tenant shall procure and maintain Builders Risk Casualty Insurance in the amount of the full replacement cost of the Alterations and statutory Workers Compensation Insurance covering persons employed in connection with the work. All such insurance shall conform to the requirements of Section 8(a).

(3) Tenant shall construct the Alterations in a good and workmanlike manner utilizing materials of first class quality and in compliance with all laws and governmental regulations.

(4) Tenant shall employ only labor compatible with the labor forces employed by Landlord and its contractors and subcontractors, and shall take all actions reasonably required to prevent labor conflicts, including compliance with all union rules and regulations established by union contracts with the labor forces employed by Landlord, its contractors and subcontractors.

(b) Upon completion of the Alterations, Tenant shall provide Landlord with "as built" reproducible transparency plans of the Alterations.

(c) Alterations shall be the property of Landlord and shall remain on the Premises upon termination of the Lease, or, if Landlord so requires, a portion of or all Alterations shall be removed by Tenant on or prior to the termination of the Lease and Tenant shall restore the Premises to their condition prior to such Alterations.

15. **Covenant Against Liens.** Tenant shall not have any right to subject Landlord's interest in the Office Building to any mechanic's lien or any other lien whatsoever. If any mechanic's lien or other lien, charge or order for payment of money shall be filed as a result of the act or omission of Tenant, Tenant shall cause such lien, charge or order to be discharged or appropriately bonded within ten (10) days after notice from Landlord thereof, and Tenant shall indemnify and save Landlord harmless from all liabilities and costs resulting therefrom.

16. **Signs.** All signs shall be subject to the prior written approval of Landlord as to construction, method of attachment, size, shape, height, lighting, color and general appearance and subject to the NYS MMJ Program Regulations All signs shall be kept in good condition and in proper operating order at all times. At the expiration of the Term, Tenant's signs shall be removed, at the Tenant's expense, including the cost of repairing any damage to the Premises resulting from the installation or removal of such signs. Tenant shall not, without Landlord's prior written

consent, make any changes to the front, or install any exterior lighting decorations, paintings, awnings, canopies or the like. If Landlord should renovate or modernize the building in which the Premises is located, Tenant, upon request of Landlord, at Tenant's request, shall install a new exterior identification sign over the store front of the Premises, as well as an under canopy sign.

17. **Compliance with Law.** Tenant shall take all necessary action subject to the acknowledgments and exceptions contained herein, to conform to and comply with all laws, orders and regulations of any governmental authorityor Landlord's or Tenant's insurers, or any Landlord's mortgagee, now or hereafter applicable to the Premises or Tenant's use or occupancy. Tenant shall obtain all permits, including a certificate of occupancy, necessary for Tenant's occupancy or use of the Premises.

18. **Environmental Law Compliance.** (a) Tenant shall, at Tenant's sole cost and expense, comply with all environmental laws at the Premises.

(b) Tenant shall indemnify, defend and hold harmless Landlord from all fines, suits, procedures, claims and actions of any kind arising out of or in any way connected with any spills or discharges of hazardous substances or wastes within the Premises, or outside the Premises if caused by or alleged to have been caused by Tenant or its agents, employees, licensees or invitees.

(c) Tenant's obligations under this Section shall survive the expiration of this Lease.

19. **Landlord's Access.** Landlord may enter the Premises during normal business hours and upon such prior notice as shall be reasonable under the circumstances (but not less than 24-hour notice for non-emergency access) for the purpose of inspecting the Premises, or making any repairs, replacements, or improvements to the Premises, or to show the Premises to prospective tenants or other parties, or for any other purpose Landlord deems necessary. During the final six (6) months of the Term, Landlord may place customary "For Lease" signs on the Premises.

20. **Assignment and Subletting**. (a) Except as otherwise provided in this paragraph, Tenant shall not assign or encumber Tenant's interest in this Lease, or sublet any portion of the Premises, or grant concessions or licenses with respect to the Premises, without Landlord's prior written consent. However, Tenant may assign this Lease or sublet the Premises, without Landlord's consent, to any corporation which controls, is controlled by or is under common control with Tenant, or to any corporation resulting from the merger of or consolidation with Tenant, provided such assignee shall assume all of Tenant's obligations under this Lease, and such assignee or sublessee shall then have a net worth at least equal to the greater of that of Tenant on the date hereof or on the date of assignment or subletting.

(b) If Tenant desires to assign this Lease or sublet the entire Premises, Tenant shall submit to Landlord a written request for Landlord's approval thereof, setting forth the name, principal business address, and nature of business of the proposed

assignee or sublessee; the financial, banking and other credit information relating to the proposed assignee or sublease; and the details of the proposed assignment or subletting, including a copy of the proposed assignment or sublease instrument and plans for any Alterations required for the proposed assignee or sublessee. Tenant shall also furnish any other information reasonably requested by Landlord. Landlord shall have the option (i) to withhold its consent; (ii) to grant consent; or (iii) in the event of a proposed assignment of this Lease or sublease of a substantial portion of the Premises, to terminate this Lease as of the effective date of such proposed assignment or sublease. Landlord may enter into a direct lease with the proposed assignee or sublessee, if Landlord so elects. Landlord's acceptance of rent from a proposed assignee or sublessee shall not be construed to constitute its consent to an attempted assignment or subletting. If Tenant desires to sublet the Premises, then Tenant must sublet the entire Premises to a single subtenant. In no event whatsoever shall Tenant subdivide the Premises into more than one (1) store.

(c) In the event of a permitted assignment or subletting, Tenant shall remit to Landlord as additional rent each month during the remainder of the Term any rent or other sums received by Tenant from its assignee or sublessee in excess of the Base Rent and other charges paid by Tenant.

(d) No assignment or subletting hereunder, whether or not with Landlord's consent, shall release Tenant from any obligations under this Lease, and Tenant shall continue to be primarily liable hereunder. If Tenant's assignee or sublessee defaults under this Lease, Landlord may proceed directly against Tenant without pursuing its remedies against the assignee or sublessee. Consent to one assignment or subletting shall not be deemed a consent to any subsequent assignment or subletting. Landlord may consent to subsequent assignments or modifications of this Lease or sublettings without notice to Tenant and Tenant shall not be relieved of liability under this Lease.

(e) Omitted.

21. **Casualty.** (a) If at any time during the term hereof the Premises shall be damaged or destroyed in whole or in part by fire or other casualty or by the elements, except as hereinafter provided, Landlord, at Landlord's expense to the extent of the available insurance proceeds, shall promptly and with due diligence repair, rebuild and restore the Premises as nearly as practicable to the condition thereof existing immediately prior to such damage or destruction. If the Premises shall be so damaged or destroyed that Tenant cannot carry on its normal business operations in the entire Premises, then Base Rent and additional rent shall abate in proportion to the area of the Premises not usable for Tenant's normal business operations from the date of such damage or destruction until the Premises are restored. Tenant waives the protection of any law which grants a tenant the right to terminate a lease in the event of the destruction of a leased property, and agrees that the provisions of this paragraph shall govern in the event of any destruction of the Premises. Landlord shall not be required to repair improvements or alterations to the Premises made by Tenant.

(b) Landlord shall have the option to terminate this Lease if all or a substantial portion of the Premises is damaged or destroyed by fire or other casualty or by the elements during the Term, or if more than twenty-five (25%) percent of the ground floor area of the Premises is so damaged or destroyed during the last two (2) years of the Term. This option may be exercised by notice to Tenant within sixty (60) days following occurrence of such damage or destruction.

22. **Condemnation.** If all of the Premises or Office Building shall be taken under the power of eminent domain or sold under the threat thereof ("Condemnation"), this Lease shall terminate on the date on which title to the Premises or Office Building shall vest in the condemning authority. If a portion of the Premises or Office Building shall be so taken, Landlord may terminate this Lease on the date on which title to such portion of the Premises or Office Building vests in the condemning authority. If this Lease shall remain in effect, Landlord shall restore the improvements not taken as nearly as reasonably practicable to their condition prior to the Condemnation, and the Base Rent shall be reduced proportionately in accordance with the reduction in the square foot area of the Premises following the Condemnation. Landlord shall be entitled to receive the entire award in any Condemnation proceeding relating to the Premises and Office Building, except that Tenant may assert a claim in a separate proceeding to an award for its moving expenses and for fixtures and personal property installed by Tenant at its expense. It is understood that Tenant shall have no claim against Landlord and waives any rights it may have in any condemnation proceeding with respect to the loss of its leasehold interest in this Lease and the Premises or for the value of the unexpired Term of this Lease or any options granted under this Lease. Landlord shall not be required to restore improvements or alterations to the Premises made by Tenant.

23. **Surrender of Premises.** Upon termination of the Lease, Tenant shall surrender the Premises to Landlord broom clean, and in good order and condition, except for ordinary wear and tear, and damage by casualty which Tenant was not obligated to remedy under Section 21. Tenant shall remove its machinery and equipment and repair any damage to the Premises caused by such removal. Tenant shall not remove any power wiring or power panels, lighting or lighting fixtures, wall coverings, blinds or other window coverings, carpets or other floor coverings, heaters or air conditioners, except if installed by Tenant and required by Landlord to be removed from the Premises. All personal property of Tenant remaining on the Premises after Tenant's removal shall be deemed abandoned and at Landlord's election may either be retained by Landlord or may be removed from the Premises at Tenant's expense.

24. **Holdover.** In the event Tenant remains in possession of the Premises after the expiration of the term of this Lease (the "Holdover Period"), in addition to any damages to which Landlord may be entitled or other remedies Landlord may have by law, Tenant shall pay to Landlord a rental for the Holdover Period at the rate of (i) twice the Base Rent payable during the last lease year of the Term, plus (ii) all items of additional rent and other charges with respect to the Premises payable by Tenant during the last lease year of the Term. Nothing herein contained shall be deemed to give Tenant any right to remain in possession of the Premises after the

expiration of the Term of this Lease. The sum due to Landlord hereunder shall be payable by Tenant upon demand.

25. **Events of Default; Remedies.** (a) Tenant shall be in default upon the occurrence of one or more of the following events (an "Event of Default"): (i) Tenant fails to pay rent or any other sum of money required to be paid by Tenant hereunder within fifteen (15) days of the date when due; (ii) Tenant fails to perform any of Tenant's non-monetary obligations under this Lease within thirty (30) days after written notice thereof from Landlord (provided that if more than thirty (30) days are required to complete such performance, Tenant shall not be in default if Tenant promptly commences such performance and thereafter diligently pursues its completion); (iii) Tenant abandons the Premises for thirty (30) days or more; or (iv) Tenant makes an assignment for the benefit of creditors, or if a petition for adjudication of bankruptcy or for reorganization is filed by or against Tenant and is not dismissed within thirty (30) days, or if a receiver or trustee is appointed for a substantial part of Tenant's property and such appointment is not vacated within thirty (30) days.

(b) On the occurrence of an Event of Default, without limiting any other right or remedy Landlord may have, without notice or demand, Landlord, subject to the terms herein, may:

(i) Terminate this Lease and Tenant's right to possession of the Premises by any lawful means, in which event Tenant shall immediately surrender possession of the Premises to Landlord. At its option, Landlord may occupy the Premises or cause the Premises to be redecorated, altered, divided, consolidated with other adjoining property, or otherwise prepared for reletting, and may relet the Premises or any part thereof for a term or terms to expire prior to, at the same time or subsequent to the original Expiration Date, and receive the rent therefore, applying the sums received first to the payment of such expenses as Landlord may have incurred in connection with the recovery of possession, preparing for reletting and the reletting itself, including brokerage and attorneys' fees, and then to the payment of damages in amounts equal to the rent hereunder and to the cost and expense of performance of the other covenants of Tenant under this Lease. Tenant agrees to pay to Landlord damages equal to the rent and other sums payable by Tenant under this Lease, reduced by the net proceeds of the reletting, if any, as ascertained from time to time. In reletting the Premises, Landlord may grant rent concessions, and Tenant shall not be entitled to any credit therefore. Tenant shall not be entitled to any surplus resulting from any reletting. Tenant expressly agrees that Landlord shall not be obligated to re-rent the Premises or take any other action to mitigate its damages in the event Tenant is in default under this Lease.

(ii) Permit Tenant to remain in possession of the Premises, in which event this Lease shall continue in effect. Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to receive the rent as it becomes due under this Lease.

(iii) Pursue any other remedy now or hereafter available under the laws of the jurisdiction in which the Premises is located.

(c) The remedies available to Landlord herein specified are not intended to be exclusive and prevent Landlord from exercising any other remedy or means of redress to which Landlord may be lawfully entitled. In addition to other remedies provided in this Lease, Landlord shall be entitled to restraint by injunction of any violation or threatened violation by Tenant of any of the provisions of this Lease. Landlord's exercise of any right or remedy shall not prevent Landlord from exercising any other right or remedy.

(d) To the extent permitted by law, Tenant, for itself and any person claiming through or under Tenant, waives any equity or right of redemption provided by any law.

(e) Tenant agrees to pay as additional rent all attorneys fees and other expenses incurred by Landlord in the enforcement of any of the agreements or obligations of Tenant under this Lease.

26. **Service Fee: Interest.** (a) Tenant's failure to pay rent promptly or make other payments required under this Lease may cause Landlord to incur unanticipated costs, which are impractical to ascertain. Therefore, if Landlord does not receive any payment of Base Rent, additional rent or other sums due from Tenant to Landlord within five (5) days after it becomes due, Tenant shall pay Landlord as additional rent a service fee equal to eight (8%) percent of the overdue amount. This service fee shall be in addition to reasonable legal fees and costs incurred by Landlord in enforcing this Lease.

(b) Any amount owed by Tenant to Landlord which is not paid when due shall bear interest at the rate of eighteen (18%) percent per annum ("Default Interest") from the due date of such amount. The payment of Default Interest on such amounts shall not extend the due date of any amount owed. If the interest rate specified in this Lease shall exceed the rate permitted by law, the Default Interest shall be deemed to be the maximum legal interest rate permitted by law.

27. **Indemnification.** (a) Tenant shall indemnify and hold harmless Landlord and Landlord's managing agent from and against all liability, claims or costs, including reasonable legal fees, arising from (i) Tenant's use of the Premises; (ii) any breach of this Lease by Tenant; (iii) any other act or omission of Tenant; or (iv) any injury to person or damage to property occurring on or about the Premises. Tenant shall defend Landlord and Landlord's managing agent against any such claim of a third party, with counsel reasonably acceptable to Landlord or, at Landlord's election, Tenant shall reimburse Landlord for reasonable legal fees incurred by Landlord's employment of its own counsel.

(b) Landlord shall indemnify and hold Tenant harmless from and against all liability, claims or costs, including reasonable legal fees, arising from any acts of omissions of Landlord, except to the extent covered by Tenant's insurance policies, and except that Landlord shall not be liable for consequential damages resulting therefrom.

28. **Landlord's Right to Cure Tenant's Default.** If Tenant fails to make any payment or perform any act on its part to be made or performed, then Landlord, without waiving or releasing Tenant from such obligation, may make such payment or perform such act on Tenant's part, and the costs incurred by Landlord in connection with such payment or performance, together with Default Interest thereon, shall be paid on demand by Tenant to Landlord as additional rent.

29. **Waiver of Liability**. Landlord shall not be liable for any injury or damage to the business, equipment, merchandise or other property of Tenant or any of Tenant's employees or invitees or any other person on or about the Office Building, resulting from any cause, including, but not limited to: (i) fire, steam, electricity, water, gas or rain; (ii) leakage, obstruction or other defects of pipes, sprinklers, wires, plumbing, air conditioning, boilers or lighting fixtures; or (iii) condition of the Office Building.

30. **Force Majeure**. If either party is unable to perform any of its obligations due to events beyond its control, the time provided for performing such obligations shall be extended by a period of time equal to the duration of such events, and neither party shall be entitled to any claim against the other party by reason thereof. The foregoing shall not delay or excuse the payment by Tenant of Basic Rent or any item of additional rent. Events beyond the parties' control include, but are not limited to, acts of God, war, civil commotion, labor disputes, strikes, casualty, weather conditions, labor or material shortages, or government regulation or restriction.

31. **Notice of Landlord's Default**. Tenant shall give written notice of any failure by Landlord to perform any of its obligations under this Lease to Landlord or Landlord's mortgagee whose name and address have been furnished to Tenant. Landlord shall not be in default under this Lease unless Landlord or Landlord's mortgagee fails to cure such non-performance within thirty (30) days after receipt of Tenant's notice. If more than thirty (30) days are required to cure such non-performance, Landlord shall not be in default if such cure is commenced within such thirty (30) day period and thereafter diligently pursued to completion.

32. **Landlord's Liability Limited.** There shall be no personal liability of the Landlord or any manager, member, partner, stockholder, officer, director or other principal of Landlord in connection with this Lease. Tenant agrees to look solely to the interest of Landlord in the Office Building for the collection of any judgment or other judicial process requiring the payment of money by Landlord in the event of any default or breach by Landlord with respect to this Lease or in any way relating to the Office Building. No other assets of Landlord or any principal of Landlord shall be subject to levy, execution or other procedures for the satisfaction of Tenant's remedies.

33. **Estoppel Statement; Financial Statement.** (a) Upon Landlord's request, Tenant shall execute, acknowledge and deliver to Landlord a written statement certifying: (i) the Commencement Date; (ii) the Expiration Date; (iii) that this Lease is in full force and effect and unmodified (or if modified, stating the modifications); (iv) the last date of payment of the Base Rent and other charges and the time period covered by each payment; (v) that Landlord is not in default under this Lease (or, if Landlord is

claimed to be in default, stating the nature of the default); and (vi) such other matters as may be reasonably required by Landlord or any Landlord's mortgagee. Tenant shall deliver such statement to Landlord within ten (10) days after Landlord's request. Any such statement may be given to and relied upon by any prospective purchaser or mortgagee of the Office Building.

(b) Within ten (10) days after Landlord's request, Tenant shall deliver to Landlord such financial statements as are reasonably required to verify the net worth of Tenant. Any such statement may be given by Landlord to any Landlord's mortgagee or prospective mortgagee of the Property, but otherwise shall be kept confidential by Landlord. Tenant represents to Landlord that each such financial statement is a true and accurate statement as of the date of such statement.

34. **Quiet Enjoyment.** (a) Landlord covenants that as long as Tenant pays the Base Rent and additional rent and performs its other obligations under this Lease, Tenant shall peaceably and quietly have, hold and enjoy the Premises for the term provided by this Lease, subject to the provisions of this Lease.

(b) Landlord reserves to itself such access and utility easements over, under, through and across the Premises as may be required by Landlord from time to time in connection with the use or operation of any other portion of the Office Building. No such easement shall materially interfere with Tenant's use of the Premises.

35. **Subordination: Attornment.** (a) This Lease is subject and subordinate to any mortgage which may now or hereafter encumber the Office Building, and any renewals, modifications, consolidations, replacements or extensions thereof.

(b) If Landlord's interest in the Office Building is acquired by any Landlord's mortgagee, or purchaser at a foreclosure sale, Tenant shall attorn to the transferee of or successor to Landlord's interest in the Office Building and recognize such transferee or successor as landlord under this Lease. Such transferee or successor shall not be liable for any act or omission of any prior landlord, or be subject to any offsets or defenses which Tenant might have against any prior landlord, or be bound by any Base Rent which Tenant might have paid for more than the current month to any prior landlord, or be liable for any security deposit under this Lease unless actually transferred to such transferee or successor.

(c) Landlord agrees to use its best efforts to obtain from any Landlord's mortgagee its agreement that as long as Tenant is not in default under this Lease, if the mortgage is foreclosed, the Landlord's mortgagee will not disturb Tenant's possession and use of the Property in accordance with this Lease.

(d) The foregoing provisions shall be self-operative and no further instrument or act on the part of Tenant shall be necessary to effect the same. Tenant shall nevertheless sign and deliver any document necessary or appropriate to evidence the subordination, attornment or agreement above provided.

36. **Brokerage.** Each party represents to the other that it did not deal with any real estate broker in connection with this Lease other than James Martin of McBride Corp. Real Estate and Gregg Slater of Equity Associates. Each party shall indemnify and hold the other harmless from any claim for a commission or other fee made by any broker with whom the indemnifying party has dealt.

37. **Notices.** All notices in connection with this Lease or the Premises shall be in writing and shall be personally delivered or sent by certified mail, return receipt requested, postage prepaid, or recognized national overnight courier service (e.g., Federal Express, Airborne). Notices to Landlord shall be delivered to the address specified in Section I(b). Notices to Tenant shall be delivered to the address specified in Section I(c). All notices shall be effective upon delivery or attempted delivery in accordance with this provision. Either party may change its notice address upon written notice to the other party given in accordance with this provision.

38. **Security Deposit.** (a) Tenant hereby deposits with Landlord and Landlord hereby acknowledges receipt of the sum of $81,150, representing 2 months' Base Rent to be held by Landlord as security, to be returned to Tenant at the termination of this Lease, provided that there has been no breach of the undertakings of Tenant under this Lease. In no instance shall the amount of the security deposit be considered a measure of liquidated damages. All or any part of the security deposit may be applied by Landlord in total or partial satisfaction of any default by Tenant including any damages or deficiency in reletting of the Premises, whether such damage or deficiency may accrue before or after summary proceedings or other reentry by Landlord but Landlord shall not apply the entire security deposit if the default may be remedied by a lesser sum. The application of all or any part of the security deposit to any obligation or default of Tenant under this Lease shall not deprive Landlord of any other rights or remedies Landlord may have nor shall such application by Landlord constitute a waiver by Landlord. If all or any part of the security deposit is applied to an obligation of Tenant hereunder, Tenant agrees to restore the security deposit to its original amount. Tenant shall not call upon Landlord to apply all or any part of the security deposit to cure any default or fulfill any obligation of Tenant, but such use shall be solely in the discretion of Landlord. In the event that Landlord shall convey its interest under this Lease, the security deposit shall be turned over by Landlord to Landlord's grantee or transferee, and upon ay such delivery of the security deposit, Tenant hereby releases Landlord of any and all liability with respect to the security deposit, its application and return, and Tenant agrees to look solely to such grantee or transferee, and it is further understood that this provision shall also apply to subsequent grantees and transferees.

(b) In the absence of evidence satisfactory to Landlord of any assignment of the right to receive the security deposit, or the then remaining balance thereof, if any, Landlord may return the security deposit to the original Tenant, regardless of one or more assignments of the Lease. In the event that Landlord shall not have received such satisfactory evidence of any such assignment, Landlord shall be relieved and released from any such obligation if such payment is made to the Tenant herein named.

(c) The amount of the security deposit shall be increased at such time or times that the Base Rent is increased hereunder so that the security deposit shall always be equal to 3 months' Base Rent.

39. **Miscellaneous.** (a) The failure of either party to insist on strict performance of any provision of this Lease, or to exercise any right contained herein, shall not be construed as a waiver of such provision or right in any other instance. All amendments to this Lease shall be in writing and signed by both parties.

(b) The captions in this Lease are intended to assist the parties in reading this Lease and are not a part of the provisions of this Lease. Whenever required by the context of this Lease, the singular shall include the plural and the plural shall include the singular. The masculine, feminine and neuter genders shall each include the other.

(c) Landlord and Tenant hereby waive trial by jury in any legal proceeding brought by either of them against the other with respect to any matters arising out of or in any way connected with this Lease or the Premises.

(d) The laws of the State of New York in which the Office Building is located shall govern this Lease.

(e) If Tenant is a corporation or partnership, each person signing this Lease on behalf of Tenant represents that he has full authority to do so and that this Lease binds the corporation or partnership, as the case may be.

(f) Landlord shall not be liable for consequential damages arising from any negligence, tortuous act, breach of any term, covenant or obligation under this Lease, or any other act or omission affecting this Lease.

(g) This Lease is binding upon any party who legally acquires any rights or interest in this Lease from Landlord or Tenant; provided, however, Landlord shall have no obligation to Tenant's successor unless the interest of Tenant's successor in this Lease is acquired in accordance with Section 20.

(h) Tenant may record a memorandum of this Lease setting forth the term of this Lease. This Lease, however, shall not be recorded.

(i) The submission of this Lease to Tenant shall not be deemed to be an offer and shall not bind either party until duly executed by Landlord and Tenant.

(j) This Lease may be executed in counterparts, and, when all counterpart documents are executed, the counterparts shall constitute a single binding instrument.

(k) A determination by a court of competent jurisdiction that any provision of this Lease or any part thereof is illegal or unenforceable shall not invalidate the remainder of this Lease or such provision, which shall continue to be in effect.

(m) The commencement of this Lease is contingent on the awarding of a license by the New York State Department of Health (NYS MMJ Program). If said license if is not awarded, however, the Lease can be terminated on August 1, 2015, unless the parties by written agreement to amend the terms of this Lease.

(n) The riders enumerated in Section I (j) are attached hereto and made a part of this lease as fully as if set forth herein at length. The terms used in the rider have the same meanings as set forth in the Lease. The provisions of a rider shall prevail over any provisions of the lease which are inconsistent or conflict with the provisions of the rider.

(o) Cancellation Option: If Tenant loses its MM License, Tenant shall have the option to terminate the Lease with nin (9) months notice to the Landlord plus a $250,000 penalty.

(p) Carrying Costs: In the event there is a delay in awarding the MM License by 8/1/15, Landlord and tenant shall have the mutual option to terminate the Lease. If Landlord agrees tenant shall have the option to request additional time at the rate of $8,000 per month. The length of the option shall be mutually agreed upon by the Landlord and the Tenant.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereby have duly executed this Lease as of the date set forth in Section 1(a).

LANDLORD:

WITNESS:

Carol Santryssa

Matthew Street GSA LLC

By: _____
Gregg Slater

Its: Managing Member

TENANT:

THC Health Inc.

WITNESS:

_____

_____

Title: President & CEO

BASE RENT RIDER

Date of Lease: June 4 2015

Landlord: Matthew Street GSA LLC

Tenant: THC Health Inc.

Premises: 27 Matthews Street, Goshen, NY

The Base Rent payable by Tenant to Landlord during the Term shall be at the annual amounts and for the periods and be payable in the monthly installments as follows:

Period	Sq. Foot	Monthly Installment	Annual Amount
8/1/15-7/31/20	$30.00	$40,575	$486,900
8/1/20-7/31/25	$34.50	$46,661.25	$559,935
8/1/25-7/31/30	$39.68	$33,812.50	$644,006
8/1/30-7/31/35	$45.63	$61,714.58	$740,607

Initials:

Landlord

Tenant

LANDLORD'S WORK RIDER

Date of Lease:	June 4 2015
Landlord:	Matthew Street GSA LLC
Tenant:	THC Health Inc.
Premises:	27 Matthews Street, Goshen, NY

Tenant agrees to accept the building space "as-is".

Initials:

Landlord

Tenant

SECTION 1 - MANUFACTURING §1004.5(b)(4)

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1.1 Overview

THC Health Inc.'s dedication to providing only the highest standard of pharmaceutical-grade marijuana products begins in cultivation, but is critically important in the manufacturing phase of the production process. Our extraction and products manufacturing plan was designed industry experts to ensure operations that are in line with best practice and FDA standards.

Consistent cultivation practices will be implemented by THCH's expert cultivators across the entire growth cycle of the cannabis plant. Healthy and vibrant plants yield higher quality products. THCH benefits greatly from the vast experience of Ivy Acres in large scale commercial production. The more effective THC Health Inc. can be in cultivating high-yielding and fast-growing plants, the more affordable products will be for our patients.

Our cultivation team will utilize only the best plant genetics for the most effective plant based medicine available. And our manufacturing team will transform those plants into consistent, effective, and pure pharmaceutical grade solutions. THC Health Inc., Inc. will consistently adhere to good Current Good Manufacturing Practices (cGMP) to ensure pure and stable marijuana products for New York's patient population.

1.2 THC Health Inc. Formulations

THC Health Inc. will manufacture five distinct brands with consistent cannabinoid profiles. The concentration of total tetrahydrocannabinol (THC) and total cannabidiol (CBD) will define the brand. The planned formulary is as follows:

THCH Formulary			
Brand Name (TBD)	**THC**	**CBD**	**Ratio (THC:CBD)**
1	80%	20%	4:1
2*	50%	50%	1:1
3	33%	67%	1:2
4	20%	80%	1:4
5*	5%	95%	1:20

*Denotes required ratio by NYSDOH

THCH's products and brands have been selected and formulated based on peer-reviewed medical research from PubMed and other peer reviewed sources. THCH's Chief Science Officer will continually scan the research and knowledge base into order to develop new formula and products for Department Approval. THC Health Inc. will offer a range of products, including three focused products designed to benefit a wide range of patient conditions and ages:

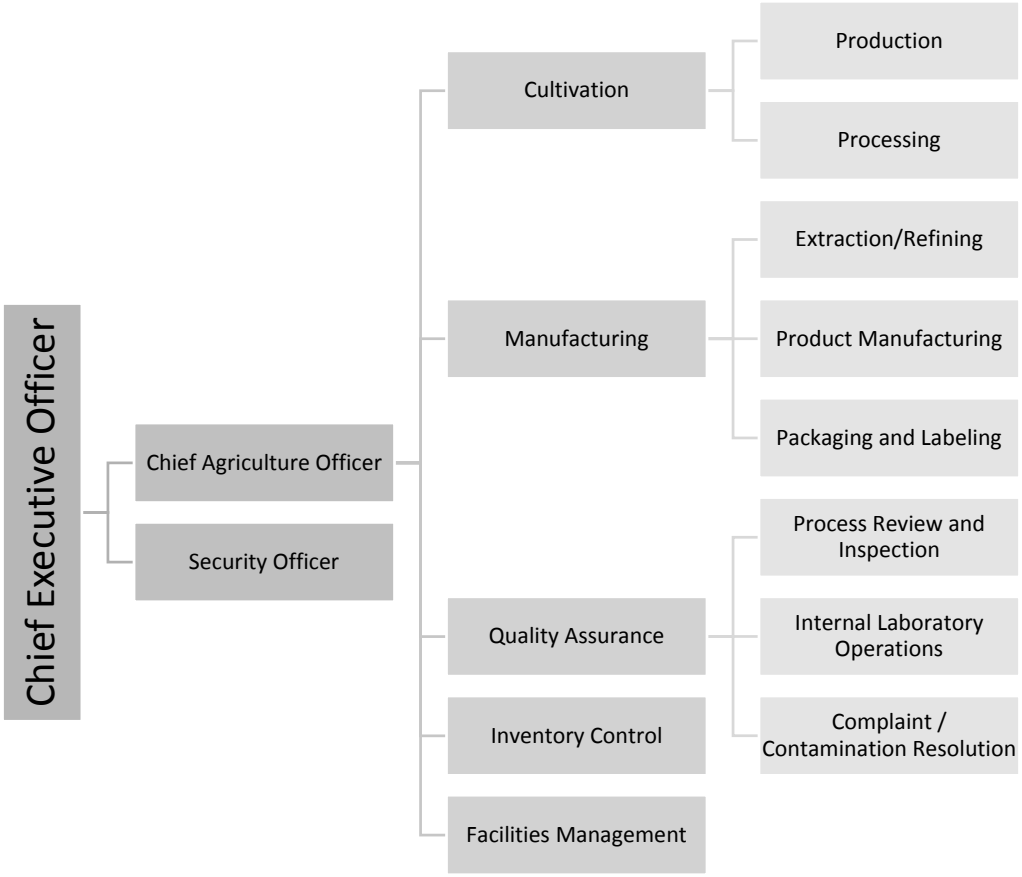
- Gel Caps - A slow-release, gel capsule formula. Ingestion occurs via absorption through the gastrointestinal tract.
- Sublingual tincture - Ingestion occurs via absorption through the soft tissues of the mouth including the area under the tongue and the lining of the throat.
- Pre-filled vaporizer cartridge – Easy to use vaporizers will feature solvent-free extractions and vegetable glycerin as the primary excipient.

1.3 Functional Operating Units

THC Health Inc.'s manufacturing operations are organized by function. The Directors of Cultivation, Manufacturing, and Quality Assurance are responsible for ensuring full compliance with the policies and procedures detailed in the company's Standard Operating Procedures (SOPs) included for review in Section 6. In addition to procedural compliance, the Directors are responsible for oversight and training of all employees, the prevention and management of plant disorders, and the manufacture of safe and effective medical marijuana products. The Chief Agriculture Officer has oversight over cultivation and manufacturing operations.

All manufacturing practices will be fully documented in detailed records maintained in accordance with regulation and company policies. The Director of Cultivation is responsible for daily cultivation monitoring and maintenance of cultivation records. The Director of Manufacturing will oversee extraction, formulation, and packaging operations and maintain all manufacturing records. These records will be made available for inspection by the Director of Quality Assurance and any authorized representatives of law enforcement and the Department upon request.

Additional provisions regarding sanitation, quality assurance, and related testing practices are detailed throughout the company's policies and procedures. Safety practices are outlined in full, going above and beyond what is required by state law and regulations. The entire organization is committed to work systemically to ensure that the company fosters a culture of quality and safety, while executing the most effective operation possible.



1.4 Manufacturing Facilities

Overview

THC Health Inc. currently possesses the infrastructure required to begin operation immediately after the completion of limited interior renovation to convert the use.

Detailed site and floor plans are included in Appendix B – Architectural Program for review. Initial renovation of the facilities will provide approximately:

- 32,500 square feet dedicated to cultivation
- 4,000 square feet dedicated to processing raw marijuana material
- 6,500 square feet dedicated to manufacturing final products

The manufacturing facilities will consist of cultivation and production facilities featuring:

- Analytical testing facilities equipped with several instruments
- CO2 extraction and cannabinoid fractionating equipment
- Multiple production areas designed to FDA standards
- State-of-the-art ventilation systems to avoid cross contamination

Suitability

THC Health Inc. will construct the manufacturing facilities to achieve the most efficient and hygienic operations possible. Employees will perform cultivation, manufacturing, packaging, testing, and other operations in separate areas designed for each activity. The Chief Executive Officer will ensure all buildings and facilities used in the manufacture, processing, packing, holding, or dispensing of medical marijuana products are of suitable size, construction, and location to permit compliance with applicable New York State department regulations.

THC Health Inc. will completely equip all manufacturing and laboratory spaces and approximately one third of its full capacity for vegetative and flowering cultivation spaces. These spaces will be outfitted with the necessary equipment and supplies to begin cultivating marijuana immediately upon the issuance of a certificate of occupancy. The remaining cultivation areas will be “plug and play” so that production can be rapidly expanded in order to both meet immediate patient demand and to provide sufficient production in order to maintain the one year supply of products required by regulation. This phased approach ensures that all demolition and construction activity is completed prior to the start of operations and before medical marijuana plants enter the facility.

All cultivation and manufacturing areas will be finished during initial construction and equipped with all branch utility services, including mechanical, plumbing, lighting, and other power connections, as well as all security, surveillance, and access control devices. All buildings and facilities will be consistently maintained in a good state of repair through the efforts of the Facilities Management team. FDA and industry best practice will be adhered to in the THCH manufacturing facility, these standards include the following requirements:

- All areas will have adequate lighting and ventilation in all areas for their designated operations.

- Potable water will be supplied under continuous positive pressure in a plumbing system free of defects that meet the standards prescribed in the Environmental Protection Agency's Primary Drinking Water Regulations.
- Drains will be of adequate size and, where connected directly to a sewer, will be designed to prevent back-siphonage.
- Adequate washing facilities will be provided, including hot and cold water, soap, or detergent, air driers, single-service towels and clean toilet facilities easily accessible to working areas.
- All trash or other refuse in and from the building and immediate premises will be disposed of in a timely, safe and sanitary manner.
- All buildings and facilities will be maintained in a clean sanitary condition, free of infestation by rodents, birds, insects and other vermin.
- Each operational unit will maintain SOPs assigning responsibility and timing for the cleaning and sanitation.
- Any rodenticides, insecticides, fungicides, fumigating agents and sanitizing agents will be documented and used in accordance with the Federal Insecticide, Fungicide and Rodenticide Act.

THCH has ample expansion capabilities. The company can expand within the facility to triple cultivation capacity by adding an addition 46,000 square feet of cultivation area. These areas will be prepared to immediately expand into them as needed during the initial renovation. The processing and manufacturing areas are designed to handle the manufacturing needs for the full cultivation capacity and will not need to be expanded.

Additionally, THCH has the ability with Department approval to expand into another existing 90,000 square feet of greenhouse space on the leased property and has access to another 6.5 acres of existing greenhouse on a contiguous property.

Description of the Facilities

The proposed manufacturing facility is an enclosed, secure facility suitable for the effective and safe cultivation, processing, and manufacture of medical marijuana. The building and proposed construction plan

ensures the facility is sufficient in size to meet patient needs. Adequate power and water supply permits the operation to begin cultivation operations without costly and timely utilities upgrades. The cultivation areas have been designed by Canna Advisors with operation-specific air exchange and airflow, interior layout, lighting, and utilities. The cultivation operations consist of propagation, cultivation, harvest, processing, bulk storage, packaging, and transfer to the manufacturing unit. All operations are monitored 24 hours a day with surveillance cameras and on-site security personnel.

The proposed facility will be renovated and operated in full compliance with Title 10, Chapter XIII, Part 1004 of the Official Compilation of Codes, Rules and Regulations of the State of New York. The facility is located at 1675 Edwards Ave, Baiting Hollow, which is appropriately zoned for the manufacturing use. The facility is currently operational as an agricultural production facility. The site has the full support of the Suffolk County Legislature as evidenced in our support letters following the application Appendices. The proposed site consists of 2.0 leased acres. The property is in compliance with all state and local building, zoning and fire codes, and all local ordinances as it is an existing building currently operational as an agricultural production facility. For site and floor plans and additional information regarding the uses adjacent to the proposed facility, including private roads within the facility, roads accessible by the facility, and all production, receiving, and shipping areas within the facility, please refer to Appendix B – Architectural Program.

THC Health Inc. designed the facility with the advice of consultants qualified in the marijuana industry to develop efficient and workable spaces. In order to meet initial and future qualifying patient demand in a quick and efficient manner with minimal impact on the environment and the surrounding community, the company will build out all cultivation spaces during the initial construction phase. The construction plan allow not only for quick expansion of production, but also allows for well-planned production schedules, the separation of similar strains, and allows for strict environmental controls in each area to allow for variable temperature, humidity, and carbon dioxide based on individual strain requirements. The ability to control these conditions with precision is one of the most important measures that can be taken to reduce contamination from pests, molds, and mildew.

Design

The THC Health Inc. manufacturing facility was developed with compliance and efficiency as the guiding design features. FDA standards were applied throughout the facility. The following items highlight specific design characteristics:

- The manufacturing facility will be organized to maintain the separation of different materials and provide adequate space for cleaning and storage.
- The flow of production materials, packaging components, in-process materials, bulk and packaged products through the building will be designed to prevent product mix ups or contamination.

The design of the facilities includes but is not limited to airlock entry and exit hallways, clean rooms, and strict flow controls for personnel and materials. The facility is also designed so that preventative maintenance activities can be performed without interruption to work process or impact to our clean production areas. Equipment for adequate control of air temperature, pressure, humidity, dust, or microorganisms will be provided when appropriate for the manufacture, processing, packing, or holding of medical marijuana products. Air filtration systems will be used for air intake to production areas. If air is recirculated to production areas, measures will be taken to control the recirculation of dust. In areas where air contamination occurs during production, there will be adequate exhaust or other air handling systems to control any airborne contaminants.

THCH's manufacturing facility will feature separate and defined areas with specific environmental controls designed to prevent cross-contamination and mix-ups of components, marijuana, or finished products during any operation. The facility building, its parking lot, and its entrances are designed to be in full compliance with the Americans with Disability Act (ADA) and all building and zoning codes. Detailed information on the building plans is available for review in Appendix B – Architectural Program.

Operating Areas

The production and manufacturing operations are divided into distinct operating units that specialize in certain activities in order to maintain an effective division of duties. These units include:

- Cultivation
- Processing
- Extraction
- Manufacturing
- Packaging and Labeling
- Lab Testing
- Quarantine and Holding
- Transportation Staging

Different operations will be performed within specifically defined areas of adequate size for that activity. Separate and defined areas provide controls to help prevent product contamination and mix-ups during the course of the operations. Separate areas are required for the following tasks:

- Receipt, identification, storage and quarantine of production materials, manufacturing supplies, packaging components and labeling held for the appropriate sampling, testing, or examination
- Storage of released production materials, manufacturing supplies, packaging components and labeling
- Manufacturing and processing operations
- Storage of in-process materials
- Packaging and labeling operations
- Quarantine storage of packaged products before release
- Storage of finished products after release
- Quality assurance and laboratory operations
- Holding rejected production materials, manufacturing supplies, packaging components, labeling, in-process materials and product before disposition
- Product packaging, holding, and shipping

1.5 Security

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Redacted pursuant to N.Y. Public Officers Law, Art. 6

1.6 Anti-Diversion Policies

Redacted pursuant to N.Y. Public Officers Law, Art. 6

1.7 Manufacturing Procedures

In accordance with cGMP, a Standard Operating Procedure (SOP) system will be adopted and enforced to ensure quality systems are in place and continuously improving. THC Health Inc. will operate according to a documented system of SOPs designed to ensure compliance with best practice and all applicable regulations. The SOP system guides employees to:

- Follow procedures as written.
- Understand their responsibilities in implementing the SOPs.
- Provides management guidance to ensure that personnel follow established procedures.
- Identify compliance and procedural issues.

The SOPs provide guidance for several of the major steps in cultivation, manufacturing, packaging, labeling, distribution, dispensing, and quality assurance operations. THCH's SOPs will continuously improve with operating experience. Directors will implement new SOPs as needed and perform annual reviews to ensure they remain current with actual operations. All SOPs will be approved by the Quality Assurance Officer prior to implementation. Material modifications or revisions to procedures related to the cultivation, processing, manufacturing, distribution, or dispensing policies will not be implemented without prior written approval of the Department.

The Quality Assurance department is responsible for maintaining all operational SOPs. Current versions will always be available online and in print so employees can easily refer to them. Obsolete procedures will be identified and removed annually. All employees will be trained to the SOPs and be required to document any variance. Each department supervisor will review and approve variances and will update the SOP as needed. The Director of Quality Assurance will be responsible for oversight of any procedural variance that results in a change to the SOP.

1.8 Staffing

The THC Health Inc. Staffing Plan details found in Attachment J details the processes the Chief Executive Officer will use to manage THC Health Inc.'s human resources to provide sufficient levels of production to meet patient needs and remain in compliance with all applicable regulations. The Chief Executive Officer is responsible for maintaining and updating the Staffing Plan to ensure that THCH retains all necessary employees possessing the correct skill-sets and experience needed to support the success of all operations.

THCH is committed to providing a transparent and supportive working environment for our employees. The employee acquisition process, procedures for employee reviews, terminations, and other human resource protocols are detailed in our Human Resources Manual. No employee may begin work prior to receiving a full orientation or when any required critical training is eight weeks or more past due.
Company protocols ensure that only qualified employees will be granted operating responsibilities. Site Operations Managers will provide constant feedback to their employees and provide on-the-job training opportunities. The Chief Legal Officer will ensure all employees have the required background check prior to

hire. The company will maintain accurate records of each employee's relevant qualifications and all training records.

Staffing Mandates

THC Health Inc. will ensure compliance with all mandated and operationally necessary staffing requirements. The company's organizational chart details the positions the company intends to fill upon licensing. The Chief Executive Officer will implement continuation plans for all key positions. At all times the company will employ:

- No less than one individual with a minimum of 10 years of experience in good agricultural practices (GAP).
- No less than one Quality Assurance Officer who will exercise oversight over the quality of operating procedures and who has documented training and experience in quality assurance and quality control procedures.

THCH's policies require all staff members will be at least twenty-one years of age. No person who has been convicted of any felony of sale or possession of drugs, narcotics, or controlled substances will ever be employed by the company. Additionally, no person who has had a registration or license suspended or revoked in any administrative or judicial proceeding may be employed by THCH. All employees who could potentially come in contact with or handle marijuana or medical marijuana products will be subject to a background check in compliance with the procedures established by Division of Criminal Justice Services.

Cultivation Staffing

The Director of Cultivation will hire the staff needed to ensure the cultivation of quality marijuana in accordance with regulations, BMP, GAP, GHP, and GCP. Staffing estimates will be updated regularly. Generally, for each 5,000 square feet of flowering canopy the operation will employ approximately five technicians supervised by the Cultivation Manager.

The Director of Cultivation reports to Chief Agriculture Officer. The Director of Cultivation is responsible for supervision of all phases of cultivation operations including: regulatory compliance to State marijuana laws regarding production, quality control, maintenance, receiving, and shipping. Responsibilities also include recruiting, hiring and training cultivation personnel. The Director of Cultivation shall work closely with the Quality Assurance team to ensure the purity and quality of marijuana cultivated for manufacturing purposes.

In addition the Director of Cultivation will be responsible for annual budget planning and execution. This team member will work closely with the manufacturing team to oversee GAP increase productivity and profitability within the production operation. This person must be trained and have at least 7 years of experience including best practices in both managerial and GAP platforms.

The Cultivation Manager reports to the Director of Cultivation. The Cultivation Manager is responsible for assisting the Director in the supervision of all phases of cultivation operations including: regulatory compliance to New York Medical Marijuana state law regarding production, quality control, maintenance, receiving, and shipping. Responsibilities also include recruiting, hiring and training cultivation personnel.

The Cultivation Manager shall work closely with the Quality Assurance staff to ensure the purity and quality of all marijuana cultivated for manufacturing purposes. Additionally, the Cultivation Manager will be responsible for purchasing materials used in daily operations. This team member will work closely with the manufacturing team to oversee GAP increase productivity and profitability within the production operation. This person must be trained and have at least 3 years of experience including best practices in both managerial and GAP platforms.

Cultivation Specialists report to the Cultivation Manager. Cultivation Specialists will oversee all phases of the cultivation process. Cultivation Specialists must maintain all crop records and apply GAP procedures in all plant care procedures. This team member works closely with other team members to ensure proper plant production schedules. These employees must receive GAP training and have at least 3 years of experience in horticulture or agriculture.

Harvest Technicians report to the lead Cultivation Specialist. Harvest Technicians will harvest plants for further processing. Harvest Technicians must maintain all harvest records and apply GHP procedures in all handling activities. This team member works closely with the lead Cultivation Specialist to document and record the harvest. These employees must receive GHP training and do not require previous experience.

Maintenance Technicians report to the Cultivation Manager and respond to the needs of other team members. Maintenance Technicians must maintain all maintenance records and perform all sanitation activities in accordance with GAP. This team member works closely with the Facility Engineer. These employees must receive GAP training and do not require previous experience.

Manufacturing Staffing

The Director of Manufacturing reports to Chief Agricultural Officer. The Director of Manufacturing is responsible for supervision of all phases of manufacturing operations including: regulatory compliance to New York Medical Marijuana state law regarding production, quality control, maintenance, receiving, and shipping. Responsibilities also include recruiting, hiring, and training manufacturing personnel.

In addition, the Director of Manufacturing will be responsible for annual budget planning and execution. This team member will work closely with the production team to oversee cGMP increase productivity and profitability within the manufacturing operation. This person will be trained and have at least seven years of experience, including best practices in both managerial and production platforms.

Manufacturing Specialists report to the Director of Manufacturing. The Manufacturing Specialists will oversee all phases of manufacturing, packaging, and labeling, and will support the Quality Assurance team. The Manufacturing Specialists will plan, organize, and control production to ensure cGMP and that goods are produced efficiently, on time, within budget, and to standard. The Production Manager will also oversee the production technician. Processing Specialists will provide support to the manufacturing process and report directly to the Director of Manufacturing. Packaging Specialists also report to the Director of Manufacturing. This team member provides packaging and labeling functions. The Packaging Specialist is responsible for weighing, counting, ensuring accurate labeling, and packaging of all products of medical marijuana.

Quality Assurance Staffing

The Quality Assurance Officer is responsible for ensuring that all medical marijuana products meet the standards of quality including reliability, usability, safety, packaging, labeling, and performance. This position is part of the manufacturing team and has the responsibility assist the Director of Cultivation and the Director of Manufacturing. In addition to routine testing of all lots, the Director of Manufacturing will randomly select products and send them to the external testing facility.

Employee Policies

Employee Hygiene

The manufacture of products in accordance with cGMP requires that employees engaged in the manufacture, processing, packing, or holding of medical marijuana products wear clean clothing appropriate for the duties they perform. Protective apparel, such as head, face, hand and arm coverings, will be provided to THCH employees and worn as necessary to protect products from contamination. Employees will be trained and required to practice good sanitation and health habits.

Any employee that demonstrates apparent illness or open lesions that may adversely affect the safety or quality of a product will be excluded from direct contact with components, product containers, closures, in-process materials and finished products. All personnel will be instructed to inform their supervisor of any health conditions that may have an adverse effect on a product. The company's management will be trained in identifying illnesses.

Safety

THC Health Inc. values employee and patient security and safety above all other operating principles. As a producer of medical marijuana products, our company is responsible for distributing uncontaminated, effective, consistent, and safe medical marijuana products to qualified patients. The Directors of Cultivation, Manufacturing, and Quality Assurance are responsible for the development and implementation of policies and procedures that adopt the safety of all our stakeholders as the foremost concern.

Each Director will identify and mitigate department-specific safety considerations. Cultivation facilities have a high risk for electrical hazards, low-toxicity pesticide, and mold contamination. The Directors, in coordination with the Facilities Engineer, will schedule regular infrastructure and equipment maintenance in order to reduce fire risk and other potential hazards. Other than electrical hazards, few exposures in a cultivation facility are expected to cause significant exposure risks. All manufacturing employees will receive function specific safety training and comply with all documented safety policies and procedures as a condition of employment.

Emergency Preparation

The Director of Cultivation will post and maintain an emergency contact list in several areas of the facility. All cultivation employees will be properly trained in department specific Incident Response. Material Safety Data Sheets (MSDS) for all chemicals used in the cultivation facility will be organized, accessible to all cultivation employees, and placed available for review by any employee or official visitor.

Fire Safety

Flammable materials will be stored in a fire locker and properly labeled for first responder identification. All areas of egress will be properly signed in accordance with NFPA 704 standards. Our facility will comply with all local fire codes. Fire extinguishers will be maintained annually. All cultivation employees will be properly trained in fire prevention and mitigation measures.

Personal Protective Equipment (PPE)

The Director of Cultivation will implement and maintain the PPE program. The program will be compliant with OHSA and EPA standards and address:

- Hazards present;
- Selection, maintenance, and use of PPE;
- Training; and
- Monitoring.

Cultivation employees will be provided appropriate personal protective equipment and training, and will be trained in decontamination procedures. Employees are required to wear protective clothing and equipment as indicated by their department's safe work procedures. These procedures will specifically indicate when, where and what types of equipment are to be worn. The Director of Manufacturing will perform risk assessments of all activities. The assessment will evaluate the types of equipment and clothing that protect against damage to eyesight or hearing, dust or chemical inhalation or ingestion, skin or bodily exposure to caustic or toxic chemicals, and falling objects. Standard PPE required for all manufacturing employees includes:

- Accessible eye wash stations with sufficient quantities of potable water.
- Uniforms with some level of fire resistance.
- Chemical resistant gloves.
- Boots with water resistance and slip protection.
- N-95 or P-100 disposable respirators.
- A full-face air-purifying respirator with a minimum of a P-100 filter, fitted by a qualified professional, is required for employees with beards or performing substance spray applications.
- Tyvex coveralls for employees performing substance spray applications.

Chemical Spill Response
All cultivation employees will be appropriately trained on spill response. Every employee is responsible for participating in spill response activities. A fully stocked spill kit will be maintained in the cultivation facilities. Areas with high spill risk will be stocked with a mobile spill kit for immediate mitigation.

Workplace Safety
Site Operations Managers will include workplace safety training for new employees with annual updates. Employees will receive mandated annual Worker Protection Training. This general safety training will include a review of:

- Personnel accident reporting and investigation policies
- Fire prevention and response plans
- Materials handling and hazard communications policies, including maintenance of material safety data sheets (MSDS)
- Personal protective equipment policies.
- Emergency contacts.

Employee Training
THC Health Inc. employees will receive internal and on the job training conducted by qualified individuals in cGMP, sanitation and hygiene, and in the company's SOPs related to their job duties. Training will be performed on an ongoing basis to ensure all employees are familiar and competent with the specific procedures and practices related to their operating unit. cGMP Quality Systems require a written record documenting the completed individual training procedures will be signed by the participants and trainer during each training session. This training record will include:

- Evaluation of training needs
- Evaluation of effectiveness of training
- Documentation of training and/or re-training

The Chief Executive Officer will ensure the staffing plan and training requirements are sufficient for the needs of the company. All employees will be trained in accordance with the staff training plan approved for their job function. All THCH employees will receive regular security, anti-diversion, and safety training.

All employees regardless of function will receive comprehensive training prior to working in the facility or handling marijuana. Training programs will be tailored to the roles and responsibilities of the job function of each employee. At a minimum, employees will receive eight hours of on-going training annually. Training will cover at a minimum:

- Local, state, and federal marijuana laws
- Medical marijuana efficacy and recent research
- cGMP and Quality Systems protocols
- Personnel, product, and premise security
- Record keeping and regulatory responsibilities

Staff Oversight

Each unit Director is ultimately responsible for all staff in their respective unit. Each Director will be familiar with the layout and technical specifications of the facility, all equipment utilized, and able to perform and train others to perform all activities necessary in the facility. THC Health Inc. is dedicated to training all employees to excel in their position through on-the-job training and classroom learning opportunities. Third-party training will be provided when determined to be beneficial by the Director and may include training on personnel safety, food safety, GMP, good agricultural practice, and other management practices.

All employees will receive employee manuals prior to employment. The employee manual provides in-depth training for cultivation policies and procedures. Each unit Director is responsible for ensuring that each employee has received, read, and acknowledged their understanding of the material covered in the employee manual. All manufacturing employees will be trained by their unit Director and will be required to continually demonstrate a working knowledge of training materials as a condition of employment. All employees are required to have a working knowledge of all production standards established by their Directors for medical marijuana production.

Any changes to SOPs will be approved by the Department and communicated to all manufacturing facility employees. An acknowledgement of understanding will be documented for each employee. Training on SOP changes will be provided as necessary. THC Health Inc. is dedicated to training all employees to excel in their position. It is company policy to ensure that all employees receive professional and appropriate training on compliance with state law, the therapeutic use of medical marijuana, safety, security, incident management, and diversion and theft prevention. No employee may work on-site prior to receiving orientation training or when any required critical training is past due.

1.9 Cultivation Operations

THC Health Inc. has developed a cultivation plan that illustrates the following principles:

- Implementing cultivation methods that do not utilize contaminants harmful to humans or the environment.
- Basing cultivation decisions on experience and accepted science.
- Implementing sustainable and zero-waste cultivation practices whenever possible.

- Producing consistent and predictable yields.
- Documenting all cultivation activities that provide valuable operating information and data for management.
- Managing both compliant and efficient operations.
- Ensuring transparency around all methods and products used in cultivation for patient information.

THCH has selected a hybrid cultivation method to ensure consistent yields through the effective management of all marijuana plants inputs. This hybrid method allows for the benefits of both soil and hydroponic systems in cultivation by using hydroponic nutrient with soil-based media. THC Health Inc. is committed to utilizing the safest crop inputs available to ensure purity of the company's end products. While the facility is state of the art and allows for major efficiencies in operations, the company has adopted cultivation protocols that require daily plant care and handling to ensure that any disease or pest issue is discovered immediately. Cultivation protocols are detailed in the company's Standard Operating Procedures in Section 6 of this Attachment.

THC Health Inc. is committed to addressing environmental concerns raised by indoor marijuana cultivation operations. Growing marijuana requires the creation of ideal environments, including provision of light, fresh air ventilation, cooling (required due to the energy density of lighting and ventilation), and control of pests and fungal agents. Greenhouse cultivation can achieve multiple harvests per year for production needs, eliminating the constraints of seasonal growing and harvest cycles.

The cultivation methods to be implemented by THC Health Inc. prevents run through of nutrient waste and unnecessary discharge to protect water quality. The energy costs of indoor cultivation can account for more than one-third of total costs for representative production systems depending on a range of factors, including the yield of the growing operation and the cost of electricity. A typical lighting system can use 1000w of lighting power for 16 ft^2 of production area. Recent advancements in LED technology have made it a viable option for marijuana production. LED lighting will be used throughout the facility to supplement natural light and reduce energy consumption and greenhouse gas emissions, as well as create energy conscious products that ultimately reduce the final cost of products for patients.

Cultivation operations will begin as soon as a certificate of occupancy is granted for the facility. THC Health Inc. will begin with plant materials recommended by our genetics expert for optimal cannabinoid production. Detailed cultivation procedures are outlined in this section. Generally, unless revised by the Director of Cultivation, the cultivation process will follow the following procedures:

Propagation of Seed

A Cultivation Specialist or Cultivation Manager will implant a female seed from a healthy, uncontaminated mother plant into an organic, fully biodegradable plant starter cube containing appropriate fungi and micronutrients to support the evolutionary health of the crop.

- The cube will be allowed to soak in water for an appropriate time before the seed is planted.
- Cubes will be stored at the proper specific temperature prior to use in order to provide an environment in which aerobic bacteria may excel.

During the propagation process, humidity will be controlled between 50 to 80% and temperatures will be controlled between 80 to 90 degrees. The seeds will be under direct, constant light for 24 hours per day while the seeds germinate. Seeds will be germinated for approximately 16-21 days. The Director of Cultivation will determine the appropriate time for each transplant based on his or her experience and discretion.

Once the plant begins rooting, a Cultivation Specialist or Cultivation Manager will begin applying a calcium-based, potassium sulfates organic micronutrient solution in the amount of 300 ppm 62 pH.
The Director of Cultivation or experienced Cultivation Specialist will determine when the crops are ready for nutrients.

The Cultivation Specialist or Cultivation Manager will oversee the independent moisture level demanded by each plant. During the first week of rooting, crops will be feed approximately three to four times, based on the Director of Cultivation's discretion. The Maintenance Technician on duty will oversee that all drip systems and cultivation equipment are properly and efficiently functioning at all times.

Propagation of Clones

A Cultivation Specialist or Cultivation Manager will select a salubrious from the top of a healthy mother plant about five nodes down with trimming scissors. Shoots will be trimmed and leaves fanned along the lowest nodes with trimming scissors. A cut approximately ¼" below the lowest node will be made with a razor blade angled at 45 degrees on a sterilized surface.

The main stem will be dipped into a rooting hormone gel, then the lowest node will be immediately inserted into an organic, fully biodegradable plant starter cube containing appropriate fungi and micronutrients to support the evolutionary health of the crop.

The cube will be allowed to soak in water for an appropriate time before the seed is planted. Cubes will be stored at the proper specific temperature prior to use in order to provide an environment in which aerobic bacteria may excel. During the propagation process, humidity will be controlled between 50 to 80% and temperatures will be controlled between 80 to 90 degrees.

The clones will be placed immediately under direct, constant supplemental lighting for 24 hours per day while the plants root. The clones will be allowed to root for approximately 14 days. The Director of Cultivation will determine the appropriate time for each transplant based on his or her experience and discretion.

Once the plant begins rooting, a Cultivation Specialist or Cultivation Manager will begin applying a calcium-based, potassium sulfates organic micronutrient solution in the amount of 300 ppm 6.2 pH. The Cultivation Manager or experienced Cultivation Specialist will determine when the crops are ready for micronutrients.
The Director of Cultivation will oversee the independent moisture level demanded by each plant.

During the first week of rooting, crops will be feed approximately three to four times, based on the Director of Cultivation's discretion. The Maintenance Technician on duty will oversee that all drip systems and cultivation equipment are properly and efficiently functioning at all times.

Vegetation

The Director of Cultivation will ensure that each cannabis plant has had the appropriate time allotted to properly root and is prepared for the transition into vegetation. The vegetative department's environment controls will provide an environment that ranges between 70 to 80 degrees and 50 to 70% humidity.

Each plant will be transplanted into one-gallon containers to constitute the early vegetation state.

- Each plant will be allowed to undergo early vegetative states for 14 to 21 days. The Director of Cultivation will create a regulatory timeline for each harvest depending on the health and strain of each crop.

- The Director of Cultivation will oversee that the proper formulas manufactured for the early vegetation state are applied.
- The Cultivation Specialist or Cultivation Manager will apply an organic, calcium-based, micronutrient rich formula to the soil approximately five to six times during this stage (as deemed necessary by the Director of Cultivation) to encourage thicker stalks, stronger stems, and tighter branches.
- Plants will be placed under supplemental lighting for 18 hours per day during this stage.

Once the plants are consuming approximately 800 to 1,000 milliliters of liquid each day, the plants will be transplanted into larger, ten-gallon containers for approximately seven to 14 days.

- The Director of Cultivation will determine the transplant timeline based on specific strains and individual needs of the crop.
- Plants will be placed under supplemental lighting for 18 hours per day during this stage.
- The Director of Cultivation will develop a regulatory timeline to spray each plant with vitamin rich, organic micronutrient (approximately five times) during this stage.

The Director of Cultivation will ensure the proper climate and ventilation is applied during all vegetation states.

Flower

Each crop will be allowed to flower for approximately 50 to 70 days depending on the strain.
Each crop will be fed an organic micronutrient calcium-based formula each day (approximately 1,000 to 2,000 milliliters) during the first two weeks of the flowering stage.

Plants will be fed an increasing amount of micronutrients from the two-week marker; increasing by approximately 100 milliliters each day, or as the Director of Cultivation sees appropriate. The Director of Cultivation will develop a timeline to spray and feed each plant with vitamin-rich, organic micronutrients and keep each crop's moisture level at the desired level based on specific strain.

Plants will be sprayed approximately 10 times in 14 days to ward off pests and encourage healthy growth of mitochondria. After 16 days, the Cultivation Specialist or Maintenance Technician will begin to feed each plant's root system. Plants will be placed under supplemental lighting for 12 hours per day during this stage.

The flowering department's environment controls will provide an environment that ranges between 70 to 80 degrees and 45 to 55% humidity. During the final five to seven days prior to harvest, the Cultivation Specialist or Maintenance Technician will apply a flush to the soil. For the final 48 hours prior to harvest, each plant will only be given filtered water.

Harvest/Cure

The Director of Cultivation will use his or her discretion to determine when plants will be harvested. General signs and protocols include:

- Each Cultivation Specialist and Harvest Technician will check for the development of swelled calyces on each plant.
- Each Cultivation Specialist and Harvest Technician will check for the changing in color or development of trichromes.

Once plant has been growing for 42 days, high levels of micronutrients will cease. Once the Director of Cultivation has determined each crop is ready for harvest, each Harvest Technician or Cultivation Specialist will begin the process by removing all leaf matter that are low in trichrome value.

The Harvest Technician will hang branches that contain only high-value trim upside down, allowing sufficient room between each. Once the Director of Cultivation determines the branches are dry enough for removal, the Harvest Technician will remove all valuable plant matter from the branches to store in a sterilized container until the moisture level is accurate to begin the extraction process. Useable plant matter will be sealed in sterile, airtight containers and put into the proper environment climate for further processing.

General Operations

THC Health Inc. values employee and patient safety above all other operating principles. As a producer of medical marijuana products, the company and all of our employees are responsible for distributing uncontaminated and safe medical marijuana products to qualified patients. Managers responsible for development and implementation of policies and procedures will ensure that the safety of our stakeholders is the first concern addressed in every policy and procedure. In addition to our top-level commitments to employee and product safety, the company is committed to:

- Utilizing federally exempt pesticides only as a final measure.
- Basing cultivation decisions on experience and accepted science.
- Implementing sustainable cultivation practices whenever possible.

THC Health Inc.'s policies and procedures have been developed to:

- Produce consistent and predictable yields.
- Facilitate necessary employee communication in the facility.
- Provide valuable operating information and data for management.
- Create fully compliant, yet efficient operations.
- Provide transparent information on methods and products used in cultivation for patients.
- Balance expenses with the necessity and benefits of policies and procedures and regulatory compliance.

THC Health Inc.'s operations are subject to multiple laws and regulations. The Director of Cultivation will ensure that all applicable laws and regulations are followed in the operation. Oversight of the company's cultivation operations is primarily assigned to the Commissioner of Health by Section 3369-a of the Public Health Law and Title 10, Chapter XIII, Part 1004 of the Official Compilation of Codes, Rules and Regulations of the State of New York. In addition, the company's cultivation operations are subject to or have voluntarily adopted the following laws and regulations:

- Good Manufacturing Practice, Article 17 of the Agriculture and Markets Law, Part 261, Title 1 of the Official Compilation of Codes, Rules and Regulations of the State of New York.
- Integrated Pest Management Program, Article 11 of the Agriculture and Markets Law, Part 148 of the Official Compilation of Codes, Rules and Regulations of the State of New York.
- 40 CFR 141.63, Maximum contaminant levels (MCLs) for microbiological contaminants.
- OSHA (29 CFR 1928.110), FDA Title 21 CFR 110. See also New York Department of Health rule, NY Environmental Health and Food Protection Subpart 14-1 requirements for sanitary facilities.
- Department of Health regulations in PHL §3365(9) and the USDA GAP regarding fertilizer usage, storage, and testing.

- NY Public Health Law Section 3365(9) §1004.11.
- Good Manufacturing Practices (GMPs) as set forth in 21 CFR 110.37(a) and 110.80(a)(1).
- Only sanitizing products, defined in 21 C.F.R. § 178.1010 and registered by the EPA and the Department.
- NY Environmental Health and Food Protection Subpart 14-1.
- All applicable employment laws in the State of New York.

Cultivation SOPs

The Director of Cultivation will update the cultivation Standard Operating Procedures ("SOPs") when Department regulations are added or revised and when industry best practice dictates a revision. SOPs will contain description of practices and procedures required, including the frequency with which they will be performed will be developed, implemented, and maintained herein including:

- A list of each substance to be used as a production or handling input, indicating its composition, source, location(s) where it will be used, and documentation of commercial availability, as applicable. This list will be maintained by the Director of Cultivation electronically in the crop management system;
- A description of the monitoring practices and procedures to be performed and maintained, including the frequency with which they will be performed, to verify that the plan is effectively implemented; and
- A description of the recordkeeping system implemented to comply with the requirements established.

The Director of Cultivation will designate a small procedure variance team. This team is responsible for assessing the impact of any variation of procedure. This measure is to ensure a thorough decision-making process was executed before a change in procedure occurs. It is the policy of the company that the team meets and discusses the implementation and assesses the impact of any potential change in procedure before the procedure is authorized by the Director of Cultivation. The Director will be notified of any variance from the published protocol and the change will be recorded in the procedure variance log in the crop management system.

Cultivation Training

All cultivation employees will receive training on the methods and products used in the operation. The Director of Cultivation will ensure that prior to beginning work in the cultivation facility, employees receive full training on:

- Annual Worker Protection Standard for Agricultural Pesticides under EPA requirements.
- The methods of cultivation used by the cultivation facility;
- The methods of fertilization used by the cultivation facility;
- Methods for recognizing the signs of insect infestation, pathogens and disease in marijuana plants and the procedures for eradication and the safe disposal of plants so affected;
- The nutritional requirements of marijuana plants at various growth stages, including, without limitation, proper mixing and dispersal of fertilizer, flushing procedures and procedures for postharvest trimming, drying and curing; and
- The safe handling of equipment, including, without limitation, high-intensity discharge lamps, electrical ballasts, pumps, fans, cutting implements and other equipment for cultivation.

The Director of Cultivation, with oversight by the Chief Operating Officer, will approve third-party training and certifications for cultivation staff. Training and audit programs authorized for use by management at this time include:

- New York Center for Agricultural Medicine & Health (NYCAMH) On-Farm Safety Surveys and Trainings
- Cornell University College of Agriculture and Life Science's LEAD New York (for management personnel)
- Food Safety Courses provided by an approved course provider. Approved providers are list on the Department of Agriculture and Markets website: http://www.agriculture.ny.gov/FS/FSCourse.html
- Food Industry Alliance (FIA) of New York State, Inc. State Food Safety Certification Program
- International Food Protection Training Institute: FDA Pest Control in Food Establishments, Plumbing Controls for Commercial Food Establishments, and HACCP trainings

BMP/GAP/GCP/GHP

THC Health Inc. is dedicated to the purity and safety of its products. Best Management Practice ("BMP"), Good Agricultural Practice ("GAP"), Good Cultivation Practice ("GCP"), and Good Handling Practice ("GHP") will be used throughout the cultivation operation. Food safety protocols are adopted wherever applicable. THC Health Inc. has adopted or adapted the use of several publications on BMP, GAP, and GHP. While the industry has not adopted a single standard for Good Cultivation Practice, THC Health Inc. has adopted marijuana cultivation standards from the American Herbal Pharmacopeia and the American Herbal Products Association and adapted USDA Organic Standards and FDA standards to create a holistic crop management system specific to the cultivation of medical marijuana. THC Health Inc. has adopted or adapted the use of following publications on BMP/GAP/GHP/GCP:

- An introduction to on-farm food safety practices, Canadian Federation of Agriculture.
- HACCP principles and application guidelines, National Advisory Committee on Microbiological Criteria for Foods.
- Guide to minimize microbial food safety hazards for fresh fruits and vegetables, Center for Food Safety and Applied Nutrition.
- Cannabis Cultivation Operations, American Herbal Products Association.
- A workbook on Greenhouse Gas Mitigation for Agricultural Managers, Government of Alberta, Canada, Agriculture, Food and Rural Development.

Cultivation of safe and effective crops encompasses a wide variety of holistic management practices. The Director of Cultivation will implement and maintain the company's Integrated Crop Management plan ensuring healthy crops and yields. All cultivation employees are responsible for management plant health care factors as directed by the Director of Cultivation, including:

- Plant selection and genetic diversity
- Environmental control and air quality
- Pest management
- Water application and quality
- Sanitation and hygiene
- Equipment maintenance
- Chemical applications
- Nutritional balance
- Early identification of deficiencies and toxicities

Best Management Practice (BMP)

BMP are methods or techniques found to be the most effective and practical means in achieving an objective while making the optimum use of the firm's resources. The collection of management practices used by the company including USDA Organic Standards, APHA's good cultivation practice, GAP, and GHP are part of the

BMP plan. The Director of Cultivation is responsible for the implementation and supervisor of BMP protocols including:

Soils

- Soils will be managed properly.
- THC Health Inc. will maintain or improve soil organic matter.
- The appropriate application of agrochemicals and fertilizers will be used to prevent soil contamination.

Crop production

- The Director of Cultivation will select appropriate cultivars or varieties responsive to cultivation practices and patient needs.
- Crop sequences will be developed for the optimal use of labor, equipment, and space.
- Employees will apply fertilizers in a balanced fashion.
- Recycling of crop and other organic residues will be implemented whenever possible.

Crop protection

- The Director of Cultivation will use resistant cultivars and maximize biological prevention of pests and diseases.

Harvest and on-farm processing and storage

- Marijuana will only be harvested following relevant pre-harvest intervals and withholding periods.
- THC Health Inc. will ensure clean and safe handling for processing of products through its quality assurance unit.
- All marijuana will be stored under hygienic and appropriate environmental conditions.
- Medical marijuana packaged for transfer from cultivation areas will be in appropriate and clean containers.
- Detailed records regarding harvest, storage, and processing will be maintained.

Energy and waste management

- The Director of Cultivation will establish input-output plans for energy, nutrients, and agrochemicals to ensure efficient use and safe disposal.
- Energy saving practices, buildings, and machinery will be implemented throughout the operations.
- THC Health Inc. will recycle organic wastes and inorganic material as allowed by law.
- The operation will minimize non-usable wastes.
- All fertilizers and agrochemicals will be securely stored.
- THC Health Inc. will maintain records of energy use, storage, and disposal.

Human welfare, health and safety

- The Director of Cultivation will manage cultivation practices to achieve an optimum balance between economic, environmental, and social goals.
- All employees shall be provided with employment that provides adequate household income and food security.
- All employees will be fully trained in the safe and efficient use of chemicals, tools, and machinery.

Environmental Controls

THC Health Inc. cultivates marijuana in a controlled environment. Controlled environments:

- Mitigate seasonal limitations and provides sanitary operations.
- Constrain unintended female pollination.
- Allows optimal cultivation conditions and maximization of cannabinoid content.

The Director of Cultivation is responsible for daily monitoring of environmental factors. The closed environment is slightly pressurized. All cultivation areas will be equipped with stand-alone environmental monitoring systems and any abnormal condition will be addressed immediately including, but not limited to:

- Temperatures
- Relative humidity
- Carbon dioxide
- Bulb readings indicating necessary bulb replacement or bulb failure
- Water spills

Any environmental monitoring and control equipment installed in the cultivation facility will be approved by the Director of Cultivation, and at a minimum:

- Use a type 3 chemical detector capable of detecting carbon monoxide, low oxygen, and explosive environments;
- Provide twenty-four hour monitoring, text alerts and audible alarms;
- Contain a supplemental power source that provides twenty-four hours of operation; and
- Record and store at least thirty days of recordings including:
    a. Light readings;
    b. Temperature;
    c. Humidity; and
    d. Carbon dioxide levels.

HVAC systems will be maintained monthly in accordance with manufacturer recommendations and temperatures monitored daily. Cultivation areas will have properly balanced ventilation systems. All intake fans will be equipped with UV and insect filters maintained in accordance with manufacturer recommendations and dehumidifier equipment will be installed and maintained as necessary. Implementing a supplementary CO2 system can increase yield by 20 to 40% and is very common in agriculture. THC Health Inc. will utilize CO2 in crop production utilizing best and safe practices.

- Generally, CO2 levels will be about 900 ppm and no more than 1100 ppm.
- The Director of Cultivation will ensure that all CO2 sensors are positioned near the center of the crop and not near a CO2 outlet.
- The Director of Cultivation will also ensure that there is proper ventilation to provide an exchange of air when using CO2.
- The Director of Cultivation will ensure that CO2 levels are being documented with nutrient levels as a component of the formula.

In addition to these responsibilities, the Director of Cultivation is responsible for ensuring that all employees and employees are thoroughly trained on how to identify CO2 poisoning, for both plants and humans, and how to respond appropriately to both of these situations.

The Director of Cultivation will ensure the regular maintenance of odor control equipment including regular cleanings and filter replacements as often as required. Odor control equipment will employ activated carbon filtration and be serviced according to manufacturer's recommendations. All environmental control adjustments and maintenance records will be entered in the crop management system and maintain for a period of no less than five years.

Hygiene and Sanitation
The Director of Cultivation will monitor the health of all employees. The Director of Cultivation will follow the Infected Food Handler Guidelines issued by the NY Department of Agriculture and Markets. In the event the Director of Cultivation believes an employee responsible for the handling of marijuana or components is ill, they will terminate the employee's shift immediately. If upon return to work, the Director of Cultivation still suspects the employee is ill, he or she will require the employee to obtain a physician's release to return to work in the facility.

General Plant Care

The Director of Cultivation will be responsible for the implementation and maintenance of all plant care activities including:

- Plant selection and genetic diversity
- Environmental control and air quality
- Pest management
- Water application and quality
- Sanitation and hygiene
- Equipment maintenance
- Chemical applications
- Nutritional balance
- Early identification of deficiencies and toxicities

The Director of Cultivation will implement a Plant Health Care Checklist as a guideline for environmental awareness and general operating procedures. The Director of Cultivation will assign responsibility of tasks, determine frequency, and monitor performance. The items to be monitored include the following.

- Facility and maintenance
- Sanitation and hygiene
- Environmental control
- Cultivation area sanitation and plant spacing
- Equipment and tool maintenance
- Strain selection
- Plant care and health
- Integrated pest management

Propagation Materials
All propagation material will be properly identified by genus, species, variety, and chemotype. The Director of Cultivation will ensure that all plants are traceable to origin, and are free of pests and disease. To reduce the occurrence of male plants, which causes seed fertilization, cutting of female (or mother) plants will be the primary method of propagation of the company. Mother plants will be selected by observing which appear to be the healthiest and strongest plants. In addition, plants expressing a lack of chlorophyll through a yellow

coloring will not be considered for propagation. The Director of Cultivation will ensure that the presence of male plants and different species, strains, or different plant parts are monitored and removed if present during the entire production process (propagation, cultivation, harvest, drying and packaging).

It is the company policy to enforce strict sanitation standards throughout all operations including propagation. Young plants are more susceptible to pests and disease and require additional prevention measures. The Director of Cultivation is responsible for ensuring that preparation procedures are followed prior to propagation, and that the workspace involving propagation is sanitized before and after each propagation task.

The Director of Cultivation in coordination with the Chief Science Officer and Director of Manufacturing will determine the mix of strains to be cultivated. The following items will be considered when determining strain selection:

- The availability of the strain;
- Medicinal benefits;
- Other strains currently in production;
- Average yield;
- Length of cultivation cycle;
- Patient demand;
- Amount of plant material and quality available for extraction; and
- Difficulty of processing.

Cultivation employees who propagate marijuana plants from seed, cutting, tissue culture, or any other means will keep accurate records to be entered into the inventory management system. Records will accurately identify and record the seeds or vegetative planting stock as to genus and species, and to subspecies, variety, cultivar, and/or hybrid if applicable.

THC Health Inc. will primarily propagate through taking cuttings, or "clones" from mother plants. Cuttings will be taken from mother plants in the vegetative stage only. The R&D lab may implement tissue culture procedures in coordination with the Director of Cultivation. Employees responsible for cutting and transferring clones will be thoroughly trained on how to assess mother plants as well as cut and transfer clones using methods outlined by the company. Training will include the following items:

- Assessing and selecting mother plants;
- Preparation for cutting clones;
- Procedure for cutting clones, including root hormone applications;
- Transplanting clones; and
- Clone care, organization, and tracking.

Crop and Supply Management

The mission of the company is to provide consistent and effective medical marijuana products to our patients. The Director of Cultivation, in coordination with the Director of Manufacturing and Chief Operating Officer, will receive demand estimates from the dispensary operations and determine the next quarter's production supply to meet or exceed the demand. In addition to demand, the dispensary operation will report on strain selection to meet or exceed patient expectations and requests.

- When implementing cultivation procedures, the Director of Cultivation will consider the impact on consistency, quality, and efficacy.
- A regular harvest cycle will be maintained to ensure consistent supply, maximize efficiency, and allow for effective plant management techniques.
- The Director of Cultivation will coordinate with the Chief Medical Officer regularly to determine the appropriate level of production anticipating patient needs.
- The Director of Cultivation will develop production schedules that maximize yield and variety in each harvest cycle.
- The Director of Cultivation will maintain sufficient records to track, monitor, and make reasonable judgments about the effectiveness of crop management methods implemented.
- The Director of Cultivation will report the effectiveness of any change in cultivation procedures to the Chief Operating Officer with a detailed analysis of the change in relation to the following items:

    1. Cost
    2. Yield
    3. Efficiency
    4. Employee safety
    5. Required training
    6. Potency
    7. Other test results
    8. Feedback from users

Water Quality

THC Health Inc. recognizes the limited water resources that exist. Water conservation is a primary goal of our operations. The Director of Cultivation will test the water source quarterly, after any unusual natural event (flooding), and when PPM/pH readings change significantly. Testing will identify pathogenic microbes that may be present in water supplies (e.g., E-coli and other coliforms), heavy metals, pesticide residues, or other contaminants. All water used in the facility will, at a minimum, meet Human Health Standards for water quality. The following steps will be implemented to ensure water quality:

- All employees will be trained on the proper handling and storage of water with a focus on avoiding contamination.
- Water and nutrient solutions will not sit in the open environment for longer than four hours. If agitation and aeration pumps are used in holding containers it may sit in the open environment for no longer than twenty fours.
- No nutrient solutions will be disposed into a public drain without confirming the disposal is in accordance with applicable laws and regulations and in accordance with the manufacturer's recommendations.
- All water equipment including nozzles and hoses will be sanitized regularly.
- Only highly trained employees will be responsible for irrigation. Cannabis has a low crop coefficient and will typically require approximately five gallons per 45 square feet.
- Plants will be grouped by strains for watering efficiency.
- Irrigation equipment will be professionally maintained per the manufacturer's recommendations. Any parts that may be a source of contamination will be cleaned and replaced as often as needed.
- If plants are flooded or root balls remain in high moisture, careful inspection for Pythium induced root rot will be performed regularly.
- Employees will check for signs of water quality changes daily including:
    1. Build-up of lime scale indicating high calcium and magnesium or sulfate.

2. Red and black particles and stained fixtures indicating high iron or manganese.
3. A rotten odor and tarnished copper indicating sulfides.

- All watering activities, including water source, water volume, which plants, and when will be documented daily.

Fertilizer and Soil/Media Management

The Director of Cultivation will implement procedures to maintain or improve soil/media organic matter content in a manner that does not contribute to contamination of crops, soil, or water by plant nutrients, pathogenic organisms, heavy metals, or residues of prohibited substances. Soil and media temperatures will be maintained below 95°F at all times to prevent root rot. The Director of Cultivation may utilize any type of media that is safe for cultivation. The Director of Cultivation will consider the following when selecting plant media:

- Cleanliness
- Saturation rate
- Uniformity
- Availability
- Cost and cost of nutrient required

The Director of Cultivation may implement fertilization methods appropriate for each crop including hand application, ebb and flow systems, and injection systems. Generally, small fertilizer doses will be applied to crops over a determined period of time to avoid over-feeding and burning of the leaves. The Director of Cultivation will only utilize fertilizers that are rated food or pure quality. Nutrient solutions, compost teas, and other substance mixtures applied to plants will be prepared by the Director of Cultivation or a designated, highly trained employee. Each compost purchase or collection will be recorded in the crop management system. Each mixture will be recorded in the system and assigned and labeled with an identification number for application records.

The following checklist will be implemented by the Director of Cultivation for all fertilizer/nutrients utilized:

- Ensure that only properly trained personnel with appropriate PPE apply crop fertilizers under the direction of the Director of Cultivation.
- Never leave spray tanks unattended and ensure they are emptied and stored after each shift.
- Prepare or oversee the preparation of fertilizer solutions.
- Thoroughly clean and decontaminate all mixing areas after each mixing operation.
- Apply fertilizers at a sufficiently early phase in the crop's cycle to allow for an appropriate interval between application and harvest. This practice assures that the fertilizer has fully broken down before the crop is harvested.
- Document any sources of information on fertilizer half-life determinations in the crop management system.
- Apply water-soluble foliar fertilizers within twenty-four hours of preparation. Such prompt use may optimize effectiveness of the application and prevent microbial contamination of the solution.
- Ensure that water used for mixing any soluble fertilizer meets all established criteria for agricultural irrigation water.
- Aerate and agitate mixtures in accordance with manufacturer's instructions. Pumps will be maintained as necessary and replaced every six months.
- Test all solutions prior to application for pH/TDS/EC prior to each application. Apply fertilizers in a manner that does not contribute to contamination of water.

- Turn off all fans for foliar applications and maintain the ambient temperature in the cultivation area between 59 to 70°F during fertilization operations.
- Clean all equipment and containers used to hold fertilizer solutions using a triple-rinse protocol.
- Apply compost teas and compost materials properly to avoid positive coliform results.
- Cultivation employees who apply compost will be properly trained in safe application to prevent contamination of the plant foliage.

Media Handling

The Director of Cultivation is responsible for overseeing all transplants and media handling during transplants. The following items will be taken into considerations for each transplanting activity:

- Never transplant plants into dry media, and never transplant a dry rootball into media, no matter how wet the media is.
- Gently break up compacted bales of soilless media, or "fluff", prior to transplanting.
- Avoid compacting containers or media. Containers will be lightly filled with the excess media brushed off the top. Do not stack containers.
- Add water to any peat-based media mixes before filling plug trays or pots. This will help to create more aeration. Allow the media to sit overnight after wetting so the pH can begin to adjust itself into a desired range. Failure to do this can result in low pH environments that can impact yield.
- Test the media pH, electrical conductivity, and wet ability before use.
- When transplanting, place a small amount of the moistened media in the bottom and shape around the sides of the container. Place the plant at a level it was formerly at.
- When the plant has been transplanted, gently fill in the sides and any air pockets with media.
- The following day, observe and correct any air pockets with moistened media after the second irrigation.

Spray and Feeding Protocols

All crop applications will follow established spraying and feeding protocols established by the Director of Cultivation. Current protocols are detailed in the company training guidelines found in the Standard Operating Procedures in Section 6 of this Attachment. Any variance from the published protocol will be recorded in the procedure variance log in the crop management system. Records of published protocols will be maintained for thirty-six months at a minimum. The protocol will detail for each strain in production:

- Product to be applied
- Reason for application
- Method of application
- Frequency of application
- Next scheduled date of application
- Employee responsible for next application
- Status of lights, HVAC, and air circulation during application (i.e., lights on, HVAC off, and fans off)
- PPE required for application (i.e., mask required, Tyvek suit optional)
- Restrictions preventing application (i.e., do not apply within four hours of any foliar application)
- Life Cycle Stage restrictions - (i.e., apply in vegetative state only or may be applied in all stages).
- Re-entry intervals
- Posting requirements
- Other precautions (i.e. cover medium)

Integrated Pest Management ("IPM")

The goal of integrated pest management (IPM) is to apply a combination of control methods to prevent, reduce, or maintain pest populations at non-damaging levels. The following items will be considered by the Director of Cultivation when developing the IPM program:

- Current status of infestation
- Regulatory considerations
- Public perception
- Pest and crop life-cycle stage
- Location
- Size
- Density
- Potential to spread
- Environmental impacts
- Previous results of measures
- Measurability

A summary of pest identification, prevention and treatments are explained below.

- Organic pesticides will only be used as a last resort.
- The Director of Cultivation will implement and monitor IPM practices to predict potential levels of crop damage, mitigate risk, and control pests.
- Early identification of pest infections is crucial. Each cultivation employee will be trained on and responsible for plant inspection and identification.
- A variety of mechanical, physical, and biological controls will be implemented.

The Director of Cultivation may implement the use of appropriate biological controls including predatory wasps and mites and nematodes, lacewings, ladybugs, pirate bugs, and others for preventative or mitigation purposes. The use of biologicals will be limited to recognized and effective applications.
The Director of Cultivation may implement any practice allowed by the USDA Organic Standards. Regular IPM practices include, but are not limited to:

- Daily monitoring of pest populations;
- Removal of pest habitat, food sources, and breeding areas;
- Utilization of verified "pest-free" supplies;
- Prevention of access to handling facilities;
- Management of environmental factors, such as temperature, light, humidity, atmosphere, and air circulation, to prevent pest reproduction;
- Disposition of infected crops; and
- Evaluation of the cost or prevention in relation to yield and quality improvements.
- Pesticides include rodenticides, insecticides, bacteria/fungi (beneficial), herbicides, arachnicides, miticides, molluscicides, nematocides, growth regulators and others. All pesticide applications will be compliant with:
    1. Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA)
    2. Superfund Amendments Reauthorization Act (SARA)
    3. Community Right to Know Act (EPCRA)
    4. Occupational, Safety and Health Act (OSHA)

5. State and local laws

Application and storage of pest control products will be in accordance with label recommendations and all regulations. If pesticides, herbicides, insecticides, or fungicides, whether from natural or synthetic sources, are used on a crop, only cultivation employees trained by a third-party as a Certified Applicator will apply these at the labeled minimum effective rates.

Disease Management

Acceptable methods of disease management are determined by the Director of Cultivation and include, but are not limited to:

- Soil, media, and crop nutrient management practices contained herein.
- Sanitation measures to remove disease vectors and habitat for pest organisms.
- Cultural practices that enhance crop health, including selection of plant species and varieties with regard to suitability to site-specific conditions and resistance to prevalent pests, weeds, and diseases.
- Pest problems controlled through mechanical or physical methods including but not limited to:
  1. Augmentation or introduction of predators or parasites of the pest species;
  2. Development of habitat for natural enemies of pests; and
  3. Controls such as lures, traps, and repellents.
- Disease problems controlled through:
  1. Practices which suppress the spread of disease organisms; or
  2. Application of biological, botanical, or mineral inputs.

Good Handling Practice and Processing Procedures

The Director of Cultivation, in coordination with the inventory manager, will develop, implement, and maintain handling and storage measures that prevent spoilage, molding and other damage to the crop while preparing it for manufacturing and distribution. The Director of Cultivation in coordination with the inventory manager will develop, implement, and maintain processing practices that protect crops from contamination and maintain the quality of the marijuana. Only trained cultivation employees under the direct supervision of the Director of Cultivation or inventory manager may perform processing operations. The Inventory Manager or designee is responsible for verifying all processing data including batch numbers, yields, waste weight, etc.

Processing refers to the management of the plant throughout harvesting and trimming activities. The Director of Cultivation will schedule harvests with the Inventory Manager when the crops are in a condition that will result in a harvest that meets demand and quality requirements:

- Factors including the life-cycle stage of the plants and measured constituent levels (obtained from pre-harvest testing) will be considered, if applicable.
- Harvest operations will take place early in the lighting sequence whenever possible for optimal essential oil preservation.
- All marijuana will be processed in a safe and sanitary manner. Processed marijuana plants will be:
  1. Well cured and free of seeds and stems;
  2. Free of dirt, sand, debris and other foreign matter;
  3. Free of contamination by mold, rot, other fungus, and bacterial diseases;
  4. Prepared and handled on food-grade stainless steel tables; and
  5. Packaged in a secure area under surveillance.

All processing operations will be performed in limited access areas with full surveillance camera coverage in accordance with security policies and procedures. During processing operations, crops will be protected from:

- Contaminant or defective equipment;
- Moisture during harvest, handling, and storage to minimize growth of yeasts and molds; and
- Contact with rodents, insects, and other pests to prevent contamination.

During harvest operations crops will be moved to the trim area as soon as possible after harvest to prevent degradation of the crop. Harvest containers will be maintained at levels so that no compacting of harvested marijuana occurs. Extensive recordkeeping is required for all processing activities including harvest and processing. Harvest records, at a minimum, will include:

- The quantity of the harvest;
- Dates of planting and of harvest;
- A precise description of the cultivation site;
- The life cycle stage of the crop at the time of harvest;
- Relevant crop conditions throughout its cultivation; and
- Beginning and ending processing weights of each batch.

Processing records will be logged in the crop processing log in the crop management system and at a minimum, will include:

- The identification of the facility area in which any processing operation was undertaken for each crop including relevant information about pest control plans and cleaning procedures for the area.
- A description of equipment used in all processing operations, describing the equipment used for each processing operation and information about equipment maintenance. Equipment information will be sufficient to demonstrate the condition of the equipment at each harvest.
- Relevant information to identify the water source for processing including logs and procedures will be sufficient to demonstrate the water quality at each harvest.
- A list of each employee working in each processing operation. Relevant information about employees including logs and procedures will be sufficient to also describe the steps that are taken to ensure worker safety and hygiene.
- Documentation of drying conditions and times; beginning and ending moisture content of each crop; and any additional information relevant to the drying process.
- Beginning and ending weights of each crop will be maintained in the inventory management system.
- The inventory records will reflect the specific identification of plants that were harvested for processing operations; the date of operations; the beginning and ending weights of each harvest; with sufficient detail to allow trace-back of any packaged lot to its specific cultivation history.
- The inventory management system will record transfer and transportation records, with sufficient detail to trace distribution of each crop, if necessary, throughout the chain of custody, from the cultivation facility to the patients(s) who receive(s) any portion of the crop.
- Batch recordkeeping required:
    1. The inventory manager will assign a lot/batch number or other identifying code generated by the inventory management control system to each batch harvested.
    2. Final batches will not weigh more than twenty pounds for weight trim operations and five pounds for dry trim operations.
    3. Batch identification numbers will remain with each harvest throughout processing.

Drying and Curing

The Director of Cultivation in coordination with the Inventory Manager is responsible for implementing and maintaining drying and curing practices that protect crops from contamination and maintain the quality of the marijuana.

- All drying/curing operations will be performed in limited access areas with full surveillance camera coverage in accordance with security policies and procedures.
- Drying/curing areas will be maintained to ensure that there is sufficient ventilation for airborne moisture to escape providing adequate air circulation throughout the drying area and sufficient odor mitigation.
- Harvested material will be placed on clean food-grade surfaces that afford adequate air circulation.
- If heaters or other sources of artificially generated heat are used in the drying operation, adequate ventilation of the heating equipment will be provided and only fuels that will not result in hazardous combustion emissions coming into contact with the crop and thereby contaminating the material will be utilized.
- If using mechanical drying equipment, such as belt, drum, rotary, or oven-tray dryers, all manufacturer instructions and established operating procedures will be followed to ensure that quality of the plant material is maintained.

Packaging, Labeling, and Storage

The Director of Cultivation, in coordination with the Inventory Manager, will develop, implement, and maintain packaging, labeling, and storage practices that prevent crop contamination, protect the quality of the marijuana, and properly identify all batches. The Director of Cultivation, in coordination with the Inventory Manager, will accurately identify and label all marijuana transferred to bulk storage containers. Packaging of bulk marijuana will be in food safe bags or containers approved by the Director of Cultivation. Labeling and packaging will comply with applicable laws and regulations.

The Director of Cultivation will approve and witness the transfer of marijuana from the drying/curing area to storage. Storage areas will have full surveillance camera coverage in accordance with security policies and procedures. Bulk packaged crops are to be stored in cool, dry areas away from direct sunlight and exterior walls and off the ground in containers that protect against excessive exposure to air, light, and moisture. Crops will not be stored in the same area with any non-crop items (i.e. cleaning supplies, nutrients, etc). The Director of Cultivation will verify the weights of all harvested crop prior to storage. Packaging and labeling of bulk stored marijuana for distribution to the manufacturing unit will take place under camera surveillance.

Cultivation Quality Assurance

The Director of Cultivation will develop, implement, and maintain sanitation and quality control practices that maintain the safety and quality of crops, including purity and consistency. All necessary precautions will be taken during the cultivation and processing of marijuana to prevent contamination of medical marijuana and packaging materials. The Director of Cultivation will establish surveillance schedules for each crop in cultivation. Detailed visual surveillance of each crop will be performed and documented weekly at a minimum. Cultivation employees performing surveillance will look for and record findings for the cultivation area assigned. The following items at a minimum will be included in surveillance operations:

- Signs of pest infestations
- Changes in biological colonies
- Mold and mildew

- Leaf and tip burn, discoloration, and spotting
- Changes in appearance of the media
- Changes in stalk density and branch elasticity

Regular in-house testing will be scheduled by the Director of Cultivation based on current operational needs and recorded in the crop management system. Tests that will be performed include:

- Soil pH
- Nutrient pH, Total Dissolved Solids (TDS), and Electro-Conductivity (EC)
- Soil EC/pH testing using a saturated media extraction (1 part soil to 2 parts water filtered) or the leachate pour-through method
- Water Oxidation Reduction Potential (ORP)

All crops are to be inspected by two or more trained employees for all visible foreign matter and substandard material to be removed. These employees will also perform a visual microscopic and naked-eye inspection of each crop processed to determine:

- Organoleptic characteristics (color, texture and odor);
- Presentation of the material (raw, cut, crushed, compressed);
- The presence of admixtures, foreign matter (sand, glass particles, dirt), mold, or signs of decay;
- The presence of insects; and
- The presence of foreign material originating from poor or degraded containers.

Damaged and/or degraded plant material will be removed and disposed of with approval from the Director of Cultivation and in accordance with waste disposal policies and procedures.

The Director of Cultivation will maintain written procedures assigning responsibility for sanitation and describing in sufficient detail the cleaning schedules, methods, equipment, and materials to be used in cleaning the production area. Such written procedures will be followed, and records of cleaning and sanitation will be kept in the crop management system. UV sterilization door strips and dip tanks will be used in critical locations throughout the facility. Frequent hand-washing is necessary in all crop handling activities and will be enforced by the Director of Cultivation.

All marijuana waste from cultivation operations will be disposed of in accordance with waste disposal policies and procedures. All other cultivation waste will be stored and disposed of as to:

- Minimize the development of odors;
- Minimize the potential for waste to attract, harbor, or become a breeding place for pests;
- Protect against contamination of marijuana, contact surfaces, water supplies, and grounds surrounding the facility; and
- Control hazardous waste to prevent contamination of marijuana, contact surfaces, water supplies, and grounds surrounding the facility.

Representative Sampling for Cultivation

Representative samples sufficient in size will be taken from each lot (each strain will be tested) by the quality assurance unit. Analytical samples will be taken in accordance with sampling and retention policies. Representative samples removed from cultivation inventory will be properly recorded in the inventory management system. Sample records will accurately reflect the origination of the sample to allow trace-back. Samples will be recorded in the inventory control system with the contents by:

- The plant name and identification;
- The date of harvest;
- The identification number; and
- Any other identifying information.

Samples will be stored separately from product inventories in a manner that maintains sample quality and identification.

Cultivation Monitoring and Recordkeeping

The Director of Cultivation will monitor the daily operations of the cultivation facility. Any practice or procedure that results in non-compliance, inefficiencies, or sub-standard medical marijuana products will be revised and the necessary retraining scheduled. The Chief Operating Officer will approve recommended procedural changes and obtain necessary Department approvals. Cultivation records will at a minimum:

- Fully disclose all activities and transactions of the cultivation operation in sufficient detail as to be readily understood and audited;
- Be maintained for no less than five years;
- Be sufficient to demonstrate compliance with applicable regulations; and
- Be made available for inspection and copying during normal business hours by authorized representatives of the business, law enforcement, and the Department.

Inventory records will include the quantity of marijuana at the cultivation facility including the number of plants being cultivated on a daily basis as outlined in the company's inventory policies and procedures. Disposal records will include the disposal method used for any marijuana that was cultivated but not transferred to the manufacturing unit for use in the production of medical marijuana products, including evidence of the disposal of the marijuana in accordance with waste disposal policies and procedures. The Director of Cultivation will assign data entry tasks to qualified and trained employees. Paper logs maintained by cultivation employees will be retained for sixty months.

Required cultivation documentation includes:

- Previous facility use records. Document the date, location, and identity of all materials applied in the facility during the past thirty-six months in order to establish the date of the last application of prohibited materials. Include all fertilizer and pest-management materials applied.
- Activity logs. All cultivation activities will be recorded in the inventory management system or log maintained in the cloud record system. Activities that will be recorded include, but are not limited to:
    1. Planting/propagation;
    2. Material applications including formulas and quantities and notation if manure is applied;
    3. Pruning;
    4. Pest monitoring and actions taken;
    5. Harvest records and yields;
    6. Crop destruction;
    7. Procedure variances;
    8. Storage and transfer records; and
    9. Any unusual activities.
- Compost production records. For in-house composting, record the required information in the crop management system, including materials and quantities added, the estimated C/N ratio of the mixture, date and temperature, and the employee name each time the compost is turned.

- Propagation material logs. The identity and source of all propagation material, with sufficient specificity to ensure that the material conforms to all established standards and can be traced to its source. Make such records whether material is obtained from an off-site source or produced on-site.
- Seed/planting stock records. Document any seed, cuttings, or planting stock used and document its origin. Record any seed treatments, coatings, or inoculants used.
- Fertilizer logs. All fertilizers used on each agricultural crop and, if applicable, steps taken to monitor manure- or compost-based fertilizers for undesirable microbial pathogens and to monitor water quality from sites where composts are produced or stored.
- Water source logs. Information about water sources and equipment used in irrigation systems, as well as records of all tests performed to monitor water supplies used in irrigation and any records that establish conformity to applicable irrigation regulations.
- Crop maintenance logs. Steps taken to protect and maintain crops, including, at a minimum, a record of all pesticides, herbicides, insecticides, or fungicides used on each crop.
- Harvest records. The harvest records of each crop will be recorded in the inventory management system including the harvest date, crop identification, strain name, initial yield, final yield, storage location, and batch identification.
- Processing logs. Processing records consisting of, at a minimum, the quantity of the harvest; dates of planting and of harvest; processing details, a precise description of the agricultural site; the life-stage of the crop at the time of harvest; and other relevant crop conditions throughout its cultivation.
- Crop disposition records. Record all crops removed from cultivation and processed as waste as outlined in the inventory and waste SOPs.
- Transfer records. Any transfer of crops from a production or storage location will be recorded in the inventory management system including date of transfer, responsible employee, second employee verification, batch identification, quantity, and receiving location in accordance with the inventory and waste SOPs.
- Equipment maintenance records. Record the date, equipment description, materials used, description of the cleaning or maintenance performed, and the responsible employee in the crop management system.

1.10 Manufacturing Operations

Extraction, Refining, and Separation of Cannabinoids

THCH has developed detailed protocols to efficiently and safely separate the active compounds of the marijuana plant that are responsible for the extensive array of medicinal benefits marijuana provides. Each employee hired on the extraction team shall be a qualified professional with experience or training in extraction techniques, purification, safety, manufacturing, and quality control processes. THCH shall take all necessary precautions regarding operational procedures, manufacturing processes, storage, and packaging and labeling requirements of marijuana products in order to prevent contamination and mitigate risks while maintaining consistency of product constituents, packaging materials, and infused products.

The company shall utilize a non-hydrocarbon extraction process for cannabinoid separation that allows for marijuana compounds to be extracted with little to zero damage and zero toxicity involved in the application. Specifically, THCH will implement supercritical CO_2 as the preferred extraction method. Supercritical CO_2 provides naturally low toxicity levels and minimal environmental impact. The relatively low temperature of the process and stability of CO_2 allows marijuana compounds to be extracted with little or no damage to the active cannabinoids. CO_2 also allows for selective extractions due to the solubility of the extracted compounds in CO_2.

Supercritical CO_2 extraction methods allow precise separation of cannabinoids from the plant, which isolate its' purest substances for oil processing and product manufacturing. As THCH values the safety of all employees and patients, we shall utilize CO_2 exclusively. The system poses minimal risk as it CO2 lacks volatility, solvent removal is simple and efficient, and extract quality can be well controlled.
THCH's mission is to provide dependable, superior products that have not in any way been altered from its' pure and final stage. THCH will uphold our high standards and strict protocols to ensure all extracted products have been manufactured in a safe and clean environment designed for efficient operations.

Responsibilities

The Quality Assurance Officer will oversee policy compliance for all personnel under his or her supervision. Quality Assurance Officer must maintain a current protocol for all extraction methods applied. Each extraction employee must have full training and demonstrate a complete understanding of all extraction protocols before they will be granted access to work in the extraction laboratory. Each employee is responsible for following the established protocol unless otherwise instructed by the Quality Assurance Officer. Any variance from the published protocol must be recorded.

The Quality Assurance Officer must ensure that all extraction operations follow current best practice. The Quality Assurance Officer or an experienced Extraction Technician must perform a daily inspection to ensure that every employee within the laboratory is utilizing only safe and compliant practices.

The Quality Assurance Officer, in coordination with the Manufacturing Director, must ensure all extraction and manufacturing areas are maintained in a manner that prevents the contamination of any product constituents, marijuana, or contact surfaces. The Quality Assurance Officer is responsible for scheduling and overseeing repairs and maintenance of the production facility and all production equipment.

Guiding Principles

THCH is committed to developing first in class operations pursuant to the company's mission. The company will only produce products that are both safe for patient consumption and safe to manufacture, stable in potency and purity, and effective for medicinal therapy. In regards to the planet and environment, THCH shall apply ecologically conscious operating protocols whenever possible. THCH intends to manufacture products using only the highest quality solvents and extraction methods. The company believes in full transparency and shall disclose all information on methods and products used in extraction for patient review.

THCH will not use any marijuana that contains harmful pesticide concentrations or other chemical additives to for extraction purposes. In order to ensure the most effective medicinal benefits from our products, THCH will ensure the use of high quality marijuana for extraction as well as in-depth training to ensure effective and safe production processes. In order to provide the highest yields and quality, THCH shall only use marijuana flowers and sweet leaf trim to apply to extraction methods. Strict internal and external testing protocols ensure that all marijuana products are free from harmful contaminants, microbial bacteria, mildews, and molds.

All extraction processes will be developed based on experience and accepted science, and be operated in such a way that compounds can be extracted with little damage to cannabinoids and no toxicity residuals are left over from the procedure. THCH intends to invest in current research in the plant science field and shall employ the most up-to-date, compliant, and effective methods of extraction.

Environmental Controls and Sanitation

Areas of the manufacturing facility designated for extraction operations will be of suitable size, design, and construction for safe production operations. Employees are required to take any precaution necessary to

maintain the security of facility, to prevent unauthorized access to controlled access areas, and to maintain strict control of all marijuana in storage and while marijuana products are in-process.

The Quality Assurance Officer shall not permit any operation in that is unlawful or unsafe. All operations will be designed in such a way as to have sufficient space that enables both safe and orderly processes and prevents constituent mix-ups. All extraction and production areas must be well maintained.

The designated Extraction Technician must observe operation areas daily and inform the Quality Assurance Officer of any repairs necessary to maintain sanitary conditions. If a condition exists that prohibits the safe and sanitary production of marijuana products, the Quality Assurance Officer may suspend manufacturing operations until resolved. The Quality Assurance Officer shall develop protocols concerning daily cleaning and sanitizing of equipment, containers, and other surfaces that comes into contact with marijuana operations. THCH shall also control any possibility of airborne contamination through ventilation systems and enforcing employee hygiene and health protocols.

To ensure purity, each THCH employee must adhere to the hygiene and sanitation protocols outlined by THCH's Quality Assurance Officer. Employees will be required to wear all laboratory protective clothing during any activity that exposes employees to any product, hazardous material, and sanitized workspaces. THCH will supply all employees with laboratory uniforms, including protective lab coats, gloves, hairnets, facial hairnets, safety goggles, and shoe covers. THCH uniforms will be designed for durability, sanitation, and shielding defense.

The Quality Assurance Officer will perform chemical, microbiological, or other testing, as often as necessary to prevent the production of contaminated products. Protocols include the sterilizing, pasteurizing, freezing, refrigerating, heating, pressurizing, controlling hydrogen-ion concentration (pH), controlling humidity, controlling water activity (aw), or using any other effective means to remove, destroy, or prevent the growth of microorganisms and prevent decomposition. All constituents, in-process materials, and marijuana products shall be stored appropriately to prevent contamination and adulteration.

Preventative Maintenance

THCH facility areas designated for extraction and manufacturing operations will be of suitable size, design, and construction for safe production operations. The Director of Manufacturing shall not permit any operation in the department that is unsafe or unsuitable. THCH operations will be designed in such a way as to have sufficient space that enables both safe and orderly processes and prevents constituent mix-ups. All extraction and production areas must be well maintained. The Director of Manufacturing must observe operation areas daily and cause any repairs necessary to maintain sanitary conditions to be performed as soon as possible. If a condition exists that prohibits the safe and sanitary production of marijuana products, the Director, in his or her discretion, may suspend manufacturing operations until resolved.

Supercritical Extraction Processes

THCH will utilize a closed loop CO_2 extraction system manufactured by Waters Corporation. Only 99.9% pure solvent will be utilized. All CO_2 used in extraction processes will be required to have a certificate of analysis. Multiple safety checks must be completed prior to the start of extraction operations. All CO_2 utilized in the process must be entirely evaporated from the cannabinoids before the extraction process is deemed complete. The extraction process must be monitored with preparative high-performance liquid chromatography until a minimum of 70% of the total cannabinoids and active compounds have been extracted. Applying HPLC technology allows THCH to separate and purify each different active compound of the marijuana plant into concentrates that are composed of specific, single or multiple, cannabinoids.

By fine-tuning both pressure and temperature, as well as utilizing CO_2 as a solvent, specific components may be extracted, while leaving behind everything else. THCH intends to apply supercritical extraction methods using CO_2 as an extraction solvent regularly. The Quality Assurance Officer must approve all CO_2 equipment installed in the extraction facility. Initially, a Waters Corporation Supercritical Fluid Extraction ("SFE") system will be utilized.

THCH may process marijuana for extraction purposes that is wet, frozen, or dried. Marijuana will first be ground. The Extraction Technician will ensure instrument and receiving vessels are clean and free from any residual plant matter from the previous batch. The equipment will be washed, cleaned, and dried in between use. The grinding mill is housed in a room separate from the entire operation to prevent carryover or inadvertent manufacturing fumes from being incorporated into the grind. The grinding process allows for further visual inspection of raw marijuana to ensure that only the highest quality ingredients are used in producing extractions. Any discrepancies in quality will immediately be brought to the attention of the Director.

The ground material will be processed in a manner consistent with manufacturer instructions. The extraction will be monitored with HPLC until at least 70% of the cannabinoids have been extracted. The waxes will be precipitated overnight at -20°C. The oil is then placed in a rotary evaporator under vacuum and is heated to decarboxylate the cannabinoids. The final oil is then labeled and stored in an opaque glass bottle. The bottle is then stored in a refrigerator desiccator to prevent water intrusion and protect from sunlight.

The extracted oil will be separated and purified so that the different components of the input marijuana is isolated to specific, single, cannabinoids utilizing high pressure preparative chromatography. The resulting highly concentrated and pure components can be used to ensure exact ratios of cannabinoids are available for use in the manufacture of consistent, reliable products. Typically, cannabinoid recovery is controlled by plant genetics and extraction processes. THCH's fracturing process allows greater control and flexibility when formulating consistent products which allow for more precise correlations in clinical outcomes and lower cost medicines.

Finished marijuana oil will be stored in a cool, dark area in order to keep all terpenes intact. THCH shall store all extracted materials in sanitized storage containers and an area that keeps a constant temperature to preserve the purity and potency of all products.

All employees trained to work within the extraction laboratory must be able to perform with scientific precision all functions required to properly remove all trace solvents from extracted marijuana concentrate. All concentrates must be tested to confirm that the products are completely 'purged' of the solvents used before they can be considered safe for consumption and distributed to patients. Any equipment used for the extraction process must be clean, sanitized, and free of any dust or residue as to not leave impurities in the final products. The Director of Quality Assurance Officer must ensure that final extracted products only consist of active compounds of the marijuana plant mainly containing cannabinoids.

Safety and Training

THCH is fully aware that exposure to solvents can be dangerous. The design of the facility considers the requirements for extraction processes. The extraction area is well ventilated and separate from all other processes. The extractor will employ a hood vent over the exit port so that excess CO2 and volatile organic matter is vented properly. The volatiles will be vented through a carbon column so that the air emerging is clean and VOC free. The carbon cartridge will be replaced at quarterly intervals. The processing area will have

a CO_2 monitor as a safety precaution that will sound when the level of CO2 in the room reaches an unsafe level. In the event of a leak, the pressure will no longer be maintained by the Waters system and the pump will shut off. If the pressure exceeds 5000 psi, the system would leak or the limit in the software would shut down the system. The pump is maintained monthly with new seals and all maintenance events are recorded.

All employees hired to work in the extraction laboratory must wear proper safety gear, such as goggles, gloves, and closed-toe shoes. Any employee that is not wearing suitable safety attire will not be granted entrance into the lab. Any employee that witnesses a potential safety hazard must immediately report of the incident to the Quality Assurance Officer as a condition of employment. No visitors are allowed inside the extraction laboratory under any circumstances, unless required by regulation or law.

The Quality Assurance Officer must reeducate all employees regarding safety and new procedures at least biannually. THCH will provide all employees with the current protective safety equipment required by the Material Safety Data Sheets (MSDS) for handling materials such as solvents and gases. The laboratory facility will be equipped with at least one emergency eye flushing station that will be readily accessible to all employees handling dangerous chemicals and materials. The Quality Assurance Officer shall closely follow the guidelines set by US Pharmacopeia as to the safety of solvent levels that should be applied to extraction methods.

All THCH employees must be trained how to properly disengage all extraction equipment in an emergency, if it is safe to do so. Employees will be required to review all extraction equipment manufacturers' training manuals and comprehend THCH's emergency and incident response protocols that detail emergency procedures. The Director of Extraction will follow a general extraction safety checklist to ensure a safe extraction environment for all THCH employees.

The Quality Assurance Officer must map a safe escape route out of the facility in the event of any emergency. All employees must be trained how to execute all safe escape routes in the event of any emergency. For safety purposes, there shall be no visitors permitted into the extraction lab. Visits from state and authorized government officials are permitted pursuant to current state laws and regulations.

Products

For each product, THC Health Inc. has sought out innovative manufacturing and packaging solutions that allow products to form and/or filled with a minimum of waste. Where applicable our packaging solutions will feature positive displacement fill technology to ensure precision and speed down to a fraction of a milliliter regardless of temperature or viscosity of form.

- THCH will make available medical marijuana formulations in a dropper bottle such that drops may be placed sublingually (tincture).
- THCH will make available pre-filled vaporizer cartridges for patients who require inhalation as the route of administration.
- THCH will make available slow release gel capsules, more portable option for patients requiring inhalation as the route of administration.

Additionally, THCH will evaluate the addition of the following delivery methods to be implemented with Department approval.

Master and Batch Production Records

All THCH products will be formulated and verified post-harvest to ensure formulations are consistent with extraction outputs. The attached Master Production Records (MPRs) are an example of the documentation required in all product formulation operations.

1.11 Packaging Operations

THC Health Inc. will incorporate several elements related to packaging in order to meet cGMP requirements of the Quality System FDA regulation which are strictly controlled under the quality assurance program. Packaging protocols as defined by our SOPs detailed in Section 6 will ensure that packaging consistently meets the GMP master record requirements that control the packaging process.

Requirements

The Director of Manufacturing is responsible for oversight of all manufacturing and packaging responsibilities, the most crucial of which include:

- Ensuring packaging and labeling personnel follow all requirements of the company's policies and procedures.
- Confirming all packaging and components are safe for use and meet applicable regulations. All medical marijuana products will be packaged in packaging that is:
- Child-resistant
- Tamper-proof/tamper-evident
- Resistant to light degradation
- All multiple dose product packaging will include a re-sealable package design that minimizes oxygen exposure.

The SOPs detailed in Section 6 fully document all packaging and labeling operations to ensure the quality and purity of THCH's products is maintained throughout the packaging process. To manage compliance in labeling and packaging, THC Health Inc. will use batch production software, an electronic batch record software and SOP system that reinforces compliance with cGMP. Batch production software has been selected to supplement Inventory management system for manufacturing because GMP requirements are built into the software and SOPs are available with the system. These features are necessary to our operations and are not available in Inventory management system. The system is a solution for organizing batch records and documentation while maintaining GMP compliance.

Inspection

THC Health Inc. requires the inspection and testing of all incoming materials including packaging. Packaging has been selected for use in operations and verified for compliance with Department regulations and FDA requirements. THC Health Inc. will package medical marijuana products in packaging that is:

- Child-resistant
- Tamper-proof/tamper-evident
- Light-resistant
- Re-sealable
- Designed to minimize oxygen exposure
- Certified compliant with the Poison Prevention Packaging Act of 1970

- In the event that packaging not meeting these standards needs to be used in the operation, the non-compliant package be placed in a secondary package that meets the standards.

Integrity

THC Health Inc. has identified the following goals for it packaging line:

- To select packaging that preserves product quality
- To ensure all packaging is tamper resistant and childproof
- To develop packaging that educates patients in clear and simple language about the product.

THC Health Inc. will utilize three step packaging operations following these steps:

1. Products will be packaged in useful modalities that a wide spectrum of ages and health ranges can use effectively.
2. Products will be further packaged with tamper-evident shrink bands or in tamper-evident pouches. Tamper-evident packages will be light resistant and minimize oxygen exposure.
3. Products will be even further packaged with inserts providing appropriate educational and compliance information on risks and benefits, warnings and precautions, abuse, and dependence.

Packaging Lines

Custom packaging lines have been sourced and will be designed to link with manufacturing machines to package and label THC Health Inc. products. Each custom packaging line will count individual products into units of 30 and package each unit into packaging as outlined in this section.

Packaging Equipment

The use of equipment in packaging operations will be limited to trained employees familiar with the requirements and any potential hazards related to packaging operations. Employees will be provided all required personal protective equipment necessary for packaging operations.

Hand Packaging

In the event that hand packaging is required, sterile gloves, and sanitized utensils will be used. Hand packaging operations will only take place on a work surface that has been sanitized immediately prior to use. All hand-packaging operations will be supervised by a manager.

1.12 Labeling Operations

Quality Control

THC Health Inc. will incorporate in their quality assurance program several elements that relate to labeling in order to meet the cGMP requirements found in the FDA Quality Systems standards. The quality assurance program will ensure that labeling meets all GMP device master record requirements with respect to legibility, adhesion, etc., and that labeling operations are controlled to guarantee correct labeling for every operation. All printed packaging and labeling materials, including preprinted containers, inserts, and pre-printed packaging materials, will be stored in an area and manner suitable to prevent mixups.
Product labeling will be color coded with ratios clearly marked to prevent mix-ups. The label and labeling used for each production unit, lot, or batch will be documented in batch production records Strict protocols restrict access to label stock to trained Technicians and the Director of Manufacturing.

Design

Each approved medical marijuana product will be affixed with a product label. The Director of Manufacturing will ensure that all product labels are approved by the Department prior to use in any labeling operation for final products. Each product label will be applied at the manufacturing facility, be easily readable, firmly affixed, and include the following information:

- Name, address, telephone number, and registration number of the registered organization
- Medical marijuana product form and brand designation;
- Single dose THC and CBD content for the product set forth in milligrams (mg);
- Medical marijuana product lot unique identifier (lot number or bar code);
- Quantity included in the package;
- Date packaged;
- Date dispensed;
- Date of expiration of the product:
- Proper storage conditions;
- Name, address, and registration number of the registered patient;
- Specific directions for use, including but not limited to the dosage and frequency of dosage, and the maximum daily dosage; and
- The following warnings:

    1. Medical marijuana products must be kept in the original container in which they were dispensed and removed from the original container only when ready for use by the certified patient.
    2. Keep secured at all times.
    3. May not be resold or transferred to another person.
    4. This product might impair your ability to drive.
    5. KEEP THIS PRODUCT AWAY FROM CHILDREN (unless medical marijuana product is being given to the child under a practitioner's care).
    6. This product is for medicinal use only.
    7. Women should not consume during pregnancy or while breastfeeding except on the advice of the certifying practitioner, and in the case of breastfeeding mothers, including the infant's pediatrician.

Expiration dates will reflect the time after final packaging during which the product form is fit for its intended use when stored and used per its labeling. THC Health Inc. will require stability test data as required by regulation including shelf life testing to establish all product expiration dates. The Director of Manufacturing will ensure that all expiration dates conform to stability test results.

Inspection

THC Health Inc. requires the inspection and testing of all incoming materials including labeling. Labels will be reviewed, proofread, and verified for all data compliance points out lined by the State of New York medical marijuana program, Article 33, and FDA requirements.

- New Labels will be held in quarantine until they are examined for accuracy.
- Acceptance or rejection will be documented.
- Any rejected labels will be destroyed.
- Release is authorized by the signature of a Labeling technician and the Director of Manufacturing.

Integrity
All labels will be designed and applied to product form packaging so that the labels will remain in place and legible during the customary conditions of distribution, storage, and use. Likewise, other labeling, such as user instructions, should remain legible during customary storage and use.

Labeling Process
All labeling and packaging operations have been designed as separate functions to prevent mix-ups between similar products or labels. Additionally, labeling and packaging will be processed at different times for different products.

Before beginning any labeling operation in which a mix-up could occur, the production area and equipment for the operation will be thoroughly examined to make certain that any labeling materials remaining from previous operations have been removed. The surrounding area, tables, packaging lines, printing machines, and other equipment will be cleared of labels, packaging, and other materials used in the previous operation.

All labels used in labeling operations will be documented including the quantities of labels or labeling issued, used, and returned to storage. Narrow limits for the labeling reconciliation will be established, utilizing historical operating data when available to determine the amount of allowed variation in the labeling reconciliation. When a labeling reconciliation falls outside the allowed limits, the quality assurance team will conduct an investigation of the batch and determine, to the extent possible, the source of the discrepancy. The deviation will be documented, explained, and approved the unit. THC Health Inc. policies require the destruction of all excess labeling bearing batch, lot, or control numbers.

When issued for use, labeling will be carefully examined to make certain the contents of the labeling comply with the labeling specifications in the master record for the specific product form and brand ratios being produced. This examination will include any control numbers or expiration dates used on the labels. Documentation of the inspection, including the date and name of the person performing the examination will be entered into the GMP software.

Label Changes
Labeling is part of the master record; therefore, all changes to labeling will be made in the formal change control system housed in the batch production record software. Any changes to labeling will be formally reviewed and authorized by the Director of Manufacturing and the Director of Science before implementation. When making changes to formulation aspects of a product form and to primary documentation, the review group housed in the Science Department will determine if any secondary items such as labels or instructions are affected and also need changing. It is the responsibility of the Director of Science to inform the Director of Marketing that a change in labeling content needs to be made. All new label proofs will be reviewed and approved by the Chief Science Officer.

Over-labeling
Over-labeling by placing a new label over an old label is discouraged by FDA and is unacceptable as a policy of THC Health Inc.

Safety Inserts
The dispensing facility will include with each product package dispensed to a patient, a Department-approved package safety insert. Information provided will include but not be limited to:

- The medical marijuana product and brand;
- A list of any excipients used;
- A warning if there is any potential for allergens in the medical marijuana product;
- Contraindications;
- More specific dosage directions and instructions for administration;
- Warning of adverse effects and/or any potential dangers stemming from the use of medical marijuana;
- Instructions for reporting adverse effects as may be determined by the department;
- A warning about driving, operation of mechanical equipment, child care, or making important decisions while under the influence of medical marijuana;
- Information on tolerance, dependence, withdrawal, and substance abuse; how to recognize what may be problematic usage of medical marijuana; and how to obtain appropriate services or treatment;
- Advice on how to keep the medical marijuana product secure;
- Language stating that the certified patient may not distribute any medical marijuana product to anyone else;
- Language stating that unwanted, excess, or contaminated medical marijuana product will be disposed of according to section 80-1.20 of this subpart; and
- Language stating that "this product has not been analyzed by the FDA. There is limited information on the side effects of using this product and there may be associated health risks."

1.13 Holding, Storage, and Transfer Operations

It is critical that all holding and storage operations maintain the quality and purity of all THCH products. The Director of Manufacturing will be responsible for developing, implementing, and maintaining storage area procedures that ensure compliance with best practice and regulations. All storage areas will be maintained in a clean and orderly condition, free from infestation by pests of any kind, and in accordance with security requirements established by the Department. All holding areas including safes and vaults and any other areas used for holding or storage of marijuana and medical marijuana products will be securely locked and protected from entry at all times, except for the actual time required to remove or replace marijuana. Surveillance camera(s) will monitor all storage areas with an unobstructed field of view.

The facility is designed to provide adequate lighting, ventilation, temperature, humidity, space, and equipment for holding and storage operations. Separate areas are available to store marijuana and products that are outdated, damaged, deteriorated, mislabeled, or contaminated, or whose containers or packaging have been opened or breached until disposal in accordance with policies and procedures.
All storage areas will be maintained in a clean and orderly condition, and will be free from infestation by insects, rodents, birds, and pests of any kind. Storage areas will be securely locked and protected from entry, except for the actual time required to remove or replace marijuana or approved medical marijuana products.

Environmental Controls

The facility's storage areas have been designed for ease of maintenance. The Director of Manufacturing will ensure these areas remain dry, well ventilated, and have sufficient insulation or other temperature-control features to avoid extreme temperature fluctuations. THC Health Inc. may incorporate a humidifier or dehumidifier if needed. Storage areas will utilize and maintain carbon filtration or other means of odor control.

Products that can support the rapid growth of undesirable microorganisms as determined by the Director will be held in a manner that prevents the growth of these microorganisms.

Security

Redacted pursuant to N.Y. Public Officers Law, Art. 6

1.14 Regulatory Compliance

Manufacturing operations are subject to multiple laws and regulations. The Directors will ensure that all applicable laws and regulations are followed in the manufacturing operations. Oversight of the company's operations is primarily assigned to the Commissioner of Health by Section 3369-a of the Public Health Law and Title 10, Chapter XIII, Part 1004 of the Official Compilation of Codes, Rules and Regulations of the State of New York ("regulations"). In addition, the company's operations are subject to building, zoning, employment, safety, environmental, manufacturing and agricultural laws, as well as local ordinances. The Standard Operating Procedures detailed in Section 6 detail our procedures for compliance with applicable laws and regulations.

In particular, Chapter XIII, §1004.11 details manufacturing requirements for approved medical marijuana product and details requirements for the manufacturing of medical marijuana products. The section:

- Provides the brands, products and routes of administration of medical marijuana products authorized for manufacturing, as well as product labeling requirements; and
- Provides that no synthetic marihuana additives shall be used in the production of any medical marihuana product.

Herein, we have detailed THC Health Inc.'s operational plan to produce pharmaceutical-grade medical marijuana products. The products will feature multiple brands and delivery routes with consistent ratios of THC:CBD in accordance with the medical marijuana code. The types and products of medical marijuana we intend to produce are described along with the method of production. All brands produced will be science based, medicinal in nature, lab tested, and packaged in child-resistant packaging labeled in accordance with law and regulation.

1.15 Manufacturing Recordkeeping

All data will be recorded properly, accurately, and completely entered in the data management system. The Director of each operating unit will ensure that if the information management system is not functional for any reason that all entries are recorded manually entered into the system as soon as it is available. All data maintained in the manufacturing management systems will be kept for at least five (5) years after the batch has been distributed. The Director of Manufacturing will oversee the accuracy and maintenance of all records.

Data collection will be compliant with all THC Health Inc. policies and procedures, state law and regulation, and will include for Department and internal tracking purposes the names, initials, or employee identification numbers of the individuals who processed, extracted packaged, and labeled the medical marijuana.

Inventory Management Systems

Inventory management systems including Inventory management system provide additional opportunities to increase control over medical marijuana products. The Security Officer will review all inventory transactions in accordance with the following protocols:

- All inventory movement will be reviewed every ten days.
- Targeted inventory levels for products that have passed lab testing, inspection, and approval should be set for a 30-day re-supply value, or the amount of inventory needed to cover consumption over a period of 30 days.
- Targeted inventory levels will be built, stored, and managed to build a year's worth of inventory. This inventory amount target will be based on the first 90 days of sales plus 30%.

System Audits

All unit Directors will perform a periodic review of system administrators and responsible personnel to prevent diversion opportunities. Audit procedures will ensure a full inventory of medical marijuana products in each location monthly, as a minimum requirement. The Quality Assurance unit will develop and employ standard deviation measures utilizing historical data to evaluate the activities of all system users and purchases.

Any inventory discrepancies discovered will be reported to the Security Officer. Any discrepancies discovered during a shift will be resolved before the end of the shift. The Security Officer will report all unresolved inventory discrepancies to the Department and law enforcement authorities as necessary. The Director of Manufacturing and the Security Officer will monitor unresolved inventory discrepancies on a daily basis. The Security Officer will approve the reconciliation entry of any inventory discrepancy.

Reporting

The Director of Manufacturing will ensure that inventory management systems used in manufacturing operations can provide reports that detail:

- A "total inventory in storage" by lot and batch number for each form. An "all events" report will provide detail on all user activity and transaction types within a time frame, and will be able to be tailored to specific data requirements, such as individual items or users.
- A "controlled substances vault compare" report will allow administrators to cross-reference the inventory that leaves the holding area and arrives at the dispensing facility, or any other location to the inventory at

that location. Transactions that do not match show up on this report by location, item, quantity, date, time, and user.

- A “review send” report will provide detailed information regarding the removal of medical marijuana products from the storage area, specifying the user, time, date, item, quantity, and intended destination.
- A “dispensing” report will provide detailed information regarding the transaction of medical marijuana at the dispensing facility, indicating the user, time, date, item, quantity, and inventory movement at the dispensing facility.
- A “purchase history” report helps to trend the receipt of medical marijuana into inventory and monitor purchase patterns.
- A “proactive controlled substances diversion” report isolates above-average consumption of controlled substances, as determined by standard deviation.
- The company’s recordkeeping requirements are further detailed in Section 10.

--- Continued on Following Page ---

1.16 Capsule Batch Production Records

MASTER PRODUCTION RECORD		
Note: This DRAFT must be updated and validated upon final formulation. Final formulation will occur after the trial production period occuring after the company's first harvest.		
Company	**Batch Record**	**Version**
	MBR-01	1
Title		**Effective Date**
Brand 01 - Capsules		
1. Master Batch Record Approvals		
	Name/Signature	**Date**
Originator		
Production		
Quality Control		
Quality Assurance		
2. Product Details		
Description	Capsules - THC 10 mg : CBD 1 mg Size - 0: 500 mg	
SKU #	C0101	
Batch Quantity	Batch size: 250 gm Approx. No. Capsules: 500	
Storage Conditions	Ambient - conditions, store in tight container protected from light and moisture	
3. Production Batch Record Issuance		
Issued by: Issuer has reviewed the Batch Record to ensure that the copy is a complete, accurate copy of the Master Batch Record.		
Printed Name - Issued by: Quality Assurance	**Signature**	**Date**
Issued to: Production has reviewed the Batch Record to ensure that the copy is a complete and correct. Production is responsible for the Batch Record following issuance.		
Printed Name - Issued to: Production	**Signature**	**Date**
Lot Number Assigned:		
4. Signature and Training Log		
All personnel making entries on this Batch Record must complete the Signature Log. Completion of the Signature Log indicates that each person has been thoroughly trained on this Batch Record and all documents listed in Section 5: Reference Documentation.		
Printed Name	**Signature**	**Date**
5. Reference Documentation		
SOP: Good Manufacturing Practice		
SOP: Manufacturing of Gel Capsules		
SOP:		
SOP:		

DRAFT

Company	Batch Record	Version
	MBR-01	1
Title		**Effective Date**
Brand 01 - Capsules		
6. Bill of Materials		
Description: Active Ingredient - THC 80%		
Part No.:		
Quantity Required: 12500.0 mg		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		
Description: Active Ingredient - CBD 80%		
Part No.:		
Quantity Required: 625.0 mg		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		
Description: Excipient - Miglyol 812		
Part No.: MIGLYOL 812		
Quantity Required: 236875.0 mg		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		
Description: Quali-V® HPMC Capsule		
Part No.:		
Quantity Required: 500		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		
Description:		
Part No.:		
Quantity Required:		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		

DRAFT

Company	Batch Record	Version
	MBR-01	1
Title		**Effective Date**
Brand 01 - Capsules		
7. Processing Equipment		
Description: Silverson Batch Mixer		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		
Description: Labo-LIQFIL LABO		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		
Description:		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		
Description:		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		
Description:		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		

DRAFT

Company	Batch Record	Version
	MBR-01	1
Title		**Effective Date**
Brand 01 - Capsules		
8. Balancing Equipment		
Description: Mettler Toledo XPE Analytical Balance		
ID No.:		
Previous Cal.:		
Cal. Req'd:	Check at least 3 wts. In the range to be measured. If tolerance outside 0.1% range call QA.	
Performed By/Date:		
QA Verified By/Date:		
Check weight:	wt. 1= 450 mg wt. 2= 500 mg wt. 3= 550 mg	
Measured weight:	wt. 1=_____ wt. 2=_____ wt. 3=_____	
Description:		
ID No.:		
Previous Cal.:		
Cal. Req'd:	Check at least 3 wts. In the range to be measured. If tolerance	
Performed By/Date:		
QA Verified By/Date:		
Check weight:	wt. 1=_____ wt. 2=_____ wt. 3=_____	
Measured weight:	wt. 1=_____ wt. 2=_____ wt. 3=_____	
9. Area Clearance		
Step	**Performed By/Date**	**QA Verfied By/Date**
1. GMP Processing Area(s): Room: _____		
2. Review the GMP Processing Area Logbook(s) and ensure that the Logbook(s) is (are) complete, and up-to-date.		
3. Review all applicable GMP Processing Area Logbook(s) and verify that Cleaning and Sanitization has been performed according to Facility Cleaning Procedures and that the Cleaning and Sanitizing occurred within the allowed time before a GMP operation. Date Cleaning Cmplt'd: _____ Date Sanitizing Cmplt'd: _____		
4. Verify that all work surfaces within the GMP Processing Area have been Sanitized (e.g., wiped with NLT 70% Isopropanol) on the day of production. Verify that this Sanitization has been recorded in the Logbook(s).		
5. Review Section 6: Bill of Materials, and ensure that it is complete, accurate, and that all necessary materials are present for the GMP operation. Ensure that all GMP Materials are Released, Approved and have sufficient time to the Use By Date.		
6. Review Section 7: Processing Equipment, and ensure that it is complete, accurate, and that all necessary equipment is present, cleaned and calibrated, as appropriate. Review the Logbook for each piece of GMP Equipment, and ensure that the Logbooks are correctly filled out.		

DRAFT

Company	Batch Record	Version
	MBR-01	1
Title		**Effective Date**
Brand 01 - Capsules		
7. Verify that the cGMP Processing Area does not contain any items from previous batches or cleaning activities and that no items unrelated to the current cGMP batch are present.		
8. Area Clearance Complete. QA shall Complete the Area Clearance Sign and affix it to the GMP Processing Area entrance.		
10. Production Procedure		
Step	**Performed By/Date**	**QA Verfied By/Date**
1. Weigh the AI and excipients separately into a suitable container. Pure THC - Required: 6,250 mg Weighed _____ mg. Pure CBD - Required: 625 mg Weighed _____ mg. Miglyol 812 - Required 243,125 mg Weighed _____ mg.		
2. Carefully transfer ALL the weighed materials into the Silverson Batch Mixer. Check (visual inspection) the fill volume once ALL the materials are transferred to the mixing container. Fill volume: _____%		
3. Blend for 3 min. Start time: _____ min.; End time: _____ min.		
4. Carefully transfer the contents of the mixer into a suitable vessel. Label the vessel: T10C01 Blend + Lot No.		
5. Set-up the LIQFIL machine per manufacturer instructions utilizing the T10C01 capsules.		
6. Carefully pour the mixture into the LIQFIL hopper.		
7. Throughout the run time monitor the process and make sure all settings are within limits.		
8. Collect capsules at the end of production. Transfer capsules into the appropriate stoarge vessel labeled T10C01.		
11. Yield Calculations		
Yield = 100 * (wt. of AI/wt. of excipients) Yield = _____		
12. Production Comment Log		
Record any comments or observations from the production process. Initial and date each comment. Quality Assurance shall review, initial and date each comment or observation following production.		
Step No. - Comment/Observation	**Performed By/Date**	**QA Verfied By/Date**

DRAFT

Company	Batch Record	Version
	MBR-01	1
Title		**Effective Date**
Brand 01 - Capsules		
13. Exception Log		
Record all Exceptions that occur during the production process. Quality Assurance shall review, classify, initial and date each entry following production, or as required. Planned Deviations and Nonconformances require a documented Nonconformance Report according to Nonconformances.		
Exception Type and Description **E = Exception / PD = Planned Deviation / NC = Nonconformance**	**Documented By/Date**	**QA Verfied By/Date**
14. Post-Production Review		
The complete Post-Production Batch Record has been reviewed for completeness and accuracy. All pages are complete and all entries conform to Good Documentation Practices.		
Printed Name - Production	**Signature**	**Date**
Printed Name - Quality Assurance	**Signature**	**Date**
15. Quality Assurance Disposition		
The material produced through the execution of this Batch Record shall be Dispositioned by QA according. The Disposition shall be recorded below.		
□ RELEASED	_____ Qty (Units)	
□ CONDITIONAL RELEASE	_____ Qty (Units)	
□ RESEARCH USE ONLY	_____ Qty (Units)	
□ REJECTED (Include Comments)	_____ Qty (Units)	
UMB assigned Use-By Date	(MM/DD/YY)	
Comments:		
Printed Name - Performed By: Quality Assurance	**Signature**	**Date**
16. Version Summary		

DRAFT

MASTER PRODUCTION RECORD		
Note: This DRAFT must be updated and validated upon final formulation. Final formulation will occur after the trial production period occuring after the company's first harvest.		
Company	**Batch Record**	**Version**
	MBR-02	1
Title		**Effective Date**
Brand 02 - Capsules		
1. Master Batch Record Approvals		
	Name/Signature	**Date**
Originator		
Production		
Quality Control		
Quality Assurance		
2. Product Details		
Description	THC 10 mg : CBD 10 mg	
SKU #	C0102	
Batch Quantity	Batch size: 250 gm Approx. No. Capsules: 500	
Storage Conditions	Ambient - conditions, store in tight container protected from light and moisture	
3. Production Batch Record Issuance		
Printed Name - Issued by: Quality Assurance	**Signature**	**Date**
Batch Record following issuance.		
Printed Name - Issued to: Production	**Signature**	**Date**
Lot Number Assigned:		
4. Signature and Training Log		
person has been thoroughly trained on this Batch Record and all documents listed in Section 5: Reference Documentation.		
Printed Name	**Signature**	**Date**
5. Reference Documentation		
SOP: Good Manufacturing Practice		
SOP: Manufacturing of Gel Capsules		
SOP:		
SOP:		

DRAFT

Company	Batch Record	Version
	MBR-02	1
Title		**Effective Date**
Brand 02 - Capsules		
1. Master Batch Record Approvals		
6. Bill of Materials		
Description: Active Ingredient - THC 80%		
Part No.:		
Quantity Required: 12500.0 mg		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		
Description: Active Ingredient - CBD 80%		
Part No.:		
Quantity Required: 12500.0 mg		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		
Description: Excipient - Miglyol 812		
Part No.: MIGLYOL 812		
Quantity Required: 225000.0 mg		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		
Description: Quali-V® HPMC Capsule		
Part No.:		
Quantity Required: 500		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		
Description:		
Part No.:		
Quantity Required:		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		

DRAFT

Company	Batch Record	Version
	MBR-02	1
Title		**Effective Date**
Brand 02 - Capsules		
1. Master Batch Record Approvals		
7. Processing Equipment		
Description: Silverson Batch Mixer		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		
Description: Labo-LIQFIL LABO		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		
Description:		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		
Description:		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		
Description:		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		

DRAFT

Company	Batch Record	Version
	MBR-02	1
Title		**Effective Date**
Brand 02 - Capsules		
1. Master Batch Record Approvals		
8. Balancing Equipment		
Description: Mettler Toledo XPE Analytical Balance		
ID No.:		
Previous Cal.:		
Cal. Req'd:	outside 0.1% range call QA.	
Performed By/Date:		
QA Verified By/Date:		
Check weight:	wt. 1= 450 mg wt. 2= 500 mg wt. 3= 550 mg	
Measured weight:	wt. 1=_____ wt. 2=_____ wt. 3=_____	
Description:		
ID No.:		
Previous Cal.:		
Cal. Req'd:	outside 0.1% range call QA.	
Performed By/Date:		
QA Verified By/Date:		
Check weight:	wt. 1=_____ wt. 2=_____ wt. 3=_____	
Measured weight:	wt. 1=_____ wt. 2=_____ wt. 3=_____	
9. Area Clearance		
Step	**Performed By/Date**	**QA Verfied By/Date**
1. GMP Processing Area(s): Room: _____		
2. Review the GMP Processing Area Logbook(s) and ensure that the Logbook(s) is (are) complete, and up-to-date.		
3. Review all applicable GMP Processing Area Logbook(s) and verify that Cleaning and Sanitization has been performed according to Facility Cleaning Procedures and that the Cleaning and Sanitizing occurred within the allowed time before a GMP operation. Date Cleaning Cmplt'd: _____ Date Sanitizing Cmplt'd: _____		
4. Verify that all work surfaces within the GMP Processing Area have been Sanitized (e.g., wiped with NLT 70% Isopropanol) on the day of production. Verify that this Sanitization has been recorded in the Logbook(s).		
5. Review Section 6: Bill of Materials, and ensure that it is complete, accurate, and that all necessary materials are present for the GMP operation. Ensure that all GMP Materials are Released, Approved and have sufficient time to the Use By Date.		
6. Review Section 7: Processing Equipment, and ensure that it is complete, accurate, and that all necessary equipment is present, cleaned and calibrated, as appropriate. Review the Logbook for each piece of GMP Equipment, and ensure that the Logbooks are correctly filled out.		

DRAFT

Company	Batch Record	Version
	MBR-02	1
Title		**Effective Date**
Brand 02 - Capsules		
1. Master Batch Record Approvals		
7. Verify that the cGMP Processing Area does not contain any items from previous batches or cleaning activities and that no items unrelated to the current cGMP batch are present.		
8. Area Clearance Complete. QA shall Complete the Area Clearance Sign and affix it to the GMP Processing Area entrance.		
10. Production Procedure		
Step	**Performed By/Date**	**QA Verfied By/Date**
1. Weigh the AI and excipients separately into a suitable container. Pure THC - Required: 6,250 mg Weighed _____ mg. Pure CBD - Required: 625 mg Weighed _____ mg. Miglyol 812 - Required 243,125 mg Weighed _____ mg.		
2. Carefully transfer ALL the weighed materials into the Silverson Batch Mixer. Check (visual inspection) the fill volume once ALL the materials are transferred to the mixing container. Fill volume: _____%		
3. Blend for 3 min. Start time: _____ min.; End time: _____ min.		
4. Carefully transfer the contents of the mixer into a suitable vessel. Label the vessel: T10C01 Blend + Lot No.		
5. Set-up the LIQFIL machine per manufacturer instructions utilizing the T10C01 capsules.		
6. Carefully pour the mixture into the LIQFIL hopper.		
7. Throughout the run time monitor the process and make sure all settings are within limits.		
8. Collect capsules at the end of production. Transfer capsules into the appropriate stoarge vessel labeled T10C01.		
11. Yield Calculations		
Yield = 100 * (wt. of AI/wt. of excipients) Yield = _____		
12. Production Comment Log		
initial and date each comment or observation following production.		
Step No. - Comment/Observation	**Performed By/Date**	**QA Verfied By/Date**

DRAFT

Company	Batch Record	Version
	MBR-02	1
Title		**Effective Date**
Brand 02 - Capsules		
1. Master Batch Record Approvals		
13. Exception Log		
following production, or as required. Planned Deviations and Nonconformances require a documented Nonconformance Report		
Exception Type and Description **E = Exception / PD = Planned Deviation / NC = Nonconformance**	**Documented By/Date**	**QA Verfied By/Date**
14. Post-Production Review		
conform to Good Documentation Practices.		
Printed Name - Production	**Signature**	**Date**
Printed Name - Quality Assurance	**Signature**	**Date**
15. Quality Assurance Disposition		
recorded below.		
□ RELEASED	_____ Qty (Units)	
□ CONDITIONAL RELEASE	_____ Qty (Units)	
□ RESEARCH USE ONLY	_____ Qty (Units)	
□ REJECTED (Include Comments)	_____ Qty (Units)	
UMB assigned Use-By Date	(MM/DD/YY)	
Comments:		
Printed Name - Performed By: Quality Assurance	**Signature**	**Date**
16. Version Summary		

DRAFT

MASTER PRODUCTION RECORD		
Note: This DRAFT must be updated and validated upon final formulation. Final formulation will occur after the trial production period occuring after the company's first harvest.		
Company	**Batch Record**	**Version**
	MBR-03	1
Title		**Effective Date**
Brand 3 - Capsules		
1. Master Batch Record Approvals		
	Name/Signature	**Date**
Originator		
Production		
Quality Control		
Quality Assurance		
2. Product Details		
Description	Capsules - THC 05 mg : CBD 05 mg Size - 0: 500 mg	
SKU #	C10103	
Batch Quantity	Batch size: 250 gm Approx. No. Capsules: 500	
Storage Conditions	Ambient - conditions, store in tight container protected from light and moisture	
3. Production Batch Record Issuance		
Printed Name - Issued by: Quality Assurance	**Signature**	**Date**
Batch Record following issuance.		
Printed Name - Issued to: Production	**Signature**	**Date**
Lot Number Assigned:		
4. Signature and Training Log		
person has been thoroughly trained on this Batch Record and all documents listed in Section 5: Reference Documentation.		
Printed Name	**Signature**	**Date**
5. Reference Documentation		
SOP: Good Manufacturing Practice		
SOP: Manufacturing of Gel Capsules		
SOP:		
SOP:		

DRAFT

Company	Batch Record	Version
	MBR-03	1
Title		**Effective Date**
Brand 3 - Capsules		
1. Master Batch Record Approvals		
6. Bill of Materials		
Description: Active Ingredient - THC 80%		
Part No.:		
Quantity Required: 6250.0 mg		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		
Description: Active Ingredient - CBD 80%		
Part No.:		
Quantity Required: 6250.0 mg		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		
Description: Excipient - Miglyol 812		
Part No.: MIGLYOL 812		
Quantity Required: 237500.0 mg		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		
Description: Quali-V® HPMC Capsule		
Part No.:		
Quantity Required: 500		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		
Description:		
Part No.:		
Quantity Required:		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		

DRAFT

Company	Batch Record	Version
	MBR-03	1
Title		**Effective Date**
Brand 3 - Capsules		
1. Master Batch Record Approvals		
7. Processing Equipment		
Description: Silverson Batch Mixer		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		
Description: Labo-LIQFIL LABO		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		
Description:		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		
Description:		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		
Description:		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		

DRAFT

Company	Batch Record	Version
	MBR-03	1
Title		**Effective Date**
Brand 3 - Capsules		
1. Master Batch Record Approvals		
8. Balancing Equipment		
Description: Mettler Toledo XPE Analytical Balance		
ID No.:		
Previous Cal.:		
Cal. Req'd:	outside 0.1% range call QA.	
Performed By/Date:		
QA Verified By/Date:		
Check weight:	wt. 1= 450 mg wt. 2= 500 mg wt. 3= 550 mg	
Measured weight:	wt. 1=_____ wt. 2=_____ wt. 3=_____	
Description:		
ID No.:		
Previous Cal.:		
Cal. Req'd:	outside 0.1% range call QA.	
Performed By/Date:		
QA Verified By/Date:		
Check weight:	wt. 1=_____ wt. 2=_____ wt. 3=_____	
Measured weight:	wt. 1=_____ wt. 2=_____ wt. 3=_____	
9. Area Clearance		
Step	**Performed By/Date**	**QA Verfied By/Date**
1. GMP Processing Area(s): Room: _____		
2. Review the GMP Processing Area Logbook(s) and ensure that the Logbook(s) is (are) complete, and up-to-date.		
3. Review all applicable GMP Processing Area Logbook(s) and verify that Cleaning and Sanitization has been performed according to Facility Cleaning Procedures and that the Cleaning and Sanitizing occurred within the allowed time before a GMP operation. Date Cleaning Cmplt'd: _____ Date Sanitizing Cmplt'd: _____		
4. Verify that all work surfaces within the GMP Processing Area have been Sanitized (e.g., wiped with NLT 70% Isopropanol) on the day of production. Verify that this Sanitization has been recorded in the Logbook(s).		
5. Review Section 6: Bill of Materials, and ensure that it is complete, accurate, and that all necessary materials are present for the GMP operation. Ensure that all GMP Materials are Released, Approved and have sufficient time to the Use By Date.		
6. Review Section 7: Processing Equipment, and ensure that it is complete, accurate, and that all necessary equipment is present, cleaned and calibrated, as appropriate. Review the Logbook for each piece of GMP Equipment, and ensure that the Logbooks are correctly filled out.		

DRAFT

Company	Batch Record	Version
	MBR-03	1
Title		**Effective Date**
Brand 3 - Capsules		
1. Master Batch Record Approvals		
7. Verify that the cGMP Processing Area does not contain any items from previous batches or cleaning activities and that no items unrelated to the current cGMP batch are present.		
8. Area Clearance Complete. QA shall Complete the Area Clearance Sign and affix it to the GMP Processing Area entrance.		
10. Production Procedure		
Step	**Performed By/Date**	**QA Verfied By/Date**
1. Weigh the AI and excipients separately into a suitable container. Pure THC - Required: 6,250 mg Weighed _____ mg. Pure CBD - Required: 625 mg Weighed _____ mg. Miglyol 812 - Required 243,125 mg Weighed _____ mg.		
2. Carefully transfer ALL the weighed materials into the Silverson Batch Mixer. Check (visual inspection) the fill volume once ALL the materials are transferred to the mixing container. Fill volume: _____%		
3. Blend for 3 min. Start time: _____ min.; End time: _____ min.		
4. Carefully transfer the contents of the mixer into a suitable vessel. Label the vessel: T10C01 Blend + Lot No.		
5. Set-up the LIQFIL machine per manufacturer instructions utilizing the T10C01 capsules.		
6. Carefully pour the mixture into the LIQFIL hopper.		
7. Throughout the run time monitor the process and make sure all settings are within limits.		
8. Collect capsules at the end of production. Transfer capsules into the appropriate stoarge vessel labeled T10C01.		
11. Yield Calculations		
Yield = 100 * (wt. of AI/wt. of excipients) Yield = _____		
12. Production Comment Log		
initial and date each comment or observation following production.		
Step No. - Comment/Observation	**Performed By/Date**	**QA Verfied By/Date**

DRAFT

Company	Batch Record	Version
	MBR-03	1
Title		**Effective Date**
Brand 3 - Capsules		
1. Master Batch Record Approvals		
13. Exception Log		
following production, or as required. Planned Deviations and Nonconformances require a documented Nonconformance Report		
Exception Type and Description **E = Exception / PD = Planned Deviation / NC = Nonconformance**	**Documented By/Date**	**QA Verfied By/Date**
14. Post-Production Review		
conform to Good Documentation Practices.		
Printed Name - Production	**Signature**	**Date**
Printed Name - Quality Assurance	**Signature**	**Date**
15. Quality Assurance Disposition		
recorded below.		
□ RELEASED	_____ Qty (Units)	
□ CONDITIONAL RELEASE	_____ Qty (Units)	
□ RESEARCH USE ONLY	_____ Qty (Units)	
□ REJECTED (Include Comments)	_____ Qty (Units)	
UMB assigned Use-By Date	(MM/DD/YY)	
Comments:		
Printed Name - Performed By: Quality Assurance	**Signature**	**Date**
16. Version Summary		

DRAFT

MASTER PRODUCTION RECORD		
Note: This DRAFT must be updated and validated upon final formulation. Final formulation will occur after the trial production period occuring after the company's first harvest.		
Company	**Batch Record**	**Version**
	MBR-04	1
Title		**Effective Date**
Brand 04 - Capsules		
1. Master Batch Record Approvals		
	Name/Signature	**Date**
Originator		
Production		
Quality Control		
Quality Assurance		
2. Product Details		
Description	Capsules - THC 10 mg : CBD 100 mg Size - 0: 500 mg	
SKU #	C0104	
Batch Quantity	Batch size: 250 gm Approx. No. Capsules: 500	
Storage Conditions	Ambient - conditions, store in tight container protected from light and moisture	
3. Production Batch Record Issuance		
Printed Name - Issued by: Quality Assurance	**Signature**	**Date**
Batch Record following issuance.		
Printed Name - Issued to: Production	**Signature**	**Date**
Lot Number Assigned:		
4. Signature and Training Log		
person has been thoroughly trained on this Batch Record and all documents listed in Section 5: Reference Documentation.		
Printed Name	**Signature**	**Date**
5. Reference Documentation		
SOP: Good Manufacturing Practice		
SOP: Manufacturing of Gel Capsules		
SOP:		
SOP:		

DRAFT

Company	Batch Record	Version
	MBR-04	1
Title		**Effective Date**
Brand 04 - Capsules		
1. Master Batch Record Approvals		
6. Bill of Materials		
Description: Active Ingredient - THC 80%		
Part No.:		
Quantity Required: 12500.0 mg		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		
Description: Active Ingredient - CBD 80%		
Part No.:		
Quantity Required: 125000.0 mg		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		
Description: Excipient - Miglyol 812		
Part No.: MIGLYOL 812		
Quantity Required: 112500.0 mg		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		
Description: Quali-V® HPMC Capsule		
Part No.:		
Quantity Required: 500		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		
Description:		
Part No.:		
Quantity Required:		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		

DRAFT

Company	Batch Record	Version
	MBR-04	1
Title		**Effective Date**
Brand 04 - Capsules		
1. Master Batch Record Approvals		
7. Processing Equipment		
Description: Silverson Batch Mixer		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		
Description: Labo-LIQFIL LABO		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		
Description:		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		
Description:		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		
Description:		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		

DRAFT

Company	Batch Record	Version
	MBR-04	1
Title		**Effective Date**
Brand 04 - Capsules		
1. Master Batch Record Approvals		
8. Balancing Equipment		
Description: Mettler Toledo XPE Analytical Balance		
ID No.:		
Previous Cal.:		
Cal. Req'd:	outside 0.1% range call QA.	
Performed By/Date:		
QA Verified By/Date:		
Check weight:	wt. 1= 450 mg wt. 2= 500 mg wt. 3= 550 mg	
Measured weight:	wt. 1=_____ wt. 2=_____ wt. 3=_____	
Description:		
ID No.:		
Previous Cal.:		
Cal. Req'd:	outside 0.1% range call QA.	
Performed By/Date:		
QA Verified By/Date:		
Check weight:	wt. 1=_____ wt. 2=_____ wt. 3=_____	
Measured weight:	wt. 1=_____ wt. 2=_____ wt. 3=_____	
9. Area Clearance		
Step	**Performed By/Date**	**QA Verfied By/Date**
1. GMP Processing Area(s): Room: _____		
2. Review the GMP Processing Area Logbook(s) and ensure that the Logbook(s) is (are) complete, and up-to-date.		
3. Review all applicable GMP Processing Area Logbook(s) and verify that Cleaning and Sanitization has been performed according to Facility Cleaning Procedures and that the Cleaning and Sanitizing occurred within the allowed time before a GMP operation. Date Cleaning Cmplt'd: _____ Date Sanitizing Cmplt'd: _____		
4. Verify that all work surfaces within the GMP Processing Area have been Sanitized (e.g., wiped with NLT 70% Isopropanol) on the day of production. Verify that this Sanitization has been recorded in the Logbook(s).		
5. Review Section 6: Bill of Materials, and ensure that it is complete, accurate, and that all necessary materials are present for the GMP operation. Ensure that all GMP Materials are Released, Approved and have sufficient time to the Use By Date.		
6. Review Section 7: Processing Equipment, and ensure that it is complete, accurate, and that all necessary equipment is present, cleaned and calibrated, as appropriate. Review the Logbook for each piece of GMP Equipment, and ensure that the Logbooks are correctly filled out.		

DRAFT

Company	Batch Record	Version
	MBR-04	1
Title		**Effective Date**
Brand 04 - Capsules		
1. Master Batch Record Approvals		
7. Verify that the cGMP Processing Area does not contain any items from previous batches or cleaning activities and that no items unrelated to the current cGMP batch are present.		
8. Area Clearance Complete. QA shall Complete the Area Clearance Sign and affix it to the GMP Processing Area entrance.		
10. Production Procedure		
Step	**Performed By/Date**	**QA Verfied By/Date**
1. Weigh the AI and excipients separately into a suitable container. Pure THC - Required: 6,250 mg Weighed _____ mg. Pure CBD - Required: 625 mg Weighed _____ mg. Miglyol 812 - Required 243,125 mg Weighed _____ mg.		
2. Carefully transfer ALL the weighed materials into the Silverson Batch Mixer. Check (visual inspection) the fill volume once ALL the materials are transferred to the mixing container. Fill volume: _____%		
3. Blend for 3 min. Start time: _____ min.; End time: _____ min.		
4. Carefully transfer the contents of the mixer into a suitable vessel. Label the vessel: T10C01 Blend + Lot No.		
5. Set-up the LIQFIL machine per manufacturer instructions utilizing the T10C01 capsules.		
6. Carefully pour the mixture into the LIQFIL hopper.		
7. Throughout the run time monitor the process and make sure all settings are within limits.		
8. Collect capsules at the end of production. Transfer capsules into the appropriate stoarge vessel labeled T10C01.		
11. Yield Calculations		
Yield = 100 * (wt. of AI/wt. of excipients) Yield = _____		
12. Production Comment Log		
initial and date each comment or observation following production.		
Step No. - Comment/Observation	**Performed By/Date**	**QA Verfied By/Date**

DRAFT

Company	Batch Record	Version
	MBR-04	1
Title		**Effective Date**
Brand 04 - Capsules		
1. Master Batch Record Approvals		
13. Exception Log		
following production, or as required. Planned Deviations and Nonconformances require a documented Nonconformance Report		
Exception Type and Description **E = Exception / PD = Planned Deviation / NC = Nonconformance**	**Documented By/Date**	**QA Verfied By/Date**
14. Post-Production Review		
conform to Good Documentation Practices.		
Printed Name - Production	**Signature**	**Date**
Printed Name - Quality Assurance	**Signature**	**Date**
15. Quality Assurance Disposition		
recorded below.		
□ RELEASED	_____ Qty (Units)	
□ CONDITIONAL RELEASE	_____ Qty (Units)	
□ RESEARCH USE ONLY	_____ Qty (Units)	
□ REJECTED (Include Comments)	_____ Qty (Units)	
UMB assigned Use-By Date	(MM/DD/YY)	
Comments:		
Printed Name - Performed By: Quality Assurance	**Signature**	**Date**
16. Version Summary		

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MASTER PRODUCTION RECORD		
Note: This DRAFT must be updated and validated upon final formulation. Final formulation will occur after the trial production period occuring after the company's first harvest.		
Company	**Batch Record**	**Version**
	MBR-05	1
Title		**Effective Date**
Brand 05 - Capsules		
1. Master Batch Record Approvals		
	Name/Signature	**Date**
Originator		
Production		
Quality Control		
Quality Assurance		
2. Product Details		
Description	Capsules - THC 0.0 mg:CBD 10 mg Size - 0: 500 mg	
SKU #	C0105	
Batch Quantity	Batch size: 250 gm Approx. No. Capsules: 500	
Storage Conditions	Ambient - conditions, store in tight container protected from light and moisture	
3. Production Batch Record Issuance		
Printed Name - Issued by: Quality Assurance	**Signature**	**Date**
Batch Record following issuance.		
Printed Name - Issued to: Production	**Signature**	**Date**
Lot Number Assigned:		
4. Signature and Training Log		
person has been thoroughly trained on this Batch Record and all documents listed in Section 5: Reference Documentation.		
Printed Name	**Signature**	**Date**
5. Reference Documentation		
SOP: Good Manufacturing Practice		
SOP: Manufacturing of Gel Capsules		
SOP:		
SOP:		

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Company	Batch Record	Version
	MBR-05	1
Title		**Effective Date**
Brand 05 - Capsules		
6. Bill of Materials		
Description: Active Ingredient - CBD 80%		
Part No.:		
Quantity Required: 12500.0 mg		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		
Description: Excipient - Miglyol 812		
Part No.: MIGLYOL 812		
Quantity Required: 237500.0 mg		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		
Description: Quali-V® HPMC Capsule		
Part No.:		
Quantity Required: 500		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		
Description:		
Part No.:		
Quantity Required:		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		
Description:		
Part No.:		
Quantity Required:		
Lot No:		
Quantity Staged:		
Exp/Retest:		
Performed By/Date:		
QA Verified By/Date:		

DRAFT

Company	Batch Record	Version
	MBR-05	1
Title		**Effective Date**
Brand 05 - Capsules		
7. Processing Equipment		
Description: Silverson Batch Mixer		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		
Description: Labo-LIQFIL LABO		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		
Description:		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		
Description:		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		
Description:		
ID No.:		
Previous Cal.:		
Cal. Req'd:		
Performed By/Date:		
QA Verified By/Date:		

DRAFT

Company	Batch Record	Version
	MBR-05	1
Title		**Effective Date**
Brand 05 - Capsules		
8. Balancing Equipment		
Description: Mettler Toledo XPE Analytical Balance		
ID No.:		
Previous Cal.:		
Cal. Req'd:	outside 0.1% range call QA.	
Performed By/Date:		
QA Verified By/Date:		
Check weight:	wt. 1= 450 mg wt. 2= 500 mg wt. 3= 550 mg	
Measured weight:	wt. 1=_____ wt. 2=_____ wt. 3=_____	
Description:		
ID No.:		
Previous Cal.:		
Cal. Req'd:	outside 0.1% range call QA.	
Performed By/Date:		
QA Verified By/Date:		
Check weight:	wt. 1=_____ wt. 2=_____ wt. 3=_____	
Measured weight:	wt. 1=_____ wt. 2=_____ wt. 3=_____	
9. Area Clearance		
Step	**Performed By/Date**	**QA Verfied By/Date**
1. GMP Processing Area(s): Room: _____		
2. Review the GMP Processing Area Logbook(s) and ensure that the Logbook(s) is (are) complete, and up-to-date.		
3. Review all applicable GMP Processing Area Logbook(s) and verify that Cleaning and Sanitization has been performed according to Facility Cleaning Procedures and that the Cleaning and Sanitizing occurred within the allowed time before a GMP operation. Date Cleaning Cmplt'd: _____ Date Sanitizing Cmplt'd: _____		
4. Verify that all work surfaces within the GMP Processing Area have been Sanitized (e.g., wiped with NLT 70% Isopropanol) on the day of production. Verify that this Sanitization has been recorded in the Logbook(s).		
5. Review Section 6: Bill of Materials, and ensure that it is complete, accurate, and that all necessary materials are present for the GMP operation. Ensure that all GMP Materials are Released, Approved and have sufficient time to the Use By Date.		
6. Review Section 7: Processing Equipment, and ensure that it is complete, accurate, and that all necessary equipment is present, cleaned and calibrated, as appropriate. Review the Logbook for each piece of GMP Equipment, and ensure that the Logbooks are correctly filled out.		

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Company	Batch Record	Version
	MBR-05	1
Title		**Effective Date**
Brand 05 - Capsules		
7. Verify that the cGMP Processing Area does not contain any items from previous batches or cleaning activities and that no items unrelated to the current cGMP batch are present.		
8. Area Clearance Complete. QA shall Complete the Area Clearance Sign and affix it to the GMP Processing Area entrance.		
10. Production Procedure		
Step	**Performed By/Date**	**QA Verfied By/Date**
1. Weigh the AI and excipients separately into a suitable container. Pure THC - Required: 6,250 mg Weighed _____ mg. Pure CBD - Required: 625 mg Weighed _____ mg. Miglyol 812 - Required 243,125 mg Weighed _____ mg.		
2. Carefully transfer ALL the weighed materials into the Silverson Batch Mixer. Check (visual inspection) the fill volume once ALL the materials are transferred to the mixing container. Fill volume: _____%		
3. Blend for 3 min. Start time: _____ min.; End time: _____ min.		
4. Carefully transfer the contents of the mixer into a suitable vessel. Label the vessel: T10C01 Blend + Lot No.		
5. Set-up the LIQFIL machine per manufacturer instructions utilizing the T10C01 capsules.		
6. Carefully pour the mixture into the LIQFIL hopper.		
7. Throughout the run time monitor the process and make sure all settings are within limits.		
8. Collect capsules at the end of production. Transfer capsules into the appropriate stoarge vessel labeled T10C01.		
11. Yield Calculations		
Yield = 100 * (wt. of AI/wt. of excipients) Yield = _____		
12. Production Comment Log		
initial and date each comment or observation following production.		
Step No. - Comment/Observation	**Performed By/Date**	**QA Verfied By/Date**

DRAFT

Company	Batch Record	Version
	MBR-05	1
Title		**Effective Date**
Brand 05 - Capsules		
13. Exception Log		
following production, or as required. Planned Deviations and Nonconformances require a documented Nonconformance Report		
Exception Type and Description **E = Exception / PD = Planned Deviation / NC = Nonconformance**	**Documented By/Date**	**QA Verfied By/Date**
14. Post-Production Review		
conform to Good Documentation Practices.		
Printed Name - Production	**Signature**	**Date**
Printed Name - Quality Assurance	**Signature**	**Date**
15. Quality Assurance Disposition		
recorded below.		
□ RELEASED	_____ Qty (Units)	
□ CONDITIONAL RELEASE	_____ Qty (Units)	
□ RESEARCH USE ONLY	_____ Qty (Units)	
□ REJECTED (Include Comments)	_____ Qty (Units)	
UMB assigned Use-By Date	(MM/DD/YY)	
Comments:		
Printed Name - Performed By: Quality Assurance	**Signature**	**Date**
16. Version Summary		

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SECTION 2 – TRANSPORT AND DISTRIBUTION (§ 1004.5(b)(4))

2.1 Introduction 1
2.2 Deliveries 1
2.3 Transportation Procedures 2
2.4 Transportation Reporting Required 4

2.1 Introduction

The transport and distribution section describes policies and procedures for delivery of product in compliance with state law and regulations. The Transportation & Distribution Manager will be responsible for developing, implementing and maintaining transportation procedures that ensure compliance with the Department-required processes contained herein. It is established that the Chief Operating Officer will be responsible for approving all deliveries coordinated by the Transportation & Distribution Manager. The Transportation & Distribution Manager is responsible for planning and executing all deliveries in a manner consistent with the policies and procedures described herein. Provisions are included to ensure that only employees registered with the Department will transport medical marijuana products on behalf of THC Health Inc. (THCH).

Additional provisions address procedures to ensure adequate shipment verification, shipping manifests, loading areas, route planning, cargo theft prevention measures, two-way communication, and required transportation reporting. The Transportation & Distribution Manager is assigned responsibility for ensuring the reporting of all transportation events in the Transportation Event Log.

The Transportation & Distribution Manager and the Security Officer, in coordination with information from law enforcement and utilizing third-party security advisors, will identify “security risk geographies” with respects to local crime rate, educational system, political and legal conditions hindering or supporting cargo theft. Any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport will be reported to the Department and local law enforcement immediately.

2.2 Deliveries

Authorized Deliveries

Authorized deliveries are limited to THCH manufacturing to dispensing facilities. No deliveries will occur between dispensaries or from the dispensary back to the manufacturing facility.

Transfers

All transfers of medical marijuana products between THCH locations must be approved by the Security Officer and recorded in a shipping manifest.

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Culture of Safety

All employees shall be trained in accordance with the Staffing Plan and Employee Handbook found in Attachment J. All managers shall develop and foster a culture of safety. All employees must receive regular security, anti-diversion, and transportation training including a focus on cargo theft risk awareness and defensive driving. Employees should always do their best to arrive together and leave together. They should be fully aware of their surroundings upon arriving and leaving for the day or for breaks.

2.3 Transportation Procedures

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Redacted pursuant to N.Y. Public Officers Law, Art. 6

2.4 Transportation Reporting Required

The Transportation & Distribution Manager shall be responsible for reporting all transportation events.

1. All transportation events must be recorded in the Transportation Event Log including at a minimum the end time of the trip and any deviation from the trip plan.
2. In case of an emergency stop, a detailed report in the Transportation Event Log must be recorded describing the reason for the event, the duration, the location, and any activities of personnel exiting the vehicle.
3. Transport Associates must report any accidents, product thefts, losses or other unusual occurrence immediately to the Transportation & Distribution Manager. The Transportation & Distribution Manager shall report any such occurrences to the Security Officer and Chief Operating Officer immediately. Reports shall be entered in to the Transportation Event Log and made available for review by the Department or law enforcement upon request.
4. The Security Officer must report to the Department and local law enforcement any diversions, losses, or other reportable incidents that occur during transport, immediately including:
    a. Discrepancies identified during inventory, diversion, theft, loss, and or criminal actions in transportation operations;
    b. Any suspicious act involving the transportation of medical marijuana products by any person;
    c. Unauthorized destruction of medical marijuana products during transportation;
    d. Any loss or unauthorized alteration of records related to medical marijuana product transportation; and
    e. Any other breach of security.

Excepted from disclosure in accordance with Public Officers Law § 89(5).

SECTION 3 – DISPENSING AND SALE (§ 1004.5(b)(4))

3.1 Introduction _____ 1
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3.7 Inventory Tracking and Audits _____ 3
3.8 Verify Identification & Validate Eligibility _____ 5
3.9 Order Entry _____ 5
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3.13 Finance and Cash Management _____ 7
3.13 Dispensary Employee Continuing Education _____ 9
3.14 Formulary _____ 9
3.15 Store Opening/Closing _____ 10

3.1 Introduction

THC Health Inc.'s (THCH) commitment to a customer/patient focused approach is maximized by the facilitated delivery of the medical marijuana product to verified registered users. This is executed through our well thought-out business process, supported and enabled by a smartly conceived dispensary operating model and inventory management software system. The conceptualization, design, and implementation of our dispensaries will be achieved by world-class educated pharmacist professionals with practical experience in the most respected healthcare institutions. The pharmacist expertise has been leveraged to articulate and document the processes of our dispensary business.

3.2 Responsibilities

The Chief Pharmacology Officer shall oversee all dispensing policies, procedures, and protocols of THCH. The Chief Executive Officer is responsible for oversight of the Chief Pharmacology Officer. The Chief Pharmacology Officer shall work closely in conjunction with the Chief Financial Officer, Chief Operating Officer, and the Chief Legal Officer to ensure that all dispensing policies, procedures, and protocols comply with all applicable laws, rules, and regulations.

Excepted from disclosure in accordance with Public Officers Law § 89(5).

The Chief Financial Officer shall oversee all point of sale and cash handling policies, procedures, and protocols of THCH. The Chief Executive Officer is responsible for oversight of the Chief Financial Officer. The Chief Financial Officer shall work closely in conjunction with the Chief Pharmacology Officer, the Chief Operating Officer, and the Chief Legal Officer to ensure that all point of sale and cash handling policies, procedures, and protocols comply with all applicable laws, rules, and regulations.

3.3 Compliance with Regulations

THCH is committed to clear and unambiguous compliance with all laws and regulations pertaining to its operation as a registered organization. Many regulations apply to the process of dispensing and sale of medical marijuana as listed herein. THCH's policies and procedures as detailed in this section and throughout the Standard Operating Procedures detailed in Section 6 demonstrate not only compliance with the following requirements, but a commitment to full documentation of the company's operations.

3.4 Monitoring and Tracking Patient Records

THCH will use the seed to sale inventory management software system designated by the New York State Department of Health to monitor, track, and record electronic patient records. This enables optimal patient experience through prevention of errors and swiftness of execution, including order filling and cash management. This is consistent with THCH core values, which hold the patient at the center of our operations. Any physical patient documents will be scanned and attached to the patient's record in the inventory management software. The physical copy will be stored in a secure, locked filing cabinet in the dispensary, which is restricted to the dispensary manager and pharmacist. The inventory management software has the capability to run reports to easily provide a patient specific log of medical marijuana products to the patient, the patient's registered caregiver, or the patient's practitioner upon request and will record every purchase in the patient's record, including, without limitation:

- Patient information (name, address, phone number, etc.)
- Identity of the individual to whom the product was dispensed (whether the certified patient or the registered caregiver)
- Registry identification number of the certified patient or registered caregiver
- Log of each medical marijuana product dispensed (brand, quantity, dose, strength, dosage form, instructions for use, lot number, unique product serial bar code number)
- Date(s) and time(s) medical marijuana product dispensed and returned

3.5 Denial of Sale

If the amount of medical marijuana product that the certified patient or designated caregiver is requesting causes the patient to exceed the limit of obtaining no more than a 30 day supply, or the patient has not exhausted all but a seven day supply provided pursuant to any previously dispensed medical marijuana product by any registered organization, the sale will be denied. The inventory management software will notify the dispensary agent, deny the sale, and record the denial of sale.

Excepted from disclosure in accordance with Public Officers Law § 89(5).

3.6 Confidentiality

All certified patients and designated caregivers must sign a code of conduct before THCH will allow them to purchase from the dispensary for the first time. The code of conduct includes a guarantee that patient records are stored and maintained in compliance with HIPAA, and that all consultations provided by dispensary staff are confidential. Each signed code of conduct will be scanned and attached to the patient's record.

Before working at the dispensary, all agents must sign a confidentiality statement, which is an agreement that the agent will comply with patient confidentiality, the dispensary, and HIPAA. Any violation of the confidentiality statement will lead to the immediate termination of the dispensary agent responsible for the violation.

3.7 Inventory Tracking and Audits

THCH will use the inventory management software for its inventory tracking capabilities. The inventory management software tracks every transaction and each day's beginning inventory, acquisitions, sales, disposal, and ending inventory. It is cloud-based, making it highly-secure and accessible. It uses cellular connections to ensure that communication is intact if the internet connection is lost. THCH can create a user login with read-only access so that it may access inventory records 24 hours a day, seven days a week.

Actions cannot be performed in the inventory management software without creating a record, a timestamp of the action, and recording the name and registry identification number of the agent who performed the action. Records cannot be deleted, ensuring that there is no possibility of manipulation. All records will be made available to the NYSDOH upon request at least five years after the date on which they were made.

Inventory Tracking

All medical marijuana products delivered to the dispensary are immediately recorded in the inventory management software system upon arrival using the barcodes on the medical marijuana product packaging. The dispensary manager has primary oversight of the inventory control system and must be present when adding products to inventory. Products may only be added to inventory in the designated receiving area which is under video surveillance to record the acquisition of new inventory.

The dispensary manager will use the inventory management software to reconcile the *expected* acquisition detailed in the transport manifest with *actual* acquisition. If there is a discrepancy, the dispensary manager will investigate to determine where the discrepancy occurred and take and document corrective action.

Once the delivery is reconciled and accepted, the products are moved to the product safe. During business hours, inventory will be located in the product safe where technicians will have access to retrieve it for filling. During closed hours, inventory is locked in the product safe.

Excepted from disclosure in accordance with Public Officers Law § 89(5).

During the acquisition of products, the inventory management software will record, without limitation:

- A description of each acquired product including the product brand name, lot number, quantity, and its unique serial bar code number
- Name and identification number of the dispensary
- Name and identification number of the agent delivering the medical marijuana product
- Name and identification number of the dispensary agent receiving the medical marijuana product
- Time and date of acquisition

Performing Audits

The pharmacist will conduct a daily count of inventory at the conclusion of every business day to verify that quantities on hand match with expected quantity. In the event that a loss occurs, the pharmacist and dispensary manager must immediately attempt to determine the cause of the loss. If the discrepancy is unable to be reconciled, an investigation will be conducted to identify the reason for the discrepancy and immediate documentation will be completed. Additionally, the dispensary manager will contact the Compliance Officer. If the discrepancy in medical marijuana product inventory is due to criminal activity or suspected criminal activity, the dispensary manager shall complete a report identifying the circumstances surrounding the event and take and document corrective action, including notifying local law enforcement authorities.

The pharmacist and dispensary manager shall also conduct and document an audit of the daily inventory once every seven calendar days. The inventory management software allows the pharmacist and the dispensary manager to perform an audit by scanning each of the products' barcodes manually. The inventory management software will reconcile the actual inventory count with the expected inventory count, creating a loss report for the dispensary. If losses are unaccounted for, the dispensary manager will contact the Compliance Officer, and he/she shall lead an investigation to determine where the loss occurred and immediately take and document corrective action. As above, local law enforcement will be contacted if theft is determined to be the cause of missing inventory.

If the audit identifies an increase in the amount of product in inventory not due to documented causes, the dispensary manager shall lead an investigation to determine where the increase occurred and take and document corrective action.

THCH will also perform quarterly audits in the same manner. It will use the inventory management software to prepare a quarterly audit statement which includes, but is not limited to:

- Income statement
- Balance sheet
- Weekly medical marijuana product inventory levels prepared in accordance with GAAP

Annually, THCH shall perform an audit including the same information—compiled and certified by a CPA.

Excepted from disclosure in accordance with Public Officers Law § 89(5).

3.8 Verify Identification & Validate Eligibility

Immediately upon approaching the dispensary, the patient will undergo a stress-free experience initiated by a friendly verification of his/her identification and registered user or registered caregiver card by one of our specialized dispensary associates. Recognizing the nuances of the patients' health conditions, THCH understands patients may have companions as they visit our dispensary. THCH will implement procedures and engineer facilities to allow for a convenient waiting area for companions who cannot enter the secured area of medical marijuana product dispensing and sale.

Persons possessing valid certified patient or registered caregiver identification card will be checked in and invited into an electronically regulated and secured area of the facility where the medical marijuana product is dispensed and sold. They will be greeted by another associate, given a pamphlet explaining what to expect, and sit down in the waiting area within the secured space. This will minimize the standing in line, which may be difficult for many in this patient demographic.

3.9 Order Entry

Having already been entered into the process at check in, the patient will then be called up to a semiprivate counter where they will speak with a highly trained dispensary technician. The technician will then go through a rigorously defined process of HIPPA compliant patient information validation and collection. This involves the technician interfacing with the inventory software management system and New York State hosted and managed databases, including I-STOP/PMP.

3.10 Order Fill

Once eligibility is established, the technician will then proceed through a strictly defined and monitored protocol of filling the order with a brand and form directed by the certifying practitioner, which is communicated on the certified patient or registered caregiver's identification card. The technician will then walk to a segregated area of medical marijuana product inventory held in a designated medical marijuana product safe and collect the appropriate product to be filled and included into a patient specific package. A New York State licensed pharmacist will check and perform the final verification of the order to eliminate errors. Preparation of all medical marijuana products to be dispensed is always completed by a minimum of two dispensary employees, with the final verification being completed by the pharmacist per the Dispensing Policy. Patient specific label(s) generated by an automated system will be affixed to the package and dispensed to the patient.

3.11 Patient Counseling and Education

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Excepted from disclosure in accordance with Public Officers Law § 89(5).

3.12 Point of Sale

Once THCH personnel are comfortable with the level of understanding by the patient, the transaction is completed with a point of sale system, involving a collection of monies from the patient as payment for the medical marijuana product. THCH will utilize the inventory management software for its point of sales capabilities. The inventory management software will record each item sold in the patient's record and automatically remove it from inventory. This includes an update to the inventory, the financial position of THCH, and the state mandated reporting and state database maintenance.

3.13 Finance and Cash Management

Disciplined financial management processes will be implemented to minimize the cash management risk and burden. Separation of duties and a strict adherence to protocols will be the pillars of the THCH cash management strategy. Given the strength of the NYSDOH regulations, and the efficiency and transparency that we will do business, THCH is confident that it will form a strong partnership with a Financial Institution regulated by the New York Department of Financial Services. THCH will use couriers to transport cash from dispensaries to the Financial Institution under very strict protocols. In the event that THCH is not able to partner with a suitable Financial Institution, THCH is prepared to safely, securely, and efficiently handle extraordinary amounts of cash monies. Dedicated staff of Site Operations Managers and Site Finance Managers will be focused on the accounting and physical handling of the cash. Additionally, separate room safes for cash will be engineered into the form and function of the dispensary.

Financial Institution Strategy

One of the key challenges facing the legal medical marijuana industry historically has been gaining access to the traditional banking services offered by Financial Institutions (FI). Despite being legal in 23 States and DC, because marijuana is still a Schedule I drug at the federal level, most FIs have refused to deal with medical marijuana business in fear that they would be at risk of violating anti-money laundering legislation.

This has produced a myriad of challenges for legal medical marijuana industry. Despite being legal at the state level, many medical marijuana companies have been forced to accept cash exclusively at the point of sale. Without a FI to deposit the cash, companies have also had to pay employees, tax, operating bills also in cash. Such a reality has made security a top priority and has put the safety of both patients and staff at risk.

Over the last several years, politicians and regulators have identified the problem and risk that the conflicting legislation has posed to the legal medical marijuana industry. In a memo (Cole Memo) to federal prosecutors on February 14, 2014, Deputy Attorney General James Cole wrote "If a financial institution or individual offers services to a marijuana-related business whose activities do not implicate any of the eight priority factors, prosecution for those offenses may not be appropriate". Further, Allison Price of the Department of Justice (DOJ) stated "The Department shares the concerns of public officials and law enforcement about the public safety risks associated with businesses that handle significant amounts of cash. These guidelines, together with the Treasury Department's guidance to financial institutions, are intended to increase the availability of financial services for marijuana businesses – that

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are licensed and regulated—while at the same time preserving and enhancing important law enforcement tools."

The Cole memo refers to guidance previously issued on August 29, 2013 that instructed law enforcement and attorneys to "focus on the following eight priorities in enforcing the Controlled Substance Act (CSA) against marijuana-related conduct":

- Preventing the distribution of marijuana to minors;
- Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels;
- Preventing the diversion of marijuana from states where it is legal under state law in some for to other states;
- Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
- Preventing violence and the use of firearms in the cultivation and distribution of marijuana;
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
- Preventing marijuana possession or use on federal property.

On February 14, 2014 the Financial Crimes Enforcement Network (FinCEN), an arm of the Treasury Department, issued guidance regarding expectations regarding marijuana-related business under the Bank Secrecy Act (BSA). The guidance states:

In assessing the risk of providing services to a marijuana-related business, a financial institution should conduct customer due diligence that includes:

(i) verifying with the appropriate state authorities whether the business is duly licensed and registered;
(ii) reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its marijuana-related business;
(iii) requesting from state licensing and enforcement authorities available information about the business and related parties;
(iv) developing an understanding of the normal and expected activity for the business, including the types of products to be sold and the type of customers to be served (e.g., medical versus recreational customers);
(v) ongoing monitoring of publicly available sources for adverse information about the business and related parties;
(vi) ongoing monitoring for suspicious activity, including for any of the red flags described in this guidance; and
(vii) refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk. With respect to information regarding state licensure obtained in connection with such customer due diligence, a financial institution may reasonably rely on the accuracy of information provided by state licensing authorities, where states make such information available.

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As part of its customer due diligence, a financial institution should consider whether a marijuana-related business implicates one of the Cole Memo priorities or violates state law. This is a particularly important factor for a financial institution to consider when assessing the risk of providing financial services to a marijuana-related business. Considering this factor also enables the financial institution to provide information in BSA reports pertinent to law enforcement's priorities. A financial institution that decides to provide financial services to a marijuana-related business would be required to file suspicious activity reports ("SARs").

THCH Strategy

Although many FIs are still reluctant to deal with marijuana-related business, more and more FIs are now willing to accept the business given the steps taken by the Cole Memo and the FinCEN guidance. Recognizing the risks related to a cash intensive business, THC Health Inc. (THCH) is fully committed to entering into a relationship with an FI once a license is issued. THCH will operate under its core principles of being completely transparent both to regulators and to its FI. THCH will not, under any circumstances, attempt to conceal the nature of its business with any potential FI. THCH will approach FIs with documentation to support that it is not in violation of any of the eight requirements set for by the DOJ and reinforced in the Cole Memo, and that it is in compliance with principles set forth in the FinCEN guidance. THCH will look to leverage the strict regulations set for by the New York State Department of Health (NYSDOH) to ease concerns by prospective FIs.

3.13 Dispensary Employee Continuing Education

THCH requires our dispensary staff to undergo two hours of medical marijuana specific continuing education per year. The medical marijuana industry and published data about medical marijuana product use is rapidly changing and we want our employees to remain up to date with the latest evidence based research to help serve patients. This training will be developed internally in an effort to help our employees stay current with the latest developments, skills, and new technologies in the field of medical marijuana. Training will be provided free of charge to all employees as live educational events and computer-based learning modules.

3.14 Formulary

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Redacted pursuant to N.Y. Public Officers Law, Art. 6

3.15 Store Opening/Closing

Protocols and procedures for opening and closing of the dispensary will be designed, implemented, and strictly enforced to ensure the safety and security of the product, personnel, and customers of THCH. These will include dual person actions such as coded opening and closing of safes.

Hours of Operation

Our hours of operation are designed to accommodate patients' varying schedules. We will offer late evening hours as well as Saturday hours.

Sunday	Closed
Monday	9am – 9pm
Tuesday	9am – 5pm
Wednesday	9am – 5pm
Thursday	9am – 9pm
Friday	9am – 5pm
Saturday	9am – 3pm

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Section 4 – Devices (§ 1004.5(b)(4)(i))

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4.3 Devices _____ 1

4.1 Introduction

In order to meet the needs of every patient, THC Health Inc. (THCH) will make each of our medical marijuana product brands available for use with several devices upon explicit approval of such devices from the Commissioner. These devices will provide customers with multiple options of delivery forms depending on the guidance from the patient's certifying practitioner.

Medical marijuana products are available in the following formulations:

- Medical marijuana extracted liquid or oil for metered oromucosal or sublingual administration
- Metered liquid or oil preparations for vaporization
- Capsules for oral administration

4.2 Responsibilities

The Chief Pharmacology Officer shall oversee all approved devices offered and sold by THCH for use with medical marijuana products. The Chief Pharmacology Officer will determine the approved devices THCH wants to offer based on what we feel will benefit patients the most to ease their experience using medical marijuana products.

4.3 Devices

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Excepted from disclosure in accordance with Public Officers Law § 89(5).

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SECTION 5 - SECURITY AND CONTROL §1004.5(b)(4)(ii)

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5.1 Introduction

THC Health Inc. ("THCH") is committed to its Principles of Business Integrity ("Principles"), which has been provided in this Application. A substantial component of these Principles is THCH's commitment to clearly and unambiguously comply with all applicable government laws, rules, and regulations. THCH recognizes that its success depends on maintaining the trust and confidence of New York state and local governments, the local community, and the individuals with whom we do business. Therefore, THCH has implemented its Corporate Compliance and Control Program as a vehicle to drive and monitor the application of its policies and adherence to all applicable laws, rules, and regulations. Furthermore, THCH's Corporate Compliance Program shows THCH's good-faith attempt to educate employees and establish the desired culture of compliance.

A key component to a successful compliance program should show an organizations due diligence in preventing and detecting criminal conduct. This is accomplished by implementing a strong security and control plan. THCH's robust Security Plan and Control Measures are provided in this section.

Corporate Compliance

The THCH Corporate Compliance section describes policies and procedures to be implemented by management in order to control, prevent, detect, and investigate criminal conduct; and otherwise promote an organizational culture that encourages ethical conduct and a commitment to compliance with the law.

THCH'S Corporate Compliance Program

Management and employees of THC Health, Inc. and its subsidiaries ("THCH") are dedicated to high ethical standards and recognize THCH's duty to conduct its affairs within the bounds of New York Public Health Law Article 33, Title V-A and/or 10 NYCRR § 1004 et seq. (the "NY Medical Marijuana Laws and Regulations") and all applicable law.

THCH is committed to conducting its business activities in compliance with NY Medical Marijuana Laws and Regulations and all applicable laws, rules and regulations. This Corporate Compliance Program is designed to:

- assist THCH in preventing, detecting and responding to criminal and other illegal or unethical conduct;
- demonstrate to government agencies that steps have been taken to ensure compliance with the requirements the NY Medical Marijuana Laws and Regulations and all other applicable laws, rules and regulations governing the operating units of THCH;
- serve as a procedural framework for enhancing and monitoring compliance with the substantive compliance programs and policies of THCH, including, but not limited to, the relationship patients as defined by the NY Medical Marijuana Laws and Regulations, and the laws, rules and regulations governing THCH's operating units; and
- ensure compliance with THCH policies as regards the handling of employee complaints and incident reports.

Incident Response and Management

Incident and adverse investigations are an integral part of THCH's Compliance Program. THCH's incident response and management program is designed to identify, analyze, interpret, report and reduce liability incidents, adverse events and the recurrence of any incidents or adverse events, including incidents, near-misses, concerns, serious incidents, and unexpected patient events and product-related outcomes.

By monitoring and reporting the types of incidents and adverse events reported, steps can be taken to develop methods for reducing and eliminating occupational accidents, illnesses, and exposures. It is essential that an effective accident prevention program be in place to provide a safe and healthful working environment at THCH.

Employee Reporting and Complaints

A key component of successful compliance programs is establishing a successful employee reporting and complaint policy. THCH adheres to an open door standard and encourages its employees to talk with a supervisor about any problem, complaint, or suggestion that concerns his or her work. THCH policy is to provide a clear and open channel for the expression of employee suggestions and complaints.

Criminal Activity

The policies and procedures in this manual are of the Compliance and Control Program recognizes that THCH if operating as a MMJ business must evaluate the nature, probability, and severity of all potential legal, compliance, and business risks. As such, THCH is committed to providing a safe and secure work environment for our employees and the patients that enter our dispensaries. THCH requires its current employees to report certain criminal activity occurring as defined below during the term of their employment.

Discipline Measures

THCH's Compliance Program would not be effective if it did not have a robust discipline policy outlining how THCH handled policy violations and violations of applicable laws and regulations. THCH recognizes that employee conduct that warrants discipline usually results from unacceptable behavior, poor performance or violation of THCH's policies, practices or procedures. However, it has adopted a progressive discipline policy to cover all conduct, even conduct that falls outside of the common identified areas of violation.

5.2 Security Overview

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SECTION 7 – QUALITY ASSURANCE PLANS § 1004.5(b)(4)(iv)

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7.1 Introduction

THC Health Inc. (THCH) considers quality assurance to be the most important function in the organization. Quality assurance programs are critical to the production and manufacture of products that provide consistently positive patient outcomes. Quality assurance is a rigorous, systematic, and objective evaluation of how effectively THCH is achieving its goals of manufacturing and distributing only the safest, highest quality medical marijuana products. As part of our ongoing pursuit of quality for the company's activities, for action planning, and continuous improvement purposes, THCH has adopted the Quality Systems techniques used in good manufacturing practices.

In order to ensure the safety and well-being of patients using medical marijuana products, it is essential that THCH has a prompt and well-coordinated system for detecting, identifying, and preventing dispensing errors. Dispensing errors include any preventable event that may cause or lead to inappropriate medical marijuana use or harm to a patient. THCH is committed to ensuring the accurate dispensing of the correct medical marijuana product to the correct patient at the correct time. However, THCH recognizes the reality and unpredictability of errors. Therefore, we have developed a robust quality assurance plan to ensure a patient focused response.

In the event of a dispensing error, both the pharmacist and dispensary manager must be immediately notified. Dispensing errors are made in the breakdown of the dispensing process, and are largely due to worksite environment issues as opposed to employee performance issues. Severe disciplinary actions against employees who make dispensing errors only discourage employees from disclosing errors in the future, which hinders our ability to optimize our dispensary operations to be as safe and efficient as possible. Therefore, we are committed to examining the circumstances of the event to better position our employees for success.

Quality assurance is based on the principle that every aspect of the work of THCH can be improved continuously and that evaluation, both internal and external, is critical to improvement in the organization. Quality assurance is a collaborative exercise, and one of its benefits is a consensus on

goals, objectives and intended outcomes, such that there is a common benchmark set of criteria for planning and evaluating the work of the company.

7.2 Responsibilities

The Quality Assurance Unit is comprised of the Quality Assurance Officer and staff who are responsible for quality oversight throughout the company. Quality assurance employees who exercise any oversight, approval, and rejection authority, or who perform testing activities, will have sufficient training and experience in quality assurance and control procedures that is verified and documented. The Quality Assurance Unit reports to the Chief Pharmacology Officer. Generally, the quality assurance team will:

- Oversee the resolution of dispensing errors in coordination with the pharmacist.
- Document and report all lab data generated in the course of testing using good documentation practices to ensure data are attributable, legible, contemporaneous, original, and accurate.
- Notify Directors of out-of-trend or out-of-limit and out-of-specification results.
- Identify potential quality issues including deviations from established procedures or atypical observations.
- Review data generated by all operating units providing a clear separation of duties.
- Maintain detailed documentation of all quality assurance activities.

The Quality Assurance Unit will inspect input materials, raw marijuana, components, excipients, containers, packaging, labels, and all other items that may be a potential source of contamination to the final product. Inspection protocols will be suitable for the item under review and may include visual inspection or analytical testing. The Quality Assurance Officer has full authority to reject any materials or products and schedule them for disposal according to waste disposal policies and procedures.

7.3 Quality Systems

It is THCH policy to follow Quality Systems cGMP guidelines set forth by the U.S. Food and Drug Administration (FDA). The Quality Systems program developed by THCH assigns ongoing quality assurance and control programs to the Quality Assurance Unit to ensure the identity, strength, quality, and purity of its medical marijuana products. The Quality Assurance Officer will ensure all employees understand the SOPs and individual written specifications for any dispensed products, components, products, labeling or production records it reviews. The responsibilities assigned to the Quality Assurance unit include:

Approval and Rejection

Including all raw materials, manufacturing components, product containers, closures and labeling, in-process materials, bulk product, and packaged medical marijuana products. Approval and rejection procedures will be defined in writing and the Quality Assurance Officer will ensure these written procedures are followed. The basis and justification for the approval or rejection of any product or component will be documented.

Review

Including all dispensing and production records to ensure that no errors have occurred or, if errors have occurred, that they have been fully investigated and documented.

Laboratory Operations
For the testing and approval (or rejection) of raw materials, packaging components, in-process materials and finished products. External contract laboratory facilities will be utilized for these approvals. All laboratory testing functions will be fully documented to support quality assurance actions.

Investigations
Conduct investigations into quality systems failures including product recalls and suggest and implement recommendations for corrective measures.

Improvements
Implementing improvements to the quality system and related quality process improvements to manufacturing processes and products including realigning the resources under the quality system. Results of management reviews will be documented and reviewed regularly by the Chief Pharmacology Officer to ensure all corrections and planned actions are implemented.

7.4 Evaluation Activities

THCH will continuously review its quality systems to ensure continuing suitability, adequacy, and effectiveness. Under this quality system, the Directors of Cultivation and Manufacturing, the Quality Assurance Officer, and the Chief Pharmacology Officer will conduct reviews of the system's performance in regular intervals of no less than every six months. Such a review will include assessments of the process, product forms, and patient needs, as well as:

- Results of audits and other assessments.
- Customer feedback, including complaints.
- Analysis of data trending results.
- Status of actions to prevent a potential problem or a recurrence.
- Any follow-up actions from previous management reviews.
- Any changes in business practices or environment that may affect the quality system (such as the volume or type of operations).
- Product characteristics meeting the customer's needs.

As THCH's systems mature, reviews will increase in frequency beyond scheduled monthly reviews and will regularly be included as a standing agenda item in all team meetings.

7.5 Company Staffing Practices

THCH considers the proper management of all personnel to be its most important quality assurance tool. Control of employee qualifications and training is critical to the overall quality assurance efforts of THCH and the safety of our products. The company's adopted Quality System policies relating to company staffing include:

- Cultivation staff will include at least one individual with a minimum of 10 years' experience in good agricultural practices (GAP).
- Dispensing facilities shall not be open or in operation unless an individual with an active New York State pharmacist license is on the premises and directly supervising the activity within the facility.

- In compliance with regulations, FDA, and cGMP requirements, one or more qualified staff person will be assigned to supervise overall sanitation. Each of these supervisors will be qualified by education, training, or experience to develop and supervise sanitation procedures.
- Only qualified personnel perform operations understanding fully the responsibilities and risks associated each job function in the organization.
- Clearly defined appropriate qualifications for each position will be maintained to ensure that individuals are assigned appropriate responsibilities.
- Employees will be hired based on their scientific and technical understanding, product knowledge, process knowledge, and/or risk assessment abilities.
- Continued training is provided to ensure that employees remain proficient in their operational functions and in their understanding of company policies and cGMP regulations.
- Ongoing training will address the policies, processes, procedures, and written instructions related to all operational activities, products, the quality system, and SOPs.

The Quality Assurance Unit is responsible for maintaining accurate records for employees and their relevant qualifications including all training records. The Quality Assurance Unit will assign an officer who will exercise oversight of the company's policies and procedures and who has documented training and experience in quality assurance and quality control procedures including:

- Identifying the adequate number of qualified personnel to perform and supervise the cultivation, manufacture, processing, packing, holding, shipment, and dispensing of each product.
- Ensuring only personnel authorized has access to areas of the buildings and facilities necessary to their job functions. The Security Officer will maintain records identifying those areas individuals are authorized to enter.

7.6 Dispensing Process Controls

There are two main categories of errors that are made, order errors and dispensing errors. Order errors are made at the time the certified patient or registered caregiver information is being entered into the inventory management software system. Order errors include, but are not limited to:

- Incorrect medical marijuana product selected in software system
- Incorrect dose, route, frequency, or duration selected in software system
- Wrong patient selected in software system

The second type of error which occurs is dispensing errors. These errors occur during the process of preparing a product order for a patient. Dispensing errors include:

- Retrieving incorrect product, quantity, dose, or dosage form from stock supply
- Incorrect verification of the medical marijuana product
- Affixing an incorrect label to the product
- Affixing a correct label to the incorrect product

Preventing Dispensing Errors

THCH takes a proactive approach to reducing errors and focuses the time and resources to preventing future errors from occurring. An important aspect to preventing repeat errors is examining errors which have occurred in the past and identifying ways to prevent the same mistakes from repeatedly taking

place. It is imperative to reduce environmental factors which are known to cause dispensing errors. Factors which may increase errors include:

- Hours worked by employees without a break
- Overall workload
- Distractions and disruptions
- Availability of supportive help
- Organization of inventory
- Physical setup of dispensing facility

A well designed work area will decrease the number of errors attributed to the actual work flow. The dispensing area within each of our dispensaries is designed to facilitate smooth transitions from one step to the next throughout the dispensing process. The pharmacist must check and verify all medical marijuana product s before dispensing in a distraction free environment. Some ways to reduce work-flow related errors include:

- Keep the work area free of clutter
- Ensure the work area is well-lit
- Performing final verification of medical marijuana product away from a high traffic area
- Telephones will not be positioned directly in the product verification area
- Pharmacists must completely finish the verification process for one product before moving onto the next
- Interruptions of the pharmacist during verifications are not tolerated
- Pharmacists should use the same verification process for every product order

The first potential step where an error may occur is at the initial computer data entry of the patient's medical marijuana product order. One way to mitigate this is to utilize computer alerts which are provided by the inventory management software used by the dispensary. These alerts must be checked carefully to identify potential disconnects between the product intended for the patient and what was entered into the computer system. In the event the reason for a computer alert is not clear, the pharmacist must be consulted.

Each medical marijuana product will be verified by a minimum of two dispensary employees, with the final verification being conducted by the pharmacist. This multiple verification strategy will provide two layers of checks which help to avoid errors from occurring.

The dispensary technician who prepares the medical marijuana product must double check patient and product identifiers to ensure accuracy in the filing process. These check points include:

- Patient name
- Lot number verification of product label with patient label, utilizing barcode scanning capabilities
- Medical marijuana brand name, strength, dose, dosage form, and quantity
- Consistent product information listed on the product label, patient specific label, and the patient's registry identification card

After the dispensary technician has prepared the product for the patient and done the first verification of the correct patient information and product information, the pharmacist will follow a standard set of checks to the product to ensure accuracy which include:

- Patient's full name
- Patient's registration ID card number
- Patient's I-STOP/PMP status and current fill entry
- Practitioner's name, address, and DEA registration number
- Medical marijuana product brand name, strength, dose, and dosage form
- Directions for use
- Quantity (ensuring a maximum of 30 day supply)
- Correct timing of dispensing (ensuring that patient has exhausted all but a 7 day supply of previously dispensed medical marijuana product)

Identifying and Detecting Dispensing Errors

Balancing our focus on process discipline and structured work environment, THCH is acutely aware of the nuances preventing a zero error environment. Thus, we are equally committed to identifying, detecting, and documenting dispensing errors. In the event a dispensing error takes place, it requires proper immediate documentation to ensure all details surrounding the event are accurate and clearly recalled. The pharmacist and dispensary manager must both be made aware of all errors which take place and an official MMJ Error Report Form will be completed. This form captures all necessary dispensary site information regarding details of the event that took place, including:

- Registered organization's name and registration number
- Dispensary name, address, phone number
- Date and time the error occurred
- Name of employee completing the report
- Name of employee(s) involved in the error

In addition to the site information being collected, all pertinent patient information must be documented as well, if applicable. In the event the error affected a patient, the patient's information and type of dispensing error must be identified:

- Medical marijuana product given to the wrong patient
- Wrong medical marijuana product given to patient
- Wrong dose of medical marijuana product dispensed
- Medical marijuana product mistakenly not given
- Medical marijuana product given at the wrong time

A detailed description of the error must be completed on the form with additional information such as any required medical care sought as a result of the error and immediate actions and interventions taken by the dispensary to address the error.

Root Cause Analysis

It is inevitable that dispensing errors will take place. THCH is committed to conducting a full process-driven analysis when such events do occur. The focus of the root cause analysis will focus on the processes, procedures, and systems in the dispensing process. During the root cause analysis, the employees involved will go through a very thorough examination of the process that preceded the

dispensing error. The pharmacist, dispensary technicians, and dispensary manager should all be included in this process. The focus of the analysis will be to find answers to the following questions:

- What happened (in detail)?
- Why did it happen?
- What occurred just before the error was made?
- At which step did the process breakdown or did a failure occur?
- Have there been "near-misses" that closely resemble this error?
- What strategies can be implemented to ensure this error does not happen again?

Once the "root cause" of the error is identified, and action plan, follow-up, measurement strategy, evaluation, and assessment plan will be implemented to prevent future dispensing errors of the same type.

7.7 Manufacturing Production and Process Controls

The Quality Assurance Officer in coordination with the Directors of Cultivation and Manufacturing will develop and maintain written procedures for production and process control that are designed to ensure that all marijuana and medical marijuana products have the identity, strength, quality and purity they purport or are represented to possess. Written procedures will be drafted and reviewed by the Director and approved by the Quality Assurance Officer and Quality Assurance Unit. All employees will follow written production and process control procedures in all production and process control functions and properly document performance in the appropriate log or system. Any deviation from written procedures will be reported to the Director. The Director will notify the Quality Assurance Officer, record, and justify the deviation prior to its review and approval by the Chief Agricultural Officer.

Cultivation Controls
The Director of Cultivation will develop, implement, and maintain sanitation and quality control practices that maintain the safety and quality of crops, including purity and consistency. All necessary precautions will be taken during the cultivation and processing of marijuana to prevent contamination of medical marijuana and packaging materials. The Director of Cultivation will establish surveillance schedules for each crop in cultivation. Detailed visual surveillance of each crop will be performed and documented weekly at a minimum. Cultivation employees performing surveillance will look for and record findings for the cultivation area assigned. The following items at a minimum will be included in surveillance operations:

- Signs of pest infestations
- Changes in biological colonies
- Mold and mildew
- Leaf and tip burn, discoloration, and spotting
- Changes in appearance of the media
- Changes in stalk density and branch elasticity

Regular in-house testing will be scheduled by the Director of Cultivation based on current operational needs and recorded in the crop management system. Tests that will be performed include:

- Soil pH
- Nutrient pH, Total Dissolved Solids (TDS), and Electro-Conductivity (EC)

- Soil EC/pH testing using a saturated media extraction (1 part soil to 2 parts water filtered) or the leachate pour-through method
- Water Oxidation Reduction Potential (ORP)

All crops are to be inspected by two or more trained employees for all visible foreign matter and sub-standard material to be removed during process. These employees will also perform a visual microscopic and naked-eye inspection of each crop processed to determine:

- Organoleptic characteristics (color, texture and odor);
- Presentation of the material (raw, cut, crushed, compressed);
- The presence of admixtures, foreign matter (sand, glass particles, dirt), mold, or signs of decay;
- The presence of insects; and
- The presence of foreign material originating from poor or degraded containers

Damaged and/or degraded plant material will be removed and disposed of with approval from the Director of Cultivation and in accordance with waste disposal policies and procedures. The Director of Cultivation will maintain written procedures assigning responsibility for sanitation and describing in sufficient detail the cleaning schedules, methods, equipment, and materials to be used in cleaning the production area. Such written procedures will be followed, and records of cleaning and sanitation will be kept in the crop management system. UV sterilization door strips and dip tanks will be used in critical locations throughout the facility. Frequent hand-washing is necessary in all crop handling activities and will be enforced by the Director of Cultivation.

Representative samples sufficient in size will be taken from each batch (each strain will be tested) by the quality assurance unit. Analytical samples will be taken in accordance with sampling and retention policies. Representative samples removed from cultivation inventory will be properly recorded in the inventory management system. Sample records will accurately reflect the origination of the sample to allow trace-back. Samples will be stored separately from product inventories in a manner that maintains sample quality and identification. Samples will be recorded in the inventory control system with the contents by:

- The plant name and identification;
- The date of harvest;
- The identification number; and
- Any other identifying information.

Manufacturing Controls

THCH's Quality System addresses the receipt of all component materials prior to production into products. Marijuana materials received from the cultivation operation are treated as any other component received from an outside vendor or supplier.

A received goods report will be used to receive all component materials. All items received will be inspected, counted, and recorded on this report. The individual responsible for receiving the items will sign and date the report. Any damage and discrepancies are to be noted on this report and resolved by the unit employee or referred to the Quality Assurance Officer. Any materials under investigation will be stored in a separate holding area with a copy of the received goods report for identification. All marijuana materials transferred from cultivation to the manufacturing unit will be documented in the

inventory control system and all bulk plant material transferred will be properly weighed on a NTEP legal for retail trade scale integrated with the inventory control system.

The Quality Assurance Unit will only release production materials, packaging components, labeling, and manufacturing supplies that conform to written specifications and applicable testing requirements. Each unit of the operation will implement quality assurance controls overseen by the Quality Assurance Unit which include:

- Releasing only those production materials, packaging components, labeling, and manufacturing supplies that comply with all testing requirements listed in the material's written specifications.
- Maintaining current written specifications based upon the supplier's documentation and applicable regulations for all production materials, packaging components, labeling, and manufacturing supplies.
- Overseeing and ensuring compliance with receiving SOPs. There will be individual, written specifications for each production material, packaging component, labeling, and manufacturing supplies utilized in the cultivation, manufacturing, packaging, and labeling of all medical marijuana products.
- Whenever applicable, all in-house component specifications will include:
    1. The official material or manufacturing name and description.
    2. At least one test to verify the identity of each product component. Specific identity tests, if they exist, will be used.
    3. Appropriate specifications for purity, strength, and quality if applicable.
    4. All required sampling and material examination criteria.
    5. Appropriate retest or reexamine interval.

Records will be maintained for each shipment received documenting its examination or testing and whether accepted or rejected. In lieu of in-house testing, a lot-specific report or Certificate of Analysis may be accepted from the supplier of production materials and packaging components provided the component identity is confirmed in-house as required in the individual material specifications. The Quality Assurance unit will establish the reliability of the supplier's analyses through confirmation of the supplier's test results at appropriate intervals.

Any production material, packaging component, or manufacturing component the Quality Assurance Officer determines to have the potential for objectionable microbiological contamination will be subjected to microbiological tests before use. Cleaning and sanitation supplies or other supplies that are not directly incorporated into a medical marijuana product will be inspected by the operating unit visually for their correct label identification.

Rejected materials will be held in a separate area while the Quality Assurance unit investigates and determines appropriate steps to be taken. Production materials and packaging component supplies will be retested or reexamined as appropriate and approved or rejected by the Quality Assurance department after storage for long periods or after exposure to conditions that might adversely affect the material or component suitability for use. All documentation required by THCH's SOPs will be retained for five years after the expiration date of the last batch utilizing that material.

7.8 Equipment

THC Health Inc. will only utilize equipment for the manufacturing, processing, packaging or holding product of appropriate design, adequate size and suitably located within the facility for its intended use, cleaning and maintenance. THC Health Inc. will:

- Ensure employees only utilize equipment for its designated manufacturing, processing, packaging or holding purposes; and
- Ensure each operating unit maintains all equipment in accordance with manufacturer recommendations and company policies.

The Quality Assurance Officer will ensure all equipment is constructed so surfaces that contact the components, in-process materials or products will not be reactive, additive or absorptive and alter the safety, identity, strength, quality, or purity of any medical marijuana product beyond its established specifications. Substances required for equipment operation, such as lubricants, will not come into contact with product components, packaging, in-process materials or finished products and alter the safety, identity, strength, quality, or purity of the medical marijuana product beyond its established specifications.

All equipment will be maintained and sanitized in each operating unit at appropriate intervals to prevent malfunctions or contamination that would alter the safety, identity, strength, quality or purity of the medical marijuana product beyond its established specifications. Major equipment will be assigned individual maintenance logs. Written programs will be established and followed for the maintenance of major equipment. These SOPs will include:

- Assignment of responsibility for maintaining the equipment.
- Maintenance schedules, including, where appropriate, sanitizing schedules.
- A description in sufficient detail of the methods, equipment and materials used in the maintenance operations.
- Written records of equipment maintenance (except for routine in-process adjustments) including the date, time and identification of all product batch and lot numbers processed with that equipment.
- A requirement that personnel performing equipment maintenance will date and sign or initial the log indicating that the work was performed. Entries in the log will be in chronological order.

Automatic, mechanical or electronic equipment will be routinely calibrated, inspected or checked according to a written program designed to ensure proper performance. Written records of those calibration checks and inspections will be maintained. Filters for liquid filtration used in the manufacture, processing or packaging will be of adequate design for their intended purpose. The use of any asbestos-containing filter is prohibited.

Appropriate controls will be exercised over computer or related systems to ensure that any changes in master production control records or similar documentation are instituted only by authorized personnel. Input to and output from the computer or related system of formulas or other product manufacturing data will be checked for accuracy. The degree and frequency of input/output verification will be based on the complexity and reliability of the computer or related systems. Accurate backup files of data entered into computer system will be maintained.

7.9 Sanitation

THCH will establish, maintain and follow standard cleaning procedures for all equipment and utensils used in the manufacturing and packaging of its products. The Quality Assurance Officer will ensure all employees involved are trained to properly clean assigned equipment and document the process. In compliance with FDA and cGMP requirements, one or more qualified personnel will be assigned to supervise overall sanitation. Each of these supervisors will be qualified by education, training, or experience to develop and supervise sanitation procedures.

The Directors of Cultivation and Manufacturing will assign adequate personnel for the cleaning of all production equipment and oversee the proper performance of cleaning and sanitation SOPs to ensure sanitary production equipment, THC Health Inc. will maintain SOPs addressing written procedures to be implemented for the cleaning of equipment, including utensils, used in the manufacture, processing, packing or holding of all products. These written procedures, schedules, and logbooks will include:

- Assignment of responsibility for cleaning equipment
- A description in sufficient detail of the methods and materials used for cleaning and the methods of disassembling and reassembling equipment to ensure proper cleaning
- Removal of all previous batch identification prior to processing the next batch of material
- Measures for the protection of clean equipment from contamination prior to use
- Required inspection of equipment for cleanliness immediately before use

Based upon the individual equipment design, the following sequence of cleaning operations will be performed upon the completion of each batch of product. If applicable, a reduced written disassemble and cleaning procedure may be utilized between sequential batches of the identical product brand, strength, and dosage form. Upon the completion of a manufacturing or packaging operation, equipment will be disassembled and all moveable parts removed so that the equipment can be properly cleaned. All exterior surfaces will be sanitized and the interior cleaned with an approved detergent mixed with water and then rinsed thoroughly with tap water. Finally, all surfaces that come in contact with components will be sanitized with denatured alcohol and allowed to air dry.

Upon completion, the employee will fill in the cleaning log and inform their immediate supervisor the equipment is ready for inspection. If necessary, a flashlight or other source of illumination will be used to facilitate this inspection. If the cleaning process has been performed properly, the supervisor will confirm the entry in the cleaning log and sign the cleaning log. If the process needs to be repeated, the supervisor will recheck the equipment after it has been re-cleaned and sign the cleaning log upon approval.

This cleaning, inspection and approval sequence is also performed for all production utensils including cultivation tools, mixing paddles, spatulas or measuring devices except the individual utensils are not documented in a cleaning log. The Quality Assurance Unit will audit or check equipment cleaning and its documentation on a random basis several times a week. These reviews will include an inspection of the actual equipment cleanliness and the accuracy of all cleaning documentation. All cleaning records required by this procedure will be retained for at least five years after distribution of the last batch of product manufactured, processed or packaged utilizing that equipment.

7.10 Packaging and Labeling Controls

Packaging and labeling are critical points in the manufacture of any product. THCH quality assurance team will implement a variety of protocols to ensure that all product remains pure and our packaging

and labeling operations meet cGMP and FDA standards. THCH has developed extensive SOPs to control the entire production process from cultivation to distribution. These protocols are detailed in Section 6.

Containers

The Quality Assurance unit will ensure product containers and closures will not be reactive, additive, or absorptive so as to alter the safety, strength, quality, or purity of the medical marijuana product beyond its written product specification requirements. Container closure systems will provide adequate protection against foreseeable external factors in storage and use that can cause deterioration or contamination of the product. Containers will be child-resistant, tamper-proof/tamper-evident, light-resistant, and resealable to minimize oxygen exposure. Product containers and closures will be clean and free from particular matter.

Materials

All labeling or packaging materials must meet written specifications to be approved and released for use. The Quality Assurance Unit will determine if any labeling or packaging materials do not meet such specifications and will reject them to prevent their use in operations. Labels and other labeling materials for each different medical marijuana product, strength, dosage form, or quantity of contents will be stored separately with suitable identification. Access to the storage area will be limited to authorized personnel.

Obsolete or outdated labels, labeling, and other packaging materials will be destroyed by the Quality Assurance Unit. Gang-printed labeling for different products or different strengths or net contents of the same product are prohibited unless the labeling from gang-printed sheets is adequately differentiated by size, shape, or color. Whenever possible, the labeling of medical marijuana products will utilize roll labeling.

If cut labeling is used for immediate container labels, individual unit cartons or multi-unit cartons that are not packaged in individual unit dose cartons will include one of the following special controls:

- Dedication of labeling and packaging lines for each different strength of each different medical marijuana product.
- Use of appropriate electronic or electromechanical equipment to conduct a 100 percent examination for correct labeling during or after completion of operations.
- Use of visual inspection to conduct a 100 percent examination for correct labeling during or after completion of finishing operations for hand-applied labeling. Such examination will be performed by one person and independently verified by a second person.
- Use of an automated technique, including differentiation by labeling size and shape, which physically prevents incorrect labeling from being processed by labeling and packaging equipment.

Printing Devices

Printing devices associated with specific packaging lines used to imprint labeling upon the product or case label, batch number, or expiry date will be monitored to ensure that all imprinting conforms to the printing specified in the Packaging Batch Record. The SOPs in Section 6 detail procedures for Master Production Forms and Issuance of Batch Records. Strict control will be exercised over labeling issued for use in product packaging including written descriptions in sufficient detail of the controls employed for issuance of labeling. Labeling materials issued for a batch will be carefully examined by the Quality Assurance unit for identity and conformity to the labeling specified in the Packaging Batch Record.

Identification
Packaging and Labeling operations will be designed to ensure that correct packaging materials and labels and are used for each batch of medical marijuana product. These identification controls will be supervised by the Quality Assurance Officer and incorporate the following features:

- Prevention of mix-ups and cross-contamination through separation of each product operation based on different products or strengths.
- Identification of the medical marijuana product with a batch lot or control number that permits determination of the history of the manufacture and control of the batch.
- Examination of packaging and labeling materials for suitability and correctness before packaging operations.
- Inspection of the packaging and labeling facilities immediately before use to ensure that all previous products have been removed from the packaging area. Inspections will be documented and ensure that packaging and labeling materials not suitable for operations have been removed.
- Identification of packaged medical marijuana product containers set aside for labeling (i.e., bright inventory) will be adequate to preclude mislabeling of individual containers, product lots, or portions of a product lot. Identification need not be applied to each individual container, but will be sufficient to determine name, strength, quantity of contents, and batch number of each container.

7.11 Inspection

Packaged and labeled products will be examined by the Quality Assurance unit during finishing operations to assure that all containers and packages in the batch have the correct label. A representative sample of units will be collected at the completion of finishing operations and will be visually examined for correct labeling. Results of these examinations will be recorded in the Packaging Batch Record.

Each packaged medical marijuana product will be affixed with a product label that has been approved by the Department. Product labels will be applied at the manufacturing facility to be easily readable, firmly affixed and inspected to ensure all required information is accurately listed.

The bar coding include on each package of medical marijuana product will be adequate to permit scanning at the dispensing facility in order to provide positive confirmation of its identity. At a minimum, this will include the product brand (strength), dosage form, lot number, expiry dating, and any other information required to confirm the dispensed product is in accordance with the patient's current practitioner certification.

7.12 Evaluation

THC Health Inc. will implement systems review in every manufacturing process, from cultivation through manufacturing to the release of products for transport. Quality Systems review is a key component in any robust quality system to ensure its continuing suitability, adequacy, and effectiveness. Under the Quality System, senior managers will conduct regular reviews of process performance. Such a review typically includes assessments of the process, product forms, and patient needs. At a minimum, these reviews will:

- Include results of audits and other assessments.
- Address customer feedback, including complaints.
- Provide an analysis of data trending results.
- Document the status of actions implemented to prevent a potential problem or a recurrence.
- Address any follow-up actions from previous management reviews.
- Identify any changes in business practices or the operating environment that may affect the quality system (such as the volume or type of operations).
- Ensure THCH products are meeting the needs of patients.

Reviews will take place more frequently than when the system has matured. Outside of scheduled monthly reviews, the quality system will typically include as a standing agenda item in general management meetings. In addition, a periodic review performed by a qualified source, external to the organization, may also be useful in assessing the suitability and effectiveness of the system.

7.13 Analytical Testing Programs

The Quality Assurance Officer will ensure all marijuana grown by THCH is tested for contaminants, residuals, and potency in compliance with published testing guidelines. All testing results will be maintained for no less than five years. Required tests, Department standards for failed samples, and procedures for disposal or salvage of improperly stored products will be followed as Standard Operating Procedures. The duties and responsibilities of the Quality Assurance Unit include:

- Documenting and reporting all lab data generated in the course of testing using good documentation practices to ensure data are attributable, legible, contemporaneous, original, and accurate.
- Notifying Management of out-of-trend or out-of-limit and out-of-specification results.
- Notifying Management of issues that are potential events, such as but not limited to deviations from established procedures or atypical observations.
- Submitting data for review. Data will be reviewed by an individual who is not involved in the generation of the results in any way.
- Providing completed notebooks (all pages used and reviewed) and corresponding data collection indices, and completed logbooks to management for records retention.

Capabilities

The laboratory will use methods that are appropriate for the tests performed and the materials being tested. Methods provided include those from compendia such as the AHP and USP monographs, methods validated by organizations such as the EPA, AOAC and EU, methods published in peer-reviewed journals and Green Standard Diagnostic's proprietary methods. In order to be scientifically valid, all methods are put through a formal validation process that demonstrates the ability of a method to produce reliable and repeatable results. All laboratory functions will be performed in compliance with Good Laboratory Practice ("GLP"). THCH has established methods for the following analyses:

- Potency
- Synthetic cannabinoids
- Terpene
- Residual solvents
- Pesticide residuals
- Microbiologicals
- Alfatoxin and ochratoxin
- Heavy metals

THCH will adopt the Department's acceptable limits at the time of publication. Any marijuana or marijuana product deemed a failure by the Department's standards will be remediated and retested with the Quality Assurance Officer's approval or destroyed. The company's proposed methods are fully documented in the Standard Operating Procedures in Section 6.

Testing Frequency

The Quality Assurance Officer and Laboratory Analytics may perform any test he or she deems necessary at any time. The Director shall establish the internal testing requirements and sample size required for in-process and finished products. No less than 2% of each batch will undergo internal or independent

testing. Generally, the Director will perform the following assays with the appropriate frequency needed to accomplish the goal of the testing:

- In process marijuana: potency testing to determine optimal harvest dates
- Processed marijuana: moisture content to determine optimal cure duration
- Finished marijuana: potency and terpene analysis prior to extraction and contaminant testing if the marijuana is suspected to be contaminated
- Extracted marijuana: potency and terpene testing to determine proper run times for each strain cultivated
- Decarboxylation process: potency and terpene monitoring to ensure full decarboxylation
- Separated cannabinoids: testing for identity, potency, contaminants, residuals, and metals prior to formulation
- Excipient and component: analysis for identity and purity with a certification of analysis is not provided
- Finished products: independent laboratory testing is required in accordance with regulations

Sampling Technicians

Sampling technicians must be separated from all cultivation and manufacturing operations. No quality assurance employee will be permitted to collect samples until the Quality Assurance Officer approves and documents his or her status as a sampling technician.

Sampling Risks

The company has established controls overseen by the Quality Assurance Officer to prevent sampling risks including:

- Improper sample selection,
- Introduction of contaminants to the sample,
- Exposure to environmental factors, and
- Sample tampering.

Representative Samples

Representative samples defined in the Sample Collection and Retention SOP shall be collected by approved quality assurance personnel from in-process materials, components, and final products. In-process cannabinoid profile testing shall be completed throughout the cultivation process to determine optimal harvest times. Post-harvest testing shall be performed in-house and include cannabinoid profile and contaminant testing prior to further manufacturing. Post-manufacturing testing includes both in-house and external testing for potency and purity. Samples from all testing, internal and external, shall be retained for a minimum of two years. Sample documentation shall accurately reflect the origination of any sample to allow for efficient and accurate trace back.

Sample Collection

The cultivation and manufacturing units will notify the quality assurance staff of sample collection needs. The assigned sampling technician shall prepare all equipment and utensils needed to collect sufficient samples for the requested tests. All necessary measures to prevent sample contamination will be taken. Reserves samples of three times the necessary sample quantity for the test being performed will be collected for storage.

Sample Selection

In determining a requisite sampling batch size, THCH faces an inherent trade-off between representativeness in testing results and operating cost. A larger lot size eases the burden on the operation by requiring fewer tests. Since sampled marijuana products cannot be distributed to patients, a larger lot size decreases the dead loss of unusable cannabis. However, in a large batch there may exist large amount of variation within the batch and a sample from within that batch might have drastically different properties than another part of that batch. This is the problem introduced by the heterogeneity of cannabis due to the biological properties of the plant.

Cannabis plants exhibit heterogeneity in two regards: across different parts within the same plant and across different plants within the same strain. Cannabis plants have been subject to intense domestication, both through breeding and cloning, creating a wide variety of strains each with their own biological peculiarities. Intra-plant heterogeneity is also important to sampling procedures. THCH has adopted a policy identifying 2% of a batch to be a representative sample based on research provided by BOTEC Analysis Corporation. A two gram sample of flower or trim should allow for a confidence of approximately 12% relative variability (or five grams for a relative error of approximately 5%. 2.5 grams allows for an acceptable variation across a single sample.
(http://liq.wa.gov/publications/Marijuana/BOTEC%20reports/1e-Sampling-Lots-Final.pdf)

THCH sample collection protocols require 2% of batch sampling for oil and finished products. However, due to the variation in production methods, hard rules may not be possible to establish and there should be flexibility afforded to the sampling technician to determine the proper sample selection process for any given situation. Documentation of the method of selecting the samples is mandatory.

Sample Transportation and Storage

All samples will be placed into tamper proof sealed and sterile containers for transport to the laboratory facility. A controlled environment to prevent bacteria growth will be maintained for all transportation and storage activities. Samples will be stored for a minimum period of two years past the expiration date of the product sampled.

Chain of Custody

Contamination of the sample from environments, entities, and individuals invalidate the findings of the test results for that sample. Samples will be preserved in the state they were in the moment they were sampled and any outside environmental variables shall be minimized to the greatest extent possible. A rigorous chain of custody shall be maintained to ensure that samples are not in the custody of unauthorized individuals that might contaminate or invalidate any sample.

Sample Security

Samples must be collected in areas with full camera coverage. The laboratory is secured by cameras covering all areas where samples may be received, extracted, stored, and disposed. All samples are tracked from initial receipt through disposal.

Training Required

Sample selectors shall be trained by the Quality Assurance Officer to conform to THCH sampling policies and procedures. If the regulatory agency offers training and certification for sample collectors,

employees shall be required to participate in such training. No Analytics Technician may collect samples until the Director approves and documents their capability in the employee's training record.

Pesticides, Residual Solvents, and Heavy Metals

The company will only perform internal testing for pesticides, residual solvents, and heavy metals in the event the Quality Assurance Officer deems necessary. If the Director believes contamination will be present in plant material or extracted oil due to suspect cultivation methods, components, excipients, or other contributing factors. THCH will also maintain a robust incoming inspection and supplier control program that will test and control manufacturing inputs to avoid product contamination and adulteration. If the laboratory detects an adverse level of contaminants, all materials or products which compose the batch tested will be quarantined until an investigation determining the source of contamination is completed and a determination on batch status is made.

Identity and Potency

Potency and terpene testing will occur whenever necessary for formulation. Only independent laboratory test reports will be utilized for product labeling. Adulteration of products with synthetic cannabinoids may be identified through a proprietary method obtained by THCH. This method will only be performed if the Quality Assurance Officer determines it to be necessary.

Microbiologicals

THCH will test all extracted oil for adverse microbiological levels prior to further manufacturing. If a batch is found to be contaminated per the tolerance limits to be established by the Department, the Quality Assurance Officer will determine if remediation processes and retesting should occur or the batch should be disposed of in accordance with the company's waste disposal policies and procedures.

Excipient Testing

Extracted oils may be formulated with excipients to created final products. All excipients will be required to have a certificate of analysis or be tested internally insure that they do not adulterate any THCH brands.

Final Product Testing

Product batches that have been packaged for distribution will be quarantined and will undergo final testing by at least one external lab licensed by the State of New York for all assays required by regulation. Only the Quality Assurance Officer or designee may release a batch of products for distribution. The quality assurance team will review the batch record, any in-process and final test results, the independent laboratory test results, and then compare to specifications and regulations to make a final decision on batch status including further hold for remediation, disposal due to failure, or release for distribution.

Recordkeeping

The Quality Assurance Unit will ensure any test results are forwarded to all necessary operating unit managers in a format that cannot be changed and will retain and back-up the documents for a minimum of five years.

SECTION 8 – RETURNS, COMPLAINTS, ADVERSE EVENTS AND RECALLS (§ 1004.5(b)(4)(v))

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8.1 Introduction

THC Health Inc. (THCH) has developed and adopted procedures for responsibly handling returns, complaints, adverse events, and recalls that conform to state medical marijuana regulations and best practice for the cannabis and pharmaceutical sectors. Title 10, Chapter XIII, Part 1004.5(b)(4)(v) of the Official Compilation of Codes, Rules and Regulations of the State of New York requires: detailed policies and procedures to document and investigate approved medical marijuana product returns, complaints and adverse events, and to provide for rapid voluntary or involuntary recalls of any lot of medical marijuana product, a plan for any retesting of returned approved medical marijuana products, storage and disposal of medical marijuana products and any manufactured medical marijuana products not passing requirements. This provision of the regulations also requires that all adverse events and total recalls be reported to the department within 24 hours of their occurrence.

THCH will ensure compliance with all laws and regulations pertaining to its operation as a registered organization including the handling, recording, and reporting of returns, complaints, adverse events, and recalls. THCH's Returns, Complaints, Adverse Events, and Recalls policies and procedures, as detailed in this section and throughout the Standard Operating Procedures in Section 6 demonstrate clear and unambiguous compliance with legal and regulatory requirements as well as THCH's commitment to business integrity standards. THCH, through the adoption of the necessary policies and procedures, will ensure patient satisfaction with our medical marijuana products, maintain patient safety as our top priority, and investigate any medical marijuana product which may be defective or adulterated.

8.2 Responsibilities

The Chief Pharmacology Officer shall oversee all return, complaints, adverse events, and recall policies, procedures, and protocols of THCH. The Chief Executive Officer is responsible for oversight of the Chief Pharmacology Officer. The Chief Pharmacology Officer shall work closely in conjunction with the Chief Operating Officer and the Chief Legal Officer to ensure that all return, complaints, adverse events, and recall policies, procedures, and protocols comply with all applicable laws, rules, and regulations.

Excepted from disclosure in accordance with Public Officers Law § 89(5).

8.3 Compliance with Regulations

THCH is committed to clear and unambiguous compliance with all laws and regulations pertaining to its operation as a registered organization. Several regulations apply to the returns, complaints, adverse events, and recalls of the company as listed herein. THCH's policies and procedures as detailed in this section and throughout the Standard Operating Procedures detailed in Section 6 demonstrate not only compliance with the following requirements, but a commitment to full documentation of the company's operations. The regulations alone call for the returns, complaints, adverse events, and recalls provisions listed below.

8.4 Returns

THCH will accept medical marijuana product returns in the event a patient feels the product is unsatisfactory or does not meet the needs of that patient. All returned medical marijuana product, regardless of the manufacturing seal being broken or intact, is assumed to be adulterated and therefore is unsuitable for dispensing. The following schedule outlines situations where refunds will be granted:

Situation	Refund Policy
• Product is returned within 15 days of purchase • Original manufacturing seal in tact	• 50% of the original purchase price will be refunded to the purchaser, OR • 100% of the original purchase price will be given as a Dispensary Credit
• Product is returned within 15 days of purchase • Original manufacturing seal is broken • Greater than 50% of the product remains	• 50% of the original purchase price will be refunded to the purchaser, OR • 100% of the original purchase price will be given as a Dispensary Credit
• Product is returned within 15 days of purchase • Original manufacturing seal is broken • Less than 50% of the product remains	• 0% of the original purchase price will be refunded to the purchaser
• Product is returned after 15 days of purchase	• 0% of the original purchase price will be refunded to the purchaser

All refunds will be granted in the same form of currency used to make the purchase. It is not necessary for the return to be accompanied by the original sales receipt as information including purchase date, product, and lot number is stored within the inventory management software.

In the event a product is defective or recalled, the patient will receive either a 100% refund of the purchase price, or replacement product at no additional cost.

All returned products are sent for laboratory analysis to identify or rule out potential causes for the return, such as product compound decomposition leading to inactivity, or incorrect product packaging. The process for laboratory testing of returned products is stated below (See Laboratory Analysis)**.** Additionally, returns are quarantined and disposed of according to the process stated below (See Quarantine, Storage, and Disposal).

Excepted from disclosure in accordance with Public Officers Law § 89(5).

8.5 Complaints and Adverse Events

THCH values our customers and will investigate all patient complaints and adverse events, including allergies, suspected to be caused by any medical marijuana brand product offered by THCH. All incidents of complaints or adverse events which have or may have an adverse impact on patient safety will be documented and reported to the NYSDOH within 24 hours of the event occurrence.

The pharmacist plays a critical role in the accurate identification and correct interpretation of complaints, allergies, and adverse events to medical marijuana products is critical to prevent serious patient harm. THCH has implemented standardized definitions and processes to document such events.

Upon initial patient claim of a complaint or adverse events, the pharmacist will conduct a thorough interview with the patient to obtain all necessary information and complete the Allergy and Adverse Event Reporting Form.

- The pharmacist will conduct a patient interview to obtain all necessary patient data and detailed explanation regarding the event that took place, including additional medical attention that was required due to the event (such as hospitalization, urgent care, etc.)
- A patient's complete history of allergies and adverse events to other products will be obtained for accurate record keeping and identification of the cause of the event.
- The pharmacist will aid in determining if the event was due to an immune-mediated allergic response. In this case, re-challenging with any medical marijuana-containing product may pose serious risk to the patient's health and would not be recommended. The pharmacist will assess if any of the following events took place that may indicate an allergy to the product:
    - Anaphylaxis
    - Shortness of breath
    - Rash
    - Hives
- The pharmacist will aid in determining if the event is considered to be "serious". A serious adverse event is one that leads to one of the following serious outcomes:
    - Hospitalization required
    - Life threatening
    - Leads to permanent disability or is incapacitating
    - Leads to organ toxicity
    - Causes birth defect
    - Results in overdose

THCH will be fully transparent with all complaints and adverse events that occur with the NYSDOH as we believe in taking measures to ensure the safety of all patients. We are committed to helping expand the knowledge base of medical marijuana products and understanding what adverse events the product may be associated with is imperative. This knowledge will help us educate patients as well as understand the best strategies for use of the product.

We also recognize a patient's overall well-being is a collaborative approach and will immediately notify the patient's certifying practitioner in addition to the NYSDOH. We believe the patient should be involved in each step of their own care, and will devise a plan in combination with the patient, pharmacist, and certifying

Excepted from disclosure in accordance with Public Officers Law § 89(5).

practitioner to assess the benefits of medical marijuana use versus the risks and collectively determine the safest way to proceed with medical marijuana use or discontinue use.

8.6 Recalls

Medical marijuana product recalls may occur if a product is suspected of being adulterated or misbranded. These recalls may be voluntary, initiated by THCH, or may be involuntary, initiated by the NYSDOH or other outside mandated recall. In either instance, the same procedure will take place for addressing medical marijuana product recalls.

In the event of a product recall, the inventory management software will create a reportable chain of custody for all medical marijuana products. All finished products resulting from a particular batch or lot number will be identified. If a full batch recall is needed, the inventory management software can identify every patient who has purchased a product which must be recalled.

As soon as medical marijuana product(s) are identified as being defective, the NYSDOH, all dispensaries, and the manufacturing facility will be notified of the recall within 24 hours. Each dispensary manager must examine all stock to identify, retrieve, and quarantine all product lot numbers indicated on the recall notice. Each affected dispensary will require the dispensary manager will complete a Voluntary and Involuntary Recall Report Form. A specific form will be completed for each recall occurrence. The information documented on this sheet includes:

- Registered Organization's Name and Registration Number
- Recall Notice Date
- Internal Recall Reference Number
- Recall Type (voluntary or involuntary)
- Detailed description of reason for recall
- Dispensary information (name, phone number, address)
- Date and time recalled product was removed from dispensary stock
- Quantity the dispensary removed from stock
- Detailed description of product that was removed from stock, including affected lot numbers
- Employee name and signature who removed recalled product from stock
- Employee name and signature who completes the Voluntary and Involuntary Recall Report Form

If patients are affected by the recall, they will be notified via phone and written letter, including necessary steps to take with the recalled medical marijuana product. The included information will be communicated to the patient:

- Medical marijuana product name, container size, lot number
- Quantity expected to be returned
- Contact information regarding recall
- Follow-up instructions for recalled product return
- Product replacement or refund information

All recalled products will be sent for laboratory analysis as stated below (See Laboratory Analysis). All recalled products will be stored and quarantined as they are removed from stock or received from patients as stated below (Quarantine and Disposal).

Excepted from disclosure in accordance with Public Officers Law § 89(5).

8.7 Laboratory Analysis

In all instances of medical marijuana product returns and recalls, THCH will accept the product and assumes full responsibility for laboratory retesting. Re-testing of medical marijuana products will be performed by the New York State Department's Wadsworth Center or a Department issued permitted laboratory, through the Wadsworth Center Environment Laboratory Approval Program. Laboratory results will remain on file for five years.

8.8 Quarantine, Storage, and Disposal

In all instances of medical marijuana product returns or recalls, THCH will accept the product and assumes full responsibility for quarantine and proper disposal. All medical marijuana products which are returned or recalled will follow the same quarantine and disposal procedures as medical marijuana products which are expired, damaged, deteriorated, misbranded, or adulterated. The following information is recorded in the inventory management software:

- the product brand name
- lot number
- quantity
- unique serial bar code number
- description of the product
- reason for the medical marijuana product being disposed
- method of disposal
- name, address, and telephone number of the permitted waste facility
- date of disposal
- name dispensary manager responsible for the disposal
- any additional notes

Recalled/returned product(s) will be quarantined in a secure, designated location of the dispensary under video surveillance, are rendered unusable, and are sent for laboratory analysis. Following laboratory analysis, the returned/recalled medical marijuana product will be placed into the secure, locked Incineration Waste Container located at the dispensary. The dispensary manager is responsible for placing the medical marijuana product into the Incineration Waste Container in the presence of a second witness to prevent diversion. Both employees will complete and sign the medical marijuana Product Disposal Log. Product in the Incineration Waste container shall not be stored on the premises for more than one week. The Incineration Waste Container will be prepared for incineration complying with all measures outlined in Security and Control such that contents are not accessible for theft or diversion.

Excepted from disclosure in accordance with Public Officers Law § 89(5).

SECTION 9 – PRODUCT QUALITY ASSURANCE § 1004.5(b)(4)(vi)

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9.1 Introduction

THC Health Inc. (THCH) quality assurance plans flow throughout all aspects of its cultivation, manufacturing, production, and dispensing activities. Extensive quality assurance requirements are contained throughout our Standard Operating Procedures in Section 6 starting from the initial inspection and approval of incoming raw materials, throughout all manufacturing operations, and well beyond the approval of finished packaged product for distribution.

The Quality Assurance Plan outlines procedures for quality control operations that will ensure the production and processing of marijuana that is in full compliance with Department regulations and mandatory testing requirements. The plan outlines the functions overseen by the Quality Assurance Officer. All contamination incidents are identified, documented, investigated, and resolved. The following section details the quality assurance program developed by THCH to track contamination incidents and document the investigated source of such incidents, and the appropriate corrective action(s) to be taken in compliance with § 1004.5(b)(4)(vi).

The company has developed extensive quality assurance and control procedures in all its operations. These procedures are documented in Section 7 for review.

9.2 Quality Assurance Unit Required

The Quality Assurance Officer will ensure that a Quality Assurance Unit is in place at all times. The Quality Assurance Officer will be qualified to perform all duties and may include sufficient personnel to support the cultivation and manufacturing departments. The Quality Assurance Officer will develop and maintain written procedures outlining responsibilities and processes approved by the Quality Assurance Officer. The Director will, at a minimum, have the authority to and responsibility for:

- Approving or rejecting all components, product containers, closures, in-process materials, packaging materials, labeling, and marijuana or medical marijuana products;
- Reviewing production records to assure that no errors have occurred or, if errors have occurred, that they have been fully investigated and resolved;
- Approving or rejecting marijuana or medical marijuana products manufactured, processed, or packaged; and
- Approving or rejecting all procedures or specifications that may impact the identity, strength, quality, and purity of the marijuana or medical marijuana products.

9.3 Contamination Events

Contamination may be discovered prior to or after distribution to a dispensing facilities. Products that are returned to the dispensary due to contamination will trigger the recall protocols established by THCH which are documented in Section 8. All contamination events reported will be thoroughly investigated by the Quality Assurance Officer and fully resolved. All THCH process are fully documented so to provide and audit and trace back trail to aid in the Director's investigation responsibilities. Any contamination event must be resolved. The event will be resolved with measures appropriate to the event and may result in the following:

- Product recall procedures
- Disposal of materials or components
- Employee retraining or termination
- Termination of a supplier or vendor contract

9.4 Determination

Every report of contamination must be investigated by the Quality Assurance Officer. Upon receipt of a complaint, if a batch or lot number is identified, the remainder of the batch must be pulled from inventory and quarantined into a separate holding area and identified with explicit signage not to distribute further. The Quality Assurance Officer will confirm the contamination event from an initial compliant or inspection revealing contamination of any marijuana material, component, or finish product. If the source of contamination is unknown, the Director must interview as many involved persons as possible. The desired outcomes of any investigation include:

- To identify the source of the outbreak
- To stop further infection
- Reduce the risk of future outbreaks

9.5 Reporting

Depending on the severity of the contamination event, the Quality Assurance Officer may determine that the Department of Health should be notified and assist with the company's response. The Director is required to contact the Department whenever:

- Contamination is found post-distribution and may impact two or more patients

- The contamination event presents a serious risk to health (i.e. eColi)

9.6 Investigation

All steps in the investigation must be fully documented by the Director beginning with the source of the first report. Documentation of the investigation must include:

- Description of the incident/complaint
- Details of all interviews
- Assessment of all potential risk factors
- Reporting of any initial control measures implemented
- Documentation of any actions taken and a complete summary of findings

If the complaint originates outside the organization, the Quality Assurance Officer shall make contact with the complainant immediately to attempt to establish what the perceived source of contamination might be.

9.7 Interviews

Upon receiving information relating to what appears to be an outbreak, the Director should attempt to gather a complainant's details and if known, any other contact details of affected persons. The following is important information that must be documented:

- Full name
- Date of birth (DOB)
- Address,
- Phone number,
- Products consumed,
- The time of onset,
- Symptoms experienced,
- Doctor visit and outcome (if applicable)

9.8 Identify Source of Contamination

The Quality Assurance Officer will attempt to discover the probable source of the contamination. Location, day, date, time, and all parties involved will be established and documented.

9.9 Obtain Samples

If any material, component, or product remains, the Director shall retrieve samples for external testing. Importantly, products with the same batch number, or production date should be looked for during a follow up inspection and considered relevant for sampling.

9.10 Confirmation of Cause

Laboratory confirmation of a causative pathogen or ingredient is a vital step in the investigation of a contamination event. By sampling any remaining materials or products, the Director has a greater chance of determining the causative organism/substance. If a causative organism cannot be linked, this does not mean that contamination has not occurred – only that the samples tested were not able to reveal a pathogen. More detailed or specific testing may be required. The Director should request immediate turn-around from the independent laboratory. Requests for a PCR test may also be appropriate. Once an organism or pathogen has been identified from samples, the investigation must focus on what handling practices may have caused the outbreak.

9.11 Recommend and Implement Control Measures

Once the causative organism or material has been identified, it is imperative that any further contamination is prevented. The Quality Assurance Officer may perform the following or any other steps necessary to prevent any other cases:

- Seizure of remaining products/materials
- Directing cleaning and sanitizing of production areas
- Implementing changes in handling practices
- Exclude a handler from work
- Testing all water and soil sources
- Retrain employees on hygiene

9.12 Report on Investigation

At the conclusion of an investigation, a report must be written by the Quality Assurance Officer incorporating information gathered in the investigation. The final report should be concise, approximately 5 - 8 pages, and contain the following information:

- Title: Geographical and premises location of the contamination incident
- Investigating Officer: name, phone number and email address
- Background information
- Investigation method and results
- Discussion:
  Including the outcome of the investigation and to what degree the cause was identified, the impact on the people affected, how the situation might have been avoided, what was undertaken immediately to prevent any further cases of contamination and what needs to be implemented to prevent the situation occurring in the future.
- Conclusions
- Recommendations

Reports and notes made during any investigation should be retained together. The Director must retain all notes, results, and reports on file for no less than five years after the conclusion of the event. The final report, or interim report if investigations are uncompleted, must be presented to the Chief Agricultural Officer within 14 days from the date of being notified of the contamination.

BY-LAWS

OF

THC HEALTH INC.
(a New York corporation)

ARTICLE I

Meetings of Shareholders

SECTION 1. Annual Meeting. The annual meeting of shareholders of THC Health Inc. (hereinafter referred to as the "Corporation") for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held on such date and at such time as may be fixed by the Board of Directors (hereinafter referred to as the "Board") or, if no date and time are so fixed, on the second Tuesday in June of each year, if not a legal holiday, and if a legal holiday, then on the next business day at the office of the Corporation or at such other place and at such hour as shall be designated by the Board, or, if no such time be fixed, then at 10:00 o'clock in the forenoon. If the annual meeting shall not be held on the day hereinabove provided for, the Board shall call a special meeting for the election of directors, which meeting shall be held within two months after said day at the office of the Corporation. No annual meeting of the shareholders need be held if all actions, including the election of directors, required or permitted by the Business Corporation Law of New York ("BCL") to be taken at a shareholders' annual meeting, are taken by written consent in lieu of meeting pursuant to Section 5 of this Article I.

SECTION 2. Special Meetings. Special meetings of the shareholders, unless otherwise prescribed by statute, may be called at any time by the Board or by the record holder or holders a majority of the issued and outstanding shares of common stock of the Corporation entitled to vote at such special meeting.

SECTION 3. Notice of Meetings. Notice of the place, date and hour of holding each annual and special meeting of the shareholders and the purpose or purposes thereof shall be given personally or by first class mail in a postage prepaid envelope, not less than ten nor more than fifty days before the date of such meeting, to each shareholder entitled to vote at such meeting, and, if mailed, it shall be directed to such shareholder at his address as it appears on the record of shareholders, unless he shall have filed with the Secretary of the Corporation a written request asking that notices to him be mailed to some other address. Any such notice for any meeting other than the annual meeting shall indicate that it is being issued at the direction of the Board. Notice of any meeting of shareholders shall not be required to be given to any shareholder who shall attend such meeting in person or by proxy and shall not, prior to the conclusion of such meeting, protest the lack of notice thereof, or who shall, either before or after the meeting, submit a signed waiver of notice, in person or by proxy. Unless the Board fixes a new record date for an adjourned meeting, notice of such adjourned meeting need not be given if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken.

SECTION 4. Quorum. At all meetings of the shareholders the holders of the majority of the shares of Common Stock of the Corporation, issued and outstanding and entitled to vote, shall be present in person, by proxy or by telephonic communication to constitute a quorum for the transaction of business. In the absence of a quorum, the holders of a majority of the shares of common stock present in person, by proxy, or by telephonic communication and entitled to vote, may adjourn the meeting. At any such adjourned meeting at which a quorum may be present any business may be transacted which might have been transacted at the meeting as originally called.

SECTION 5. Action Without a Meeting. Any action required or permitted to be taken by the shareholders at a meeting may be taken without a meeting if all shareholders consent in writing to the adoption of a resolution authorizing such action. The resolution and written consents thereto by the shareholders shall be filed with the minutes of the proceedings of the Shareholders.

SECTION 6. Organization. At each meeting of the shareholders, the President or, in his absence or inability to act, any person chosen by the majority of those shareholders present in person, represented by proxy, or by telephonic communication shall act as chairman of the meeting. The Secretary or, in his absence or inability to act, any person appointed by the chairman of the meeting shall act as secretary of the meeting and keep the minutes thereof.

SECTION 7. Order of Business. The order of business at all meetings of the shareholders shall be as determined by the chairman of the meeting.

SECTION 8. Voting. Except as otherwise provided by statute or the Certificate of Incorporation, every holder of record of shares of stock of the Corporation having voting power shall be entitled at every meeting of shareholders to one vote for every share of such stock standing in his name on the record of shareholders of the Corporation:

(a) on the date fixed pursuant to the provisions of Section 5 of Article VI of these By-Laws as the record date for the determination of the shareholders who shall be entitled to notice of or to vote at such meeting; or

(b) if such record date shall not have been so fixed, then at the close of business on the day next preceding the day on which notice thereof shall be given. Every shareholder entitled to vote at any meeting of shareholders may authorize another person or persons to act for him by a proxy signed by such shareholder or his attorney-in-fact. Any such proxy shall be delivered to the secretary of such meeting at or prior to the time designated in the order of business for so delivering such proxies. Except as otherwise required by statute or by the Certificate of Incorporation, any corporate action to be taken by vote of the shareholders shall be authorized by the vote of a majority of the votes cast at a meeting of the holders of shares of stock of the Corporation entitled to vote thereon. Unless required by statute, or determined by the chairman of the meeting to be advisable, the vote on any question need not be by ballot. On a vote by ballot, each ballot shall be signed

by the shareholder voting, or by his proxy if there be such proxy, and shall state the number of shares voted.

SECTION 9. List of Shareholders. A list of shareholders as of the record date, certified by the Secretary of the Corporation or by the transfer agent for the Corporation, shall be produced at any meeting of the shareholders upon the request of any shareholder made at or prior to such meeting.

SECTION 10. Inspectors. The Board may, in advance of any meeting of shareholders, appoint one or more inspectors to act at such meeting or any adjournment thereof. If the inspectors shall not be so appointed or if any of them shall fail to appear or act, the chairman of the meeting shall appoint inspectors. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspectors shall determine the number of shares outstanding and the voting power of each, the number of shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all shareholders. On request of the chairman of the meeting or any shareholder entitled to vote thereat, the inspectors shall make a report in writing of any challenge, question or matter determined by them and shall execute a certificate of any fact found by them. No director or candidate for the office of director shall act as an inspector of an election of directors. Inspectors need not be shareholders.

ARTICLE II

Board of Directors

SECTION 1. General Powers. The business and affairs of the Corporation shall be managed by the Board of Directors. The Board may exercise all such authority and things as are not by statute or the Certificate of Incorporation directed or required to be exercised or done by the shareholders.

SECTION 2. Number, Classification, Qualifications, Election and Term of Office.

(a) Number. Except as otherwise provided in the Articles of Incorporation, the number of directors of the Corporation shall be two (2). By vote of a majority of the entire Board, the number of directors may be increased to not more than five (5) or decreased to not less than two (2).

(b) Classification. The directors shall be divided into three classes, designated Class I, Class II and Class III, and the term of office of directors of each class shall be three years. Class I shall consist of two directors; Class II shall consist of two directors; and Class III shall consist of one director. If the number of directors is changed by resolution of the Board of Directors pursuant to Article II.2(a) hereof, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case shall a decrease in the number of directors shorten the term of any incumbent director. The term of each office for each director shall be three years; provided, however, that the initial term of office of Class I directors shall expire at the first annual meeting of shareholders after their election, that the initial term of office of Class II directors shall expire at the second annual meeting of shareholders after their election, and that of

the Class III directors shall expire at the third annual meeting of shareholders after their election.

(c) Tenure. A director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be duly elected and until his successor has been duly elected and qualified, or until his death, or until he shall have resigned or have been removed, as hereinafter provided in these By-Laws.

(d) Qualifications. The Board of Directors, at its discretion, may establish any qualification for directors, which qualifications, if any, shall only be applied for determining qualifications of a nominee for director as of the date of the meeting at which such nominee is to be elected or appointed.

SECTION 3. Place of Meeting. Meetings of the Board shall be held at the principal office of the Corporation in the State of New York or at such other place, within or without such state, as the Board may from time to time determine, or as shall be designated in the respective notices of waiver of notice thereof.

SECTION 4. Annual Meeting. The Board shall meet for the purpose of organization, the election of officers and the transaction of other business, as soon as practicable after each annual meeting of the shareholders, on the same day and at the same place where such annual meeting shall be held. Notice of such meeting need not be given. Such meeting may be held at any other time or place (within or without the State of New York) which shall be specified in a notice thereof given as hereinafter provided in Section 7 of this Article II. No annual meeting need by held if business is transacted by written consent pursuant to Section 9 of this Article II.

SECTION 5. Regular Meetings. Regular meetings of the Board shall be held at the offices of the Corporation at such time as the Board may fix. If any day fixed for a regular meeting shall be a legal holiday at the place where the meeting is to be held, then the meeting which would otherwise be held on that day shall be held at the same hour on the next succeeding business day.

Notice of regular meetings of the Board need not be given except as otherwise required by statute or these By-Laws.

SECTION 6. Special Meetings. Special meetings of the Board may be called by the President or by a majority of the entire Board.

SECTION 7. Notice of Meetings. Notice of each special meeting of the Board (and of each regular meeting for which notice shall be required) shall be given by the Secretary as hereinafter provided in this Section 7, in which notice shall be stated the time and place of the meeting. Except as otherwise required by these By-laws, such notice need not state the purposes of such meeting. Notice of each such meeting shall be mailed, postage prepaid, to each director, addressed to him at his residence or usual place of business, by first-class mail, at least two days before the day on which such meeting is to be held, or shall be sent addressed to him at such place by telegraph, telex, facsimile, cable or wireless, or be delivered to him personally or by telephone, at least 24 hours before the time at which such meeting is to be held. Notice of any such meeting need not be given to any director who shall, either before or after the meeting, submit a signed waiver of notice or who shall attend such meeting without protesting, prior to or at its commencement, the lack of notice to him.

SECTION 8. Quorum and Manner of Acting. Except as hereinafter provided, a majority of the entire Board shall constitute a quorum for the transaction of business and, except as otherwise provided by statute or the Certificate of Incorporation, the vote of a majority of the directors present at the time of the vote shall be the act of the Board. In the absence of a quorum at any meeting of the Board, a majority of the directors present thereat may adjourn such meeting to another time and place. Notice of the time and place of any such adjourned meeting shall be given to the directors who were not present at the time of the adjournment and, unless such time and place were announced at the meeting at which the adjournment was taken, to the other directors. At any adjourned meeting at which a quorum is present, any business may be transacted

which might have been transacted at the meeting as originally called. The directors shall act only as a Board and the individual directors shall have no power as such.

SECTION 9. Action Without a Meeting. Any action required or permitted to be taken by the Board at a meeting may be taken without a meeting if all members of the Board consent in writing to the adoption of a resolution authorizing such action. The resolution and written consents thereto by the members of the Board shall be filed with the minutes of the proceedings of the Board.

SECTION 10. Telephonic Participation. Any one or more members of the Board may participate in a meeting of the Board by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at the meeting.

SECTION 11. Organization. At each meeting of the Board, the President or, in his absence or inability to act, another director chosen by a majority of the directors present shall act and preside as chairman of the meeting. The Secretary or, in his absence or inability to act, any person appointed by the chairman shall act as secretary of the meeting and record the minutes thereof.

SECTION 12. Resignations. Any director of the Corporation may resign at any time by giving written notice of his resignation to the Board, the President or the Secretary. Any such resignation shall take effect at the time specified therein or, if the time when it shall become effective shall not be specified therein, immediately upon its receipt; and, unless otherwise specified therein, the acceptance by the Board of such resignation shall not be necessary to make it effective.

SECTION 13. Vacancies. Any vacancy in the Board, whether arising from death, resignation, removal (with or without cause), an increase in the number of directors or any other reason, may be filled by the vote of a majority of directors then in office, though less than a quorum, or by the shareholders during the next annual shareholders meeting or at a special

shareholders meeting, and each director so elected shall hold office for the unexpired term of his predecessor.

SECTION 14. Removal of Directors. Any or all of the directors may be removed, either with or without cause, at any time, by vote of the shareholders at a special shareholders meeting. Any director may be removed for cause by the Board at a special Board meeting.

SECTION 15. Compensation. The Board shall have authority to fix the compensation, including fees and reimbursement of expenses, of directors for services to the Corporation in any capacity.

ARTICLE III

Executive and Other Committees

SECTION 1. Executive and Other Committees. The Board of Directors, by resolution adopted by a majority of the entire Board, may designate one or more committees, each consisting of three or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any such committee, who may replace any absent or disqualified member or members at any meeting of the committee. Any such committee, to the extent provided in the resolution, shall have and may exercise the powers of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; provided, however, that in the absence or disqualification by the Board of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Each committee shall keep written minutes of its proceedings and shall report such minutes to the Board when required. All such proceedings shall be subject to revision or alteration by the Board; provided, however, that third parties shall not be prejudiced by such revision or alteration.

SECTION 2. General. A majority of any committee may determine its action and fix the time and place of its meetings, unless the Board shall otherwise provide. Notice of such meetings shall be given to each member of the committee in the manner provided for in Article II, Section 7. The Board shall have the power at to fill vacancies in, to change the membership of, or to dissolve any such committee. Nothing herein shall be deemed to prevent the Board from appointing one or more committees consisting in whole or in part of persons who are not directors of the Corporation; provided, however, that no such committee shall have the same authority as nor exercise any authority of the Board.

ARTICLE IV

Officers

SECTION 1. Number and Qualifications. The officers of the Corporation shall include the President, one or more Vice Presidents (including Executive and Senior Vice Presidents), the Treasurer and the Secretary. Any two or more offices may be held by the same person, except the offices of President and Secretary; provided that when all of the issued and outstanding stock of the Corporation is held by one person, such person may hold all or any combination of offices. Such officers shall be elected from time to time by the Board, each to hold office until the meeting of the Board following the next annual meeting of shareholders, and until his successor has been duly elected and has qualified, or until his death, or until he shall have resigned, or have been removed, as hereinafter provided in these By-Laws. The Board may elect, or delegate to the President the power to appoint, such other officers (including one or more Assistant Treasurers and one or more Assistant Secretaries) and such agents as may be necessary or desirable for the business of the Corporation. Such other officers and agents shall have such duties and shall hold their offices for such terms as may be prescribed by the Board or by the appointing authority.

SECTION 2. Resignations. Any officer of the Corporation may resign at any time by giving written notice of his resignation to the Board, the President or the Secretary. Any such resignation shall take effect at the time specified therein or, if the time when it shall become effective shall not be specified therein, immediately upon its receipt; and, unless otherwise specified therein, the acceptance by the Board of such resignation shall not be necessary to make it effective.

SECTION 3. Removal. Any officer or agent elected or appointed by the Board may be removed by the Board, with or without cause. An officer elected by the shareholders may be removed, with or without cause, only by the vote of shareholders, but his authority to act as an officer may be suspended by the Board for cause.

SECTION 4. Vacancies. A vacancy in any office, whether arising from death, resignation, removal or any other reason, may be filled for the unexpired portion of the term of the office which shall be vacant, in the manner prescribed in these By-laws for the regular election or appointment to such office.

SECTION 5. The President. The President shall be the chief executive officer of the Corporation and shall have general and active supervision and direction over the business operations and affairs of the Corporation and over its several officers, agents and employees, subject, however, to the direction of the Board. He shall, if present, preside at each meeting of the shareholders and of the Board. In general, the President shall have such other powers and shall perform such other duties as usually pertain to the office of President or as from time to time may be assigned to him by the Board or these By-Laws.

SECTION 6. Vice Presidents. The Vice President or if there be more than one, any Vice President, shall in the absence or disability of the President, perform the duties and exercise the powers of the President, and shall generally assist the President and perform such other duties as the Board of Directors or the President shall prescribe.

SECTION 7. The Treasurer. The Treasurer shall

(a) have charge and custody of, and be responsible for, all the funds and securities of the Corporation;

(b) keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation;

(c) cause all moneys and other valuables to be deposited to the credit of the Corporation in such depositories as may be designated by the Board;

(d) receive, and give receipts for, moneys due and payable to the Corporation from any source whatsoever;

(e) disburse the funds of the Corporation and supervise the investment of its funds as ordered or authorized by the Board, taking proper vouchers therefor; and

(f) in general, have all the powers and perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board or the President.

SECTION 8. The Secretary. The Secretary shall

(a) to the extent possible attend all meetings of the Board of Directors and shareholders;

(b) keep or cause to be kept, in one or more books provided for the purpose, the minutes of all meetings of the Board, the committees of the Board and the shareholders;

(c) see that all notices are duly given in accordance with the provisions of these By-Laws and as required by law;

(d) be custodian of the records and the seal of the Corporation and affix and attest the seal to all stock certificates of the Corporation (unless the seal of the Corporation on such certificates shall be a facsimile, as hereinafter provided) and

affix and attest the seal to all other documents to be executed on behalf of the Corporation under its seal;

(e) see that the books, reports, statements, certificates and other documents and records required by law to be kept and filed are properly kept and filed; and

(f) in general, have all the powers and perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board or the President.

SECTION 9. Officers' Bonds or Other Security. If required by the Board, any officer of the Corporation shall give a bond or other security for the faithful performance of his duties, in such amount and with such surety or sureties as the Board may require.

SECTION 10. Compensation. The compensation of the officers of the Corporation for their services as such officers shall be fixed by the Board; provided, however, that the Board may delegate to the President the power to fix the compensation of officers and agents appointed by him. An officer of the Corporation shall not be prevented from receiving compensation by reason of the fact that he is also a director of the Corporation, but any such officer who shall also be a director shall not have any vote in the determination of the amount of compensation paid to him.

ARTICLE V

Contracts, Checks, Drafts, Bank Accounts, Etc.

SECTION 1. Execution of Contracts. Except as otherwise required by statute, the Certificate of Incorporation or these By-Laws, any contract or other instrument may be executed and delivered in the name and on behalf of the Corporation by such officer or officers (including any assistant officer) of the Corporation as the Board may direct. Such authority may be general or confined to specific instances as the Board may determine. Unless authorized by the Board or expressly permitted by these By-Laws, no Committee, officer or agent or employee shall have any

power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it pecuniarily liable for any purpose or to any amount.

SECTION 2. Loans. Unless the Board shall otherwise determine, the President or any Vice-President, acting together with the Treasurer, may effect loans and advances at any time for the Corporation from any bank, trust company or other institution, or from any firm, corporation or individual, and for such loans and advances may make, execute and deliver promissory notes, bonds or other certificates or evidences of indebtedness of the Corporation, but no officer or officers shall mortgage, pledge, hypothecate, transfer or assign any securities or other property of the Corporation other than in connection with the purchase of chattels for use in the Corporation's operations, except when authorized by the Board.

SECTION 3. Checks, Drafts, etc. All checks, drafts, bills of exchange or other orders for the payment of money out of the funds of the Corporation, and all notes or other evidences of indebtedness of the Corporation, shall be signed in the name and on behalf of the Corporation by such persons and in such manner as shall be authorized by the Board.

SECTION 4. Deposits. All funds of the Corporation not otherwise employed shall be deposited to the credit of the Corporation in such banks, trust companies or other depositories as the Board may from time to time designate or as may be designated by any officer of officers of the Corporation to whom such power of designation may from time to time be delegated by the Board. For the purpose of deposit and for the purpose of collection for the account of the Corporation, checks, drafts and other orders for the payment of money which are payable to the order of the Corporation may be endorsed, assigned and delivered by any officer or agent of the Corporation.

SECTION 5. General and Special Bank Accounts. The Board may authorize the opening and keeping of general and special bank accounts with such banks, trust companies or other depositories as the Board may designate or as may be designated by any officer or officers of the Corporation to whom such power of designation may from time to time be delegated by the

Board. The Board may make such special rules and regulations with respect to such bank accounts, not inconsistent with the provisions of these By-Laws, as it may deem expedient.

ARTICLE VI

Shares, etc.

SECTION 1. Stock Certificates. Each owner of stock of the Corporation shall be entitled to have a certificate, in such form as shall be approved by the Board, certifying the number of shares of stock of the Corporation owned by him. The certificates representing shares of stock shall be signed by the Chairman of the Board of Directors, the President or a Vice President and sealed with the seal of the Corporation (which seal may be an engraved or printed facsimile). In case any officer who has signed such certificate or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may nevertheless be issued by the Corporation with the same effect as if he were such officer at the date of issue.

SECTION 2. Books of Account and Record of Shareholders. Correct and complete books and records of account of all the business and transactions of the Corporation shall be maintained. A record containing the names and addresses of all shareholders of the Corporation, the number and class of shares held by each and the dates when they respectively became the owners of record thereof at the office of the Corporation in the State of New York or at the office of its transfer agent in said State.

SECTION 3. Transfers of Shares. Transfers of shares of stock of the Corporation shall be made on the stock records of the Corporation only upon authorization by the registered holder thereof, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary or with a transfer agent or transfer clerk, and on surrender of properly endorsed certificate or certificates widening the transferred shares or accompanied by a duly executed stock transfer power and the payment of all taxes thereon. The person in whose name

shares of stock are registered on the record of shareholders of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation. Whenever any transfers of shares shall be made for collateral security and not absolutely and written notice thereof shall be given to the Secretary or to such transfer agent or transfer clerk, such fact shall be stated in the entry of the transfer.

SECTION 4. Regulations. The Board may make such additional rules and regulations, not inconsistent with these By-laws, as it may deem expedient concerning the issue, transfer and registration of certificates for shares of stock of the Corporation. The Board may appoint, or authorize any officer or officers to appoint, one or more transfer agents or one or more transfer clerks and one or more registrars and may require all certificates for shares of stock to bear the signature or signatures of any of these appointees.

SECTION 5. Fixing of Record Date. The Board may fix, in advance, a date not more than fifty nor less than ten days before the date any shareholders' meeting of or before the last day on which the shareholders' consent or dissent may be effectively expressed for any purpose without a meeting, as the time as of which the shareholders entitled to notice of and to vote at such meeting or whose consent or dissent is required or may be expressed for any purpose, as the case may be, shall be determined, and all persons who were shareholders of record of voting stock at such time, and no others, shall be entitled to notice of and to vote at such meeting or to express their consent or dissent, as the case may be. The Board may fix, in advance, a date not more than fifty nor less than ten days preceding the date fixed for the payment of any dividend or the making of any distribution or the allotment of rights to subscribe for securities of the Corporation, or for the delivery of evidence of rights or evidence of interest arising out of any change, conversion or exchange of capital stock or other securities, as the record date for the determination of the shareholders entitled to receive any such dividend, distribution, allotment, rights or interests, and in such case only the shareholders of record at the time so fixed shall be entitled to receive such dividend, distribution, allotment, rights or interests.

SECTION 6. Lost, Destroyed or Mutilated Certificate. The holder of any certificate representing shares of stock of the Corporation shall notify the Corporation immediately of any loss, theft, destruction or mutilation of such certificate, and the Corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it which the owner thereof alleges to have been lost, stolen, destroyed, or mutilated. The Board may, in its discretion, require such owner or his legal representative to give to the Corporation a bond in such sum, limited or unlimited, and in such form and with such surety or sureties as the Board in its absolute discretion shall determine, to indemnify the Corporation against any claim that may be made against it on account of the alleged loss, theft, destruction or mutilation of any such certificate, or the issuance of such new certificate. Anything herein to the contrary notwithstanding, the Board, in its absolute discretion, may refuse to issue any such new certificate, except pursuant to legal proceedings under the laws of the State of New York.

ARTICLE VII

Offices

The Corporation may have such offices, either within or without the State of New York, as the Board shall from time to time determine or the business of the Corporation may require.

ARTICLE VIII

Fiscal Year

The fiscal year of the Corporation shall be so determined by the Board of Directors.

ARTICLE IX

Seal

The seal of the Corporation shall be circular in form, shall bear the name of the Corporation and shall include the words and numbers "Corporate Seal", "New York" and the year of incorporation.

ARTICLE X

Indemnification

The Corporation shall, to the fullest extent permitted under the laws of the State of New York as from time to time in effect, indemnify any person made or threatened to be made a party to an action or proceeding, whether civil or criminal (including an action by or in the right of the Corporation), by reason of the fact that he is or was a director or officer of the Corporation, or, in either such capacity, is or was serving at the request of the Corporation as a director or officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, in accordance with the provisions set forth in Section 722 of the BCL, as from time to time amended.

ARTICLE XI

Amendment

The By-Laws may be amended, repealed or adopted by vote of the holders of the shares of stock of the Corporation at the time entitled to vote in the election of any directors, except as otherwise provided in the Certificate of Incorporation. The By-Laws may also be amended, repealed or adopted by the Board, but any By-Law adopted by the Board may be amended or repealed by the shareholders entitled to vote thereon as herein provided.

THC HEALTH INC.
(a New York corporation)

Action Taken By the Board of Directors
Without a Meeting

The undersigned, being all of the directors of THC Health Inc., a New York corporation (the "Corporation"), acting pursuant to Section 708(b) of the New York Business Corporation Law, do hereby waive all notice of the time, place and purposes of the First Meeting of the Board of Directors of the Corporation, and hereby consent and agree to the adoption of the following resolutions:

Organizational Matters

RESOLVED, that the Organizational Action by the Incorporator Taken Without a Meeting, dated May 1st, 2015, be, and it hereby is, in all respects approved, and that all actions taken by the Incorporator be, and they hereby are, in all respects, approved, ratified and confirmed; and be it further

RESOLVED, that the By-Laws in the form adopted by the Incorporator and inserted in the minute book of the Corporation be, and they hereby are, in all respects approved and adopted as and for the By-Laws of the Corporation; and be it further

RESOLVED, that the following persons be, and they hereby are, elected to the positions set forth opposite their names, to hold such positions until their successors have been duly elected and qualified, or as otherwise provided in the By-Laws of the Corporation (certain positions designated with an asterisk are corporate officers):

Office	Name
Chairman, Head of Business Development and Secretary*	Dwight Mamanteo
Vice Chairman, Chief Executive Officer, President* and Treasurer*	Christian Cespedes
Chief Agriculture Officer	Kurt Van de Wetering
Chief Pharmacology Officer	Kate Bender
Chief Financial Officer	Mark Haugen
Chief Legal Officer	Tyrel Hooker
Chief Science Officer	Collin Davidson
Operations Strategy and Engineering Advisor	Ryan Meister

Government and Labor Relations Advisor	Renee Ortiz
Finance Management Advisor	Doodnauth Dhanraj

; an; and be it further

RESOLVED, that the form of corporate seal, an impression of which is affixed to the margin of this Consent, in the form of two concentric circles and bearing the words and figures "THC Health Inc., Corporate Seal - 2015 - New York" be, and it hereby is, approved and adopted as and for the corporate seal of the Corporation; and be it further

RESOLVED that the proper officers of the Corporation be, and they hereby are, authorized to open a bank account with any bank or banks chosen at the discretion of the duly authorized officers and approved by the Board of Directors; and be it further

RESOLVED, that until otherwise ordered by the Board of Directors, the form, terms and provisions of the certificate for shares of Common Stock of the Corporation, $0.0001 par value per share (the "Common Stock"), a specimen of which has been annexed hereto as Exhibit A, be, and it hereby is, in all respects approved; that a certificate substantially in such form be, and it hereby is, adopted and prescribed as the form of certificate to represent fully paid and non-assessable shares of the Corporation's Common Stock; and that, until otherwise ordered by the Board of Directors, all such certificates which shall be issued by the Corporation representing any shares of its Common Stock, shall be signed by its President or Vice President, with the corporate seal of the Corporation thereunto affixed; and be it further

Share Issuances

RESOLVED, that the Corporation be, and hereby is, authorized to issue 420,000 shares of its Common Stock to Dwight Mamanteo, at a price of One Cent ($0.01) per share and in consideration for his agreement to serve as Chairman and Head of Business Development, and upon receipt of the purchase price, the Corporation shall issue such shares and when such shares are so issued and sold, they shall be fully paid and non-assessable and in respect of which the holder thereof shall not be liable for any further payments or assessments; and be it further

RESOLVED, that the Corporation be, and hereby is, authorized to issue 150,000 shares of its Common Stock to Christian Cespedes, at a price of One Cent ($0.01) per share and in consideration for his agreement to serve as Vice Chairman and Chief Executive Officer, and upon receipt of the purchase price, the Corporation shall issue such shares and when such shares are so

issued and sold, they shall be fully paid and non-assessable and in respect of which the holder thereof shall not be liable for any further payments or assessments; and be it further

RESOLVED, that the Corporation be, and hereby is, authorized to issue 50,000 shares of its Common Stock to Kurt Van de Wetering, in consideration for his agreement to serve as Chief Agriculture Officer, which shares shall be subject to the terms and conditions of a Restricted Stock Agreement between the Corporation and the recipient which is a prerequisite to the issuance of shares; and be it further

RESOLVED, that the Corporation be, and hereby is, authorized to issue 50,000 shares of its Common Stock to Mark Haugen, in consideration for his agreement to serve as Chief Financial Officer, which shares shall be subject to which shares shall be subject to the terms and conditions of a Restricted Stock Agreement between the Corporation and the recipient which is a prerequisite to the issuance of shares; and be it further

RESOLVED, that the Corporation be, and hereby is, authorized to issue 50,000 shares of its Common Stock to Kate Bender, in consideration for his agreement to serve as Chief Pharmacology Officer, which shares shall be subject to which shares shall be subject to the terms and conditions of a Restricted Stock Agreement between the Corporation and the recipient which is a prerequisite to the issuance of shares; and be it further

RESOLVED, that the Corporation be, and hereby is, authorized to issue 80,000 shares of its Common Stock to Tyrel Hooker, in consideration for his agreement to serve as Chief Legal Officer, which shares shall be subject to which shares shall be subject to the terms and conditions of a Restricted Stock Agreement between the Corporation and the recipient which is a prerequisite to the issuance of shares; and be it further

RESOLVED, that the Corporation be, and hereby is, authorized to issue 50,000 shares of its Common Stock to Collin Davidson, in consideration for his agreement to serve as Chief Science Officer, which shares shall be subject to which shares shall be subject to the terms and conditions of a Restricted Stock Agreement between the Corporation and the recipient which is a prerequisite to the issuance of shares; and be it further

RESOLVED, that the Corporation be, and hereby is, authorized to issue 20,000 shares of its Common Stock to Ryan Meister, in consideration for his agreement to serve as Operations Strategy and Engineering Advisor, which shares shall be subject to which shares shall be subject to the terms and conditions of a

Restricted Stock Agreement between the Corporation and the recipient which is a prerequisite to the issuance of shares; and be it further

RESOLVED, that the Corporation be, and hereby is, authorized to issue 20,000 shares of its Common Stock to Renee Ortiz, in consideration for his agreement to serve as Government and Labor Relations Advisor, which shares shall be subject to which shares shall be subject to the terms and conditions of a Restricted Stock Agreement between the Corporation and the recipient which is a prerequisite to the issuance of shares; and be it further

RESOLVED, that the Corporation be, and hereby is, authorized to issue 10,000 shares of its Common Stock to Dan Dhanraj, in consideration for his agreement to serve as Finance Management Advisor, which shares shall be subject to which shares shall be subject to the terms and conditions of a Restricted Stock Agreement between the Corporation and the recipient which is a prerequisite to the issuance of shares; and be it further

RESOLVED, that the Corporation be, and hereby is, authorized to issue 100,000 shares of its Common Stock to Ivy Acres Inc. in consideration for its agreement to lease certain property to the Corporation pursuant to a lease agreement in, or substantially in, the form attached hereto as Exhibit B, to the Corporation, and the Corporation shall issue such shares as of the effective date of the lease, and when such shares ae issued and transferred to Ivy Acres Inc., they shall be fully paid and non-assessable and in respect of which the holder thereof shall not be liable for any further payments or assessments; and be it further

Convertible Note Financing

RESOLVED, that the Corporation be, and hereby is, authorized to offer for sale an aggregate amount of $350,000 of its Convertible Promissory Notes pursuant to the terms of a Summary of Terms, Subscription Agreement and form of Promissory Note, in or substantially in, the forms attached hereto as Exhibit C; and be it further

RESOLVED, that the Corporation be, and hereby is, authorized to reserve a sufficient number of shares of Common Stock for purposes of facilitating the conversion of the Convertible Promissory Notes referenced above, and be it further

General

RESOLVED, that the proper officers of the Corporation be, and they hereby are, authorized and directed to take all such further action and to execute and deliver all such further agreements, instruments and documents in the name and on behalf of the Corporation and under its corporate seal or otherwise, and to pay all such expenses and taxes, as in their judgment shall be necessary, proper and advisable in order fully to carry out the intent and accomplish the purposes of all the foregoing resolutions, and each of them.

IN WITNESS WHEREOF, the undersigned have executed this Consent as of the 1st day of May, 2015.

Christian Cespedes

Dwight Mamanteo

282111107 NEW 01/08 8810004306

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

CASHIER'S CHECK

HOLD DOCUMENT [redacted] WATERMARK

CHASE

Date 06/03/2015

Void after 7 years

25-5

440

Remitter: THC HEALTH INC.

Pay To The Order Of: NEW YORK STATE DEPARTMENT OF HEALTH

Pay: TWO HUNDRED TEN THOUSAND DOLLARS AND 00 CENTS

$** 210,000.00 **

Do not write outside this box

Memo:----------

Note: For information only. Comment has no effect on bank's payment.

Drawer: **JPMORGAN CHASE BANK, N.A.**

Paul Asher

Senior Vice President
JPMorgan Chase Bank, N.A.
Columbus, OH

Security Features Details on Back.

[redacted]

THC HEALTH INC.

Convertible Promissory Notes

SUBSCRIPTION INSTRUCTIONS

(Please Read Carefully)

May 1st, 2015

THC HEALTH INC. MAY, IN ITS SOLE DISCRETION, REJECT THE SUBSCRIPTION REQUEST, IN WHOLE OR IN PART, OF ANY PERSON AT ANY TIME BEFORE THE CLOSING. ANY REPRESENTATION TO THE CONTRARY IS UNAUTHORIZED AND MUST NOT BE RELIED UPON.

THC Health Inc., a New York corporation ("THC Health" or the "Company"), is offering for sale Convertible Promissory Notes of like tenor in an aggregate principal amount of US$300,000, which amount may be increased at any time or from time to time at the Company's discretion (the "Notes"). For the terms of the Notes, see the form of Note attached to the Subscription Agreement.

I. This Subscription Package contains all of the Subscription Materials necessary for you to subscribe for the Notes. The Subscription Materials include:

(1) a questionnaire (the "Questionnaire") for you to complete and sign to demonstrate to THC Health that you satisfy the applicable suitability standards for purchasers of the Notes;

(2) a Subscription Agreement for you to sign to agree to the terms of the offering and the Notes;

(3) a form of Note (attached as Exhibit I to the Subscription Agreement); and

(4) Internal Revenue Service Form W-9 (Request for Taxpayer Identification Number and Certification) to be completed by U.S Persons, and Form W-8BEN (Certificate of Foreign Status of Beneficial Owner For United States Tax Withholding) to be completed by non-U.S. Persons.

II. After reading the Subscription Materials, please fill in all applicable information. You must complete all information required on the following documents and then sign them:

(1) the Questionnaire,

(2) Signature page of the Subscription Agreement (including completion of investment information); and

(3) Internal Revenue Service Form W-9 or Form W-8BEN, as applicable.

Once you have completed these documents, please return an entire set of Subscription Materials to the Company at the address set forth below in Section IV.

III. Payment for your Note should be made by either:

(1) delivery to the Company of a check payable to "THC Health Inc."; or

(2) wire transfer to THC Health Inc. with the following information:

(a) for domestic wires:

Bank name:	JPMorgan Chase Bank, N.A.
Bank Address:	P.O. Box 659754
Account Number:	[redacted]
Account Name:	THC Health Inc.
Reference:	[Insert Name of Sender]

(b) for international wires:

Bank name:	JPMorgan Chase Bank, N.A.
Bank Address:	P.O. Box 659754
Routing Number:	021000021
Swift Code:	CHASUS33
Account Number:	[redacted]
Account Name:	THC Health Inc.
Reference:	[Insert Name of Sender]

The check or wire must be in the full amount of your investment in the Notes (shown as the "Total Amount of Investment" on the signature page to the Subscription Agreement). *If you wire funds, please notify the Company promptly.*

IV. Send all documents to the Company either by courier or regular mail to its address set forth below or by electronic mail in PDF format to the email address below:

THC Health Inc
[redacted]

V. If your subscription is accepted by THC Health, you will receive a copy of your Subscription Agreement and an original Note issued to you by the Company after the closing.

Questions regarding completion of subscription documents should be directed to

Christian Cespedes, THC Health Inc.

Telepho[redacted]

E-mail:

PLEASE PRINT IN INK OR TYPE ALL INFORMATION.

CONFIDENTIAL

THC HEALTH INC.

INVESTOR QUESTIONNAIRE

(All Information Furnished in Completing This Questionnaire Will Be Treated Confidentially, Subject to the Uses Set Forth Below)

Responses to this questionnaire will be used by THC Health Inc. (the "Company") to assure compliance with federal and state securities laws.

Please complete, sign, date, and return one copy of this questionnaire if you elect to participate in the offering of the Company's Notes.

If the answer to any question below is "none" or "not applicable" please so indicate.

1. IDENTIFICATION

Name: CHRISTIAN CESPEDES

Permanent Residential Address [redacted]

Capacity in which the proposed investment will be held (e.g., individually, jointly with spouse, in trust, etc.): INDIVIDUALLY

2. PROPOSED INVESTMENT

Please indicate the amount of your proposed investment in the Notes. US$ [redacted]

3. ACCREDITED INVESTOR QUALIFICATION

The undersigned hereby certifies that he has read the definition of an "accredited investor" from Rule 501 of Regulation D attached hereto as Annex A, and certifies that (please check each situation that applies):

[ ] The investor is a partnership not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000.

[ ] The investor is an entity in which all the equity owners are "accredited investors".

[ ] My individual net worth*, or joint net worth* with my spouse, presently exceeds $1,000,000 and I reasonably expect this to be true at the time of my purchase of the Securities. I will inform the Company if such net worth declines below $1,000,000 prior to the time of such purchase.

[ ] My individual income was in excess of $200,000 in each of the two most recent years and I reasonably expect to reach the same income level in the current year.

[ ] My joint income with my spouse was in excess of $300,000 in each of the two most recent years and I reasonably expect to reach the same joint income level with my spouse in the current year.

[X] None of the above.

*excluding value of my primary residence; indebtedness secured by the residence in excess of the value of the home must be considered a liability and deducted from net worth.

4. INVESTMENT EXPERIENCE

Please check the applicable spaces to indicate your experience making investments in startup private companies:

Considerable [ ] Some [ ] Never [X]

Please provide any additional information concerning your previous investments and your business, financial, and investment experience that you think would be useful in assisting the Company in evaluating your capacity to evaluate the merits and risks of the proposed investment.

_____

_____

_____

The above information is true and correct in all respects, and the undersigned recognizes that the Company is relying on the truth and accuracy of such information for the issuance of the Notes, the equity securities issuable upon conversion of the Notes and any securities issuable upon the conversion of such equity securities in reliance on the exemption contained in Subsection 4(2) of the Securities Act of 1933, as amended (the "Act"), Regulation D promulgated thereunder, and applicable state securities laws. The undersigned agrees to notify the Company promptly of any changes in the foregoing information which may occur prior to the investment. The undersigned further agrees that the Company may present this questionnaire and/or any of the information contained herein to such parties as the Company may deem appropriate, if called upon to establish that the proposed offer and sale of the Notes are exempt from registration under the Act or meet the requirements of applicable state securities laws.

Executed on: 02-JUNE-2015
(Date)

By: _____
(Signature)

CHRISTIAN CEBPEDES
(Print Name)

_____
(Print Title)

ANNEX A

Rule 501. Definitions and Terms Used in Regulation D.

As used in Regulation D, the following terms have the meaning indicated:

(a) **Accredited investor.** "Accredited investor" shall mean any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

(1) Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000; or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(2) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;

(3) Any organization described in Section 501(c)(3) of the Internal Revenue Code, company, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;

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

(5) Any natural person whose individual net worth*, or joint net worth* with that person's spouse, at the time of his purchase exceeds $1,000,000;

(6) Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(7) Any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

(8) Any entity in which all of the equity owners are accredited investors.

*excluding value of investor's primary residence; indebtedness secured by the residence in excess of the value of the home must be considered a liability and deducted from net worth.

[Remainder omitted]

SUBSCRIPTION AGREEMENT

THC HEALTH INC.

Convertible Promissory Notes

THC Health Inc.
47-20 Center Blvd., Ste. 1605
Long Island City, NY 11109
Attn: Christian Cespedes
Email [redacted]

Ladies and Gentlemen:

This Agreement is made by and between THC Health Inc., a New York company ("THC Health" or the "Company"), and the undersigned prospective purchaser (the "Investor") who is hereby subscribing to purchase a Convertible Promissory Note (the "Note") in the aggregate principal amount set forth on the signature page below, such Note to be in the form and on the terms attached hereto as Exhibit I. The Notes and any equity securities issuable upon conversion of the Notes (and any securities issuable upon conversion of such equity securities) are referred to herein collectively as the "Securities."

This Note is one of a series of Convertible Promissory Notes, each in substantially the form of Exhibit I, in an aggregate principal amount of up to US$350,000 (which amount may be increased at any time or from time to time at the Company's discretion) that will be issued pursuant to substantially identical subscription agreements at one or more separate closings.

In consideration of the mutual covenants contained herein, the parties agree and represent as follows:

A. SUBSCRIPTION

1. Subject to the terms of this Agreement, the Investor hereby irrevocably subscribes for and agrees to purchase the Securities for the Total Amount of Investment indicated on the signature page hereto (the "Subscription") and hereby delivers to THC Health: (a) the signed signature pages to (i) this Agreement, (ii) the Questionnaire referred to below (the "Questionnaire"), and (iii) a completed IRS Form W-9 or Form W-8BEN, as applicable, and (b) payment of the Total Amount of Investment (the "Payment"), in the form of a check payable to "THC Health Inc." or by wire transfer to the Company's designated account.

2. The closing of the sale of the Securities to the Investor shall take place upon and subject to the Company's acceptance of the Subscription by signing and returning to the Investor a copy of this Agreement (the "Closing Date"). No interest is payable on the Subscription pending the Closing Date.

B. REPRESENTATIONS AND WARRANTIES

1. **By the Company.** The Company hereby represents and warrants to the Investor as follows:

(a) The Company is a company duly organized, validly existing and in good standing under the laws of the State of New York, has the requisite corporate power to own, lease and operate its

property and to carry on its business as now being conducted and as now proposed by the Company to be conducted.

(b) The Company has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company. Upon the due authorization, execution and delivery by the Company, this Agreement will constitute the valid and binding obligation of the Company, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(c) The execution and delivery of this Agreement by the Company does not, and the performance of this Agreement by the Company will not, (i) conflict with or violate the Certificate of Incorporation or By-Laws of the Company or (ii) materially conflict with or violate any law, rule, regulation, order, judgment or decree applicable to the Company or by which any of its properties is bound.

2. **By the Investor.** The Investor hereby represents and warrants to the Company as follows:

(a) The Investor is an "accredited investor" as that term is used in Rule 501(a) under the Securities Act of 1933, as amended (the "Securities Act"), in that the Investor is either:

(i) a natural person whose individual net worth*, or joint net worth* with his or her spouse, exceeds $1,000,000;

(ii) a natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with his or her spouse in excess of $300,000 in each of those years, and has a reasonable expectation of reaching the same income level in the current year;

(iii) a family trust or family limited partnership with respect to which the settlor or general partner and the person making the investment decision (each) meets either of the foregoing tests;

(iv) a partnership not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000; or

(v) an entity in which all the equity owners are "accredited investors".

*excluding value of Investor's primary residence; indebtedness secured by the residence in excess of the value of the home must be considered a liability and deducted from net worth.

(b) The Investor has been advised and understands that the Securities have not been registered under the Securities Act or any state securities or "blue sky" laws, and that such Securities cannot be resold unless the same are registered under all applicable laws or unless an exemption from registration thereunder is available. The Investor is acquiring the Securities to be purchased by it for its own account for investment, and not with a view to, or for resale in connection with, the distribution thereof, and has no present intention of distributing or reselling any portion thereof.

(c) The Investor understands that the Securities are being offered and sold without the delivery of any particular offering or disclosure materials. The Investor has been furnished with, and has

carefully read this Agreement, and any other documents that have been made available by or on behalf of the Company to the Investor upon request (to the extent the Investor deemed necessary or appropriate). The Investor is familiar with the limited business and operations of the Company and understands, has evaluated the merits and risks of a purchase of the Securities, and acknowledges receipt of the Risk Factors dated May 1st, 2015, and attached hereto as Exhibit II. The Investor has been given ample opportunity to ask of and receive answers from Company officials concerning the Company, its financing, operations, business and prospects, and the terms and conditions of this Subscription, and to obtain any additional information to the extent necessary to verify the accuracy of the other information obtained. The Investor has not received or been furnished with, and is not relying on, any information, statement or representation, oral or written, that varies in any material way from the information provided or made available to such Investor in writing by the Company. The Company has made available to the Investor all documents and information that the Investor has requested relating to an investment in the Securities.

(d) The Investor understands that the Company is not in any way limited as to future issues of debt instruments or shares of its capital stock. The Investor acknowledges that any presentations made by the Company (including any projections) have been, and continue to be, subject to change and that any such presentations or projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the presentations or projections will not materialize or will vary significantly from actual results.

(e) The Investor acknowledges that the purchase of the Securities may have adverse impact to the Investor and the Investor has carefully considered and has, to the extent the Investor believes such discussion necessary, discussed with the Investor's professional, legal, tax, accounting and financial advisors the suitability of an investment in the Securities and has determined that the Securities being subscribed for by the Investor are a suitable investment for the Investor. The Investor understands that it (and not the Company) shall be responsible for any tax liability of the Investor that may arise as a result of this investment or the transactions contemplated by the Note.

(f) The Investor recognizes that an investment in the Company involves a high degree of risk. The Investor's overall commitment to investments that are not readily marketable, including his or its proposed investment in the Securities, is not disproportionate to his or its net worth, and the Investor has had adequate means of providing for his current needs and personal contingencies and has no need for liquidity in his investment in the Securities.

(g) The Investor either (i) has a pre-existing personal or business relationship with the Company or (ii) by reason of the Investor's business or financial experience or the business or financial experience of the Investor's professional advisors who are unaffiliated with and who are not compensated by the Company, directly or indirectly, has the capacity to protect the Investor's interests in connection with the investment in the Securities, including without limitation to evaluate the merits and risks of an investment in the Securities and to make an informed investment decision with respect thereto.

(h) The information presented and the statements made by the Investor in the Questionnaire completed and delivered to the Company with this Subscription, including, without limitation, the information relating to the Investor's income and net worth, are complete and accurate as of this date and may be relied upon by the Company in determining whether to accept this Subscription.

(i) There are no claims for brokerage commissions, finder's fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made on behalf of the Investor.

(j) If the Investor is not a resident of the United States, the Investor hereby represents that such Investor is satisfied as to the full observance by such Investor of the laws of such Investor's jurisdiction in connection with the offer and sale of the Note (and the issuance of all securities of the Company issued or issuable in connection therewith), including (i) the legal requirements within Investor's jurisdiction for the purchase of such securities, (ii) any foreign exchange restrictions applicable to such purchase and (iii) any governmental or other consents that may need to be obtained. The Investor hereby further confirms that its execution and delivery of this Agreement, (and payment for the Subscription), and such Investor's continued beneficial ownership of the Note and any other securities issued or issuable under the Note will not violate any applicable securities or other laws of such Investor's jurisdiction.

(k) Each Investor that is entering into this Agreement outside the United States of America and its territories hereby further severally and not jointly represents and warrants to the Company as follows: (i) such Investor is executing this Agreement outside of the United States of America and its territories; (ii) such Investor's principal address, as set forth in the Questionnaire, is a location outside of the United States of America and its territories; (iii) such Investor is not a U.S. person (as defined in Rule 902(k) of the Securities Act) and is not acquiring the Securities for the account or benefit of any U.S. person; and (iv) such Investor acknowledges and agrees that the offer and sale of Securities has not been accompanied by an advertisement.

C. UNDERSTANDINGS AND COVENANTS OF THE INVESTOR

The Investor understands, acknowledges, agrees and covenants with the Company as follows:

1. This Subscription may be rejected, in whole or in part, by THC Health in its sole and absolute discretion, at any time before the Closing.

2. The Subscription is and shall be irrevocable by the Investor except that the Investor shall have no obligation hereunder in the event that the Subscription is rejected for any reason.

3. The Company is entitled to rely upon the representations and agreements of the Investor made herein and in the Questionnaire. The Investor shall indemnify, defend and hold harmless the Company and any officer, director, stockholder, employee, agent or controlling person of the Company who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of or arising from any actual or alleged misrepresentation or misstatement of facts or omission to represent or state facts made by the Investor to any such party concerning the Investor or the Investor's financial position in connection with the offering or sale of the Securities including, without limitation, any such misrepresentation, misstatement or omission contained in this Agreement or in the Questionnaire submitted by the Investor, against losses, liabilities and expenses for which the Company or any officer, director, stockholder, employee, agent or controlling person of the Company has not otherwise been reimbursed (including attorneys' fees, judgments, fines and amounts paid in settlement) as and when incurred by such person or entity in connection with such action, suit or proceeding.

4. **No Federal or state agency has made any finding or determination as to the accuracy or adequacy of the information set forth herein or as to the fairness of the terms of this offering for investment, nor any recommendation or endorsement of the Securities.**

5. The offering and sale of the Securities is intended to be exempt from registration under the Securities Act by virtue of Section 4(2) of the Securities Act and/or the provisions of Regulation D promulgated thereunder ("Regulation D"). There is no public or other market for the Securities, and no such public or other market is expected to develop for the Securities. The Investor will not sell, transfer,

encumber or otherwise dispose of any Securities except in accordance with the terms of the Note and unless (a) the Securities are registered under the Securities Act and applicable state securities laws or (b) in the opinion of counsel acceptable in form and substance to counsel to the Company, an exemption from the registration requirements of the Securities Act and such applicable state securities laws is available. There can be no assurance that the Investor will be able to sell or dispose of the Securities. Any certificate(s) representing the Securities purchased by the Investor shall bear suitable legends referring to the foregoing restrictions.

6. THC Health is not under any obligation to register the Securities for resale or to assist the Investor in complying with any exemption from registration therefor.

7. The Investor acknowledges that the information concerning the Company contained in this Agreement, and/or otherwise provided or made available to the Investor in connection with or related to the transactions contemplated hereby, is confidential and non-public and agrees that all such information shall be kept in strict confidence by the Investor and neither used by the Investor (other than in connection with the transactions contemplated by this Subscription Agreement) nor disclosed to any third party for any reason (other than to such Investor's legal, financial and tax advisors in connection with the transactions contemplated by this Subscription Agreement).

D. MISCELLANEOUS

1. This Agreement and the Note constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. Except as expressly set forth in Section 4 below, neither this Agreement nor any provision hereof may be waived, modified, changed, discharged, terminated, revoked or cancelled except by an instrument in writing signed by the party against whom any waiver, modification, change, discharge, termination, revocation or dissolution is sought.

2. Notices, requests, demands or other communications required or permitted to be given hereunder shall be in writing (including telecopy and email communications) and mailed, emailed, telecopied or delivered in writing: if to the Investor, at the address set forth in the Questionnaire submitted by the Investor; and if to the Company, at the address of the Company given above or to such party at such other address as is furnished by notice given in accordance herewith. All such notices, requests, demands and other communications shall, when delivered (via overnight courier, charges prepaid), or mailed (by certified mail, return receipt requested, postage prepaid), emailed or telecopied, be effective when deposited with the courier, or in the mails or delivered via confirmed email or telecopy, respectively, addressed as aforesaid, unless otherwise provided herein.

3. Failure of the Company to exercise any right or remedy under this Subscription Agreement or any other agreement between the Company and the Investor, or otherwise, or delay by the Company in exercising such right or remedy, will not operate as a waiver thereof.

4. **The Investor acknowledges and agrees that it is intended that all of the Investors under all Subscription Agreements will act in concert with respect to all actions taken regarding this Subscription Agreement and the Notes. To accomplish such result, the Investor hereby agrees that this Agreement, the Notes, or any term hereof or thereof may be amended, waived, discharged or terminated on behalf of such Investor by a written instrument signed by holders of Notes representing at least a majority of the then outstanding principal amount of all Notes.**

5. The Company and each Investor shall pay their own respective fees and expenses incurred in connection with the transactions contemplated herein. The Company shall have no obligation to pay any

fees or expenses incurred by any Investor in connection with the purchase and sale of the Notes or any of the other transactions contemplated by this Subscription Agreement.

6. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of, and be enforceable by, the respective successors and assigns of the parties hereto. This Agreement shall not run to the benefit of or be enforceable by any person other than a party to this Agreement and its successors and assigns.

7. All representations and warranties made in this Agreement and the Notes or any other instrument or document delivered in connection herewith or therewith, shall survive the execution and delivery hereof or thereof.

8. This Subscription Agreement shall be enforced, governed and construed in all respects in accordance with the internal laws of the State of New York, without regard for conflicts of laws or other principles that would result in the application of any law other than the internal laws of the State of New York, and shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof that may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

[*remainder of page left blank intentionally; signature page follows immediately*]

THC HEALTH INC.
CONVERTIBLE PROMISSORY NOTE
SUBSCRIPTION AGREEMENT SIGNATURE PAGE

In witness whereof, the parties have signed this Subscription Agreement by their duly authorized representatives as an instrument under seal as of the respective dates set forth below.

INVESTOR

CHRISTIAN CESPEDES Date: 02-JUNE-2015
Printed Name

Printed Title (if applicable)

Signature

Total Amount of Investment: US$ [redacted]

Accepted and agreed:

THC HEALTH INC.

By: Date: 02-JUNE-2015
Duly Authorized

DWIGHT MANANTED
BOARD CHAIRMAN

EXHIBIT I

Form of Convertible Promissory Note

NONNEGOTIABLE CONVERTIBLE PROMISSORY NOTE

Neither this note, nor the shares of capital stock for which it may become convertible, have been registered under the Securities Act of 1933, as amended (the "Act"), or applicable state securities laws and neither this note nor such securities may be sold, transferred, assigned or otherwise disposed of unless registered under the Act and such laws or (1) registration under applicable state securities laws is not required and (2) an opinion of counsel satisfactory to the Company is furnished to the Company to the effect that registration under the Act is not required.

[redacted]

May 1st, 2015
New York, New York

FOR VALUE RECEIVED, THC Health Inc. (together with its successors and assigns, the "Company") promises to pay [Investor] (the "Holder"), at the Company's principal office, the principal sum of US$[redacted] together with interest from the date of this Note on the unpaid principal balance at a rate equal to fifteen percent (15%) per annum, simple interest, computed on the basis of the actual number of days elapsed and a year of 365 days. Notwithstanding anything to the contrary set forth herein, in no event may the effective rate of interest collected or received by the Holder exceed that which may be charged, collected or received by the Holder under applicable law.

This Note is issued pursuant to a Subscription Agreement dated May 1st, 2015 between the Company and the Holder (the "Subscription Agreement") and is one of a series of Convertible Promissory Notes containing substantially identical terms and conditions that will be issued pursuant to substantially identical subscription agreements. Such Notes are collectively referred to herein as the "Notes," and the holders thereof are collectively referred to herein as the "Holders." This Note is not negotiable and is subject to the following terms and conditions, as well as the terms and conditions contained in the Subscription Agreement.

1. **Maturity**. Unless converted as provided in Section 2, this Note will mature and, be due and payable on March 31. Subject to Section 2 below, interest shall accrue on this Note but shall not be due and payable until the Maturity Date. Notwithstanding the foregoing, subject to the terms of Section 4 below, the entire unpaid principal sum of this Note, together with accrued and unpaid interest thereon, shall become immediately due and payable upon (i) the execution by the Company of a general assignment for the benefit of creditors, (ii) the filing by or against the Company of a petition in bankruptcy or any petition for relief under the federal bankruptcy act or the continuation of such petition without dismissal for a period of ninety (90) days or more, (iii) the appointment of a receiver, trustee or similar official to take possession of the property or assets of the Company, or (iv) at the election of the Required Holders, a "Transfer of Control," which is defined as either (A) a conversion, merger or consolidation of the Company with or into another entity as an immediate result of which the holders of voting equity interests in the Company immediately before such transaction hold less than fifty percent (50%) of the voting equity securities in the surviving entity or (B) a sale of all or substantially all the assets or capital stock of the Company to an unrelated party. In the event that the Company is not successful in obtaining a NYS DOH license, the Notes shall be subject to compulsory redemption by the Company, by payment

of all of the remaining proceeds from the sale of Notes in full settlement of the Company's payment obligations.

2. **Conversion**.

(a) **Qualified Financing**. As used herein, the term "Qualified Financing" means an equity financing with gross cash proceeds to the Company of at least US$2,000,000 (excluding conversion of the Notes and any other indebtedness of the Company).

(b) **Conversion to Stock Issued in Qualified Financing**. At and subject to the closing of a Qualified Financing, the entire unpaid principal amount of and accrued but unpaid interest on this Note, shall be converted into shares of the same class and series of stock (the "Stock") sold in the Qualified Financing (the date of such conversion being the "Conversion Date"). Notwithstanding the foregoing, at the Company's option, up to ten (10) days of accrued but unpaid interest may be paid in cash to the Holder at closing of the Qualified Financing. The number of shares of Stock to be issued upon such conversion shall be equal to the quotient obtained by dividing (I) the entire unpaid principal amount of this Note plus any accrued but unpaid interest as of the date of the closing of the Qualified Financing by (II) the lower of (x) eighty percent (80%) of the price per share of the Stock sold in the Qualified Financing or (y) the price per share of Stock that would be payable by an investor based upon a pre-money valuation of the Company's equity of US$10,000,000 (calculated on a fully diluted basis and prior to the conversion of any of the Notes). The issuance of the Stock shall otherwise be substantially upon the same terms and conditions applicable generally to such Qualified Financing. In connection with the conversion of this Note, the Holder will execute and deliver all agreements, certificates and other documents that are executed by the other investors in such Qualified Financing.

(c) **Notice of Qualified Financing**. The Company shall provide notice to the Holder of the anticipated closing of a Qualified Financing at least ten (10) days prior to the date of the closing of such Qualified Financing. Such notice shall specify the number of shares of Stock to be issued to such Holder upon conversion, the amount of cash to be paid to the Holder in lieu of any fractional shares of Stock and the anticipated date of the closing of such Qualified Financing.

(d) **Mechanics and Effect of Conversion**. No fractional shares of equity securities will be issued upon conversion of this Note. In lieu of any fractional share to which the Holder would otherwise be entitled, the Company will pay to the Holder in cash the amount of the unconverted principal and interest balance of this Note that would otherwise be converted into such fractional share. Upon conversion of this Note pursuant to this Section 2, the Holder shall surrender this Note, duly endorsed, at the principal offices of the Company or any transfer agent of the Company, provided that whether or not this Note has been surrendered, all amounts outstanding under this Note shall be deemed to have been converted pursuant to this Section 2 as of the applicable conversion date, and, as of such date, this Note shall be deemed fully paid and no longer outstanding and the Holder shall be treated for all purposes as the record holder of the appropriate number and type of shares of equity securities. At its expense, the Company will, as soon as practicable after the surrender of this Note, issue and deliver to the Holder, at its record address, a certificate or certificates for the number and type of shares of equity securities to which the Holder is entitled upon such conversion, together with any other securities and property to which the Holder is entitled upon such conversion under the terms of this Note, including a check payable to the Holder for any cash amounts payable as described herein. Upon conversion of this Note, the Company will be forever released from all of its obligations and liabilities under this Note with regard to the principal amount and accrued interest converted, including without limitation the obligation to pay such principal amount and accrued interest. Notwithstanding the foregoing, the Company shall not be obligated to issue the equity securities otherwise issuable upon conversion of this Note unless this Note is either delivered to the Company or any such transfer agent or the Holder notifies the Company or any such transfer agent

that the Note has been lost, stolen or destroyed and executes an agreement reasonably satisfactory to the Company to indemnify the Company from any loss incurred by it in connection therewith.

3. **Payment**. All payments hereunder shall be made in lawful money of the United States of America at the Holder's address for notices hereunder. Payment shall be credited first to the accrued interest then due and payable and the remainder applied to principal. Upon and subject to the approval of the Required Holders, the Company may pay this Note (including accrued and unpaid interest through the date of payment) in cash at any time before the Maturity Date or the applicable conversion date without penalty; provided that any prepayment shall be made on all of the Notes on a *pro rata* basis.

4. **Subordination**.

(a) **Senior Indebtedness.** As used herein, "Senior Indebtedness" means the principal of (and premium, if any) and unpaid interest on (i) indebtedness of the Company or with respect to which the Company is a guarantor to banks, insurance companies, lease financing institutions or other lending institutions regularly engaged in the business of lending money that is for money borrowed (or purchase or lease of equipment in the case of lease financing) by the Company, whether or not secured; or (ii) any other indebtedness which the Company and the Required Holders agree shall constitute "Senior Indebtedness".

(b) **Effect of Subordination**. This Note shall be junior in right of payment to any Senior Indebtedness of the Company outstanding from time to time. No payment shall be made in respect of the principal of or interest on this Note unless consistent with the terms of any such Senior Indebtedness. Subject to the rights, if any, of the holders of Senior Indebtedness under this Section 4 to receive cash, securities or other property otherwise payable or deliverable to the Holder of this Note, nothing contained in this Section 4 shall impair, as between the Company and the Holder, the obligation of the Company, subject to the terms and conditions hereof, to pay to the Holder the principal hereof and interest hereon as and when the same become due and payable, or shall prevent the Holder of this Note, upon default hereunder, from exercising all rights, powers and remedies otherwise provided herein or by applicable law.

(c) **Subrogation**. Subject to the payment in full of all Senior Indebtedness and until this Note shall be paid in full, the Holder shall be subrogated to the rights of the holders of Senior Indebtedness (to the extent of payments or distributions previously made to such holders of Senior Indebtedness pursuant to the provisions of Section 4 above) to receive payments or distributions of assets of the Company applicable to the Senior Indebtedness. No such payments or distributions to the Holder applicable to the Senior Indebtedness shall, as among the Company, its creditors (other than the holders of the Senior Indebtedness), and the Holder, be deemed to be a payment by the Company to or on account of this Note; and for the purposes of such subrogation, no payments or distributions to the holders of Senior Indebtedness to which the Holder would be entitled except for the provisions of this Section 4 shall, as among the Company, its creditors (other than the holders of Senior Indebtedness), and the Holder, be deemed to be a payment by the Company to or on account of the Senior Indebtedness.

(d) **Undertaking**. By its acceptance of this Note and as a condition to the Holder's rights hereunder, the Holder agrees to execute and deliver one or more subordination agreements for the benefit of lenders of Senior Indebtedness, and such other documents as may be reasonably requested from time to time by the Company or the lender of any Senior Indebtedness, in order to implement the foregoing provisions of this Section 4.

5. **Transfer; Successors and Assigns**. The terms and conditions of this Note shall inure to the benefit of and be binding upon the respective successors and assigns of the parties; provided,

however, that the Holder may not assign, pledge, or otherwise transfer its rights, remedies, obligations, or liabilities under this Note without the prior written consent of the Company. This Note will be registered on the books of the Company or its agent as to the holder thereof and outstanding principal and interest. Any transfer of this Note may be effected only upon surrender of the original note for registration of transfer, duly endorsed, or accompanied by a duly executed written instrument of transfer in form satisfactory to the Company. Thereupon, a new note for the same principal amount and interest will be issued to, and registered in the name of, the transferee. Interest and principal are payable only to the registered holder of this Note. The Company may elect not to permit a transfer of the Note if it has not obtained satisfactory assurance that such transfer: (a) is exempt from the registration requirements of, or covered by an effective registration statement under, the Securities Act of 1933, as amended, and the rules and regulations thereunder, and (b) is in compliance with all applicable state securities laws, including without limitation receipt of an opinion of counsel for the Investor (or other holder, as the case may be), which opinion shall be satisfactory to the Company.

6. **New Note**. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Note, the Company will issue a new Note, of like tenor and amount and dated the date to which interest has been paid, in lieu of such lost, stolen, destroyed or mutilated Note, and in such event the Holder (or other holder, as the case may be) agrees to indemnify and hold harmless the Company in respect of any such lost, stolen, destroyed or mutilated Note.

7. **Governing Law**. This Note and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be enforced, governed and construed in all respects in accordance with the internal laws of the State of New York, without regard for conflicts of laws or other principles that would result in the application of any law other than the internal laws of the State of New York. The Holder hereby irrevocably consents to the exclusive jurisdiction of the courts of the State of New York and of any federal court located in the State of New York in connection with any action or proceeding arising out of or related to this Note or any document or instrument delivered in pursuant to or in connection therewith.

8. **Notices**. Any notice, request, demand or other communication required or permitted by this Note shall be in writing (including telecopy and email communications) and mailed, emailed, telecopied or delivered in writing: if to the Holder, at the address set forth in the Investor Questionnaire submitted by the Holder with the Subscription Agreement; and if to the Company, at THC Health Inc., 47-20 Center Boulevard, Suite 1605, Long Island City, NY 11109 Attn: Christian Cespedes (email: _____) or to such party at such other address as is furnished by notice given in accordance herewith. All such notices, requests, demands and other communications shall, when delivered (via overnight courier, charges prepaid), or mailed (by certified mail, return receipt requested, postage prepaid), or emailed or telecopied, be effective when deposited with the courier, or deposited in the mails or delivered via confirmed email or telecopy, respectively, addressed as aforesaid, unless otherwise provided herein.

9. **Amendments and Waivers**. This Note (including without limitation the Maturity Date hereof) may be amended, and any obligation of the Company hereunder hereof may be waived (i) with the written consent of the Company and the Holder hereof or (ii) with the written consent of the Company and the Required Holders; provided that the substance of any amendment or waiver effected pursuant to clause (ii) shall be equally applicable to all the Notes. Any amendment or waiver effected in accordance with this Section 9 shall be binding upon the Company, each Holder and each transferee of this Note. The Company hereby covenants and agrees to provide written notice of any such amendment to the Holder hereof and the Holder hereby agrees to attach any such notice to this Note in order to incorporate such amended provisions herein.

10. **Individuals Not Liable**. In no event shall any member, stockholder, manager, officer or director of the Company be personally liable for any amounts due or payable under this Note.

11. **Severability.** If any of the provisions of this Note shall be held to be invalid or unenforceable, the determination of invalidity or unenforceability of any such provision shall not affect the validity or enforceability of any other provision or provisions hereof.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Company has executed this Note by its duly authorized officer as of the date first stated above.

THC HEALTH INC.

By: _____
Name: DWIGHT MAMANTED
Title: CHAIRMAN OF THE BOARD OF DIRECTORS

EXHIBIT II
THC HEALTH INC.
RISK FACTORS

May 1st, 2015

An investment in Convertible Promissory Notes (each a "Note") issued in the financing of THC Health Inc. (the "Company") involves a high degree of risk. The following risk factors, in addition to any other information contained in materials being distributed to prospective investors in connection with this offering, should be considered carefully in evaluating the Company and its proposed business before purchasing the Notes offered hereby.

Additional risks and uncertainties not presently known to the Company or that it currently deems immaterial may also impair its business operations. If any of the following risks actually occur, the Company's business, prospects, financial condition or results of operations could be materially adversely affected. In such case, the investor may lose all or part of the investor's investment.

The Notes being offered hereby should be regarded as speculative, and should be purchased only by individuals or entities that could afford to lose all or part of their investment.

Risks Relating to this Offering

- The Securities have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or registered or qualified under the securities laws of any state.
- No present public market for the Notes offered hereby or the securities into which the Notes are convertible (the Notes and the securities, collectively, the "Securities") exists and there are general restrictions on the resale of the Securities.
- The Securities must be held indefinitely unless they are subsequently registered under the Securities Act and under applicable state securities laws.
- A subsequent financing may result in a dilution in your ownership in the Company. The Company will need to seek subsequent financing in the event it is successful in obtaining a NYS DOH license.
- The Company has not formulated an exit strategy at this time and the possibility and timing of a liquidity event for investors is unknown.

Risks Relating to the NYS DOH License Application Process

- The Company might not be granted a NYS DOH license despite all appropriate efforts. The Company has no way of knowing the number of qualified applicants that may submit applications and competition for the few available licenses is expected to be intense.
- The Company might face application process delays resulting from unforeseen gaps/problems with the regulations, ambiguous interpretation of regulations or changes that may be made in the application process or requirements, among others.
- The NYS program might be curtailed, cancelled or otherwise stopped, and it is uncertain if application fees will be returned or if they will be returned in a time efficient manner.
- The NYS program may revoke a provisional license if a successful applicant fails to begin operations within 6 months of the award of the provisional license, and there is no assurance that the Company would be able to begin operations within this time period.
- If the Company is not successful in obtaining a NYS DOH license, it will likely dissolve.

Post Approval – Business and Operational Risks

- The Company has a limited operating history which makes it difficult to evaluate its future prospects and the potential value of an Investor's investment. No assurances can be given that the Company will be able to successfully maintain and develop its business or meet its business objectives.
- The Company's operating expenses will be high and there can be no assurance that the Company will achieve or maintain profitability. If the Company is not successful in becoming profitable, it may be forced to curtail or cease operations.
- In order to meet its short-term and long-term business goals, the Company will need to seek additional funding. The Company can provide no assurance that it will be able to obtain such additional funding on favorable terms.
- The Company will operate in a highly competitive market and will encounter competitors that have greater resources and experience. If the Company cannot successfully compete against these companies, its business, results of operations and financial condition are likely to be materially and adversely affected.
- The Company must attract and retain qualified personnel to be successful, and competition for qualified personnel is intense in its market.
- The Company might face delays in physician certification and/or delays in required testing.
- The Company might face physician resistance to providing recommendation of medical marijuana as appropriate treatment, which is required under the NYS program for approval of "registered user" applications.
- The Company might face crop failure or crop infestations; crime, including vandalism and/or fire, which could completely or partially destroy the Company's medical marijuana supplies. Additionally, adverse weather conditions might affect the Company's transportation and distribution from manufacturing facilities to dispensaries.
- There might be difficulty in obtaining a medical marijuana insurance policy, and the Company may be forced to self-insure which could cause severe financial hardship in defending any claims.
- There is an inherent unpredictability of the marijuana marketplace, due in part to changing consumer sentiment and competition from illegal sellers.

Post Approval Regulatory Risks

- Medical marijuana is a relatively new and emerging industry and there may be unforeseen changes in federal and state legislation, including, but not limited to, changes in the legality of medical marijuana. Also, nearby states may legalize marijuana, which may affect the Company's business.
- The Company may face high costs of having to comply with robust state and federal medical marijuana regulations. The Company faces unpredictability of potentially onerous state and city tax rates.
- The Company may face difficulty in engaging needed services due to lingering concerns around legalization of medical marijuana.
- There is political risk of a cancellation of the NYS program by the legislature or Governor of New York.
- The Company business faces the risk that the federal government might prohibit medical marijuana growers from purchasing or leasing private land or otherwise impose harsh laws that could negatively affect the Company.
- Federal Banking Regulations currently deter banks from doing business with cannabis businesses like the Company, forcing them to operate only with cash and thereby increasing their security risks.

- According to federal regulations, any transaction involving proceeds of marijuana sales may serve as a basis for money laundering prosecution and the Company, Company officers and directors, and investors face some level of risk of being charged with violation of the federal anti-money laundering statutes. However, the Company is not aware of any situation where the federal government has pursued such prosecution against a medical marijuana business duly licensed under state laws.
- Elected candidates may amend federal medical marijuana regulations in ways that negatively affect the Company and the medical marijuana industry.
- The Company faces the risk of potential federal legal action against the relevant states regarding their marijuana regimes, including New York.

Forward-Looking Statements

The documents being distributed herewith contain forward looking statements. These forward-looking statements are not historical facts but rather are based on current expectations, estimates and projections about the Company's industry, the Company's beliefs and the Company's assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," and "estimates," and variations of these words and similar expressions, are intended to identify forward looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Company's control, are difficult to predict and could cause actual results to differ materially from those expressed, implied or forecasted in the forward-looking statements. In addition, the forward-looking events discussed therein might not occur. These risks and uncertainties include, among others, those described above in these "Risk Factors". Prospective investors are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's management's view only as of the date hereof. Except as required by law, the Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

THC HEALTH INC.

Convertible Promissory Notes

SUBSCRIPTION INSTRUCTIONS

(Please Read Carefully)

May 1st, 2015

THC HEALTH INC. MAY, IN ITS SOLE DISCRETION, REJECT THE SUBSCRIPTION REQUEST, IN WHOLE OR IN PART, OF ANY PERSON AT ANY TIME BEFORE THE CLOSING. ANY REPRESENTATION TO THE CONTRARY IS UNAUTHORIZED AND MUST NOT BE RELIED UPON.

THC Health Inc., a New York corporation ("THC Health" or the "Company"), is offering for sale Convertible Promissory Notes of like tenor in an aggregate principal amount of US$300,000, which amount may be increased at any time or from time to time at the Company's discretion (the "Notes"). For the terms of the Notes, see the form of Note attached to the Subscription Agreement.

I. This Subscription Package contains all of the Subscription Materials necessary for you to subscribe for the Notes. The Subscription Materials include:

(1) a questionnaire (the "Questionnaire") for you to complete and sign to demonstrate to THC Health that you satisfy the applicable suitability standards for purchasers of the Notes;

(2) a Subscription Agreement for you to sign to agree to the terms of the offering and the Notes;

(3) a form of Note (attached as Exhibit I to the Subscription Agreement); and

(4) Internal Revenue Service Form W-9 (Request for Taxpayer Identification Number and Certification) to be completed by U.S Persons, and Form W-8BEN (Certificate of Foreign Status of Beneficial Owner For United States Tax Withholding) to be completed by non-U.S. Persons.

II. After reading the Subscription Materials, please fill in all applicable information. You must complete all information required on the following documents and then sign them:

(1) the Questionnaire,

(2) Signature page of the Subscription Agreement (including completion of investment information); and

(3) Internal Revenue Service Form W-9 or Form W-8BEN, as applicable.

Once you have completed these documents, please return an entire set of Subscription Materials to the Company at the address set forth below in Section IV.

III. Payment for your Note should be made by either:

(1) delivery to the Company of a check payable to "THC Health Inc."; or

(2) wire transfer to THC Health Inc. with the following information:

(a) for domestic wires:

Bank name:	JPMorgan Chase Bank, N.A.
Bank Address:	P.O. Box 659754
Account Number:	[redacted]
Account Name:	THC Health Inc.
Reference:	[Insert Name of Sender]

(b) for international wires:

Bank name:	JPMorgan Chase Bank, N.A.
Bank Address:	P.O. Box 659754
Routing Number:	021000021
Swift Code:	CHASUS33
Account Number:	[redacted]
Account Name:	THC Health Inc.
Reference:	[Insert Name of Sender]

The check or wire must be in the full amount of your investment in the Notes (shown as the "Total Amount of Investment" on the signature page to the Subscription Agreement). *If you wire funds, please notify the Company promptly.*

IV. Send all documents to the Company either by courier or regular mail to its address set forth below or by electronic mail in PDF format to the email address below:

THC Health Inc.
[redacted]

V. If your subscription is accepted by THC Health, you will receive a copy of your Subscription Agreement and an original Note issued to you by the Company after the closing.

Questions regarding completion of subscription documents should be directed to

Christian Cespedes, THC Health Inc.

Teleph[redacted]

E-mail:

PLEASE PRINT IN INK OR TYPE ALL INFORMATION.

CONFIDENTIAL

THC HEALTH INC.

INVESTOR QUESTIONNAIRE

(All Information Furnished in Completing This
Questionnaire Will Be Treated Confidentially,
Subject to the Uses Set Forth Below)

Responses to this questionnaire will be used by THC Health Inc. (the "Company") to assure compliance with federal and state securities laws.

Please complete, sign, date, and return one copy of this questionnaire if you elect to participate in the offering of the Company's Notes.

If the answer to any question below is "none" or "not applicable" please so indicate.

IDENTIFICATION

Name: Collin Davidson

Permanent Residential Address: [redacted]

Capacity in which the proposed investment will be held (e.g., individually, jointly with spouse, in trust, etc.): Individually

PROPOSED INVESTMENT

Please indicate the amount of your proposed investment in the Notes. US$ [redacted]

ACCREDITED INVESTOR QUALIFICATION

The undersigned hereby certifies that he has read the definition of an "accredited investor" from Rule 501 of Regulation D attached hereto as Annex A, and certifies that (please check each situation that applies):

[ ] The investor is a partnership not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000.

[ ] The investor is an entity in which all the equity owners are "accredited investors".

[ ] My individual net worth*, or joint net worth* with my spouse, presently exceeds $1,000,000 and I reasonably expect this to be true at the time of my purchase of the Securities. I will inform the Company if such net worth declines below $1,000,000 prior to the time of such purchase.

[ ] My individual income was in excess of $200,000 in each of the two most recent years and I reasonably expect to reach the same income level in the current year.

[ ] My joint income with my spouse was in excess of $300,000 in each of the two most recent years and I reasonably expect to reach the same joint income level with my spouse in the current year.

[X] None of the above.

*excluding value of my primary residence; indebtedness secured by the residence in excess of the value of the home must be considered a liability and deducted from net worth.

INVESTMENT EXPERIENCE

Please check the applicable spaces to indicate your experience making investments in startup private companies:

Considerable [ ] Some [ ] Never [X]

Please provide any additional information concerning your previous investments and your business, financial, and investment experience that you think would be useful in assisting the Company in evaluating your capacity to evaluate the merits and risks of the proposed investment.

The above information is true and correct in all respects, and the undersigned recognizes that the Company is relying on the truth and accuracy of such information for the issuance of the Notes, the equity securities issuable upon conversion of the Notes and any securities issuable upon the conversion of such equity securities in reliance on the exemption contained in Subsection 4(2) of the Securities Act of 1933, as amended (the "Act"), Regulation D promulgated thereunder, and applicable state securities laws. The undersigned agrees to notify the Company promptly of any changes in the foregoing information which may occur prior to the investment. The undersigned further agrees that the Company may present this questionnaire and/or any of the information contained herein to such parties as the Company may deem appropriate, if called upon to establish that the proposed offer and sale of the Notes are exempt from registration under the Act or meet the requirements of applicable state securities laws.

Executed on: 02 June 2015
(Date)

By: _____
(Signature)

Collin Davidson
(Print Name)

Chief Science Officer
(Print Title)

ANNEX A

Rule 501. Definitions and Terms Used in Regulation D.

As used in Regulation D, the following terms have the meaning indicated:

(a) **Accredited investor.** "Accredited investor" shall mean any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

(1) Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000; or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(2) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;

(3) Any organization described in Section 501(c)(3) of the Internal Revenue Code, company, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;

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

(5) Any natural person whose individual net worth*, or joint net worth* with that person's spouse, at the time of his purchase exceeds $1,000,000;

(6) Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(7) Any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

(8) Any entity in which all of the equity owners are accredited investors.

*excluding value of investor's primary residence; indebtedness secured by the residence in excess of the value of the home must be considered a liability and deducted from net worth.

[Remainder omitted]

SUBSCRIPTION AGREEMENT

THC HEALTH INC.

Convertible Promissory Notes

THC Health Inc.
47-20 Center Blvd., Ste. 1605
Long Island City, NY 11109
Attn: Christian Cespedes
Email: [redacted]

Ladies and Gentlemen:

This Agreement is made by and between THC Health Inc., a New York company ("THC Health" or the "Company"), and the undersigned prospective purchaser (the "Investor") who is hereby subscribing to purchase a Convertible Promissory Note (the "Note") in the aggregate principal amount set forth on the signature page below, such Note to be in the form and on the terms attached hereto as Exhibit I. The Notes and any equity securities issuable upon conversion of the Notes (and any securities issuable upon conversion of such equity securities) are referred to herein collectively as the "Securities."

This Note is one of a series of Convertible Promissory Notes, each in substantially the form of Exhibit I, in an aggregate principal amount of up to US$350,000 (which amount may be increased at any time or from time to time at the Company's discretion) that will be issued pursuant to substantially identical subscription agreements at one or more separate closings.

In consideration of the mutual covenants contained herein, the parties agree and represent as follows:

A. SUBSCRIPTION

1. Subject to the terms of this Agreement, the Investor hereby irrevocably subscribes for and agrees to purchase the Securities for the Total Amount of Investment indicated on the signature page hereto (the "Subscription") and hereby delivers to THC Health: (a) the signed signature pages to (i) this Agreement, (ii) the Questionnaire referred to below (the "Questionnaire"), and (iii) a completed IRS Form W-9 or Form W-8BEN, as applicable, and (b) payment of the Total Amount of Investment (the "Payment"), in the form of a check payable to "THC Health Inc." or by wire transfer to the Company's designated account.

2. The closing of the sale of the Securities to the Investor shall take place upon and subject to the Company's acceptance of the Subscription by signing and returning to the Investor a copy of this Agreement (the "Closing Date"). No interest is payable on the Subscription pending the Closing Date.

B. REPRESENTATIONS AND WARRANTIES

1. **By the Company.** The Company hereby represents and warrants to the Investor as follows:

(a) The Company is a company duly organized, validly existing and in good standing under the laws of the State of New York, has the requisite corporate power to own, lease and operate its

property and to carry on its business as now being conducted and as now proposed by the Company to be conducted.

(b) The Company has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company. Upon the due authorization, execution and delivery by the Company, this Agreement will constitute the valid and binding obligation of the Company, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(c) The execution and delivery of this Agreement by the Company does not, and the performance of this Agreement by the Company will not, (i) conflict with or violate the Certificate of Incorporation or By-Laws of the Company or (ii) materially conflict with or violate any law, rule, regulation, order, judgment or decree applicable to the Company or by which any of its properties is bound.

2. **By the Investor.** The Investor hereby represents and warrants to the Company as follows:

(a) The Investor is an "accredited investor" as that term is used in Rule 501(a) under the Securities Act of 1933, as amended (the "Securities Act"), in that the Investor is either:

(i) a natural person whose individual net worth*, or joint net worth* with his or her spouse, exceeds $1,000,000;

(ii) a natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with his or her spouse in excess of $300,000 in each of those years, and has a reasonable expectation of reaching the same income level in the current year;

(iii) a family trust or family limited partnership with respect to which the settlor or general partner and the person making the investment decision (each) meets either of the foregoing tests;

(iv) a partnership not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000; or

(v) an entity in which all the equity owners are "accredited investors".

*excluding value of Investor's primary residence; indebtedness secured by the residence in excess of the value of the home must be considered a liability and deducted from net worth.

(b) The Investor has been advised and understands that the Securities have not been registered under the Securities Act or any state securities or "blue sky" laws, and that such Securities cannot be resold unless the same are registered under all applicable laws or unless an exemption from registration thereunder is available. The Investor is acquiring the Securities to be purchased by it for its own account for investment, and not with a view to, or for resale in connection with, the distribution thereof, and has no present intention of distributing or reselling any portion thereof.

(c) The Investor understands that the Securities are being offered and sold without the delivery of any particular offering or disclosure materials. The Investor has been furnished with, and has

carefully read this Agreement, and any other documents that have been made available by or on behalf of the Company to the Investor upon request (to the extent the Investor deemed necessary or appropriate). The Investor is familiar with the limited business and operations of the Company and understands, has evaluated the merits and risks of a purchase of the Securities, and acknowledges receipt of the Risk Factors dated May 1st, 2015, and attached hereto as Exhibit II. The Investor has been given ample opportunity to ask of and receive answers from Company officials concerning the Company, its financing, operations, business and prospects, and the terms and conditions of this Subscription, and to obtain any additional information to the extent necessary to verify the accuracy of the other information obtained. The Investor has not received or been furnished with, and is not relying on, any information, statement or representation, oral or written, that varies in any material way from the information provided or made available to such Investor in writing by the Company. The Company has made available to the Investor all documents and information that the Investor has requested relating to an investment in the Securities.

(d) The Investor understands that the Company is not in any way limited as to future issues of debt instruments or shares of its capital stock. The Investor acknowledges that any presentations made by the Company (including any projections) have been, and continue to be, subject to change and that any such presentations or projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the presentations or projections will not materialize or will vary significantly from actual results.

(e) The Investor acknowledges that the purchase of the Securities may have adverse impact to the Investor and the Investor has carefully considered and has, to the extent the Investor believes such discussion necessary, discussed with the Investor's professional, legal, tax, accounting and financial advisors the suitability of an investment in the Securities and has determined that the Securities being subscribed for by the Investor are a suitable investment for the Investor. The Investor understands that it (and not the Company) shall be responsible for any tax liability of the Investor that may arise as a result of this investment or the transactions contemplated by the Note.

(f) The Investor recognizes that an investment in the Company involves a high degree of risk. The Investor's overall commitment to investments that are not readily marketable, including his or its proposed investment in the Securities, is not disproportionate to his or its net worth, and the Investor has had adequate means of providing for his current needs and personal contingencies and has no need for liquidity in his investment in the Securities.

(g) The Investor either (i) has a pre-existing personal or business relationship with the Company or (ii) by reason of the Investor's business or financial experience or the business or financial experience of the Investor's professional advisors who are unaffiliated with and who are not compensated by the Company, directly or indirectly, has the capacity to protect the Investor's interests in connection with the investment in the Securities, including without limitation to evaluate the merits and risks of an investment in the Securities and to make an informed investment decision with respect thereto.

(h) The information presented and the statements made by the Investor in the Questionnaire completed and delivered to the Company with this Subscription, including, without limitation, the information relating to the Investor's income and net worth, are complete and accurate as of this date and may be relied upon by the Company in determining whether to accept this Subscription.

(i) There are no claims for brokerage commissions, finder's fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made on behalf of the Investor.

(j) If the Investor is not a resident of the United States, the Investor hereby represents that such Investor is satisfied as to the full observance by such Investor of the laws of such Investor's jurisdiction in connection with the offer and sale of the Note (and the issuance of all securities of the Company issued or issuable in connection therewith), including (i) the legal requirements within Investor's jurisdiction for the purchase of such securities, (ii) any foreign exchange restrictions applicable to such purchase and (iii) any governmental or other consents that may need to be obtained. The Investor hereby further confirms that its execution and delivery of this Agreement, (and payment for the Subscription), and such Investor's continued beneficial ownership of the Note and any other securities issued or issuable under the Note will not violate any applicable securities or other laws of such Investor's jurisdiction.

(k) Each Investor that is entering into this Agreement outside the United States of America and its territories hereby further severally and not jointly represents and warrants to the Company as follows: (i) such Investor is executing this Agreement outside of the United States of America and its territories; (ii) such Investor's principal address, as set forth in the Questionnaire, is a location outside of the United States of America and its territories; (iii) such Investor is not a U.S. person (as defined in Rule 902(k) of the Securities Act) and is not acquiring the Securities for the account or benefit of any U.S. person; and (iv) such Investor acknowledges and agrees that the offer and sale of Securities has not been accompanied by an advertisement.

C. UNDERSTANDINGS AND COVENANTS OF THE INVESTOR

The Investor understands, acknowledges, agrees and covenants with the Company as follows:

1. This Subscription may be rejected, in whole or in part, by THC Health in its sole and absolute discretion, at any time before the Closing.

2. The Subscription is and shall be irrevocable by the Investor except that the Investor shall have no obligation hereunder in the event that the Subscription is rejected for any reason.

3. The Company is entitled to rely upon the representations and agreements of the Investor made herein and in the Questionnaire. The Investor shall indemnify, defend and hold harmless the Company and any officer, director, stockholder, employee, agent or controlling person of the Company who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of or arising from any actual or alleged misrepresentation or misstatement of facts or omission to represent or state facts made by the Investor to any such party concerning the Investor or the Investor's financial position in connection with the offering or sale of the Securities including, without limitation, any such misrepresentation, misstatement or omission contained in this Agreement or in the Questionnaire submitted by the Investor, against losses, liabilities and expenses for which the Company or any officer, director, stockholder, employee, agent or controlling person of the Company has not otherwise been reimbursed (including attorneys' fees, judgments, fines and amounts paid in settlement) as and when incurred by such person or entity in connection with such action, suit or proceeding.

4. **No Federal or state agency has made any finding or determination as to the accuracy or adequacy of the information set forth herein or as to the fairness of the terms of this offering for investment, nor any recommendation or endorsement of the Securities.**

5. The offering and sale of the Securities is intended to be exempt from registration under the Securities Act by virtue of Section 4(2) of the Securities Act and/or the provisions of Regulation D promulgated thereunder ("Regulation D"). There is no public or other market for the Securities, and no such public or other market is expected to develop for the Securities. The Investor will not sell, transfer,

encumber or otherwise dispose of any Securities except in accordance with the terms of the Note and unless (a) the Securities are registered under the Securities Act and applicable state securities laws or (b) in the opinion of counsel acceptable in form and substance to counsel to the Company, an exemption from the registration requirements of the Securities Act and such applicable state securities laws is available. There can be no assurance that the Investor will be able to sell or dispose of the Securities. Any certificate(s) representing the Securities purchased by the Investor shall bear suitable legends referring to the foregoing restrictions.

6. THC Health is not under any obligation to register the Securities for resale or to assist the Investor in complying with any exemption from registration therefor.

7. The Investor acknowledges that the information concerning the Company contained in this Agreement, and/or otherwise provided or made available to the Investor in connection with or related to the transactions contemplated hereby, is confidential and non-public and agrees that all such information shall be kept in strict confidence by the Investor and neither used by the Investor (other than in connection with the transactions contemplated by this Subscription Agreement) nor disclosed to any third party for any reason (other than to such Investor's legal, financial and tax advisors in connection with the transactions contemplated by this Subscription Agreement).

D. MISCELLANEOUS

1. This Agreement and the Note constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. Except as expressly set forth in Section 4 below, neither this Agreement nor any provision hereof may be waived, modified, changed, discharged, terminated, revoked or cancelled except by an instrument in writing signed by the party against whom any waiver, modification, change, discharge, termination, revocation or dissolution is sought.

2. Notices, requests, demands or other communications required or permitted to be given hereunder shall be in writing (including telecopy and email communications) and mailed, emailed, telecopied or delivered in writing: if to the Investor, at the address set forth in the Questionnaire submitted by the Investor; and if to the Company, at the address of the Company given above or to such party at such other address as is furnished by notice given in accordance herewith. All such notices, requests, demands and other communications shall, when delivered (via overnight courier, charges prepaid), or mailed (by certified mail, return receipt requested, postage prepaid), emailed or telecopied, be effective when deposited with the courier, or in the mails or delivered via confirmed email or telecopy, respectively, addressed as aforesaid, unless otherwise provided herein.

3. Failure of the Company to exercise any right or remedy under this Subscription Agreement or any other agreement between the Company and the Investor, or otherwise, or delay by the Company in exercising such right or remedy, will not operate as a waiver thereof.

4. **The Investor acknowledges and agrees that it is intended that all of the Investors under all Subscription Agreements will act in concert with respect to all actions taken regarding this Subscription Agreement and the Notes. To accomplish such result, the Investor hereby agrees that this Agreement, the Notes, or any term hereof or thereof may be amended, waived, discharged or terminated on behalf of such Investor by a written instrument signed by holders of Notes representing at least a majority of the then outstanding principal amount of all Notes.**

5. The Company and each Investor shall pay their own respective fees and expenses incurred in connection with the transactions contemplated herein. The Company shall have no obligation to pay any

fees or expenses incurred by any Investor in connection with the purchase and sale of the Notes or any of the other transactions contemplated by this Subscription Agreement.

6. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of, and be enforceable by, the respective successors and assigns of the parties hereto. This Agreement shall not run to the benefit of or be enforceable by any person other than a party to this Agreement and its successors and assigns.

7. All representations and warranties made in this Agreement and the Notes or any other instrument or document delivered in connection herewith or therewith, shall survive the execution and delivery hereof or thereof.

8. This Subscription Agreement shall be enforced, governed and construed in all respects in accordance with the internal laws of the State of New York, without regard for conflicts of laws or other principles that would result in the application of any law other than the internal laws of the State of New York, and shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof that may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

[*remainder of page left blank intentionally; signature page follows immediately*]

THC HEALTH INC.
CONVERTIBLE PROMISSORY NOTE
SUBSCRIPTION AGREEMENT SIGNATURE PAGE

In witness whereof, the parties have signed this Subscription Agreement by their duly authorized representatives as an instrument under seal as of the respective dates set forth below.

INVESTOR

Collin Davidson
Printed Name

Date: 02 June 2015

Chief Science Officer
Printed Title (if applicable)

Signature

Total Amount of Investment: US$[redacted]

Accepted and agreed:

THC HEALTH INC.

By: _____ Date: 02-JUNE-2015 cc
Duly Authorized

CHRISTIAN CESPEDES
PRESIDENT & CEO

EXHIBIT I

Form of Convertible Promissory Note

NONNEGOTIABLE CONVERTIBLE PROMISSORY NOTE

Neither this note, nor the shares of capital stock for which it may become convertible, have been registered under the Securities Act of 1933, as amended (the "Act"), or applicable state securities laws and neither this note nor such securities may be sold, transferred, assigned or otherwise disposed of unless registered under the Act and such laws or (1) registration under applicable state securities laws is not required and (2) an opinion of counsel satisfactory to the Company is furnished to the Company to the effect that registration under the Act is not required.

[redacted]

May 1st, 2015
New York, New York

FOR VALUE RECEIVED, THC Health Inc. (together with its successors and assigns, the "Company") promises to pay [Investor] (the "Holder"), at the Company's principal office, the principal sum of US$[redacted] together with interest from the date of this Note on the unpaid principal balance at a rate equal to fifteen percent (15%) per annum, simple interest, computed on the basis of the actual number of days elapsed and a year of 365 days. Notwithstanding anything to the contrary set forth herein, in no event may the effective rate of interest collected or received by the Holder exceed that which may be charged, collected or received by the Holder under applicable law.

This Note is issued pursuant to a Subscription Agreement dated May 1st, 2015 between the Company and the Holder (the "Subscription Agreement") and is one of a series of Convertible Promissory Notes containing substantially identical terms and conditions that will be issued pursuant to substantially identical subscription agreements. Such Notes are collectively referred to herein as the "Notes," and the holders thereof are collectively referred to herein as the "Holders." This Note is not negotiable and is subject to the following terms and conditions, as well as the terms and conditions contained in the Subscription Agreement.

1. **Maturity**. Unless converted as provided in Section 2, this Note will mature and, be due and payable on March 31. Subject to Section 2 below, interest shall accrue on this Note but shall not be due and payable until the Maturity Date. Notwithstanding the foregoing, subject to the terms of Section 4 below, the entire unpaid principal sum of this Note, together with accrued and unpaid interest thereon, shall become immediately due and payable upon (i) the execution by the Company of a general assignment for the benefit of creditors, (ii) the filing by or against the Company of a petition in bankruptcy or any petition for relief under the federal bankruptcy act or the continuation of such petition without dismissal for a period of ninety (90) days or more, (iii) the appointment of a receiver, trustee or similar official to take possession of the property or assets of the Company, or (iv) at the election of the Required Holders, a "Transfer of Control," which is defined as either (A) a conversion, merger or consolidation of the Company with or into another entity as an immediate result of which the holders of voting equity interests in the Company immediately before such transaction hold less than fifty percent (50%) of the voting equity securities in the surviving entity or (B) a sale of all or substantially all the assets or capital stock of the Company to an unrelated party. In the event that the Company is not successful in obtaining a NYS DOH license, the Notes shall be subject to compulsory redemption by the Company, by payment

of all of the remaining proceeds from the sale of Notes in full settlement of the Company's payment obligations.

2. **Conversion**.

(a) **Qualified Financing**. As used herein, the term "Qualified Financing" means an equity financing with gross cash proceeds to the Company of at least US$2,000,000 (excluding conversion of the Notes and any other indebtedness of the Company).

(b) **Conversion to Stock Issued in Qualified Financing**. At and subject to the closing of a Qualified Financing, the entire unpaid principal amount of and accrued but unpaid interest on this Note, shall be converted into shares of the same class and series of stock (the "Stock") sold in the Qualified Financing (the date of such conversion being the "Conversion Date"). Notwithstanding the foregoing, at the Company's option, up to ten (10) days of accrued but unpaid interest may be paid in cash to the Holder at closing of the Qualified Financing. The number of shares of Stock to be issued upon such conversion shall be equal to the quotient obtained by dividing (I) the entire unpaid principal amount of this Note plus any accrued but unpaid interest as of the date of the closing of the Qualified Financing by (II) the lower of (x) eighty percent (80%) of the price per share of the Stock sold in the Qualified Financing or (y) the price per share of Stock that would be payable by an investor based upon a pre-money valuation of the Company's equity of US$10,000,000 (calculated on a fully diluted basis and prior to the conversion of any of the Notes). The issuance of the Stock shall otherwise be substantially upon the same terms and conditions applicable generally to such Qualified Financing. In connection with the conversion of this Note, the Holder will execute and deliver all agreements, certificates and other documents that are executed by the other investors in such Qualified Financing.

(c) **Notice of Qualified Financing**. The Company shall provide notice to the Holder of the anticipated closing of a Qualified Financing at least ten (10) days prior to the date of the closing of such Qualified Financing. Such notice shall specify the number of shares of Stock to be issued to such Holder upon conversion, the amount of cash to be paid to the Holder in lieu of any fractional shares of Stock and the anticipated date of the closing of such Qualified Financing.

(d) **Mechanics and Effect of Conversion**. No fractional shares of equity securities will be issued upon conversion of this Note. In lieu of any fractional share to which the Holder would otherwise be entitled, the Company will pay to the Holder in cash the amount of the unconverted principal and interest balance of this Note that would otherwise be converted into such fractional share. Upon conversion of this Note pursuant to this Section 2, the Holder shall surrender this Note, duly endorsed, at the principal offices of the Company or any transfer agent of the Company, provided that whether or not this Note has been surrendered, all amounts outstanding under this Note shall be deemed to have been converted pursuant to this Section 2 as of the applicable conversion date, and, as of such date, this Note shall be deemed fully paid and no longer outstanding and the Holder shall be treated for all purposes as the record holder of the appropriate number and type of shares of equity securities. At its expense, the Company will, as soon as practicable after the surrender of this Note, issue and deliver to the Holder, at its record address, a certificate or certificates for the number and type of shares of equity securities to which the Holder is entitled upon such conversion, together with any other securities and property to which the Holder is entitled upon such conversion under the terms of this Note, including a check payable to the Holder for any cash amounts payable as described herein. Upon conversion of this Note, the Company will be forever released from all of its obligations and liabilities under this Note with regard to the principal amount and accrued interest converted, including without limitation the obligation to pay such principal amount and accrued interest. Notwithstanding the foregoing, the Company shall not be obligated to issue the equity securities otherwise issuable upon conversion of this Note unless this Note is either delivered to the Company or any such transfer agent or the Holder notifies the Company or any such transfer agent

that the Note has been lost, stolen or destroyed and executes an agreement reasonably satisfactory to the Company to indemnify the Company from any loss incurred by it in connection therewith.

3. **Payment**. All payments hereunder shall be made in lawful money of the United States of America at the Holder's address for notices hereunder. Payment shall be credited first to the accrued interest then due and payable and the remainder applied to principal. Upon and subject to the approval of the Required Holders, the Company may pay this Note (including accrued and unpaid interest through the date of payment) in cash at any time before the Maturity Date or the applicable conversion date without penalty; provided that any prepayment shall be made on all of the Notes on a *pro rata* basis.

4. **Subordination**.

(a) **Senior Indebtedness.** As used herein, "Senior Indebtedness" means the principal of (and premium, if any) and unpaid interest on (i) indebtedness of the Company or with respect to which the Company is a guarantor to banks, insurance companies, lease financing institutions or other lending institutions regularly engaged in the business of lending money that is for money borrowed (or purchase or lease of equipment in the case of lease financing) by the Company, whether or not secured; or (ii) any other indebtedness which the Company and the Required Holders agree shall constitute "Senior Indebtedness".

(b) **Effect of Subordination**. This Note shall be junior in right of payment to any Senior Indebtedness of the Company outstanding from time to time. No payment shall be made in respect of the principal of or interest on this Note unless consistent with the terms of any such Senior Indebtedness. Subject to the rights, if any, of the holders of Senior Indebtedness under this Section 4 to receive cash, securities or other property otherwise payable or deliverable to the Holder of this Note, nothing contained in this Section 4 shall impair, as between the Company and the Holder, the obligation of the Company, subject to the terms and conditions hereof, to pay to the Holder the principal hereof and interest hereon as and when the same become due and payable, or shall prevent the Holder of this Note, upon default hereunder, from exercising all rights, powers and remedies otherwise provided herein or by applicable law.

(c) **Subrogation**. Subject to the payment in full of all Senior Indebtedness and until this Note shall be paid in full, the Holder shall be subrogated to the rights of the holders of Senior Indebtedness (to the extent of payments or distributions previously made to such holders of Senior Indebtedness pursuant to the provisions of Section 4 above) to receive payments or distributions of assets of the Company applicable to the Senior Indebtedness. No such payments or distributions to the Holder applicable to the Senior Indebtedness shall, as among the Company, its creditors (other than the holders of the Senior Indebtedness), and the Holder, be deemed to be a payment by the Company to or on account of this Note; and for the purposes of such subrogation, no payments or distributions to the holders of Senior Indebtedness to which the Holder would be entitled except for the provisions of this Section 4 shall, as among the Company, its creditors (other than the holders of Senior Indebtedness), and the Holder, be deemed to be a payment by the Company to or on account of the Senior Indebtedness.

(d) **Undertaking**. By its acceptance of this Note and as a condition to the Holder's rights hereunder, the Holder agrees to execute and deliver one or more subordination agreements for the benefit of lenders of Senior Indebtedness, and such other documents as may be reasonably requested from time to time by the Company or the lender of any Senior Indebtedness, in order to implement the foregoing provisions of this Section 4.

5. **Transfer; Successors and Assigns**. The terms and conditions of this Note shall inure to the benefit of and be binding upon the respective successors and assigns of the parties; provided,

however, that the Holder may not assign, pledge, or otherwise transfer its rights, remedies, obligations, or liabilities under this Note without the prior written consent of the Company. This Note will be registered on the books of the Company or its agent as to the holder thereof and outstanding principal and interest. Any transfer of this Note may be effected only upon surrender of the original note for registration of transfer, duly endorsed, or accompanied by a duly executed written instrument of transfer in form satisfactory to the Company. Thereupon, a new note for the same principal amount and interest will be issued to, and registered in the name of, the transferee. Interest and principal are payable only to the registered holder of this Note. The Company may elect not to permit a transfer of the Note if it has not obtained satisfactory assurance that such transfer: (a) is exempt from the registration requirements of, or covered by an effective registration statement under, the Securities Act of 1933, as amended, and the rules and regulations thereunder, and (b) is in compliance with all applicable state securities laws, including without limitation receipt of an opinion of counsel for the Investor (or other holder, as the case may be), which opinion shall be satisfactory to the Company.

6. **New Note**. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Note, the Company will issue a new Note, of like tenor and amount and dated the date to which interest has been paid, in lieu of such lost, stolen, destroyed or mutilated Note, and in such event the Holder (or other holder, as the case may be) agrees to indemnify and hold harmless the Company in respect of any such lost, stolen, destroyed or mutilated Note.

7. **Governing Law**. This Note and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be enforced, governed and construed in all respects in accordance with the internal laws of the State of New York, without regard for conflicts of laws or other principles that would result in the application of any law other than the internal laws of the State of New York. The Holder hereby irrevocably consents to the exclusive jurisdiction of the courts of the State of New York and of any federal court located in the State of New York in connection with any action or proceeding arising out of or related to this Note or any document or instrument delivered in pursuant to or in connection therewith.

8. **Notices**. Any notice, request, demand or other communication required or permitted by this Note shall be in writing (including telecopy and email communications) and mailed, emailed, telecopied or delivered in writing: if to the Holder, at the address set forth in the Investor Questionnaire submitted by the Holder with the Subscription Agreement; and if to the Company, at THC Health Inc., 47-20 Center Boulevard, Suite 1605, Long Island City, NY 11109 Attn: Christian Cespedes (email: _____) or to such party at such other address as is furnished by notice given in accordance herewith. All such notices, requests, demands and other communications shall, when delivered (via overnight courier, charges prepaid), or mailed (by certified mail, return receipt requested, postage prepaid), or emailed or telecopied, be effective when deposited with the courier, or deposited in the mails or delivered via confirmed email or telecopy, respectively, addressed as aforesaid, unless otherwise provided herein.

9. **Amendments and Waivers**. This Note (including without limitation the Maturity Date hereof) may be amended, and any obligation of the Company hereunder hereof may be waived (i) with the written consent of the Company and the Holder hereof or (ii) with the written consent of the Company and the Required Holders; provided that the substance of any amendment or waiver effected pursuant to clause (ii) shall be equally applicable to all the Notes. Any amendment or waiver effected in accordance with this Section 9 shall be binding upon the Company, each Holder and each transferee of this Note. The Company hereby covenants and agrees to provide written notice of any such amendment to the Holder hereof and the Holder hereby agrees to attach any such notice to this Note in order to incorporate such amended provisions herein.

10. **Individuals Not Liable**. In no event shall any member, stockholder, manager, officer or director of the Company be personally liable for any amounts due or payable under this Note.

11. **Severability.** If any of the provisions of this Note shall be held to be invalid or unenforceable, the determination of invalidity or unenforceability of any such provision shall not affect the validity or enforceability of any other provision or provisions hereof.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Company has executed this Note by its duly authorized officer as of the date first stated above.

THC HEALTH INC.

By: _____
Name: CHRISTIAN CESPEDES
Title: PRESIDENT & CEO

EXHIBIT II
THC HEALTH INC.
RISK FACTORS

May 1st, 2015

An investment in Convertible Promissory Notes (each a "Note") issued in the financing of THC Health Inc. (the "Company") involves a high degree of risk. The following risk factors, in addition to any other information contained in materials being distributed to prospective investors in connection with this offering, should be considered carefully in evaluating the Company and its proposed business before purchasing the Notes offered hereby.

Additional risks and uncertainties not presently known to the Company or that it currently deems immaterial may also impair its business operations. If any of the following risks actually occur, the Company's business, prospects, financial condition or results of operations could be materially adversely affected. In such case, the investor may lose all or part of the investor's investment.

The Notes being offered hereby should be regarded as speculative, and should be purchased only by individuals or entities that could afford to lose all or part of their investment.

Risks Relating to this Offering

- The Securities have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or registered or qualified under the securities laws of any state.
- No present public market for the Notes offered hereby or the securities into which the Notes are convertible (the Notes and the securities, collectively, the "Securities") exists and there are general restrictions on the resale of the Securities.
- The Securities must be held indefinitely unless they are subsequently registered under the Securities Act and under applicable state securities laws.
- A subsequent financing may result in a dilution in your ownership in the Company. The Company will need to seek subsequent financing in the event it is successful in obtaining a NYS DOH license.
- The Company has not formulated an exit strategy at this time and the possibility and timing of a liquidity event for investors is unknown.

Risks Relating to the NYS DOH License Application Process

- The Company might not be granted a NYS DOH license despite all appropriate efforts. The Company has no way of knowing the number of qualified applicants that may submit applications and competition for the few available licenses is expected to be intense.
- The Company might face application process delays resulting from unforeseen gaps/problems with the regulations, ambiguous interpretation of regulations or changes that may be made in the application process or requirements, among others.
- The NYS program might be curtailed, cancelled or otherwise stopped, and it is uncertain if application fees will be returned or if they will be returned in a time efficient manner.
- The NYS program may revoke a provisional license if a successful applicant fails to begin operations within 6 months of the award of the provisional license, and there is no assurance that the Company would be able to begin operations within this time period.
- If the Company is not successful in obtaining a NYS DOH license, it will likely dissolve.

Post Approval – Business and Operational Risks

- The Company has a limited operating history which makes it difficult to evaluate its future prospects and the potential value of an Investor's investment. No assurances can be given that the Company will be able to successfully maintain and develop its business or meet its business objectives.
- The Company's operating expenses will be high and there can be no assurance that the Company will achieve or maintain profitability. If the Company is not successful in becoming profitable, it may be forced to curtail or cease operations.
- In order to meet its short-term and long-term business goals, the Company will need to seek additional funding. The Company can provide no assurance that it will be able to obtain such additional funding on favorable terms.
- The Company will operate in a highly competitive market and will encounter competitors that have greater resources and experience. If the Company cannot successfully compete against these companies, its business, results of operations and financial condition are likely to be materially and adversely affected.
- The Company must attract and retain qualified personnel to be successful, and competition for qualified personnel is intense in its market.
- The Company might face delays in physician certification and/or delays in required testing.
- The Company might face physician resistance to providing recommendation of medical marijuana as appropriate treatment, which is required under the NYS program for approval of "registered user" applications.
- The Company might face crop failure or crop infestations; crime, including vandalism and/or fire, which could completely or partially destroy the Company's medical marijuana supplies. Additionally, adverse weather conditions might affect the Company's transportation and distribution from manufacturing facilities to dispensaries.
- There might be difficulty in obtaining a medical marijuana insurance policy, and the Company may be forced to self-insure which could cause severe financial hardship in defending any claims.
- There is an inherent unpredictability of the marijuana marketplace, due in part to changing consumer sentiment and competition from illegal sellers.

Post Approval Regulatory Risks

- Medical marijuana is a relatively new and emerging industry and there may be unforeseen changes in federal and state legislation, including, but not limited to, changes in the legality of medical marijuana. Also, nearby states may legalize marijuana, which may affect the Company's business.
- The Company may face high costs of having to comply with robust state and federal medical marijuana regulations. The Company faces unpredictability of potentially onerous state and city tax rates.
- The Company may face difficulty in engaging needed services due to lingering concerns around legalization of medical marijuana.
- There is political risk of a cancellation of the NYS program by the legislature or Governor of New York.
- The Company business faces the risk that the federal government might prohibit medical marijuana growers from purchasing or leasing private land or otherwise impose harsh laws that could negatively affect the Company.
- Federal Banking Regulations currently deter banks from doing business with cannabis businesses like the Company, forcing them to operate only with cash and thereby increasing their security risks.

- According to federal regulations, any transaction involving proceeds of marijuana sales may serve as a basis for money laundering prosecution and the Company, Company officers and directors, and investors face some level of risk of being charged with violation of the federal anti-money laundering statutes. However, the Company is not aware of any situation where the federal government has pursued such prosecution against a medical marijuana business duly licensed under state laws.
- Elected candidates may amend federal medical marijuana regulations in ways that negatively affect the Company and the medical marijuana industry.
- The Company faces the risk of potential federal legal action against the relevant states regarding their marijuana regimes, including New York.

Forward-Looking Statements

The documents being distributed herewith contain forward looking statements. These forward-looking statements are not historical facts but rather are based on current expectations, estimates and projections about the Company's industry, the Company's beliefs and the Company's assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," and "estimates," and variations of these words and similar expressions, are intended to identify forward looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Company's control, are difficult to predict and could cause actual results to differ materially from those expressed, implied or forecasted in the forward-looking statements. In addition, the forward-looking events discussed therein might not occur. These risks and uncertainties include, among others, those described above in these "Risk Factors". Prospective investors are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's management's view only as of the date hereof. Except as required by law, the Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

FOR U.S.PERSONS: FORM W-9 (and instructions)--Separately Attached

and

FOR NON-U.S. PERSONS: FORM W-8BEN (and instructions)--Separately Attached

EXHIBIT II
THC HEALTH INC.
RISK FACTORS

May 14th, 2015

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- No present public market for the Notes offered hereby or the securities into which the Notes are convertible (the Notes and the securities, collectively, the "Securities") exists and there are general restrictions on the resale of the Securities.
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THC HEALTH INC.

Convertible Promissory Notes

SUBSCRIPTION INSTRUCTIONS

(Please Read Carefully)

May 1st, 2015

THC HEALTH INC. MAY, IN ITS SOLE DISCRETION, REJECT THE SUBSCRIPTION REQUEST, IN WHOLE OR IN PART, OF ANY PERSON AT ANY TIME BEFORE THE CLOSING. ANY REPRESENTATION TO THE CONTRARY IS UNAUTHORIZED AND MUST NOT BE RELIED UPON.

THC Health Inc., a New York corporation ("THC Health" or the "Company"), is offering for sale Convertible Promissory Notes of like tenor in an aggregate principal amount of US$300,000, which amount may be increased at any time or from time to time at the Company's discretion (the "Notes"). For the terms of the Notes, see the form of Note attached to the Subscription Agreement.

I. This Subscription Package contains all of the Subscription Materials necessary for you to subscribe for the Notes. The Subscription Materials include:

(1) a questionnaire (the "Questionnaire") for you to complete and sign to demonstrate to THC Health that you satisfy the applicable suitability standards for purchasers of the Notes;

(2) a Subscription Agreement for you to sign to agree to the terms of the offering and the Notes;

(3) a form of Note (attached as Exhibit I to the Subscription Agreement); and

(4) Internal Revenue Service Form W-9 (Request for Taxpayer Identification Number and Certification) to be completed by U.S Persons, and Form W-8BEN (Certificate of Foreign Status of Beneficial Owner For United States Tax Withholding) to be completed by non-U.S. Persons.

II. After reading the Subscription Materials, please fill in all applicable information. You must complete all information required on the following documents and then sign them:

(1) the Questionnaire,

(2) Signature page of the Subscription Agreement (including completion of investment information); and

(3) Internal Revenue Service Form W-9 or Form W-8BEN, as applicable.

Once you have completed these documents, please return an entire set of Subscription Materials to the Company at the address set forth below in Section IV.

III. Payment for your Note should be made by either:

(1) delivery to the Company of a check payable to "THC Health Inc."; or

(2) wire transfer to THC Health Inc. with the following information:

(a) for domestic wires:

Bank name:	JPMorgan Chase Bank, N.A.
Bank Address:	P.O. Box 659754
Account Number:	[redacted]
Account Name:	THC Health Inc.
Reference:	[Insert Name of Sender]

(b) for international wires:

Bank name:	JPMorgan Chase Bank, N.A.
Bank Address:	P.O. Box 659754
Routing Number:	021000021
Swift Code:	CHASUS33
Account Number:	[redacted]
Account Name:	THC Health Inc.
Reference:	[Insert Name of Sender]

The check or wire must be in the full amount of your investment in the Notes (shown as the "Total Amount of Investment" on the signature page to the Subscription Agreement). *If you wire funds, please notify the Company promptly.*

IV. Send all documents to the Company either by courier or regular mail to its address set forth below or by electronic mail in PDF format to the email address below:

THC Health Inc.
[redacted]

V. If your subscription is accepted by THC Health, you will receive a copy of your Subscription Agreement and an original Note issued to you by the Company after the closing.

Questions regarding completion of subscription documents should be directed to

Christian Cespedes, THC Health Inc.

Teleph[redacted]

E-mail:[redacted]

PLEASE PRINT IN INK OR TYPE ALL INFORMATION.

CONFIDENTIAL

THC HEALTH INC.

INVESTOR QUESTIONNAIRE

(All Information Furnished in Completing This Questionnaire Will Be Treated Confidentially, Subject to the Uses Set Forth Below)

Responses to this questionnaire will be used by THC Health Inc. (the "Company") to assure compliance with federal and state securities laws.

Please complete, sign, date, and return one copy of this questionnaire if you elect to participate in the offering of the Company's Notes.

If the answer to any question below is "none" or "not applicable" please so indicate.

1. IDENTIFICATION

Name: DWIGHT MAMANTED

Permanent Residential Address: [redacted]

Capacity in which the proposed investment will be held (e.g., individually, jointly with spouse, in trust, etc.): INDIVIDUALLY

2. PROPOSED INVESTMENT

Please indicate the amount of your proposed investment in the Notes. US$ [redacted]

3. ACCREDITED INVESTOR QUALIFICATION

The undersigned hereby certifies that he has read the definition of an "accredited investor" from Rule 501 of Regulation D attached hereto as Annex A, and certifies that (please check each situation that applies):

[ ] The investor is a partnership not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000.

[ ] The investor is an entity in which all the equity owners are "accredited investors".

[ ] My individual net worth*, or joint net worth* with my spouse, presently exceeds $1,000,000 and I reasonably expect this to be true at the time of my purchase of the Securities. I will inform the Company if such net worth declines below $1,000,000 prior to the time of such purchase.

[X] My individual income was in excess of $200,000 in each of the two most recent years and I reasonably expect to reach the same income level in the current year.

[ ] My joint income with my spouse was in excess of $300,000 in each of the two most recent years and I reasonably expect to reach the same joint income level with my spouse in the current year.

[ ] None of the above.

*excluding value of my primary residence; indebtedness secured by the residence in excess of the value of the home must be considered a liability and deducted from net worth.

4. INVESTMENT EXPERIENCE

Please check the applicable spaces to indicate your experience making investments in startup private companies:

Considerable [X] Some [ ] Never [ ]

Please provide any additional information concerning your previous investments and your business, financial, and investment experience that you think would be useful in assisting the Company in evaluating your capacity to evaluate the merits and risks of the proposed investment.

_____

_____

_____

The above information is true and correct in all respects, and the undersigned recognizes that the Company is relying on the truth and accuracy of such information for the issuance of the Notes, the equity securities issuable upon conversion of the Notes and any securities issuable upon the conversion of such equity securities in reliance on the exemption contained in Subsection 4(2) of the Securities Act of 1933, as amended (the "Act"), Regulation D promulgated thereunder, and applicable state securities laws. The undersigned agrees to notify the Company promptly of any changes in the foregoing information which may occur prior to the investment. The undersigned further agrees that the Company may present this questionnaire and/or any of the information contained herein to such parties as the Company may deem appropriate, if called upon to establish that the proposed offer and sale of the Notes are exempt from registration under the Act or meet the requirements of applicable state securities laws.

Executed on: 02-JUNE-2015
(Date)

By: Dyl
(Signature)

DWIGHT MAMANTED
(Print Name)

_____
(Print Title)

ANNEX A

Rule 501. Definitions and Terms Used in Regulation D.

As used in Regulation D, the following terms have the meaning indicated:

(a) **Accredited investor.** "Accredited investor" shall mean any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

(1) Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000; or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(2) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;

(3) Any organization described in Section 501(c)(3) of the Internal Revenue Code, company, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;

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

(5) Any natural person whose individual net worth*, or joint net worth* with that person's spouse, at the time of his purchase exceeds $1,000,000;

(6) Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(7) Any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

(8) Any entity in which all of the equity owners are accredited investors.

*excluding value of investor's primary residence; indebtedness secured by the residence in excess of the value of the home must be considered a liability and deducted from net worth.

[Remainder omitted]

SUBSCRIPTION AGREEMENT

THC HEALTH INC.

Convertible Promissory Notes

THC Health Inc.
47-20 Center Blvd., Ste. 1605
Long Island City, NY 11109
Attn: Christian Cespedes
Email: [redacted]

Ladies and Gentlemen:

This Agreement is made by and between THC Health Inc., a New York company ("THC Health" or the "Company"), and the undersigned prospective purchaser (the "Investor") who is hereby subscribing to purchase a Convertible Promissory Note (the "Note") in the aggregate principal amount set forth on the signature page below, such Note to be in the form and on the terms attached hereto as Exhibit I. The Notes and any equity securities issuable upon conversion of the Notes (and any securities issuable upon conversion of such equity securities) are referred to herein collectively as the "Securities."

This Note is one of a series of Convertible Promissory Notes, each in substantially the form of Exhibit I, in an aggregate principal amount of up to US$350,000 (which amount may be increased at any time or from time to time at the Company's discretion) that will be issued pursuant to substantially identical subscription agreements at one or more separate closings.

In consideration of the mutual covenants contained herein, the parties agree and represent as follows:

A. SUBSCRIPTION

1. Subject to the terms of this Agreement, the Investor hereby irrevocably subscribes for and agrees to purchase the Securities for the Total Amount of Investment indicated on the signature page hereto (the "Subscription") and hereby delivers to THC Health: (a) the signed signature pages to (i) this Agreement, (ii) the Questionnaire referred to below (the "Questionnaire"), and (iii) a completed IRS Form W-9 or Form W-8BEN, as applicable, and (b) payment of the Total Amount of Investment (the "Payment"), in the form of a check payable to "THC Health Inc." or by wire transfer to the Company's designated account.

2. The closing of the sale of the Securities to the Investor shall take place upon and subject to the Company's acceptance of the Subscription by signing and returning to the Investor a copy of this Agreement (the "Closing Date"). No interest is payable on the Subscription pending the Closing Date.

B. REPRESENTATIONS AND WARRANTIES

1. **By the Company.** The Company hereby represents and warrants to the Investor as follows:

(a) The Company is a company duly organized, validly existing and in good standing under the laws of the State of New York, has the requisite corporate power to own, lease and operate its

property and to carry on its business as now being conducted and as now proposed by the Company to be conducted.

(b) The Company has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company. Upon the due authorization, execution and delivery by the Company, this Agreement will constitute the valid and binding obligation of the Company, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(c) The execution and delivery of this Agreement by the Company does not, and the performance of this Agreement by the Company will not, (i) conflict with or violate the Certificate of Incorporation or By-Laws of the Company or (ii) materially conflict with or violate any law, rule, regulation, order, judgment or decree applicable to the Company or by which any of its properties is bound.

2. **By the Investor.** The Investor hereby represents and warrants to the Company as follows:

(a) The Investor is an "accredited investor" as that term is used in Rule 501(a) under the Securities Act of 1933, as amended (the "Securities Act"), in that the Investor is either:

(i) a natural person whose individual net worth*, or joint net worth* with his or her spouse, exceeds $1,000,000;

(ii) a natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with his or her spouse in excess of $300,000 in each of those years, and has a reasonable expectation of reaching the same income level in the current year;

(iii) a family trust or family limited partnership with respect to which the settlor or general partner and the person making the investment decision (each) meets either of the foregoing tests;

(iv) a partnership not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000; or

(v) an entity in which all the equity owners are "accredited investors".

*excluding value of Investor's primary residence; indebtedness secured by the residence in excess of the value of the home must be considered a liability and deducted from net worth.

(b) The Investor has been advised and understands that the Securities have not been registered under the Securities Act or any state securities or "blue sky" laws, and that such Securities cannot be resold unless the same are registered under all applicable laws or unless an exemption from registration thereunder is available. The Investor is acquiring the Securities to be purchased by it for its own account for investment, and not with a view to, or for resale in connection with, the distribution thereof, and has no present intention of distributing or reselling any portion thereof.

(c) The Investor understands that the Securities are being offered and sold without the delivery of any particular offering or disclosure materials. The Investor has been furnished with, and has

carefully read this Agreement, and any other documents that have been made available by or on behalf of the Company to the Investor upon request (to the extent the Investor deemed necessary or appropriate). The Investor is familiar with the limited business and operations of the Company and understands, has evaluated the merits and risks of a purchase of the Securities, and acknowledges receipt of the Risk Factors dated May 1st, 2015, and attached hereto as Exhibit II. The Investor has been given ample opportunity to ask of and receive answers from Company officials concerning the Company, its financing, operations, business and prospects, and the terms and conditions of this Subscription, and to obtain any additional information to the extent necessary to verify the accuracy of the other information obtained. The Investor has not received or been furnished with, and is not relying on, any information, statement or representation, oral or written, that varies in any material way from the information provided or made available to such Investor in writing by the Company. The Company has made available to the Investor all documents and information that the Investor has requested relating to an investment in the Securities.

(d) The Investor understands that the Company is not in any way limited as to future issues of debt instruments or shares of its capital stock. The Investor acknowledges that any presentations made by the Company (including any projections) have been, and continue to be, subject to change and that any such presentations or projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the presentations or projections will not materialize or will vary significantly from actual results.

(e) The Investor acknowledges that the purchase of the Securities may have adverse impact to the Investor and the Investor has carefully considered and has, to the extent the Investor believes such discussion necessary, discussed with the Investor's professional, legal, tax, accounting and financial advisors the suitability of an investment in the Securities and has determined that the Securities being subscribed for by the Investor are a suitable investment for the Investor. The Investor understands that it (and not the Company) shall be responsible for any tax liability of the Investor that may arise as a result of this investment or the transactions contemplated by the Note.

(f) The Investor recognizes that an investment in the Company involves a high degree of risk. The Investor's overall commitment to investments that are not readily marketable, including his or its proposed investment in the Securities, is not disproportionate to his or its net worth, and the Investor has had adequate means of providing for his current needs and personal contingencies and has no need for liquidity in his investment in the Securities.

(g) The Investor either (i) has a pre-existing personal or business relationship with the Company or (ii) by reason of the Investor's business or financial experience or the business or financial experience of the Investor's professional advisors who are unaffiliated with and who are not compensated by the Company, directly or indirectly, has the capacity to protect the Investor's interests in connection with the investment in the Securities, including without limitation to evaluate the merits and risks of an investment in the Securities and to make an informed investment decision with respect thereto.

(h) The information presented and the statements made by the Investor in the Questionnaire completed and delivered to the Company with this Subscription, including, without limitation, the information relating to the Investor's income and net worth, are complete and accurate as of this date and may be relied upon by the Company in determining whether to accept this Subscription.

(i) There are no claims for brokerage commissions, finder's fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made on behalf of the Investor.

(j) If the Investor is not a resident of the United States, the Investor hereby represents that such Investor is satisfied as to the full observance by such Investor of the laws of such Investor's jurisdiction in connection with the offer and sale of the Note (and the issuance of all securities of the Company issued or issuable in connection therewith), including (i) the legal requirements within Investor's jurisdiction for the purchase of such securities, (ii) any foreign exchange restrictions applicable to such purchase and (iii) any governmental or other consents that may need to be obtained. The Investor hereby further confirms that its execution and delivery of this Agreement, (and payment for the Subscription), and such Investor's continued beneficial ownership of the Note and any other securities issued or issuable under the Note will not violate any applicable securities or other laws of such Investor's jurisdiction.

(k) Each Investor that is entering into this Agreement outside the United States of America and its territories hereby further severally and not jointly represents and warrants to the Company as follows: (i) such Investor is executing this Agreement outside of the United States of America and its territories; (ii) such Investor's principal address, as set forth in the Questionnaire, is a location outside of the United States of America and its territories; (iii) such Investor is not a U.S. person (as defined in Rule 902(k) of the Securities Act) and is not acquiring the Securities for the account or benefit of any U.S. person; and (iv) such Investor acknowledges and agrees that the offer and sale of Securities has not been accompanied by an advertisement.

C. UNDERSTANDINGS AND COVENANTS OF THE INVESTOR

The Investor understands, acknowledges, agrees and covenants with the Company as follows:

1. This Subscription may be rejected, in whole or in part, by THC Health in its sole and absolute discretion, at any time before the Closing.

2. The Subscription is and shall be irrevocable by the Investor except that the Investor shall have no obligation hereunder in the event that the Subscription is rejected for any reason.

3. The Company is entitled to rely upon the representations and agreements of the Investor made herein and in the Questionnaire. The Investor shall indemnify, defend and hold harmless the Company and any officer, director, stockholder, employee, agent or controlling person of the Company who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of or arising from any actual or alleged misrepresentation or misstatement of facts or omission to represent or state facts made by the Investor to any such party concerning the Investor or the Investor's financial position in connection with the offering or sale of the Securities including, without limitation, any such misrepresentation, misstatement or omission contained in this Agreement or in the Questionnaire submitted by the Investor, against losses, liabilities and expenses for which the Company or any officer, director, stockholder, employee, agent or controlling person of the Company has not otherwise been reimbursed (including attorneys' fees, judgments, fines and amounts paid in settlement) as and when incurred by such person or entity in connection with such action, suit or proceeding.

4. **No Federal or state agency has made any finding or determination as to the accuracy or adequacy of the information set forth herein or as to the fairness of the terms of this offering for investment, nor any recommendation or endorsement of the Securities.**

5. The offering and sale of the Securities is intended to be exempt from registration under the Securities Act by virtue of Section 4(2) of the Securities Act and/or the provisions of Regulation D promulgated thereunder ("Regulation D"). There is no public or other market for the Securities, and no such public or other market is expected to develop for the Securities. The Investor will not sell, transfer,

encumber or otherwise dispose of any Securities except in accordance with the terms of the Note and unless (a) the Securities are registered under the Securities Act and applicable state securities laws or (b) in the opinion of counsel acceptable in form and substance to counsel to the Company, an exemption from the registration requirements of the Securities Act and such applicable state securities laws is available. There can be no assurance that the Investor will be able to sell or dispose of the Securities. Any certificate(s) representing the Securities purchased by the Investor shall bear suitable legends referring to the foregoing restrictions.

6. THC Health is not under any obligation to register the Securities for resale or to assist the Investor in complying with any exemption from registration therefor.

7. The Investor acknowledges that the information concerning the Company contained in this Agreement, and/or otherwise provided or made available to the Investor in connection with or related to the transactions contemplated hereby, is confidential and non-public and agrees that all such information shall be kept in strict confidence by the Investor and neither used by the Investor (other than in connection with the transactions contemplated by this Subscription Agreement) nor disclosed to any third party for any reason (other than to such Investor's legal, financial and tax advisors in connection with the transactions contemplated by this Subscription Agreement).

D. MISCELLANEOUS

1. This Agreement and the Note constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. Except as expressly set forth in Section 4 below, neither this Agreement nor any provision hereof may be waived, modified, changed, discharged, terminated, revoked or cancelled except by an instrument in writing signed by the party against whom any waiver, modification, change, discharge, termination, revocation or dissolution is sought.

2. Notices, requests, demands or other communications required or permitted to be given hereunder shall be in writing (including telecopy and email communications) and mailed, emailed, telecopied or delivered in writing: if to the Investor, at the address set forth in the Questionnaire submitted by the Investor; and if to the Company, at the address of the Company given above or to such party at such other address as is furnished by notice given in accordance herewith. All such notices, requests, demands and other communications shall, when delivered (via overnight courier, charges prepaid), or mailed (by certified mail, return receipt requested, postage prepaid), emailed or telecopied, be effective when deposited with the courier, or in the mails or delivered via confirmed email or telecopy, respectively, addressed as aforesaid, unless otherwise provided herein.

3. Failure of the Company to exercise any right or remedy under this Subscription Agreement or any other agreement between the Company and the Investor, or otherwise, or delay by the Company in exercising such right or remedy, will not operate as a waiver thereof.

4. **The Investor acknowledges and agrees that it is intended that all of the Investors under all Subscription Agreements will act in concert with respect to all actions taken regarding this Subscription Agreement and the Notes. To accomplish such result, the Investor hereby agrees that this Agreement, the Notes, or any term hereof or thereof may be amended, waived, discharged or terminated on behalf of such Investor by a written instrument signed by holders of Notes representing at least a majority of the then outstanding principal amount of all Notes.**

5. The Company and each Investor shall pay their own respective fees and expenses incurred in connection with the transactions contemplated herein. The Company shall have no obligation to pay any

fees or expenses incurred by any Investor in connection with the purchase and sale of the Notes or any of the other transactions contemplated by this Subscription Agreement.

6. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of, and be enforceable by, the respective successors and assigns of the parties hereto. This Agreement shall not run to the benefit of or be enforceable by any person other than a party to this Agreement and its successors and assigns.

7. All representations and warranties made in this Agreement and the Notes or any other instrument or document delivered in connection herewith or therewith, shall survive the execution and delivery hereof or thereof.

8. This Subscription Agreement shall be enforced, governed and construed in all respects in accordance with the internal laws of the State of New York, without regard for conflicts of laws or other principles that would result in the application of any law other than the internal laws of the State of New York, and shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof that may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

[*remainder of page left blank intentionally; signature page follows immediately*]

THC HEALTH INC.
CONVERTIBLE PROMISSORY NOTE
SUBSCRIPTION AGREEMENT SIGNATURE PAGE

In witness whereof, the parties have signed this Subscription Agreement by their duly authorized representatives as an instrument under seal as of the respective dates set forth below.

INVESTOR

DWIGHT MAMANTEO
Printed Name

Date: 02-JUNE-2015

Printed Title (if applicable)

Signature

Total Amount of Investment: US$ [redacted]

Accepted and agreed:

THC HEALTH INC.

By: _____
Duly Authorized

Date: 02-JUNE-2015

CHRISTIAN CÉSPEDES
PRESIDENT & CEO

EXHIBIT I

Form of Convertible Promissory Note

NONNEGOTIABLE CONVERTIBLE PROMISSORY NOTE

Neither this note, nor the shares of capital stock for which it may become convertible, have been registered under the Securities Act of 1933, as amended (the "Act"), or applicable state securities laws and neither this note nor such securities may be sold, transferred, assigned or otherwise disposed of unless registered under the Act and such laws or (1) registration under applicable state securities laws is not required and (2) an opinion of counsel satisfactory to the Company is furnished to the Company to the effect that registration under the Act is not required.

[redacted]

May 1st, 2015
New York, New York

FOR VALUE RECEIVED, THC Health Inc. (together with its successors and assigns, the "Company") promises to pay [Investor] (the "Holder"), at the Company's principal office, the principal sum of US$[redacted]together with interest from the date of this Note on the unpaid principal balance at a rate equal to fifteen percent (15%) per annum, simple interest, computed on the basis of the actual number of days elapsed and a year of 365 days. Notwithstanding anything to the contrary set forth herein, in no event may the effective rate of interest collected or received by the Holder exceed that which may be charged, collected or received by the Holder under applicable law.

This Note is issued pursuant to a Subscription Agreement dated May 1st, 2015 between the Company and the Holder (the "Subscription Agreement") and is one of a series of Convertible Promissory Notes containing substantially identical terms and conditions that will be issued pursuant to substantially identical subscription agreements. Such Notes are collectively referred to herein as the "Notes," and the holders thereof are collectively referred to herein as the "Holders." This Note is not negotiable and is subject to the following terms and conditions, as well as the terms and conditions contained in the Subscription Agreement.

1. **Maturity**. Unless converted as provided in Section 2, this Note will mature and, be due and payable on March 31. Subject to Section 2 below, interest shall accrue on this Note but shall not be due and payable until the Maturity Date. Notwithstanding the foregoing, subject to the terms of Section 4 below, the entire unpaid principal sum of this Note, together with accrued and unpaid interest thereon, shall become immediately due and payable upon (i) the execution by the Company of a general assignment for the benefit of creditors, (ii) the filing by or against the Company of a petition in bankruptcy or any petition for relief under the federal bankruptcy act or the continuation of such petition without dismissal for a period of ninety (90) days or more, (iii) the appointment of a receiver, trustee or similar official to take possession of the property or assets of the Company, or (iv) at the election of the Required Holders, a "Transfer of Control," which is defined as either (A) a conversion, merger or consolidation of the Company with or into another entity as an immediate result of which the holders of voting equity interests in the Company immediately before such transaction hold less than fifty percent (50%) of the voting equity securities in the surviving entity or (B) a sale of all or substantially all the assets or capital stock of the Company to an unrelated party. In the event that the Company is not successful in obtaining a NYS DOH license, the Notes shall be subject to compulsory redemption by the Company, by payment

of all of the remaining proceeds from the sale of Notes in full settlement of the Company's payment obligations.

2. **Conversion**.

(a) **Qualified Financing**. As used herein, the term "Qualified Financing" means an equity financing with gross cash proceeds to the Company of at least US$2,000,000 (excluding conversion of the Notes and any other indebtedness of the Company).

(b) **Conversion to Stock Issued in Qualified Financing**. At and subject to the closing of a Qualified Financing, the entire unpaid principal amount of and accrued but unpaid interest on this Note, shall be converted into shares of the same class and series of stock (the "Stock") sold in the Qualified Financing (the date of such conversion being the "Conversion Date"). Notwithstanding the foregoing, at the Company's option, up to ten (10) days of accrued but unpaid interest may be paid in cash to the Holder at closing of the Qualified Financing. The number of shares of Stock to be issued upon such conversion shall be equal to the quotient obtained by dividing (I) the entire unpaid principal amount of this Note plus any accrued but unpaid interest as of the date of the closing of the Qualified Financing by (II) the lower of (x) eighty percent (80%) of the price per share of the Stock sold in the Qualified Financing or (y) the price per share of Stock that would be payable by an investor based upon a pre-money valuation of the Company's equity of US$10,000,000 (calculated on a fully diluted basis and prior to the conversion of any of the Notes). The issuance of the Stock shall otherwise be substantially upon the same terms and conditions applicable generally to such Qualified Financing. In connection with the conversion of this Note, the Holder will execute and deliver all agreements, certificates and other documents that are executed by the other investors in such Qualified Financing.

(c) **Notice of Qualified Financing**. The Company shall provide notice to the Holder of the anticipated closing of a Qualified Financing at least ten (10) days prior to the date of the closing of such Qualified Financing. Such notice shall specify the number of shares of Stock to be issued to such Holder upon conversion, the amount of cash to be paid to the Holder in lieu of any fractional shares of Stock and the anticipated date of the closing of such Qualified Financing.

(d) **Mechanics and Effect of Conversion**. No fractional shares of equity securities will be issued upon conversion of this Note. In lieu of any fractional share to which the Holder would otherwise be entitled, the Company will pay to the Holder in cash the amount of the unconverted principal and interest balance of this Note that would otherwise be converted into such fractional share. Upon conversion of this Note pursuant to this Section 2, the Holder shall surrender this Note, duly endorsed, at the principal offices of the Company or any transfer agent of the Company, provided that whether or not this Note has been surrendered, all amounts outstanding under this Note shall be deemed to have been converted pursuant to this Section 2 as of the applicable conversion date, and, as of such date, this Note shall be deemed fully paid and no longer outstanding and the Holder shall be treated for all purposes as the record holder of the appropriate number and type of shares of equity securities. At its expense, the Company will, as soon as practicable after the surrender of this Note, issue and deliver to the Holder, at its record address, a certificate or certificates for the number and type of shares of equity securities to which the Holder is entitled upon such conversion, together with any other securities and property to which the Holder is entitled upon such conversion under the terms of this Note, including a check payable to the Holder for any cash amounts payable as described herein. Upon conversion of this Note, the Company will be forever released from all of its obligations and liabilities under this Note with regard to the principal amount and accrued interest converted, including without limitation the obligation to pay such principal amount and accrued interest. Notwithstanding the foregoing, the Company shall not be obligated to issue the equity securities otherwise issuable upon conversion of this Note unless this Note is either delivered to the Company or any such transfer agent or the Holder notifies the Company or any such transfer agent

that the Note has been lost, stolen or destroyed and executes an agreement reasonably satisfactory to the Company to indemnify the Company from any loss incurred by it in connection therewith.

3. **Payment**. All payments hereunder shall be made in lawful money of the United States of America at the Holder's address for notices hereunder. Payment shall be credited first to the accrued interest then due and payable and the remainder applied to principal. Upon and subject to the approval of the Required Holders, the Company may pay this Note (including accrued and unpaid interest through the date of payment) in cash at any time before the Maturity Date or the applicable conversion date without penalty; provided that any prepayment shall be made on all of the Notes on a *pro rata* basis.

4. **Subordination**.

(a) **Senior Indebtedness.** As used herein, "Senior Indebtedness" means the principal of (and premium, if any) and unpaid interest on (i) indebtedness of the Company or with respect to which the Company is a guarantor to banks, insurance companies, lease financing institutions or other lending institutions regularly engaged in the business of lending money that is for money borrowed (or purchase or lease of equipment in the case of lease financing) by the Company, whether or not secured; or (ii) any other indebtedness which the Company and the Required Holders agree shall constitute "Senior Indebtedness".

(b) **Effect of Subordination**. This Note shall be junior in right of payment to any Senior Indebtedness of the Company outstanding from time to time. No payment shall be made in respect of the principal of or interest on this Note unless consistent with the terms of any such Senior Indebtedness. Subject to the rights, if any, of the holders of Senior Indebtedness under this Section 4 to receive cash, securities or other property otherwise payable or deliverable to the Holder of this Note, nothing contained in this Section 4 shall impair, as between the Company and the Holder, the obligation of the Company, subject to the terms and conditions hereof, to pay to the Holder the principal hereof and interest hereon as and when the same become due and payable, or shall prevent the Holder of this Note, upon default hereunder, from exercising all rights, powers and remedies otherwise provided herein or by applicable law.

(c) **Subrogation**. Subject to the payment in full of all Senior Indebtedness and until this Note shall be paid in full, the Holder shall be subrogated to the rights of the holders of Senior Indebtedness (to the extent of payments or distributions previously made to such holders of Senior Indebtedness pursuant to the provisions of Section 4 above) to receive payments or distributions of assets of the Company applicable to the Senior Indebtedness. No such payments or distributions to the Holder applicable to the Senior Indebtedness shall, as among the Company, its creditors (other than the holders of the Senior Indebtedness), and the Holder, be deemed to be a payment by the Company to or on account of this Note; and for the purposes of such subrogation, no payments or distributions to the holders of Senior Indebtedness to which the Holder would be entitled except for the provisions of this Section 4 shall, as among the Company, its creditors (other than the holders of Senior Indebtedness), and the Holder, be deemed to be a payment by the Company to or on account of the Senior Indebtedness.

(d) **Undertaking**. By its acceptance of this Note and as a condition to the Holder's rights hereunder, the Holder agrees to execute and deliver one or more subordination agreements for the benefit of lenders of Senior Indebtedness, and such other documents as may be reasonably requested from time to time by the Company or the lender of any Senior Indebtedness, in order to implement the foregoing provisions of this Section 4.

5. **Transfer; Successors and Assigns**. The terms and conditions of this Note shall inure to the benefit of and be binding upon the respective successors and assigns of the parties; provided,

however, that the Holder may not assign, pledge, or otherwise transfer its rights, remedies, obligations, or liabilities under this Note without the prior written consent of the Company. This Note will be registered on the books of the Company or its agent as to the holder thereof and outstanding principal and interest. Any transfer of this Note may be effected only upon surrender of the original note for registration of transfer, duly endorsed, or accompanied by a duly executed written instrument of transfer in form satisfactory to the Company. Thereupon, a new note for the same principal amount and interest will be issued to, and registered in the name of, the transferee. Interest and principal are payable only to the registered holder of this Note. The Company may elect not to permit a transfer of the Note if it has not obtained satisfactory assurance that such transfer: (a) is exempt from the registration requirements of, or covered by an effective registration statement under, the Securities Act of 1933, as amended, and the rules and regulations thereunder, and (b) is in compliance with all applicable state securities laws, including without limitation receipt of an opinion of counsel for the Investor (or other holder, as the case may be), which opinion shall be satisfactory to the Company.

6. **New Note**. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Note, the Company will issue a new Note, of like tenor and amount and dated the date to which interest has been paid, in lieu of such lost, stolen, destroyed or mutilated Note, and in such event the Holder (or other holder, as the case may be) agrees to indemnify and hold harmless the Company in respect of any such lost, stolen, destroyed or mutilated Note.

7. **Governing Law**. This Note and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be enforced, governed and construed in all respects in accordance with the internal laws of the State of New York, without regard for conflicts of laws or other principles that would result in the application of any law other than the internal laws of the State of New York. The Holder hereby irrevocably consents to the exclusive jurisdiction of the courts of the State of New York and of any federal court located in the State of New York in connection with any action or proceeding arising out of or related to this Note or any document or instrument delivered in pursuant to or in connection therewith.

8. **Notices**. Any notice, request, demand or other communication required or permitted by this Note shall be in writing (including telecopy and email communications) and mailed, emailed, telecopied or delivered in writing: if to the Holder, at the address set forth in the Investor Questionnaire submitted by the Holder with the Subscription Agreement; and if to the Company, at THC Health Inc., 47-20 Center Boulevard, Suite 1605, Long Island City, NY 11109 Attn: Christian Cespedes (email: _____) or to such party at such other address as is furnished by notice given in accordance herewith. All such notices, requests, demands and other communications shall, when delivered (via overnight courier, charges prepaid), or mailed (by certified mail, return receipt requested, postage prepaid), or emailed or telecopied, be effective when deposited with the courier, or deposited in the mails or delivered via confirmed email or telecopy, respectively, addressed as aforesaid, unless otherwise provided herein.

9. **Amendments and Waivers**. This Note (including without limitation the Maturity Date hereof) may be amended, and any obligation of the Company hereunder hereof may be waived (i) with the written consent of the Company and the Holder hereof or (ii) with the written consent of the Company and the Required Holders; provided that the substance of any amendment or waiver effected pursuant to clause (ii) shall be equally applicable to all the Notes. Any amendment or waiver effected in accordance with this Section 9 shall be binding upon the Company, each Holder and each transferee of this Note. The Company hereby covenants and agrees to provide written notice of any such amendment to the Holder hereof and the Holder hereby agrees to attach any such notice to this Note in order to incorporate such amended provisions herein.

10. **Individuals Not Liable**. In no event shall any member, stockholder, manager, officer or director of the Company be personally liable for any amounts due or payable under this Note.

11. **Severability.** If any of the provisions of this Note shall be held to be invalid or unenforceable, the determination of invalidity or unenforceability of any such provision shall not affect the validity or enforceability of any other provision or provisions hereof.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Company has executed this Note by its duly authorized officer as of the date first stated above.

THC HEALTH INC.

By: _____
Name: CHRISTIAN CESPEDES
Title: PRESIDENT & CEO

EXHIBIT II
THC HEALTH INC.
RISK FACTORS

May 1st, 2015

An investment in Convertible Promissory Notes (each a "Note") issued in the financing of THC Health Inc. (the "Company") involves a high degree of risk. The following risk factors, in addition to any other information contained in materials being distributed to prospective investors in connection with this offering, should be considered carefully in evaluating the Company and its proposed business before purchasing the Notes offered hereby.

Additional risks and uncertainties not presently known to the Company or that it currently deems immaterial may also impair its business operations. If any of the following risks actually occur, the Company's business, prospects, financial condition or results of operations could be materially adversely affected. In such case, the investor may lose all or part of the investor's investment.

The Notes being offered hereby should be regarded as speculative, and should be purchased only by individuals or entities that could afford to lose all or part of their investment.

Risks Relating to this Offering

- The Securities have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or registered or qualified under the securities laws of any state.
- No present public market for the Notes offered hereby or the securities into which the Notes are convertible (the Notes and the securities, collectively, the "Securities") exists and there are general restrictions on the resale of the Securities.
- The Securities must be held indefinitely unless they are subsequently registered under the Securities Act and under applicable state securities laws.
- A subsequent financing may result in a dilution in your ownership in the Company. The Company will need to seek subsequent financing in the event it is successful in obtaining a NYS DOH license.
- The Company has not formulated an exit strategy at this time and the possibility and timing of a liquidity event for investors is unknown.

Risks Relating to the NYS DOH License Application Process

- The Company might not be granted a NYS DOH license despite all appropriate efforts. The Company has no way of knowing the number of qualified applicants that may submit applications and competition for the few available licenses is expected to be intense.
- The Company might face application process delays resulting from unforeseen gaps/problems with the regulations, ambiguous interpretation of regulations or changes that may be made in the application process or requirements, among others.
- The NYS program might be curtailed, cancelled or otherwise stopped, and it is uncertain if application fees will be returned or if they will be returned in a time efficient manner.
- The NYS program may revoke a provisional license if a successful applicant fails to begin operations within 6 months of the award of the provisional license, and there is no assurance that the Company would be able to begin operations within this time period.
- If the Company is not successful in obtaining a NYS DOH license, it will likely dissolve.

Post Approval – Business and Operational Risks

- The Company has a limited operating history which makes it difficult to evaluate its future prospects and the potential value of an Investor's investment. No assurances can be given that the Company will be able to successfully maintain and develop its business or meet its business objectives.
- The Company's operating expenses will be high and there can be no assurance that the Company will achieve or maintain profitability. If the Company is not successful in becoming profitable, it may be forced to curtail or cease operations.
- In order to meet its short-term and long-term business goals, the Company will need to seek additional funding. The Company can provide no assurance that it will be able to obtain such additional funding on favorable terms.
- The Company will operate in a highly competitive market and will encounter competitors that have greater resources and experience. If the Company cannot successfully compete against these companies, its business, results of operations and financial condition are likely to be materially and adversely affected.
- The Company must attract and retain qualified personnel to be successful, and competition for qualified personnel is intense in its market.
- The Company might face delays in physician certification and/or delays in required testing.
- The Company might face physician resistance to providing recommendation of medical marijuana as appropriate treatment, which is required under the NYS program for approval of "registered user" applications.
- The Company might face crop failure or crop infestations; crime, including vandalism and/or fire, which could completely or partially destroy the Company's medical marijuana supplies. Additionally, adverse weather conditions might affect the Company's transportation and distribution from manufacturing facilities to dispensaries.
- There might be difficulty in obtaining a medical marijuana insurance policy, and the Company may be forced to self-insure which could cause severe financial hardship in defending any claims.
- There is an inherent unpredictability of the marijuana marketplace, due in part to changing consumer sentiment and competition from illegal sellers.

Post Approval Regulatory Risks

- Medical marijuana is a relatively new and emerging industry and there may be unforeseen changes in federal and state legislation, including, but not limited to, changes in the legality of medical marijuana. Also, nearby states may legalize marijuana, which may affect the Company's business.
- The Company may face high costs of having to comply with robust state and federal medical marijuana regulations. The Company faces unpredictability of potentially onerous state and city tax rates.
- The Company may face difficulty in engaging needed services due to lingering concerns around legalization of medical marijuana.
- There is political risk of a cancellation of the NYS program by the legislature or Governor of New York.
- The Company business faces the risk that the federal government might prohibit medical marijuana growers from purchasing or leasing private land or otherwise impose harsh laws that could negatively affect the Company.
- Federal Banking Regulations currently deter banks from doing business with cannabis businesses like the Company, forcing them to operate only with cash and thereby increasing their security risks.

- According to federal regulations, any transaction involving proceeds of marijuana sales may serve as a basis for money laundering prosecution and the Company, Company officers and directors, and investors face some level of risk of being charged with violation of the federal anti-money laundering statutes. However, the Company is not aware of any situation where the federal government has pursued such prosecution against a medical marijuana business duly licensed under state laws.
- Elected candidates may amend federal medical marijuana regulations in ways that negatively affect the Company and the medical marijuana industry.
- The Company faces the risk of potential federal legal action against the relevant states regarding their marijuana regimes, including New York.

Forward-Looking Statements

The documents being distributed herewith contain forward looking statements. These forward-looking statements are not historical facts but rather are based on current expectations, estimates and projections about the Company's industry, the Company's beliefs and the Company's assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," and "estimates," and variations of these words and similar expressions, are intended to identify forward looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Company's control, are difficult to predict and could cause actual results to differ materially from those expressed, implied or forecasted in the forward-looking statements. In addition, the forward-looking events discussed therein might not occur. These risks and uncertainties include, among others, those described above in these "Risk Factors". Prospective investors are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's management's view only as of the date hereof. Except as required by law, the Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

THC HEALTH INC.

Convertible Promissory Notes

SUBSCRIPTION INSTRUCTIONS

(Please Read Carefully)

May 1st, 2015

THC HEALTH INC. MAY, IN ITS SOLE DISCRETION, REJECT THE SUBSCRIPTION REQUEST, IN WHOLE OR IN PART, OF ANY PERSON AT ANY TIME BEFORE THE CLOSING. ANY REPRESENTATION TO THE CONTRARY IS UNAUTHORIZED AND MUST NOT BE RELIED UPON.

THC Health Inc., a New York corporation ("THC Health" or the "Company"), is offering for sale Convertible Promissory Notes of like tenor in an aggregate principal amount of US$300,000, which amount may be increased at any time or from time to time at the Company's discretion (the "Notes"). For the terms of the Notes, see the form of Note attached to the Subscription Agreement.

I. This Subscription Package contains all of the Subscription Materials necessary for you to subscribe for the Notes. The Subscription Materials include:

(1) a questionnaire (the "Questionnaire") for you to complete and sign to demonstrate to THC Health that you satisfy the applicable suitability standards for purchasers of the Notes;

(2) a Subscription Agreement for you to sign to agree to the terms of the offering and the Notes;

(3) a form of Note (attached as Exhibit I to the Subscription Agreement); and

(4) Internal Revenue Service Form W-9 (Request for Taxpayer Identification Number and Certification) to be completed by U.S Persons, and Form W-8BEN (Certificate of Foreign Status of Beneficial Owner For United States Tax Withholding) to be completed by non-U.S. Persons.

II. After reading the Subscription Materials, please fill in all applicable information. You must complete all information required on the following documents and then sign them:

(1) the Questionnaire,

(2) Signature page of the Subscription Agreement (including completion of investment information); and

(3) Internal Revenue Service Form W-9 or Form W-8BEN, as applicable.

Once you have completed these documents, please return an entire set of Subscription Materials to the Company at the address set forth below in Section IV.

III. Payment for your Note should be made by either:

(1) delivery to the Company of a check payable to "THC Health Inc."; or

(2) wire transfer to THC Health Inc. with the following information:

(a) for domestic wires:

Bank name:	JPMorgan Chase Bank, N.A.
Bank Address:	P.O. Box 659754
Account Number:	[redacted]
Account Name:	THC Health Inc.
Reference:	[Insert Name of Sender]

(b) for international wires:

Bank name:	JPMorgan Chase Bank, N.A.
Bank Address:	P.O. Box 659754
Routing Number:	021000021
Swift Code:	CHASUS33
Account Number:	[redacted]
Account Name:	THC Health Inc.
Reference:	[Insert Name of Sender]

The check or wire must be in the full amount of your investment in the Notes (shown as the "Total Amount of Investment" on the signature page to the Subscription Agreement). *If you wire funds, please notify the Company promptly.*

IV. Send all documents to the Company either by courier or regular mail to its address set forth below or by electronic mail in PDF format to the email address below:

THC Health Inc.
[redacted]

V. If your subscription is accepted by THC Health, you will receive a copy of your Subscription Agreement and an original Note issued to you by the Company after the closing.

Questions regarding completion of subscription documents should be directed to

Christian Cespedes, THC Health Inc.

Telep[redacted]

E-mai[redacted]

PLEASE PRINT IN INK OR TYPE ALL INFORMATION.

CONFIDENTIAL

THC HEALTH INC.

INVESTOR QUESTIONNAIRE

(All Information Furnished in Completing This Questionnaire Will Be Treated Confidentially, Subject to the Uses Set Forth Below)

Responses to this questionnaire will be used by THC Health Inc. (the "Company") to assure compliance with federal and state securities laws.

Please complete, sign, date, and return one copy of this questionnaire if you elect to participate in the offering of the Company's Notes.

If the answer to any question below is "none" or "not applicable" please so indicate.

1. IDENTIFICATION

Name: Mark Haugen

Permanent Residential Address: [redacted]

Capacity in which the proposed investment will be held (e.g., individually, jointly with spouse, in trust, etc.): individually

2. PROPOSED INVESTMENT

Please indicate the amount of your proposed investment in the Notes. [redacted]

3. ACCREDITED INVESTOR QUALIFICATION

The undersigned hereby certifies that he has read the definition of an "accredited investor" from Rule 501 of Regulation D attached hereto as Annex A, and certifies that (please check each situation that applies):

[ ] The investor is a partnership not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000.

[ ] The investor is an entity in which all the equity owners are "accredited investors".

[ ] My individual net worth*, or joint net worth* with my spouse, presently exceeds $1,000,000 and I reasonably expect this to be true at the time of my purchase of the Securities. I will inform the Company if such net worth declines below $1,000,000 prior to the time of such purchase.

[x] My individual income was in excess of $200,000 in each of the two most recent years and I reasonably expect to reach the same income level in the current year.

[ ] My joint income with my spouse was in excess of $300,000 in each of the two most recent years and I reasonably expect to reach the same joint income level with my spouse in the current year.

[ ] None of the above.

*excluding value of my primary residence; indebtedness secured by the residence in excess of the value of the home must be considered a liability and deducted from net worth.

4. INVESTMENT EXPERIENCE

Please check the applicable spaces to indicate your experience making investments in startup private companies:

Considerable [X] Some [ ] Never [ ]

Please provide any additional information concerning your previous investments and your business, financial, and investment experience that you think would be useful in assisting the Company in evaluating your capacity to evaluate the merits and risks of the proposed investment.

Portfolio Manager at Investment Management firm for 11 years.

CFA Charter holder

The above information is true and correct in all respects, and the undersigned recognizes that the Company is relying on the truth and accuracy of such information for the issuance of the Notes, the equity securities issuable upon conversion of the Notes and any securities issuable upon the conversion of such equity securities in reliance on the exemption contained in Subsection 4(2) of the Securities Act of 1933, as amended (the "Act"), Regulation D promulgated thereunder, and applicable state securities laws. The undersigned agrees to notify the Company promptly of any changes in the foregoing information which may occur prior to the investment. The undersigned further agrees that the Company may present this questionnaire and/or any of the information contained herein to such parties as the Company may deem appropriate, if called upon to establish that the proposed offer and sale of the Notes are exempt from registration under the Act or meet the requirements of applicable state securities laws.

Executed on: May 1st, 2015
(Date)

By: _____
(Signature)

Mark Haugen
(Print Name)

ANNEX A

Rule 501. Definitions and Terms Used in Regulation D.

As used in Regulation D, the following terms have the meaning indicated:

(a) **Accredited investor.** "Accredited investor" shall mean any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

(1) Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000; or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(2) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;

(3) Any organization described in Section 501(c)(3) of the Internal Revenue Code, company, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;

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

(5) Any natural person whose individual net worth*, or joint net worth* with that person's spouse, at the time of his purchase exceeds $1,000,000;

(6) Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(7) Any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

(8) Any entity in which all of the equity owners are accredited investors.

*excluding value of investor's primary residence; indebtedness secured by the residence in excess of the value of the home must be considered a liability and deducted from net worth.

[Remainder omitted]

SUBSCRIPTION AGREEMENT

THC HEALTH INC.

Convertible Promissory Notes

THC Health Inc.
47-20 Center Blvd., Ste. 1605
Long Island City, NY 11109
Attn: Christian Cespedes
Email: [redacted]

Ladies and Gentlemen:

This Agreement is made by and between THC Health Inc., a New York company ("THC Health" or the "Company"), and the undersigned prospective purchaser (the "Investor") who is hereby subscribing to purchase a Convertible Promissory Note (the "Note") in the aggregate principal amount set forth on the signature page below, such Note to be in the form and on the terms attached hereto as Exhibit I. The Notes and any equity securities issuable upon conversion of the Notes (and any securities issuable upon conversion of such equity securities) are referred to herein collectively as the "Securities."

This Note is one of a series of Convertible Promissory Notes, each in substantially the form of Exhibit I, in an aggregate principal amount of up to US$350,000 (which amount may be increased at any time or from time to time at the Company's discretion) that will be issued pursuant to substantially identical subscription agreements at one or more separate closings.

In consideration of the mutual covenants contained herein, the parties agree and represent as follows:

A. SUBSCRIPTION

1. Subject to the terms of this Agreement, the Investor hereby irrevocably subscribes for and agrees to purchase the Securities for the Total Amount of Investment indicated on the signature page hereto (the "Subscription") and hereby delivers to THC Health: (a) the signed signature pages to (i) this Agreement, (ii) the Questionnaire referred to below (the "Questionnaire"), and (iii) a completed IRS Form W-9 or Form W-8BEN, as applicable, and (b) payment of the Total Amount of Investment (the "Payment"), in the form of a check payable to "THC Health Inc." or by wire transfer to the Company's designated account.

2. The closing of the sale of the Securities to the Investor shall take place upon and subject to the Company's acceptance of the Subscription by signing and returning to the Investor a copy of this Agreement (the "Closing Date"). No interest is payable on the Subscription pending the Closing Date.

B. REPRESENTATIONS AND WARRANTIES

1. **By the Company.** The Company hereby represents and warrants to the Investor as follows:

(a) The Company is a company duly organized, validly existing and in good standing under the laws of the State of New York, has the requisite corporate power to own, lease and operate its

property and to carry on its business as now being conducted and as now proposed by the Company to be conducted.

(b) The Company has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company. Upon the due authorization, execution and delivery by the Company, this Agreement will constitute the valid and binding obligation of the Company, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(c) The execution and delivery of this Agreement by the Company does not, and the performance of this Agreement by the Company will not, (i) conflict with or violate the Certificate of Incorporation or By-Laws of the Company or (ii) materially conflict with or violate any law, rule, regulation, order, judgment or decree applicable to the Company or by which any of its properties is bound.

2. **By the Investor.** The Investor hereby represents and warrants to the Company as follows:

(a) The Investor is an "accredited investor" as that term is used in Rule 501(a) under the Securities Act of 1933, as amended (the "Securities Act"), in that the Investor is either:

(i) a natural person whose individual net worth*, or joint net worth* with his or her spouse, exceeds $1,000,000;

(ii) a natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with his or her spouse in excess of $300,000 in each of those years, and has a reasonable expectation of reaching the same income level in the current year;

(iii) a family trust or family limited partnership with respect to which the settlor or general partner and the person making the investment decision (each) meets either of the foregoing tests;

(iv) a partnership not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000; or

(v) an entity in which all the equity owners are "accredited investors".

*excluding value of Investor's primary residence; indebtedness secured by the residence in excess of the value of the home must be considered a liability and deducted from net worth.

(b) The Investor has been advised and understands that the Securities have not been registered under the Securities Act or any state securities or "blue sky" laws, and that such Securities cannot be resold unless the same are registered under all applicable laws or unless an exemption from registration thereunder is available. The Investor is acquiring the Securities to be purchased by it for its own account for investment, and not with a view to, or for resale in connection with, the distribution thereof, and has no present intention of distributing or reselling any portion thereof.

(c) The Investor understands that the Securities are being offered and sold without the delivery of any particular offering or disclosure materials. The Investor has been furnished with, and has

carefully read this Agreement, and any other documents that have been made available by or on behalf of the Company to the Investor upon request (to the extent the Investor deemed necessary or appropriate). The Investor is familiar with the limited business and operations of the Company and understands, has evaluated the merits and risks of a purchase of the Securities, and acknowledges receipt of the Risk Factors dated May 1st, 2015, and attached hereto as Exhibit II. The Investor has been given ample opportunity to ask of and receive answers from Company officials concerning the Company, its financing, operations, business and prospects, and the terms and conditions of this Subscription, and to obtain any additional information to the extent necessary to verify the accuracy of the other information obtained. The Investor has not received or been furnished with, and is not relying on, any information, statement or representation, oral or written, that varies in any material way from the information provided or made available to such Investor in writing by the Company. The Company has made available to the Investor all documents and information that the Investor has requested relating to an investment in the Securities.

(d) The Investor understands that the Company is not in any way limited as to future issues of debt instruments or shares of its capital stock. The Investor acknowledges that any presentations made by the Company (including any projections) have been, and continue to be, subject to change and that any such presentations or projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the presentations or projections will not materialize or will vary significantly from actual results.

(e) The Investor acknowledges that the purchase of the Securities may have adverse impact to the Investor and the Investor has carefully considered and has, to the extent the Investor believes such discussion necessary, discussed with the Investor's professional, legal, tax, accounting and financial advisors the suitability of an investment in the Securities and has determined that the Securities being subscribed for by the Investor are a suitable investment for the Investor. The Investor understands that it (and not the Company) shall be responsible for any tax liability of the Investor that may arise as a result of this investment or the transactions contemplated by the Note.

(f) The Investor recognizes that an investment in the Company involves a high degree of risk. The Investor's overall commitment to investments that are not readily marketable, including his or its proposed investment in the Securities, is not disproportionate to his or its net worth, and the Investor has had adequate means of providing for his current needs and personal contingencies and has no need for liquidity in his investment in the Securities.

(g) The Investor either (i) has a pre-existing personal or business relationship with the Company or (ii) by reason of the Investor's business or financial experience or the business or financial experience of the Investor's professional advisors who are unaffiliated with and who are not compensated by the Company, directly or indirectly, has the capacity to protect the Investor's interests in connection with the investment in the Securities, including without limitation to evaluate the merits and risks of an investment in the Securities and to make an informed investment decision with respect thereto.

(h) The information presented and the statements made by the Investor in the Questionnaire completed and delivered to the Company with this Subscription, including, without limitation, the information relating to the Investor's income and net worth, are complete and accurate as of this date and may be relied upon by the Company in determining whether to accept this Subscription.

(i) There are no claims for brokerage commissions, finder's fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made on behalf of the Investor.

(j) If the Investor is not a resident of the United States, the Investor hereby represents that such Investor is satisfied as to the full observance by such Investor of the laws of such Investor's jurisdiction in connection with the offer and sale of the Note (and the issuance of all securities of the Company issued or issuable in connection therewith), including (i) the legal requirements within Investor's jurisdiction for the purchase of such securities, (ii) any foreign exchange restrictions applicable to such purchase and (iii) any governmental or other consents that may need to be obtained. The Investor hereby further confirms that its execution and delivery of this Agreement, (and payment for the Subscription), and such Investor's continued beneficial ownership of the Note and any other securities issued or issuable under the Note will not violate any applicable securities or other laws of such Investor's jurisdiction.

(k) Each Investor that is entering into this Agreement outside the United States of America and its territories hereby further severally and not jointly represents and warrants to the Company as follows: (i) such Investor is executing this Agreement outside of the United States of America and its territories; (ii) such Investor's principal address, as set forth in the Questionnaire, is a location outside of the United States of America and its territories; (iii) such Investor is not a U.S. person (as defined in Rule 902(k) of the Securities Act) and is not acquiring the Securities for the account or benefit of any U.S. person; and (iv) such Investor acknowledges and agrees that the offer and sale of Securities has not been accompanied by an advertisement.

C. UNDERSTANDINGS AND COVENANTS OF THE INVESTOR

The Investor understands, acknowledges, agrees and covenants with the Company as follows:

1. This Subscription may be rejected, in whole or in part, by THC Health in its sole and absolute discretion, at any time before the Closing.

2. The Subscription is and shall be irrevocable by the Investor except that the Investor shall have no obligation hereunder in the event that the Subscription is rejected for any reason.

3. The Company is entitled to rely upon the representations and agreements of the Investor made herein and in the Questionnaire. The Investor shall indemnify, defend and hold harmless the Company and any officer, director, stockholder, employee, agent or controlling person of the Company who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of or arising from any actual or alleged misrepresentation or misstatement of facts or omission to represent or state facts made by the Investor to any such party concerning the Investor or the Investor's financial position in connection with the offering or sale of the Securities including, without limitation, any such misrepresentation, misstatement or omission contained in this Agreement or in the Questionnaire submitted by the Investor, against losses, liabilities and expenses for which the Company or any officer, director, stockholder, employee, agent or controlling person of the Company has not otherwise been reimbursed (including attorneys' fees, judgments, fines and amounts paid in settlement) as and when incurred by such person or entity in connection with such action, suit or proceeding.

4. **No Federal or state agency has made any finding or determination as to the accuracy or adequacy of the information set forth herein or as to the fairness of the terms of this offering for investment, nor any recommendation or endorsement of the Securities.**

5. The offering and sale of the Securities is intended to be exempt from registration under the Securities Act by virtue of Section 4(2) of the Securities Act and/or the provisions of Regulation D promulgated thereunder ("Regulation D"). There is no public or other market for the Securities, and no such public or other market is expected to develop for the Securities. The Investor will not sell, transfer,

encumber or otherwise dispose of any Securities except in accordance with the terms of the Note and unless (a) the Securities are registered under the Securities Act and applicable state securities laws or (b) in the opinion of counsel acceptable in form and substance to counsel to the Company, an exemption from the registration requirements of the Securities Act and such applicable state securities laws is available. There can be no assurance that the Investor will be able to sell or dispose of the Securities. Any certificate(s) representing the Securities purchased by the Investor shall bear suitable legends referring to the foregoing restrictions.

6. THC Health is not under any obligation to register the Securities for resale or to assist the Investor in complying with any exemption from registration therefor.

7. The Investor acknowledges that the information concerning the Company contained in this Agreement, and/or otherwise provided or made available to the Investor in connection with or related to the transactions contemplated hereby, is confidential and non-public and agrees that all such information shall be kept in strict confidence by the Investor and neither used by the Investor (other than in connection with the transactions contemplated by this Subscription Agreement) nor disclosed to any third party for any reason (other than to such Investor's legal, financial and tax advisors in connection with the transactions contemplated by this Subscription Agreement).

D. MISCELLANEOUS

1. This Agreement and the Note constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. Except as expressly set forth in Section 4 below, neither this Agreement nor any provision hereof may be waived, modified, changed, discharged, terminated, revoked or cancelled except by an instrument in writing signed by the party against whom any waiver, modification, change, discharge, termination, revocation or dissolution is sought.

2. Notices, requests, demands or other communications required or permitted to be given hereunder shall be in writing (including telecopy and email communications) and mailed, emailed, telecopied or delivered in writing: if to the Investor, at the address set forth in the Questionnaire submitted by the Investor; and if to the Company, at the address of the Company given above or to such party at such other address as is furnished by notice given in accordance herewith. All such notices, requests, demands and other communications shall, when delivered (via overnight courier, charges prepaid), or mailed (by certified mail, return receipt requested, postage prepaid), emailed or telecopied, be effective when deposited with the courier, or in the mails or delivered via confirmed email or telecopy, respectively, addressed as aforesaid, unless otherwise provided herein.

3. Failure of the Company to exercise any right or remedy under this Subscription Agreement or any other agreement between the Company and the Investor, or otherwise, or delay by the Company in exercising such right or remedy, will not operate as a waiver thereof.

4. **The Investor acknowledges and agrees that it is intended that all of the Investors under all Subscription Agreements will act in concert with respect to all actions taken regarding this Subscription Agreement and the Notes. To accomplish such result, the Investor hereby agrees that this Agreement, the Notes, or any term hereof or thereof may be amended, waived, discharged or terminated on behalf of such Investor by a written instrument signed by holders of Notes representing at least a majority of the then outstanding principal amount of all Notes.**

5. The Company and each Investor shall pay their own respective fees and expenses incurred in connection with the transactions contemplated herein. The Company shall have no obligation to pay any

fees or expenses incurred by any Investor in connection with the purchase and sale of the Notes or any of the other transactions contemplated by this Subscription Agreement.

6. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of, and be enforceable by, the respective successors and assigns of the parties hereto. This Agreement shall not run to the benefit of or be enforceable by any person other than a party to this Agreement and its successors and assigns.

7. All representations and warranties made in this Agreement and the Notes or any other instrument or document delivered in connection herewith or therewith, shall survive the execution and delivery hereof or thereof.

8. This Subscription Agreement shall be enforced, governed and construed in all respects in accordance with the internal laws of the State of New York, without regard for conflicts of laws or other principles that would result in the application of any law other than the internal laws of the State of New York, and shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof that may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

[*remainder of page left blank intentionally; signature page follows immediately*]

THC HEALTH INC.
CONVERTIBLE PROMISSORY NOTE
SUBSCRIPTION AGREEMENT SIGNATURE PAGE

In witness whereof, the parties have signed this Subscription Agreement by their duly authorized representatives as an instrument under seal as of the respective dates set forth below.

INVESTOR

Mark Haugen
Printed Name

Date:May 1st, 2015

Printed Title (if applicable)

Signature

Total Amount of Investment: [redacted]

Accepted and agreed:

THC HEALTH INC.

By:
Duly Authorized

Date: 30 JUNE - 2015

EXHIBIT I

Form of Convertible Promissory Note

NONNEGOTIABLE CONVERTIBLE PROMISSORY NOTE

Neither this note, nor the shares of capital stock for which it may become convertible, have been registered under the Securities Act of 1933, as amended (the "Act"), or applicable state securities laws and neither this note nor such securities may be sold, transferred, assigned or otherwise disposed of unless registered under the Act and such laws or (1) registration under applicable state securities laws is not required and (2) an opinion of counsel satisfactory to the Company is furnished to the Company to the effect that registration under the Act is not required.

[redacted]

May 1st, 2015
New York, New York

FOR VALUE RECEIVED, THC Health Inc. (together with its successors and assigns, the "Company") promises to pay [Investor] (the "Holder"), at the Company's principal office, the principal sum of US$[redacted] together with interest from the date of this Note on the unpaid principal balance at a rate equal to fifteen percent (15%) per annum, simple interest, computed on the basis of the actual number of days elapsed and a year of 365 days. Notwithstanding anything to the contrary set forth herein, in no event may the effective rate of interest collected or received by the Holder exceed that which may be charged, collected or received by the Holder under applicable law.

This Note is issued pursuant to a Subscription Agreement dated May 1st, 2015 between the Company and the Holder (the "Subscription Agreement") and is one of a series of Convertible Promissory Notes containing substantially identical terms and conditions that will be issued pursuant to substantially identical subscription agreements. Such Notes are collectively referred to herein as the "Notes," and the holders thereof are collectively referred to herein as the "Holders." This Note is not negotiable and is subject to the following terms and conditions, as well as the terms and conditions contained in the Subscription Agreement.

1. **Maturity**. Unless converted as provided in Section 2, this Note will mature and, be due and payable on March 31. Subject to Section 2 below, interest shall accrue on this Note but shall not be due and payable until the Maturity Date. Notwithstanding the foregoing, subject to the terms of Section 4 below, the entire unpaid principal sum of this Note, together with accrued and unpaid interest thereon, shall become immediately due and payable upon (i) the execution by the Company of a general assignment for the benefit of creditors, (ii) the filing by or against the Company of a petition in bankruptcy or any petition for relief under the federal bankruptcy act or the continuation of such petition without dismissal for a period of ninety (90) days or more, (iii) the appointment of a receiver, trustee or similar official to take possession of the property or assets of the Company, or (iv) at the election of the Required Holders, a "Transfer of Control," which is defined as either (A) a conversion, merger or consolidation of the Company with or into another entity as an immediate result of which the holders of voting equity interests in the Company immediately before such transaction hold less than fifty percent (50%) of the voting equity securities in the surviving entity or (B) a sale of all or substantially all the assets or capital stock of the Company to an unrelated party. In the event that the Company is not successful in obtaining a NYS DOH license, the Notes shall be subject to compulsory redemption by the Company, by payment

of all of the remaining proceeds from the sale of Notes in full settlement of the Company's payment obligations.

2. **Conversion**.

(a) **Qualified Financing**. As used herein, the term "Qualified Financing" means an equity financing with gross cash proceeds to the Company of at least US$2,000,000 (excluding conversion of the Notes and any other indebtedness of the Company).

(b) **Conversion to Stock Issued in Qualified Financing**. At and subject to the closing of a Qualified Financing, the entire unpaid principal amount of and accrued but unpaid interest on this Note, shall be converted into shares of the same class and series of stock (the "Stock") sold in the Qualified Financing (the date of such conversion being the "Conversion Date"). Notwithstanding the foregoing, at the Company's option, up to ten (10) days of accrued but unpaid interest may be paid in cash to the Holder at closing of the Qualified Financing. The number of shares of Stock to be issued upon such conversion shall be equal to the quotient obtained by dividing (I) the entire unpaid principal amount of this Note plus any accrued but unpaid interest as of the date of the closing of the Qualified Financing by (II) the lower of (x) eighty percent (80%) of the price per share of the Stock sold in the Qualified Financing or (y) the price per share of Stock that would be payable by an investor based upon a pre-money valuation of the Company's equity of US$10,000,000 (calculated on a fully diluted basis and prior to the conversion of any of the Notes). The issuance of the Stock shall otherwise be substantially upon the same terms and conditions applicable generally to such Qualified Financing. In connection with the conversion of this Note, the Holder will execute and deliver all agreements, certificates and other documents that are executed by the other investors in such Qualified Financing.

(c) **Notice of Qualified Financing**. The Company shall provide notice to the Holder of the anticipated closing of a Qualified Financing at least ten (10) days prior to the date of the closing of such Qualified Financing. Such notice shall specify the number of shares of Stock to be issued to such Holder upon conversion, the amount of cash to be paid to the Holder in lieu of any fractional shares of Stock and the anticipated date of the closing of such Qualified Financing.

(d) **Mechanics and Effect of Conversion**. No fractional shares of equity securities will be issued upon conversion of this Note. In lieu of any fractional share to which the Holder would otherwise be entitled, the Company will pay to the Holder in cash the amount of the unconverted principal and interest balance of this Note that would otherwise be converted into such fractional share. Upon conversion of this Note pursuant to this Section 2, the Holder shall surrender this Note, duly endorsed, at the principal offices of the Company or any transfer agent of the Company, provided that whether or not this Note has been surrendered, all amounts outstanding under this Note shall be deemed to have been converted pursuant to this Section 2 as of the applicable conversion date, and, as of such date, this Note shall be deemed fully paid and no longer outstanding and the Holder shall be treated for all purposes as the record holder of the appropriate number and type of shares of equity securities. At its expense, the Company will, as soon as practicable after the surrender of this Note, issue and deliver to the Holder, at its record address, a certificate or certificates for the number and type of shares of equity securities to which the Holder is entitled upon such conversion, together with any other securities and property to which the Holder is entitled upon such conversion under the terms of this Note, including a check payable to the Holder for any cash amounts payable as described herein. Upon conversion of this Note, the Company will be forever released from all of its obligations and liabilities under this Note with regard to the principal amount and accrued interest converted, including without limitation the obligation to pay such principal amount and accrued interest. Notwithstanding the foregoing, the Company shall not be obligated to issue the equity securities otherwise issuable upon conversion of this Note unless this Note is either delivered to the Company or any such transfer agent or the Holder notifies the Company or any such transfer agent

that the Note has been lost, stolen or destroyed and executes an agreement reasonably satisfactory to the Company to indemnify the Company from any loss incurred by it in connection therewith.

3. **Payment**. All payments hereunder shall be made in lawful money of the United States of America at the Holder's address for notices hereunder. Payment shall be credited first to the accrued interest then due and payable and the remainder applied to principal. Upon and subject to the approval of the Required Holders, the Company may pay this Note (including accrued and unpaid interest through the date of payment) in cash at any time before the Maturity Date or the applicable conversion date without penalty; provided that any prepayment shall be made on all of the Notes on a *pro rata* basis.

4. **Subordination**.

(a) **Senior Indebtedness.** As used herein, "Senior Indebtedness" means the principal of (and premium, if any) and unpaid interest on (i) indebtedness of the Company or with respect to which the Company is a guarantor to banks, insurance companies, lease financing institutions or other lending institutions regularly engaged in the business of lending money that is for money borrowed (or purchase or lease of equipment in the case of lease financing) by the Company, whether or not secured; or (ii) any other indebtedness which the Company and the Required Holders agree shall constitute "Senior Indebtedness".

(b) **Effect of Subordination**. This Note shall be junior in right of payment to any Senior Indebtedness of the Company outstanding from time to time. No payment shall be made in respect of the principal of or interest on this Note unless consistent with the terms of any such Senior Indebtedness. Subject to the rights, if any, of the holders of Senior Indebtedness under this Section 4 to receive cash, securities or other property otherwise payable or deliverable to the Holder of this Note, nothing contained in this Section 4 shall impair, as between the Company and the Holder, the obligation of the Company, subject to the terms and conditions hereof, to pay to the Holder the principal hereof and interest hereon as and when the same become due and payable, or shall prevent the Holder of this Note, upon default hereunder, from exercising all rights, powers and remedies otherwise provided herein or by applicable law.

(c) **Subrogation**. Subject to the payment in full of all Senior Indebtedness and until this Note shall be paid in full, the Holder shall be subrogated to the rights of the holders of Senior Indebtedness (to the extent of payments or distributions previously made to such holders of Senior Indebtedness pursuant to the provisions of Section 4 above) to receive payments or distributions of assets of the Company applicable to the Senior Indebtedness. No such payments or distributions to the Holder applicable to the Senior Indebtedness shall, as among the Company, its creditors (other than the holders of the Senior Indebtedness), and the Holder, be deemed to be a payment by the Company to or on account of this Note; and for the purposes of such subrogation, no payments or distributions to the holders of Senior Indebtedness to which the Holder would be entitled except for the provisions of this Section 4 shall, as among the Company, its creditors (other than the holders of Senior Indebtedness), and the Holder, be deemed to be a payment by the Company to or on account of the Senior Indebtedness.

(d) **Undertaking**. By its acceptance of this Note and as a condition to the Holder's rights hereunder, the Holder agrees to execute and deliver one or more subordination agreements for the benefit of lenders of Senior Indebtedness, and such other documents as may be reasonably requested from time to time by the Company or the lender of any Senior Indebtedness, in order to implement the foregoing provisions of this Section 4.

5. **Transfer; Successors and Assigns**. The terms and conditions of this Note shall inure to the benefit of and be binding upon the respective successors and assigns of the parties; provided,

however, that the Holder may not assign, pledge, or otherwise transfer its rights, remedies, obligations, or liabilities under this Note without the prior written consent of the Company. This Note will be registered on the books of the Company or its agent as to the holder thereof and outstanding principal and interest. Any transfer of this Note may be effected only upon surrender of the original note for registration of transfer, duly endorsed, or accompanied by a duly executed written instrument of transfer in form satisfactory to the Company. Thereupon, a new note for the same principal amount and interest will be issued to, and registered in the name of, the transferee. Interest and principal are payable only to the registered holder of this Note. The Company may elect not to permit a transfer of the Note if it has not obtained satisfactory assurance that such transfer: (a) is exempt from the registration requirements of, or covered by an effective registration statement under, the Securities Act of 1933, as amended, and the rules and regulations thereunder, and (b) is in compliance with all applicable state securities laws, including without limitation receipt of an opinion of counsel for the Investor (or other holder, as the case may be), which opinion shall be satisfactory to the Company.

6. **New Note**. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Note, the Company will issue a new Note, of like tenor and amount and dated the date to which interest has been paid, in lieu of such lost, stolen, destroyed or mutilated Note, and in such event the Holder (or other holder, as the case may be) agrees to indemnify and hold harmless the Company in respect of any such lost, stolen, destroyed or mutilated Note.

7. **Governing Law**. This Note and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be enforced, governed and construed in all respects in accordance with the internal laws of the State of New York, without regard for conflicts of laws or other principles that would result in the application of any law other than the internal laws of the State of New York. The Holder hereby irrevocably consents to the exclusive jurisdiction of the courts of the State of New York and of any federal court located in the State of New York in connection with any action or proceeding arising out of or related to this Note or any document or instrument delivered in pursuant to or in connection therewith.

8. **Notices**. Any notice, request, demand or other communication required or permitted by this Note shall be in writing (including telecopy and email communications) and mailed, emailed, telecopied or delivered in writing: if to the Holder, at the address set forth in the Investor Questionnaire submitted by the Holder with the Subscription Agreement; and if to the Company, at THC Health Inc., 47-20 Center Boulevard, Suite 1605, Long Island City, NY 11109 Attn: Christian Cespedes (email: _____) or to such party at such other address as is furnished by notice given in accordance herewith. All such notices, requests, demands and other communications shall, when delivered (via overnight courier, charges prepaid), or mailed (by certified mail, return receipt requested, postage prepaid), or emailed or telecopied, be effective when deposited with the courier, or deposited in the mails or delivered via confirmed email or telecopy, respectively, addressed as aforesaid, unless otherwise provided herein.

9. **Amendments and Waivers**. This Note (including without limitation the Maturity Date hereof) may be amended, and any obligation of the Company hereunder hereof may be waived (i) with the written consent of the Company and the Holder hereof or (ii) with the written consent of the Company and the Required Holders; provided that the substance of any amendment or waiver effected pursuant to clause (ii) shall be equally applicable to all the Notes. Any amendment or waiver effected in accordance with this Section 9 shall be binding upon the Company, each Holder and each transferee of this Note. The Company hereby covenants and agrees to provide written notice of any such amendment to the Holder hereof and the Holder hereby agrees to attach any such notice to this Note in order to incorporate such amended provisions herein.

10. **Individuals Not Liable**. In no event shall any member, stockholder, manager, officer or director of the Company be personally liable for any amounts due or payable under this Note.

11. **Severability.** If any of the provisions of this Note shall be held to be invalid or unenforceable, the determination of invalidity or unenforceability of any such provision shall not affect the validity or enforceability of any other provision or provisions hereof.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Company has executed this Note by its duly authorized officer as of the date first stated above.

THC HEALTH INC.

By: _____
Name: CHRISTIAN CEBRETOS
Title: PRESIDENT & CEO

EXHIBIT II
THC HEALTH INC.
RISK FACTORS

May 1st, 2015

An investment in Convertible Promissory Notes (each a "Note") issued in the financing of THC Health Inc. (the "Company") involves a high degree of risk. The following risk factors, in addition to any other information contained in materials being distributed to prospective investors in connection with this offering, should be considered carefully in evaluating the Company and its proposed business before purchasing the Notes offered hereby.

Additional risks and uncertainties not presently known to the Company or that it currently deems immaterial may also impair its business operations. If any of the following risks actually occur, the Company's business, prospects, financial condition or results of operations could be materially adversely affected. In such case, the investor may lose all or part of the investor's investment.

The Notes being offered hereby should be regarded as speculative, and should be purchased only by individuals or entities that could afford to lose all or part of their investment.

Risks Relating to this Offering

- The Securities have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or registered or qualified under the securities laws of any state.
- No present public market for the Notes offered hereby or the securities into which the Notes are convertible (the Notes and the securities, collectively, the "Securities") exists and there are general restrictions on the resale of the Securities.
- The Securities must be held indefinitely unless they are subsequently registered under the Securities Act and under applicable state securities laws.
- A subsequent financing may result in a dilution in your ownership in the Company. The Company will need to seek subsequent financing in the event it is successful in obtaining a NYS DOH license.
- The Company has not formulated an exit strategy at this time and the possibility and timing of a liquidity event for investors is unknown.

Risks Relating to the NYS DOH License Application Process

- The Company might not be granted a NYS DOH license despite all appropriate efforts. The Company has no way of knowing the number of qualified applicants that may submit applications and competition for the few available licenses is expected to be intense.
- The Company might face application process delays resulting from unforeseen gaps/problems with the regulations, ambiguous interpretation of regulations or changes that may be made in the application process or requirements, among others.
- The NYS program might be curtailed, cancelled or otherwise stopped, and it is uncertain if application fees will be returned or if they will be returned in a time efficient manner.
- The NYS program may revoke a provisional license if a successful applicant fails to begin operations within 6 months of the award of the provisional license, and there is no assurance that the Company would be able to begin operations within this time period.
- If the Company is not successful in obtaining a NYS DOH license, it will likely dissolve.

Post Approval – Business and Operational Risks

- The Company has a limited operating history which makes it difficult to evaluate its future prospects and the potential value of an Investor's investment. No assurances can be given that the Company will be able to successfully maintain and develop its business or meet its business objectives.
- The Company's operating expenses will be high and there can be no assurance that the Company will achieve or maintain profitability. If the Company is not successful in becoming profitable, it may be forced to curtail or cease operations.
- In order to meet its short-term and long-term business goals, the Company will need to seek additional funding. The Company can provide no assurance that it will be able to obtain such additional funding on favorable terms.
- The Company will operate in a highly competitive market and will encounter competitors that have greater resources and experience. If the Company cannot successfully compete against these companies, its business, results of operations and financial condition are likely to be materially and adversely affected.
- The Company must attract and retain qualified personnel to be successful, and competition for qualified personnel is intense in its market.
- The Company might face delays in physician certification and/or delays in required testing.
- The Company might face physician resistance to providing recommendation of medical marijuana as appropriate treatment, which is required under the NYS program for approval of "registered user" applications.
- The Company might face crop failure or crop infestations; crime, including vandalism and/or fire, which could completely or partially destroy the Company's medical marijuana supplies. Additionally, adverse weather conditions might affect the Company's transportation and distribution from manufacturing facilities to dispensaries.
- There might be difficulty in obtaining a medical marijuana insurance policy, and the Company may be forced to self-insure which could cause severe financial hardship in defending any claims.
- There is an inherent unpredictability of the marijuana marketplace, due in part to changing consumer sentiment and competition from illegal sellers.

Post Approval Regulatory Risks

- Medical marijuana is a relatively new and emerging industry and there may be unforeseen changes in federal and state legislation, including, but not limited to, changes in the legality of medical marijuana. Also, nearby states may legalize marijuana, which may affect the Company's business.
- The Company may face high costs of having to comply with robust state and federal medical marijuana regulations. The Company faces unpredictability of potentially onerous state and city tax rates.
- The Company may face difficulty in engaging needed services due to lingering concerns around legalization of medical marijuana.
- There is political risk of a cancellation of the NYS program by the legislature or Governor of New York.
- The Company business faces the risk that the federal government might prohibit medical marijuana growers from purchasing or leasing private land or otherwise impose harsh laws that could negatively affect the Company.
- Federal Banking Regulations currently deter banks from doing business with cannabis businesses like the Company, forcing them to operate only with cash and thereby increasing their security risks.

- According to federal regulations, any transaction involving proceeds of marijuana sales may serve as a basis for money laundering prosecution and the Company, Company officers and directors, and investors face some level of risk of being charged with violation of the federal anti-money laundering statutes. However, the Company is not aware of any situation where the federal government has pursued such prosecution against a medical marijuana business duly licensed under state laws.
- Elected candidates may amend federal medical marijuana regulations in ways that negatively affect the Company and the medical marijuana industry.
- The Company faces the risk of potential federal legal action against the relevant states regarding their marijuana regimes, including New York.

Forward-Looking Statements

The documents being distributed herewith contain forward looking statements. These forward-looking statements are not historical facts but rather are based on current expectations, estimates and projections about the Company's industry, the Company's beliefs and the Company's assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," and "estimates," and variations of these words and similar expressions, are intended to identify forward looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Company's control, are difficult to predict and could cause actual results to differ materially from those expressed, implied or forecasted in the forward-looking statements. In addition, the forward-looking events discussed therein might not occur. These risks and uncertainties include, among others, those described above in these "Risk Factors". Prospective investors are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's management's view only as of the date hereof. Except as required by law, the Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

THC HEALTH INC.

Convertible Promissory Notes

SUBSCRIPTION INSTRUCTIONS

(Please Read Carefully)

May 1st, 2015

THC HEALTH INC. MAY, IN ITS SOLE DISCRETION, REJECT THE SUBSCRIPTION REQUEST, IN WHOLE OR IN PART, OF ANY PERSON AT ANY TIME BEFORE THE CLOSING. ANY REPRESENTATION TO THE CONTRARY IS UNAUTHORIZED AND MUST NOT BE RELIED UPON.

THC Health Inc., a New York corporation ("THC Health" or the "Company"), is offering for sale Convertible Promissory Notes of like tenor in an aggregate principal amount of US$300,000, which amount may be increased at any time or from time to time at the Company's discretion (the "Notes"). For the terms of the Notes, see the form of Note attached to the Subscription Agreement.

I. This Subscription Package contains all of the Subscription Materials necessary for you to subscribe for the Notes. The Subscription Materials include:

(1) a questionnaire (the "Questionnaire") for you to complete and sign to demonstrate to THC Health that you satisfy the applicable suitability standards for purchasers of the Notes;

(2) a Subscription Agreement for you to sign to agree to the terms of the offering and the Notes;

(3) a form of Note (attached as Exhibit I to the Subscription Agreement); and

(4) Internal Revenue Service Form W-9 (Request for Taxpayer Identification Number and Certification) to be completed by U.S Persons, and Form W-8BEN (Certificate of Foreign Status of Beneficial Owner For United States Tax Withholding) to be completed by non-U.S. Persons.

II. After reading the Subscription Materials, please fill in all applicable information. You must complete all information required on the following documents and then sign them:

(1) the Questionnaire,

(2) Signature page of the Subscription Agreement (including completion of investment information); and

(3) Internal Revenue Service Form W-9 or Form W-8BEN, as applicable.

Once you have completed these documents, please return an entire set of Subscription Materials to the Company at the address set forth below in Section IV.

III. Payment for your Note should be made by either:

(1) delivery to the Company of a check payable to "THC Health Inc."; or

(2) wire transfer to THC Health Inc. with the following information:

(a) for domestic wires:

Bank name:	JPMorgan Chase Bank, N.A.
Bank Address:	P.O. Box 659754
Account Number:	[redacted]
Account Name:	THC Health Inc.
Reference:	[Insert Name of Sender]

(b) for international wires:

Bank name:	JPMorgan Chase Bank, N.A.
Bank Address:	P.O. Box 659754
Routing Number:	021000021
Swift Code:	CHASUS33
Account Number:	[redacted]
Account Name:	THC Health Inc.
Reference:	[Insert Name of Sender]

The check or wire must be in the full amount of your investment in the Notes (shown as the "Total Amount of Investment" on the signature page to the Subscription Agreement). *If you wire funds, please notify the Company promptly.*

IV. Send all documents to the Company either by courier or regular mail to its address set forth below or by electronic mail in PDF format to the email address below:

THC Health Inc.
[redacted]

V. If your subscription is accepted by THC Health, you will receive a copy of your Subscription Agreement and an original Note issued to you by the Company after the closing.

Questions regarding completion of subscription documents should be directed to

Christian Cespedes, THC Health Inc.

Teleph[redacted]

E-mail[redacted]

PLEASE PRINT IN INK OR TYPE ALL INFORMATION.

CONFIDENTIAL

THC HEALTH INC.

INVESTOR QUESTIONNAIRE

(All Information Furnished in Completing This Questionnaire Will Be Treated Confidentially, Subject to the Uses Set Forth Below)

Responses to this questionnaire will be used by THC Health Inc. (the "Company") to assure compliance with federal and state securities laws.

Please complete, sign, date, and return one copy of this questionnaire if you elect to participate in the offering of the Company's Notes.

If the answer to any question below is "none" or "not applicable" please so indicate.

1. IDENTIFICATION

Name: OSCAR & RAQUEL DIZON

Permanent Residential Address [redacted]

Capacity in which the proposed investment will be held (e.g., individually, jointly with spouse, in trust, etc.): JOINTLY W/ SPOUSE

2. PROPOSED INVESTMENT

Please indicate the amount of your proposed investment in the Notes. US$ [redacted]

3. ACCREDITED INVESTOR QUALIFICATION

The undersigned hereby certifies that he has read the definition of an "accredited investor" from Rule 501 of Regulation D attached hereto as Annex A, and certifies that (please check each situation that applies):

[ ] The investor is a partnership not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000.

[ ] The investor is an entity in which all the equity owners are "accredited investors".

[ ] My individual net worth*, or joint net worth* with my spouse, presently exceeds $1,000,000 and I reasonably expect this to be true at the time of my purchase of the Securities. I will inform the Company if such net worth declines below $1,000,000 prior to the time of such purchase.

[ ] My individual income was in excess of $200,000 in each of the two most recent years and I reasonably expect to reach the same income level in the current year.

[ ] My joint income with my spouse was in excess of $300,000 in each of the two most recent years and I reasonably expect to reach the same joint income level with my spouse in the current year.

[X] None of the above.

*excluding value of my primary residence; indebtedness secured by the residence in excess of the value of the home must be considered a liability and deducted from net worth.

4. INVESTMENT EXPERIENCE

Please check the applicable spaces to indicate your experience making investments in startup private companies:

Considerable [ ] Some [ ] Never [X]

Please provide any additional information concerning your previous investments and your business, financial, and investment experience that you think would be useful in assisting the Company in evaluating your capacity to evaluate the merits and risks of the proposed investment.

The above information is true and correct in all respects, and the undersigned recognizes that the Company is relying on the truth and accuracy of such information for the issuance of the Notes, the equity securities issuable upon conversion of the Notes and any securities issuable upon the conversion of such equity securities in reliance on the exemption contained in Subsection 4(2) of the Securities Act of 1933, as amended (the "Act"), Regulation D promulgated thereunder, and applicable state securities laws. The undersigned agrees to notify the Company promptly of any changes in the foregoing information which may occur prior to the investment. The undersigned further agrees that the Company may present this questionnaire and/or any of the information contained herein to such parties as the Company may deem appropriate, if called upon to establish that the proposed offer and sale of the Notes are exempt from registration under the Act or meet the requirements of applicable state securities laws.

Executed on: _____
(Date)

SIGNATURE

OSCAR DIZON
PRINT NAME

By: Raquel L. Dizon
(Signature)

RAQUEL DIZON
(Print Name)

(Print Title)

ANNEX A

Rule 501. Definitions and Terms Used in Regulation D.

As used in Regulation D, the following terms have the meaning indicated:

(a) **Accredited investor.** "Accredited investor" shall mean any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

(1) Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000; or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(2) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;

(3) Any organization described in Section 501(c)(3) of the Internal Revenue Code, company, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;

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

(5) Any natural person whose individual net worth*, or joint net worth* with that person's spouse, at the time of his purchase exceeds $1,000,000;

(6) Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(7) Any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

(8) Any entity in which all of the equity owners are accredited investors.

*excluding value of investor's primary residence; indebtedness secured by the residence in excess of the value of the home must be considered a liability and deducted from net worth.

[Remainder omitted]

SUBSCRIPTION AGREEMENT

THC HEALTH INC.

Convertible Promissory Notes

THC Health Inc.
47-20 Center Blvd., Ste. 1605
Long Island City, NY 11109
Attn: Christian Cespedes
Email: [redacted]

Ladies and Gentlemen:

This Agreement is made by and between THC Health Inc., a New York company ("THC Health" or the "Company"), and the undersigned prospective purchaser (the "Investor") who is hereby subscribing to purchase a Convertible Promissory Note (the "Note") in the aggregate principal amount set forth on the signature page below, such Note to be in the form and on the terms attached hereto as Exhibit I. The Notes and any equity securities issuable upon conversion of the Notes (and any securities issuable upon conversion of such equity securities) are referred to herein collectively as the "Securities."

This Note is one of a series of Convertible Promissory Notes, each in substantially the form of Exhibit I, in an aggregate principal amount of up to US$350,000 (which amount may be increased at any time or from time to time at the Company's discretion) that will be issued pursuant to substantially identical subscription agreements at one or more separate closings.

In consideration of the mutual covenants contained herein, the parties agree and represent as follows:

A. SUBSCRIPTION

1. Subject to the terms of this Agreement, the Investor hereby irrevocably subscribes for and agrees to purchase the Securities for the Total Amount of Investment indicated on the signature page hereto (the "Subscription") and hereby delivers to THC Health: (a) the signed signature pages to (i) this Agreement, (ii) the Questionnaire referred to below (the "Questionnaire"), and (iii) a completed IRS Form W-9 or Form W-8BEN, as applicable, and (b) payment of the Total Amount of Investment (the "Payment"), in the form of a check payable to "THC Health Inc." or by wire transfer to the Company's designated account.

2. The closing of the sale of the Securities to the Investor shall take place upon and subject to the Company's acceptance of the Subscription by signing and returning to the Investor a copy of this Agreement (the "Closing Date"). No interest is payable on the Subscription pending the Closing Date.

B. REPRESENTATIONS AND WARRANTIES

1. **By the Company.** The Company hereby represents and warrants to the Investor as follows:

(a) The Company is a company duly organized, validly existing and in good standing under the laws of the State of New York, has the requisite corporate power to own, lease and operate its

property and to carry on its business as now being conducted and as now proposed by the Company to be conducted.

(b) The Company has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company. Upon the due authorization, execution and delivery by the Company, this Agreement will constitute the valid and binding obligation of the Company, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(c) The execution and delivery of this Agreement by the Company does not, and the performance of this Agreement by the Company will not, (i) conflict with or violate the Certificate of Incorporation or By-Laws of the Company or (ii) materially conflict with or violate any law, rule, regulation, order, judgment or decree applicable to the Company or by which any of its properties is bound.

2. **By the Investor.** The Investor hereby represents and warrants to the Company as follows:

(a) The Investor is an "accredited investor" as that term is used in Rule 501(a) under the Securities Act of 1933, as amended (the "Securities Act"), in that the Investor is either:

(i) a natural person whose individual net worth*, or joint net worth* with his or her spouse, exceeds $1,000,000;

(ii) a natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with his or her spouse in excess of $300,000 in each of those years, and has a reasonable expectation of reaching the same income level in the current year;

(iii) a family trust or family limited partnership with respect to which the settlor or general partner and the person making the investment decision (each) meets either of the foregoing tests;

(iv) a partnership not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000; or

(v) an entity in which all the equity owners are "accredited investors".

*excluding value of Investor's primary residence; indebtedness secured by the residence in excess of the value of the home must be considered a liability and deducted from net worth.

(b) The Investor has been advised and understands that the Securities have not been registered under the Securities Act or any state securities or "blue sky" laws, and that such Securities cannot be resold unless the same are registered under all applicable laws or unless an exemption from registration thereunder is available. The Investor is acquiring the Securities to be purchased by it for its own account for investment, and not with a view to, or for resale in connection with, the distribution thereof, and has no present intention of distributing or reselling any portion thereof.

(c) The Investor understands that the Securities are being offered and sold without the delivery of any particular offering or disclosure materials. The Investor has been furnished with, and has

carefully read this Agreement, and any other documents that have been made available by or on behalf of the Company to the Investor upon request (to the extent the Investor deemed necessary or appropriate). The Investor is familiar with the limited business and operations of the Company and understands, has evaluated the merits and risks of a purchase of the Securities, and acknowledges receipt of the Risk Factors dated May 1st, 2015, and attached hereto as Exhibit II. The Investor has been given ample opportunity to ask of and receive answers from Company officials concerning the Company, its financing, operations, business and prospects, and the terms and conditions of this Subscription, and to obtain any additional information to the extent necessary to verify the accuracy of the other information obtained. The Investor has not received or been furnished with, and is not relying on, any information, statement or representation, oral or written, that varies in any material way from the information provided or made available to such Investor in writing by the Company. The Company has made available to the Investor all documents and information that the Investor has requested relating to an investment in the Securities.

(d) The Investor understands that the Company is not in any way limited as to future issues of debt instruments or shares of its capital stock. The Investor acknowledges that any presentations made by the Company (including any projections) have been, and continue to be, subject to change and that any such presentations or projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the presentations or projections will not materialize or will vary significantly from actual results.

(e) The Investor acknowledges that the purchase of the Securities may have adverse impact to the Investor and the Investor has carefully considered and has, to the extent the Investor believes such discussion necessary, discussed with the Investor's professional, legal, tax, accounting and financial advisors the suitability of an investment in the Securities and has determined that the Securities being subscribed for by the Investor are a suitable investment for the Investor. The Investor understands that it (and not the Company) shall be responsible for any tax liability of the Investor that may arise as a result of this investment or the transactions contemplated by the Note.

(f) The Investor recognizes that an investment in the Company involves a high degree of risk. The Investor's overall commitment to investments that are not readily marketable, including his or its proposed investment in the Securities, is not disproportionate to his or its net worth, and the Investor has had adequate means of providing for his current needs and personal contingencies and has no need for liquidity in his investment in the Securities.

(g) The Investor either (i) has a pre-existing personal or business relationship with the Company or (ii) by reason of the Investor's business or financial experience or the business or financial experience of the Investor's professional advisors who are unaffiliated with and who are not compensated by the Company, directly or indirectly, has the capacity to protect the Investor's interests in connection with the investment in the Securities, including without limitation to evaluate the merits and risks of an investment in the Securities and to make an informed investment decision with respect thereto.

(h) The information presented and the statements made by the Investor in the Questionnaire completed and delivered to the Company with this Subscription, including, without limitation, the information relating to the Investor's income and net worth, are complete and accurate as of this date and may be relied upon by the Company in determining whether to accept this Subscription.

(i) There are no claims for brokerage commissions, finder's fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made on behalf of the Investor.

(j) If the Investor is not a resident of the United States, the Investor hereby represents that such Investor is satisfied as to the full observance by such Investor of the laws of such Investor's jurisdiction in connection with the offer and sale of the Note (and the issuance of all securities of the Company issued or issuable in connection therewith), including (i) the legal requirements within Investor's jurisdiction for the purchase of such securities, (ii) any foreign exchange restrictions applicable to such purchase and (iii) any governmental or other consents that may need to be obtained. The Investor hereby further confirms that its execution and delivery of this Agreement, (and payment for the Subscription), and such Investor's continued beneficial ownership of the Note and any other securities issued or issuable under the Note will not violate any applicable securities or other laws of such Investor's jurisdiction.

(k) Each Investor that is entering into this Agreement outside the United States of America and its territories hereby further severally and not jointly represents and warrants to the Company as follows: (i) such Investor is executing this Agreement outside of the United States of America and its territories; (ii) such Investor's principal address, as set forth in the Questionnaire, is a location outside of the United States of America and its territories; (iii) such Investor is not a U.S. person (as defined in Rule 902(k) of the Securities Act) and is not acquiring the Securities for the account or benefit of any U.S. person; and (iv) such Investor acknowledges and agrees that the offer and sale of Securities has not been accompanied by an advertisement.

C. UNDERSTANDINGS AND COVENANTS OF THE INVESTOR

The Investor understands, acknowledges, agrees and covenants with the Company as follows:

1. This Subscription may be rejected, in whole or in part, by THC Health in its sole and absolute discretion, at any time before the Closing.

2. The Subscription is and shall be irrevocable by the Investor except that the Investor shall have no obligation hereunder in the event that the Subscription is rejected for any reason.

3. The Company is entitled to rely upon the representations and agreements of the Investor made herein and in the Questionnaire. The Investor shall indemnify, defend and hold harmless the Company and any officer, director, stockholder, employee, agent or controlling person of the Company who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of or arising from any actual or alleged misrepresentation or misstatement of facts or omission to represent or state facts made by the Investor to any such party concerning the Investor or the Investor's financial position in connection with the offering or sale of the Securities including, without limitation, any such misrepresentation, misstatement or omission contained in this Agreement or in the Questionnaire submitted by the Investor, against losses, liabilities and expenses for which the Company or any officer, director, stockholder, employee, agent or controlling person of the Company has not otherwise been reimbursed (including attorneys' fees, judgments, fines and amounts paid in settlement) as and when incurred by such person or entity in connection with such action, suit or proceeding.

4. **No Federal or state agency has made any finding or determination as to the accuracy or adequacy of the information set forth herein or as to the fairness of the terms of this offering for investment, nor any recommendation or endorsement of the Securities.**

5. The offering and sale of the Securities is intended to be exempt from registration under the Securities Act by virtue of Section 4(2) of the Securities Act and/or the provisions of Regulation D promulgated thereunder ("Regulation D"). There is no public or other market for the Securities, and no such public or other market is expected to develop for the Securities. The Investor will not sell, transfer,

encumber or otherwise dispose of any Securities except in accordance with the terms of the Note and unless (a) the Securities are registered under the Securities Act and applicable state securities laws or (b) in the opinion of counsel acceptable in form and substance to counsel to the Company, an exemption from the registration requirements of the Securities Act and such applicable state securities laws is available. There can be no assurance that the Investor will be able to sell or dispose of the Securities. Any certificate(s) representing the Securities purchased by the Investor shall bear suitable legends referring to the foregoing restrictions.

6. THC Health is not under any obligation to register the Securities for resale or to assist the Investor in complying with any exemption from registration therefor.

7. The Investor acknowledges that the information concerning the Company contained in this Agreement, and/or otherwise provided or made available to the Investor in connection with or related to the transactions contemplated hereby, is confidential and non-public and agrees that all such information shall be kept in strict confidence by the Investor and neither used by the Investor (other than in connection with the transactions contemplated by this Subscription Agreement) nor disclosed to any third party for any reason (other than to such Investor's legal, financial and tax advisors in connection with the transactions contemplated by this Subscription Agreement).

D. MISCELLANEOUS

1. This Agreement and the Note constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. Except as expressly set forth in Section 4 below, neither this Agreement nor any provision hereof may be waived, modified, changed, discharged, terminated, revoked or cancelled except by an instrument in writing signed by the party against whom any waiver, modification, change, discharge, termination, revocation or dissolution is sought.

2. Notices, requests, demands or other communications required or permitted to be given hereunder shall be in writing (including telecopy and email communications) and mailed, emailed, telecopied or delivered in writing: if to the Investor, at the address set forth in the Questionnaire submitted by the Investor; and if to the Company, at the address of the Company given above or to such party at such other address as is furnished by notice given in accordance herewith. All such notices, requests, demands and other communications shall, when delivered (via overnight courier, charges prepaid), or mailed (by certified mail, return receipt requested, postage prepaid), emailed or telecopied, be effective when deposited with the courier, or in the mails or delivered via confirmed email or telecopy, respectively, addressed as aforesaid, unless otherwise provided herein.

3. Failure of the Company to exercise any right or remedy under this Subscription Agreement or any other agreement between the Company and the Investor, or otherwise, or delay by the Company in exercising such right or remedy, will not operate as a waiver thereof.

4. **The Investor acknowledges and agrees that it is intended that all of the Investors under all Subscription Agreements will act in concert with respect to all actions taken regarding this Subscription Agreement and the Notes. To accomplish such result, the Investor hereby agrees that this Agreement, the Notes, or any term hereof or thereof may be amended, waived, discharged or terminated on behalf of such Investor by a written instrument signed by holders of Notes representing at least a majority of the then outstanding principal amount of all Notes.**

5. The Company and each Investor shall pay their own respective fees and expenses incurred in connection with the transactions contemplated herein. The Company shall have no obligation to pay any

fees or expenses incurred by any Investor in connection with the purchase and sale of the Notes or any of the other transactions contemplated by this Subscription Agreement.

6. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of, and be enforceable by, the respective successors and assigns of the parties hereto. This Agreement shall not run to the benefit of or be enforceable by any person other than a party to this Agreement and its successors and assigns.

7. All representations and warranties made in this Agreement and the Notes or any other instrument or document delivered in connection herewith or therewith, shall survive the execution and delivery hereof or thereof.

8. This Subscription Agreement shall be enforced, governed and construed in all respects in accordance with the internal laws of the State of New York, without regard for conflicts of laws or other principles that would result in the application of any law other than the internal laws of the State of New York, and shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof that may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

[*remainder of page left blank intentionally; signature page follows immediately*]

THC HEALTH INC.
CONVERTIBLE PROMISSORY NOTE
SUBSCRIPTION AGREEMENT SIGNATURE PAGE

In witness whereof, the parties have signed this Subscription Agreement by their duly authorized representatives as an instrument under seal as of the respective dates set forth below.

INVESTOR

OSCAR DIZON RAQUEL DIZON Date: 03 JUNE - 2015
Printed Name

Printed Title (if applicable)

Signature

Raquel L. Dizon
SIGNATURE

Total Amount of Investment: US$ [redacted]

Accepted and agreed:

THC HEALTH INC.

By: _____ Date: 03-JUNE-2015
Duly Authorized

PRESIDENT & CEO

EXHIBIT I

Form of Convertible Promissory Note

NONNEGOTIABLE CONVERTIBLE PROMISSORY NOTE

Neither this note, nor the shares of capital stock for which it may become convertible, have been registered under the Securities Act of 1933, as amended (the "Act"), or applicable state securities laws and neither this note nor such securities may be sold, transferred, assigned or otherwise disposed of unless registered under the Act and such laws or (1) registration under applicable state securities laws is not required and (2) an opinion of counsel satisfactory to the Company is furnished to the Company to the effect that registration under the Act is not required.

[redacted]

May 1st, 2015
New York, New York

FOR VALUE RECEIVED, THC Health Inc. (together with its successors and assigns, the "Company") promises to pay [Investor] (the "Holder"), at the Company's principal office, the principal sum of US$ [redacted] together with interest from the date of this Note on the unpaid principal balance at a rate equal to fifteen percent (15%) per annum, simple interest, computed on the basis of the actual number of days elapsed and a year of 365 days. Notwithstanding anything to the contrary set forth herein, in no event may the effective rate of interest collected or received by the Holder exceed that which may be charged, collected or received by the Holder under applicable law.

This Note is issued pursuant to a Subscription Agreement dated May 1st, 2015 between the Company and the Holder (the "Subscription Agreement") and is one of a series of Convertible Promissory Notes containing substantially identical terms and conditions that will be issued pursuant to substantially identical subscription agreements. Such Notes are collectively referred to herein as the "Notes," and the holders thereof are collectively referred to herein as the "Holders." This Note is not negotiable and is subject to the following terms and conditions, as well as the terms and conditions contained in the Subscription Agreement.

1. **Maturity**. Unless converted as provided in Section 2, this Note will mature and, be due and payable on March 31. Subject to Section 2 below, interest shall accrue on this Note but shall not be due and payable until the Maturity Date. Notwithstanding the foregoing, subject to the terms of Section 4 below, the entire unpaid principal sum of this Note, together with accrued and unpaid interest thereon, shall become immediately due and payable upon (i) the execution by the Company of a general assignment for the benefit of creditors, (ii) the filing by or against the Company of a petition in bankruptcy or any petition for relief under the federal bankruptcy act or the continuation of such petition without dismissal for a period of ninety (90) days or more, (iii) the appointment of a receiver, trustee or similar official to take possession of the property or assets of the Company, or (iv) at the election of the Required Holders, a "Transfer of Control," which is defined as either (A) a conversion, merger or consolidation of the Company with or into another entity as an immediate result of which the holders of voting equity interests in the Company immediately before such transaction hold less than fifty percent (50%) of the voting equity securities in the surviving entity or (B) a sale of all or substantially all the assets or capital stock of the Company to an unrelated party. In the event that the Company is not successful in obtaining a NYS DOH license, the Notes shall be subject to compulsory redemption by the Company, by payment

of all of the remaining proceeds from the sale of Notes in full settlement of the Company's payment obligations.

2. **Conversion**.

(a) **Qualified Financing**. As used herein, the term "Qualified Financing" means an equity financing with gross cash proceeds to the Company of at least US$2,000,000 (excluding conversion of the Notes and any other indebtedness of the Company).

(b) **Conversion to Stock Issued in Qualified Financing**. At and subject to the closing of a Qualified Financing, the entire unpaid principal amount of and accrued but unpaid interest on this Note, shall be converted into shares of the same class and series of stock (the "Stock") sold in the Qualified Financing (the date of such conversion being the "Conversion Date"). Notwithstanding the foregoing, at the Company's option, up to ten (10) days of accrued but unpaid interest may be paid in cash to the Holder at closing of the Qualified Financing. The number of shares of Stock to be issued upon such conversion shall be equal to the quotient obtained by dividing (I) the entire unpaid principal amount of this Note plus any accrued but unpaid interest as of the date of the closing of the Qualified Financing by (II) the lower of (x) eighty percent (80%) of the price per share of the Stock sold in the Qualified Financing or (y) the price per share of Stock that would be payable by an investor based upon a pre-money valuation of the Company's equity of US$10,000,000 (calculated on a fully diluted basis and prior to the conversion of any of the Notes). The issuance of the Stock shall otherwise be substantially upon the same terms and conditions applicable generally to such Qualified Financing. In connection with the conversion of this Note, the Holder will execute and deliver all agreements, certificates and other documents that are executed by the other investors in such Qualified Financing.

(c) **Notice of Qualified Financing**. The Company shall provide notice to the Holder of the anticipated closing of a Qualified Financing at least ten (10) days prior to the date of the closing of such Qualified Financing. Such notice shall specify the number of shares of Stock to be issued to such Holder upon conversion, the amount of cash to be paid to the Holder in lieu of any fractional shares of Stock and the anticipated date of the closing of such Qualified Financing.

(d) **Mechanics and Effect of Conversion**. No fractional shares of equity securities will be issued upon conversion of this Note. In lieu of any fractional share to which the Holder would otherwise be entitled, the Company will pay to the Holder in cash the amount of the unconverted principal and interest balance of this Note that would otherwise be converted into such fractional share. Upon conversion of this Note pursuant to this Section 2, the Holder shall surrender this Note, duly endorsed, at the principal offices of the Company or any transfer agent of the Company, provided that whether or not this Note has been surrendered, all amounts outstanding under this Note shall be deemed to have been converted pursuant to this Section 2 as of the applicable conversion date, and, as of such date, this Note shall be deemed fully paid and no longer outstanding and the Holder shall be treated for all purposes as the record holder of the appropriate number and type of shares of equity securities. At its expense, the Company will, as soon as practicable after the surrender of this Note, issue and deliver to the Holder, at its record address, a certificate or certificates for the number and type of shares of equity securities to which the Holder is entitled upon such conversion, together with any other securities and property to which the Holder is entitled upon such conversion under the terms of this Note, including a check payable to the Holder for any cash amounts payable as described herein. Upon conversion of this Note, the Company will be forever released from all of its obligations and liabilities under this Note with regard to the principal amount and accrued interest converted, including without limitation the obligation to pay such principal amount and accrued interest. Notwithstanding the foregoing, the Company shall not be obligated to issue the equity securities otherwise issuable upon conversion of this Note unless this Note is either delivered to the Company or any such transfer agent or the Holder notifies the Company or any such transfer agent

that the Note has been lost, stolen or destroyed and executes an agreement reasonably satisfactory to the Company to indemnify the Company from any loss incurred by it in connection therewith.

3. **Payment**. All payments hereunder shall be made in lawful money of the United States of America at the Holder's address for notices hereunder. Payment shall be credited first to the accrued interest then due and payable and the remainder applied to principal. Upon and subject to the approval of the Required Holders, the Company may pay this Note (including accrued and unpaid interest through the date of payment) in cash at any time before the Maturity Date or the applicable conversion date without penalty; provided that any prepayment shall be made on all of the Notes on a *pro rata* basis.

4. **Subordination**.

(a) **Senior Indebtedness.** As used herein, "Senior Indebtedness" means the principal of (and premium, if any) and unpaid interest on (i) indebtedness of the Company or with respect to which the Company is a guarantor to banks, insurance companies, lease financing institutions or other lending institutions regularly engaged in the business of lending money that is for money borrowed (or purchase or lease of equipment in the case of lease financing) by the Company, whether or not secured; or (ii) any other indebtedness which the Company and the Required Holders agree shall constitute "Senior Indebtedness".

(b) **Effect of Subordination**. This Note shall be junior in right of payment to any Senior Indebtedness of the Company outstanding from time to time. No payment shall be made in respect of the principal of or interest on this Note unless consistent with the terms of any such Senior Indebtedness. Subject to the rights, if any, of the holders of Senior Indebtedness under this Section 4 to receive cash, securities or other property otherwise payable or deliverable to the Holder of this Note, nothing contained in this Section 4 shall impair, as between the Company and the Holder, the obligation of the Company, subject to the terms and conditions hereof, to pay to the Holder the principal hereof and interest hereon as and when the same become due and payable, or shall prevent the Holder of this Note, upon default hereunder, from exercising all rights, powers and remedies otherwise provided herein or by applicable law.

(c) **Subrogation**. Subject to the payment in full of all Senior Indebtedness and until this Note shall be paid in full, the Holder shall be subrogated to the rights of the holders of Senior Indebtedness (to the extent of payments or distributions previously made to such holders of Senior Indebtedness pursuant to the provisions of Section 4 above) to receive payments or distributions of assets of the Company applicable to the Senior Indebtedness. No such payments or distributions to the Holder applicable to the Senior Indebtedness shall, as among the Company, its creditors (other than the holders of the Senior Indebtedness), and the Holder, be deemed to be a payment by the Company to or on account of this Note; and for the purposes of such subrogation, no payments or distributions to the holders of Senior Indebtedness to which the Holder would be entitled except for the provisions of this Section 4 shall, as among the Company, its creditors (other than the holders of Senior Indebtedness), and the Holder, be deemed to be a payment by the Company to or on account of the Senior Indebtedness.

(d) **Undertaking**. By its acceptance of this Note and as a condition to the Holder's rights hereunder, the Holder agrees to execute and deliver one or more subordination agreements for the benefit of lenders of Senior Indebtedness, and such other documents as may be reasonably requested from time to time by the Company or the lender of any Senior Indebtedness, in order to implement the foregoing provisions of this Section 4.

5. **Transfer; Successors and Assigns**. The terms and conditions of this Note shall inure to the benefit of and be binding upon the respective successors and assigns of the parties; provided,

however, that the Holder may not assign, pledge, or otherwise transfer its rights, remedies, obligations, or liabilities under this Note without the prior written consent of the Company. This Note will be registered on the books of the Company or its agent as to the holder thereof and outstanding principal and interest. Any transfer of this Note may be effected only upon surrender of the original note for registration of transfer, duly endorsed, or accompanied by a duly executed written instrument of transfer in form satisfactory to the Company. Thereupon, a new note for the same principal amount and interest will be issued to, and registered in the name of, the transferee. Interest and principal are payable only to the registered holder of this Note. The Company may elect not to permit a transfer of the Note if it has not obtained satisfactory assurance that such transfer: (a) is exempt from the registration requirements of, or covered by an effective registration statement under, the Securities Act of 1933, as amended, and the rules and regulations thereunder, and (b) is in compliance with all applicable state securities laws, including without limitation receipt of an opinion of counsel for the Investor (or other holder, as the case may be), which opinion shall be satisfactory to the Company.

6. **New Note**. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Note, the Company will issue a new Note, of like tenor and amount and dated the date to which interest has been paid, in lieu of such lost, stolen, destroyed or mutilated Note, and in such event the Holder (or other holder, as the case may be) agrees to indemnify and hold harmless the Company in respect of any such lost, stolen, destroyed or mutilated Note.

7. **Governing Law**. This Note and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be enforced, governed and construed in all respects in accordance with the internal laws of the State of New York, without regard for conflicts of laws or other principles that would result in the application of any law other than the internal laws of the State of New York. The Holder hereby irrevocably consents to the exclusive jurisdiction of the courts of the State of New York and of any federal court located in the State of New York in connection with any action or proceeding arising out of or related to this Note or any document or instrument delivered in pursuant to or in connection therewith.

8. **Notices**. Any notice, request, demand or other communication required or permitted by this Note shall be in writing (including telecopy and email communications) and mailed, emailed, telecopied or delivered in writing: if to the Holder, at the address set forth in the Investor Questionnaire submitted by the Holder with the Subscription Agreement; and if to the Company, at THC Health Inc., 47-20 Center Boulevard, Suite 1605, Long Island City, NY 11109 Attn: Christian Cespedes (email: _____) or to such party at such other address as is furnished by notice given in accordance herewith. All such notices, requests, demands and other communications shall, when delivered (via overnight courier, charges prepaid), or mailed (by certified mail, return receipt requested, postage prepaid), or emailed or telecopied, be effective when deposited with the courier, or deposited in the mails or delivered via confirmed email or telecopy, respectively, addressed as aforesaid, unless otherwise provided herein.

9. **Amendments and Waivers**. This Note (including without limitation the Maturity Date hereof) may be amended, and any obligation of the Company hereunder hereof may be waived (i) with the written consent of the Company and the Holder hereof or (ii) with the written consent of the Company and the Required Holders; provided that the substance of any amendment or waiver effected pursuant to clause (ii) shall be equally applicable to all the Notes. Any amendment or waiver effected in accordance with this Section 9 shall be binding upon the Company, each Holder and each transferee of this Note. The Company hereby covenants and agrees to provide written notice of any such amendment to the Holder hereof and the Holder hereby agrees to attach any such notice to this Note in order to incorporate such amended provisions herein.

10. **Individuals Not Liable**. In no event shall any member, stockholder, manager, officer or director of the Company be personally liable for any amounts due or payable under this Note.

11. **Severability.** If any of the provisions of this Note shall be held to be invalid or unenforceable, the determination of invalidity or unenforceability of any such provision shall not affect the validity or enforceability of any other provision or provisions hereof.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Company has executed this Note by its duly authorized officer as of the date first stated above.

THC HEALTH INC.

By: _____
Name: CHRISTIAN CESPEDES
Title: PRESIDENT & CEO

EXHIBIT II
THC HEALTH INC.
RISK FACTORS

May 1st, 2015

An investment in Convertible Promissory Notes (each a "Note") issued in the financing of THC Health Inc. (the "Company") involves a high degree of risk. The following risk factors, in addition to any other information contained in materials being distributed to prospective investors in connection with this offering, should be considered carefully in evaluating the Company and its proposed business before purchasing the Notes offered hereby.

Additional risks and uncertainties not presently known to the Company or that it currently deems immaterial may also impair its business operations. If any of the following risks actually occur, the Company's business, prospects, financial condition or results of operations could be materially adversely affected. In such case, the investor may lose all or part of the investor's investment.

The Notes being offered hereby should be regarded as speculative, and should be purchased only by individuals or entities that could afford to lose all or part of their investment.

Risks Relating to this Offering

- The Securities have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or registered or qualified under the securities laws of any state.
- No present public market for the Notes offered hereby or the securities into which the Notes are convertible (the Notes and the securities, collectively, the "Securities") exists and there are general restrictions on the resale of the Securities.
- The Securities must be held indefinitely unless they are subsequently registered under the Securities Act and under applicable state securities laws.
- A subsequent financing may result in a dilution in your ownership in the Company. The Company will need to seek subsequent financing in the event it is successful in obtaining a NYS DOH license.
- The Company has not formulated an exit strategy at this time and the possibility and timing of a liquidity event for investors is unknown.

Risks Relating to the NYS DOH License Application Process

- The Company might not be granted a NYS DOH license despite all appropriate efforts. The Company has no way of knowing the number of qualified applicants that may submit applications and competition for the few available licenses is expected to be intense.
- The Company might face application process delays resulting from unforeseen gaps/problems with the regulations, ambiguous interpretation of regulations or changes that may be made in the application process or requirements, among others.
- The NYS program might be curtailed, cancelled or otherwise stopped, and it is uncertain if application fees will be returned or if they will be returned in a time efficient manner.
- The NYS program may revoke a provisional license if a successful applicant fails to begin operations within 6 months of the award of the provisional license, and there is no assurance that the Company would be able to begin operations within this time period.
- If the Company is not successful in obtaining a NYS DOH license, it will likely dissolve.

Post Approval – Business and Operational Risks

- The Company has a limited operating history which makes it difficult to evaluate its future prospects and the potential value of an Investor's investment. No assurances can be given that the Company will be able to successfully maintain and develop its business or meet its business objectives.
- The Company's operating expenses will be high and there can be no assurance that the Company will achieve or maintain profitability. If the Company is not successful in becoming profitable, it may be forced to curtail or cease operations.
- In order to meet its short-term and long-term business goals, the Company will need to seek additional funding. The Company can provide no assurance that it will be able to obtain such additional funding on favorable terms.
- The Company will operate in a highly competitive market and will encounter competitors that have greater resources and experience. If the Company cannot successfully compete against these companies, its business, results of operations and financial condition are likely to be materially and adversely affected.
- The Company must attract and retain qualified personnel to be successful, and competition for qualified personnel is intense in its market.
- The Company might face delays in physician certification and/or delays in required testing.
- The Company might face physician resistance to providing recommendation of medical marijuana as appropriate treatment, which is required under the NYS program for approval of "registered user" applications.
- The Company might face crop failure or crop infestations; crime, including vandalism and/or fire, which could completely or partially destroy the Company's medical marijuana supplies. Additionally, adverse weather conditions might affect the Company's transportation and distribution from manufacturing facilities to dispensaries.
- There might be difficulty in obtaining a medical marijuana insurance policy, and the Company may be forced to self-insure which could cause severe financial hardship in defending any claims.
- There is an inherent unpredictability of the marijuana marketplace, due in part to changing consumer sentiment and competition from illegal sellers.

Post Approval Regulatory Risks

- Medical marijuana is a relatively new and emerging industry and there may be unforeseen changes in federal and state legislation, including, but not limited to, changes in the legality of medical marijuana. Also, nearby states may legalize marijuana, which may affect the Company's business.
- The Company may face high costs of having to comply with robust state and federal medical marijuana regulations. The Company faces unpredictability of potentially onerous state and city tax rates.
- The Company may face difficulty in engaging needed services due to lingering concerns around legalization of medical marijuana.
- There is political risk of a cancellation of the NYS program by the legislature or Governor of New York.
- The Company business faces the risk that the federal government might prohibit medical marijuana growers from purchasing or leasing private land or otherwise impose harsh laws that could negatively affect the Company.
- Federal Banking Regulations currently deter banks from doing business with cannabis businesses like the Company, forcing them to operate only with cash and thereby increasing their security risks.

- According to federal regulations, any transaction involving proceeds of marijuana sales may serve as a basis for money laundering prosecution and the Company, Company officers and directors, and investors face some level of risk of being charged with violation of the federal anti-money laundering statutes. However, the Company is not aware of any situation where the federal government has pursued such prosecution against a medical marijuana business duly licensed under state laws.
- Elected candidates may amend federal medical marijuana regulations in ways that negatively affect the Company and the medical marijuana industry.
- The Company faces the risk of potential federal legal action against the relevant states regarding their marijuana regimes, including New York.

Forward-Looking Statements

The documents being distributed herewith contain forward looking statements. These forward-looking statements are not historical facts but rather are based on current expectations, estimates and projections about the Company's industry, the Company's beliefs and the Company's assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," and "estimates," and variations of these words and similar expressions, are intended to identify forward looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Company's control, are difficult to predict and could cause actual results to differ materially from those expressed, implied or forecasted in the forward-looking statements. In addition, the forward-looking events discussed therein might not occur. These risks and uncertainties include, among others, those described above in these "Risk Factors". Prospective investors are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's management's view only as of the date hereof. Except as required by law, the Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

THC HEALTH INC.

Convertible Promissory Notes

SUBSCRIPTION INSTRUCTIONS

(Please Read Carefully)

May 1st, 2015

THC HEALTH INC. MAY, IN ITS SOLE DISCRETION, REJECT THE SUBSCRIPTION REQUEST, IN WHOLE OR IN PART, OF ANY PERSON AT ANY TIME BEFORE THE CLOSING. ANY REPRESENTATION TO THE CONTRARY IS UNAUTHORIZED AND MUST NOT BE RELIED UPON.

THC Health Inc., a New York corporation ("THC Health" or the "Company"), is offering for sale Convertible Promissory Notes of like tenor in an aggregate principal amount of US$300,000, which amount may be increased at any time or from time to time at the Company's discretion (the "Notes"). For the terms of the Notes, see the form of Note attached to the Subscription Agreement.

I. This Subscription Package contains all of the Subscription Materials necessary for you to subscribe for the Notes. The Subscription Materials include:

(1) a questionnaire (the "Questionnaire") for you to complete and sign to demonstrate to THC Health that you satisfy the applicable suitability standards for purchasers of the Notes;

(2) a Subscription Agreement for you to sign to agree to the terms of the offering and the Notes;

(3) a form of Note (attached as Exhibit I to the Subscription Agreement); and

(4) Internal Revenue Service Form W-9 (Request for Taxpayer Identification Number and Certification) to be completed by U.S Persons, and Form W-8BEN (Certificate of Foreign Status of Beneficial Owner For United States Tax Withholding) to be completed by non-U.S. Persons.

II. After reading the Subscription Materials, please fill in all applicable information. You must complete all information required on the following documents and then sign them:

(1) the Questionnaire,

(2) Signature page of the Subscription Agreement (including completion of investment information); and

(3) Internal Revenue Service Form W-9 or Form W-8BEN, as applicable.

Once you have completed these documents, please return an entire set of Subscription Materials to the Company at the address set forth below in Section IV.

III. Payment for your Note should be made by either:

(1) delivery to the Company of a check payable to "THC Health Inc."; or

(2) wire transfer to THC Health Inc. with the following information:

(a) for domestic wires:

Bank name:	JPMorgan Chase Bank, N.A.
Bank Address:	P.O. Box 659754
Account Number:	[redacted]
Account Name:	THC Health Inc.
Reference:	[Insert Name of Sender]

(b) for international wires:

Bank name:	JPMorgan Chase Bank, N.A.
Bank Address:	P.O. Box 659754
Routing Number:	021000021
Swift Code:	CHASUS33
Account Number:	[redacted]
Account Name:	THC Health Inc.
Reference:	[Insert Name of Sender]

The check or wire must be in the full amount of your investment in the Notes (shown as the "Total Amount of Investment" on the signature page to the Subscription Agreement). *If you wire funds, please notify the Company promptly.*

IV. Send all documents to the Company either by courier or regular mail to its address set forth below or by electronic mail in PDF format to the email address below:

THC Health Inc.
[redacted]

V. If your subscription is accepted by THC Health, you will receive a copy of your Subscription Agreement and an original Note issued to you by the Company after the closing.

Questions regarding completion of subscription documents should be directed to

Christian Cespedes, THC Health Inc.

Teleph[redacted]

E-mail:[redacted]

PLEASE PRINT IN INK OR TYPE ALL INFORMATION.

CONFIDENTIAL

THC HEALTH INC.

INVESTOR QUESTIONNAIRE

(All Information Furnished in Completing This Questionnaire Will Be Treated Confidentially, Subject to the Uses Set Forth Below)

Responses to this questionnaire will be used by THC Health Inc. (the "Company") to assure compliance with federal and state securities laws.

Please complete, sign, date, and return one copy of this questionnaire if you elect to participate in the offering of the Company's Notes.

If the answer to any question below is "none" or "not applicable" please so indicate.

1. IDENTIFICATION

Name: ROSARIO CESPEDES

Permanent Residential Address: [redacted]

Capacity in which the proposed [redacted] (e.g., individually, jointly with spouse, in trust, etc.): INDIVIDUALLY

2. PROPOSED INVESTMENT

Please indicate the amount of your proposed investment in the Notes. US$ [redacted]

3. ACCREDITED INVESTOR QUALIFICATION

The undersigned hereby certifies that he has read the definition of an "accredited investor" from Rule 501 of Regulation D attached hereto as Annex A, and certifies that (please check each situation that applies):

[ ] The investor is a partnership not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000.

[ ] The investor is an entity in which all the equity owners are "accredited investors".

[ ] My individual net worth*, or joint net worth* with my spouse, presently exceeds $1,000,000 and I reasonably expect this to be true at the time of my purchase of the Securities. I will inform the Company if such net worth declines below $1,000,000 prior to the time of such purchase.

[ ] My individual income was in excess of $200,000 in each of the two most recent years and I reasonably expect to reach the same income level in the current year.

[ ] My joint income with my spouse was in excess of $300,000 in each of the two most recent years and I reasonably expect to reach the same joint income level with my spouse in the current year.

[X] None of the above.

*excluding value of my primary residence; indebtedness secured by the residence in excess of the value of the home must be considered a liability and deducted from net worth.

4. INVESTMENT EXPERIENCE

Please check the applicable spaces to indicate your experience making investments in startup private companies:

Considerable [ ] Some [ ] Never [X]

Please provide any additional information concerning your previous investments and your business, financial, and investment experience that you think would be useful in assisting the Company in evaluating your capacity to evaluate the merits and risks of the proposed investment.

_____

_____

_____

The above information is true and correct in all respects, and the undersigned recognizes that the Company is relying on the truth and accuracy of such information for the issuance of the Notes, the equity securities issuable upon conversion of the Notes and any securities issuable upon the conversion of such equity securities in reliance on the exemption contained in Subsection 4(2) of the Securities Act of 1933, as amended (the "Act"), Regulation D promulgated thereunder, and applicable state securities laws. The undersigned agrees to notify the Company promptly of any changes in the foregoing information which may occur prior to the investment. The undersigned further agrees that the Company may present this questionnaire and/or any of the information contained herein to such parties as the Company may deem appropriate, if called upon to establish that the proposed offer and sale of the Notes are exempt from registration under the Act or meet the requirements of applicable state securities laws.

Executed on: 02-JUNE-2015
(Date)

By: Rosario Cespedes
(Signature)

ROSARIO CESPEDES
(Print Name)

INDIVIDUAL
(Print Title)

ANNEX A

Rule 501. Definitions and Terms Used in Regulation D.

As used in Regulation D, the following terms have the meaning indicated:

(a) **Accredited investor.** "Accredited investor" shall mean any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

(1) Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000; or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(2) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;

(3) Any organization described in Section 501(c)(3) of the Internal Revenue Code, company, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;

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

(5) Any natural person whose individual net worth*, or joint net worth* with that person's spouse, at the time of his purchase exceeds $1,000,000;

(6) Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(7) Any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

(8) Any entity in which all of the equity owners are accredited investors.

*excluding value of investor's primary residence; indebtedness secured by the residence in excess of the value of the home must be considered a liability and deducted from net worth.

[Remainder omitted]

SUBSCRIPTION AGREEMENT

THC HEALTH INC.

Convertible Promissory Notes

THC Health Inc.
47-20 Center Blvd., Ste. 1605
Long Island City, NY 11109
Attn: Christian Cespedes
Email: [redacted]

Ladies and Gentlemen:

This Agreement is made by and between THC Health Inc., a New York company ("THC Health" or the "Company"), and the undersigned prospective purchaser (the "Investor") who is hereby subscribing to purchase a Convertible Promissory Note (the "Note") in the aggregate principal amount set forth on the signature page below, such Note to be in the form and on the terms attached hereto as Exhibit I. The Notes and any equity securities issuable upon conversion of the Notes (and any securities issuable upon conversion of such equity securities) are referred to herein collectively as the "Securities."

This Note is one of a series of Convertible Promissory Notes, each in substantially the form of Exhibit I, in an aggregate principal amount of up to US$350,000 (which amount may be increased at any time or from time to time at the Company's discretion) that will be issued pursuant to substantially identical subscription agreements at one or more separate closings.

In consideration of the mutual covenants contained herein, the parties agree and represent as follows:

A. SUBSCRIPTION

1. Subject to the terms of this Agreement, the Investor hereby irrevocably subscribes for and agrees to purchase the Securities for the Total Amount of Investment indicated on the signature page hereto (the "Subscription") and hereby delivers to THC Health: (a) the signed signature pages to (i) this Agreement, (ii) the Questionnaire referred to below (the "Questionnaire"), and (iii) a completed IRS Form W-9 or Form W-8BEN, as applicable, and (b) payment of the Total Amount of Investment (the "Payment"), in the form of a check payable to "THC Health Inc." or by wire transfer to the Company's designated account.

2. The closing of the sale of the Securities to the Investor shall take place upon and subject to the Company's acceptance of the Subscription by signing and returning to the Investor a copy of this Agreement (the "Closing Date"). No interest is payable on the Subscription pending the Closing Date.

B. REPRESENTATIONS AND WARRANTIES

1. **By the Company.** The Company hereby represents and warrants to the Investor as follows:

(a) The Company is a company duly organized, validly existing and in good standing under the laws of the State of New York, has the requisite corporate power to own, lease and operate its

property and to carry on its business as now being conducted and as now proposed by the Company to be conducted.

(b) The Company has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company. Upon the due authorization, execution and delivery by the Company, this Agreement will constitute the valid and binding obligation of the Company, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(c) The execution and delivery of this Agreement by the Company does not, and the performance of this Agreement by the Company will not, (i) conflict with or violate the Certificate of Incorporation or By-Laws of the Company or (ii) materially conflict with or violate any law, rule, regulation, order, judgment or decree applicable to the Company or by which any of its properties is bound.

2. **By the Investor.** The Investor hereby represents and warrants to the Company as follows:

(a) The Investor is an "accredited investor" as that term is used in Rule 501(a) under the Securities Act of 1933, as amended (the "Securities Act"), in that the Investor is either:

(i) a natural person whose individual net worth*, or joint net worth* with his or her spouse, exceeds $1,000,000;

(ii) a natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with his or her spouse in excess of $300,000 in each of those years, and has a reasonable expectation of reaching the same income level in the current year;

(iii) a family trust or family limited partnership with respect to which the settlor or general partner and the person making the investment decision (each) meets either of the foregoing tests;

(iv) a partnership not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000; or

(v) an entity in which all the equity owners are "accredited investors".

*excluding value of Investor's primary residence; indebtedness secured by the residence in excess of the value of the home must be considered a liability and deducted from net worth.

(b) The Investor has been advised and understands that the Securities have not been registered under the Securities Act or any state securities or "blue sky" laws, and that such Securities cannot be resold unless the same are registered under all applicable laws or unless an exemption from registration thereunder is available. The Investor is acquiring the Securities to be purchased by it for its own account for investment, and not with a view to, or for resale in connection with, the distribution thereof, and has no present intention of distributing or reselling any portion thereof.

(c) The Investor understands that the Securities are being offered and sold without the delivery of any particular offering or disclosure materials. The Investor has been furnished with, and has

carefully read this Agreement, and any other documents that have been made available by or on behalf of the Company to the Investor upon request (to the extent the Investor deemed necessary or appropriate). The Investor is familiar with the limited business and operations of the Company and understands, has evaluated the merits and risks of a purchase of the Securities, and acknowledges receipt of the Risk Factors dated May 1st, 2015, and attached hereto as Exhibit II. The Investor has been given ample opportunity to ask of and receive answers from Company officials concerning the Company, its financing, operations, business and prospects, and the terms and conditions of this Subscription, and to obtain any additional information to the extent necessary to verify the accuracy of the other information obtained. The Investor has not received or been furnished with, and is not relying on, any information, statement or representation, oral or written, that varies in any material way from the information provided or made available to such Investor in writing by the Company. The Company has made available to the Investor all documents and information that the Investor has requested relating to an investment in the Securities.

(d) The Investor understands that the Company is not in any way limited as to future issues of debt instruments or shares of its capital stock. The Investor acknowledges that any presentations made by the Company (including any projections) have been, and continue to be, subject to change and that any such presentations or projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the presentations or projections will not materialize or will vary significantly from actual results.

(e) The Investor acknowledges that the purchase of the Securities may have adverse impact to the Investor and the Investor has carefully considered and has, to the extent the Investor believes such discussion necessary, discussed with the Investor's professional, legal, tax, accounting and financial advisors the suitability of an investment in the Securities and has determined that the Securities being subscribed for by the Investor are a suitable investment for the Investor. The Investor understands that it (and not the Company) shall be responsible for any tax liability of the Investor that may arise as a result of this investment or the transactions contemplated by the Note.

(f) The Investor recognizes that an investment in the Company involves a high degree of risk. The Investor's overall commitment to investments that are not readily marketable, including his or its proposed investment in the Securities, is not disproportionate to his or its net worth, and the Investor has had adequate means of providing for his current needs and personal contingencies and has no need for liquidity in his investment in the Securities.

(g) The Investor either (i) has a pre-existing personal or business relationship with the Company or (ii) by reason of the Investor's business or financial experience or the business or financial experience of the Investor's professional advisors who are unaffiliated with and who are not compensated by the Company, directly or indirectly, has the capacity to protect the Investor's interests in connection with the investment in the Securities, including without limitation to evaluate the merits and risks of an investment in the Securities and to make an informed investment decision with respect thereto.

(h) The information presented and the statements made by the Investor in the Questionnaire completed and delivered to the Company with this Subscription, including, without limitation, the information relating to the Investor's income and net worth, are complete and accurate as of this date and may be relied upon by the Company in determining whether to accept this Subscription.

(i) There are no claims for brokerage commissions, finder's fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made on behalf of the Investor.

(j) If the Investor is not a resident of the United States, the Investor hereby represents that such Investor is satisfied as to the full observance by such Investor of the laws of such Investor's jurisdiction in connection with the offer and sale of the Note (and the issuance of all securities of the Company issued or issuable in connection therewith), including (i) the legal requirements within Investor's jurisdiction for the purchase of such securities, (ii) any foreign exchange restrictions applicable to such purchase and (iii) any governmental or other consents that may need to be obtained. The Investor hereby further confirms that its execution and delivery of this Agreement, (and payment for the Subscription), and such Investor's continued beneficial ownership of the Note and any other securities issued or issuable under the Note will not violate any applicable securities or other laws of such Investor's jurisdiction.

(k) Each Investor that is entering into this Agreement outside the United States of America and its territories hereby further severally and not jointly represents and warrants to the Company as follows: (i) such Investor is executing this Agreement outside of the United States of America and its territories; (ii) such Investor's principal address, as set forth in the Questionnaire, is a location outside of the United States of America and its territories; (iii) such Investor is not a U.S. person (as defined in Rule 902(k) of the Securities Act) and is not acquiring the Securities for the account or benefit of any U.S. person; and (iv) such Investor acknowledges and agrees that the offer and sale of Securities has not been accompanied by an advertisement.

C. UNDERSTANDINGS AND COVENANTS OF THE INVESTOR

The Investor understands, acknowledges, agrees and covenants with the Company as follows:

1. This Subscription may be rejected, in whole or in part, by THC Health in its sole and absolute discretion, at any time before the Closing.

2. The Subscription is and shall be irrevocable by the Investor except that the Investor shall have no obligation hereunder in the event that the Subscription is rejected for any reason.

3. The Company is entitled to rely upon the representations and agreements of the Investor made herein and in the Questionnaire. The Investor shall indemnify, defend and hold harmless the Company and any officer, director, stockholder, employee, agent or controlling person of the Company who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of or arising from any actual or alleged misrepresentation or misstatement of facts or omission to represent or state facts made by the Investor to any such party concerning the Investor or the Investor's financial position in connection with the offering or sale of the Securities including, without limitation, any such misrepresentation, misstatement or omission contained in this Agreement or in the Questionnaire submitted by the Investor, against losses, liabilities and expenses for which the Company or any officer, director, stockholder, employee, agent or controlling person of the Company has not otherwise been reimbursed (including attorneys' fees, judgments, fines and amounts paid in settlement) as and when incurred by such person or entity in connection with such action, suit or proceeding.

4. **No Federal or state agency has made any finding or determination as to the accuracy or adequacy of the information set forth herein or as to the fairness of the terms of this offering for investment, nor any recommendation or endorsement of the Securities.**

5. The offering and sale of the Securities is intended to be exempt from registration under the Securities Act by virtue of Section 4(2) of the Securities Act and/or the provisions of Regulation D promulgated thereunder ("Regulation D"). There is no public or other market for the Securities, and no such public or other market is expected to develop for the Securities. The Investor will not sell, transfer,

encumber or otherwise dispose of any Securities except in accordance with the terms of the Note and unless (a) the Securities are registered under the Securities Act and applicable state securities laws or (b) in the opinion of counsel acceptable in form and substance to counsel to the Company, an exemption from the registration requirements of the Securities Act and such applicable state securities laws is available. There can be no assurance that the Investor will be able to sell or dispose of the Securities. Any certificate(s) representing the Securities purchased by the Investor shall bear suitable legends referring to the foregoing restrictions.

6. THC Health is not under any obligation to register the Securities for resale or to assist the Investor in complying with any exemption from registration therefor.

7. The Investor acknowledges that the information concerning the Company contained in this Agreement, and/or otherwise provided or made available to the Investor in connection with or related to the transactions contemplated hereby, is confidential and non-public and agrees that all such information shall be kept in strict confidence by the Investor and neither used by the Investor (other than in connection with the transactions contemplated by this Subscription Agreement) nor disclosed to any third party for any reason (other than to such Investor's legal, financial and tax advisors in connection with the transactions contemplated by this Subscription Agreement).

D. MISCELLANEOUS

1. This Agreement and the Note constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. Except as expressly set forth in Section 4 below, neither this Agreement nor any provision hereof may be waived, modified, changed, discharged, terminated, revoked or cancelled except by an instrument in writing signed by the party against whom any waiver, modification, change, discharge, termination, revocation or dissolution is sought.

2. Notices, requests, demands or other communications required or permitted to be given hereunder shall be in writing (including telecopy and email communications) and mailed, emailed, telecopied or delivered in writing: if to the Investor, at the address set forth in the Questionnaire submitted by the Investor; and if to the Company, at the address of the Company given above or to such party at such other address as is furnished by notice given in accordance herewith. All such notices, requests, demands and other communications shall, when delivered (via overnight courier, charges prepaid), or mailed (by certified mail, return receipt requested, postage prepaid), emailed or telecopied, be effective when deposited with the courier, or in the mails or delivered via confirmed email or telecopy, respectively, addressed as aforesaid, unless otherwise provided herein.

3. Failure of the Company to exercise any right or remedy under this Subscription Agreement or any other agreement between the Company and the Investor, or otherwise, or delay by the Company in exercising such right or remedy, will not operate as a waiver thereof.

4. **The Investor acknowledges and agrees that it is intended that all of the Investors under all Subscription Agreements will act in concert with respect to all actions taken regarding this Subscription Agreement and the Notes. To accomplish such result, the Investor hereby agrees that this Agreement, the Notes, or any term hereof or thereof may be amended, waived, discharged or terminated on behalf of such Investor by a written instrument signed by holders of Notes representing at least a majority of the then outstanding principal amount of all Notes.**

5. The Company and each Investor shall pay their own respective fees and expenses incurred in connection with the transactions contemplated herein. The Company shall have no obligation to pay any

5. The Company and each Investor shall pay their own respective fees and expenses incurred in connection with the transactions contemplated herein. The Company shall have no obligation to pay any fees or expenses incurred by any Investor in connection with the purchase and sale of the Notes or any of the other transactions contemplated by this Subscription Agreement.

6. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of, and be enforceable by, the respective successors and assigns of the parties hereto. This Agreement shall not run to the benefit of or be enforceable by any person other than a party to this Agreement and its successors and assigns.

7. All representations and warranties made in this Agreement and the Notes or any other instrument or document delivered in connection herewith or therewith, shall survive the execution and delivery hereof or thereof.

8. This Subscription Agreement shall be enforced, governed and construed in all respects in accordance with the internal laws of the State of New York, without regard for conflicts of laws or other principles that would result in the application of any law other than the internal laws of the State of New York, and shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof that may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

[*remainder of page left blank intentionally; signature page follows immediately*]

THC HEALTH INC.
CONVERTIBLE PROMISSORY NOTE
SUBSCRIPTION AGREEMENT SIGNATURE PAGE

In witness whereof, the parties have signed this Subscription Agreement by their duly authorized representatives as an instrument under seal as of the respective dates set forth below.

INVESTOR

ROSARIO CESPEDES
Printed Name

Date: 02-JUNE-2015

Printed Title (if applicable)

Rosario Cespedes
Signature

Total Amount of Investment: US [redacted]

Accepted and agreed:

THC HEALTH INC.

By: [signature]
Duly Authorized

CHRISTIAN CESPEDES
PRESIDENT & CEO

Date: 02-JUNE-2015

EXHIBIT I

Form of Convertible Promissory Note

NONNEGOTIABLE CONVERTIBLE PROMISSORY NOTE

Neither this note, nor the shares of capital stock for which it may become convertible, have been registered under the Securities Act of 1933, as amended (the "Act"), or applicable state securities laws and neither this note nor such securities may be sold, transferred, assigned or otherwise disposed of unless registered under the Act and such laws or (1) registration under applicable state securities laws is not required and (2) an opinion of counsel satisfactory to the Company is furnished to the Company to the effect that registration under the Act is not required.

[redacted]

May 1st, 2015
New York, New York

FOR VALUE RECEIVED, THC Health Inc. (together with its successors and assigns, the "Company") promises to pay [Investor] (the "Holder"), at the Company's principal office, the principal sum of US$[redacted] together with interest from the date of this Note on the unpaid principal balance at a rate equal to fifteen percent (15%) per annum, simple interest, computed on the basis of the actual number of days elapsed and a year of 365 days. Notwithstanding anything to the contrary set forth herein, in no event may the effective rate of interest collected or received by the Holder exceed that which may be charged, collected or received by the Holder under applicable law.

This Note is issued pursuant to a Subscription Agreement dated May 1st, 2015 between the Company and the Holder (the "Subscription Agreement") and is one of a series of Convertible Promissory Notes containing substantially identical terms and conditions that will be issued pursuant to substantially identical subscription agreements. Such Notes are collectively referred to herein as the "Notes," and the holders thereof are collectively referred to herein as the "Holders." This Note is not negotiable and is subject to the following terms and conditions, as well as the terms and conditions contained in the Subscription Agreement.

1. **Maturity**. Unless converted as provided in Section 2, this Note will mature and, be due and payable on March 31. Subject to Section 2 below, interest shall accrue on this Note but shall not be due and payable until the Maturity Date. Notwithstanding the foregoing, subject to the terms of Section 4 below, the entire unpaid principal sum of this Note, together with accrued and unpaid interest thereon, shall become immediately due and payable upon (i) the execution by the Company of a general assignment for the benefit of creditors, (ii) the filing by or against the Company of a petition in bankruptcy or any petition for relief under the federal bankruptcy act or the continuation of such petition without dismissal for a period of ninety (90) days or more, (iii) the appointment of a receiver, trustee or similar official to take possession of the property or assets of the Company, or (iv) at the election of the Required Holders, a "Transfer of Control," which is defined as either (A) a conversion, merger or consolidation of the Company with or into another entity as an immediate result of which the holders of voting equity interests in the Company immediately before such transaction hold less than fifty percent (50%) of the voting equity securities in the surviving entity or (B) a sale of all or substantially all the assets or capital stock of the Company to an unrelated party. In the event that the Company is not successful in obtaining a NYS DOH license, the Notes shall be subject to compulsory redemption by the Company, by payment

of all of the remaining proceeds from the sale of Notes in full settlement of the Company's payment obligations.

2. **Conversion**.

(a) **Qualified Financing**. As used herein, the term "Qualified Financing" means an equity financing with gross cash proceeds to the Company of at least US$2,000,000 (excluding conversion of the Notes and any other indebtedness of the Company).

(b) **Conversion to Stock Issued in Qualified Financing**. At and subject to the closing of a Qualified Financing, the entire unpaid principal amount of and accrued but unpaid interest on this Note, shall be converted into shares of the same class and series of stock (the "Stock") sold in the Qualified Financing (the date of such conversion being the "Conversion Date"). Notwithstanding the foregoing, at the Company's option, up to ten (10) days of accrued but unpaid interest may be paid in cash to the Holder at closing of the Qualified Financing. The number of shares of Stock to be issued upon such conversion shall be equal to the quotient obtained by dividing (I) the entire unpaid principal amount of this Note plus any accrued but unpaid interest as of the date of the closing of the Qualified Financing by (II) the lower of (x) eighty percent (80%) of the price per share of the Stock sold in the Qualified Financing or (y) the price per share of Stock that would be payable by an investor based upon a pre-money valuation of the Company's equity of US$10,000,000 (calculated on a fully diluted basis and prior to the conversion of any of the Notes). The issuance of the Stock shall otherwise be substantially upon the same terms and conditions applicable generally to such Qualified Financing. In connection with the conversion of this Note, the Holder will execute and deliver all agreements, certificates and other documents that are executed by the other investors in such Qualified Financing.

(c) **Notice of Qualified Financing**. The Company shall provide notice to the Holder of the anticipated closing of a Qualified Financing at least ten (10) days prior to the date of the closing of such Qualified Financing. Such notice shall specify the number of shares of Stock to be issued to such Holder upon conversion, the amount of cash to be paid to the Holder in lieu of any fractional shares of Stock and the anticipated date of the closing of such Qualified Financing.

(d) **Mechanics and Effect of Conversion**. No fractional shares of equity securities will be issued upon conversion of this Note. In lieu of any fractional share to which the Holder would otherwise be entitled, the Company will pay to the Holder in cash the amount of the unconverted principal and interest balance of this Note that would otherwise be converted into such fractional share. Upon conversion of this Note pursuant to this Section 2, the Holder shall surrender this Note, duly endorsed, at the principal offices of the Company or any transfer agent of the Company, provided that whether or not this Note has been surrendered, all amounts outstanding under this Note shall be deemed to have been converted pursuant to this Section 2 as of the applicable conversion date, and, as of such date, this Note shall be deemed fully paid and no longer outstanding and the Holder shall be treated for all purposes as the record holder of the appropriate number and type of shares of equity securities. At its expense, the Company will, as soon as practicable after the surrender of this Note, issue and deliver to the Holder, at its record address, a certificate or certificates for the number and type of shares of equity securities to which the Holder is entitled upon such conversion, together with any other securities and property to which the Holder is entitled upon such conversion under the terms of this Note, including a check payable to the Holder for any cash amounts payable as described herein. Upon conversion of this Note, the Company will be forever released from all of its obligations and liabilities under this Note with regard to the principal amount and accrued interest converted, including without limitation the obligation to pay such principal amount and accrued interest. Notwithstanding the foregoing, the Company shall not be obligated to issue the equity securities otherwise issuable upon conversion of this Note unless this Note is either delivered to the Company or any such transfer agent or the Holder notifies the Company or any such transfer agent

that the Note has been lost, stolen or destroyed and executes an agreement reasonably satisfactory to the Company to indemnify the Company from any loss incurred by it in connection therewith.

3. **Payment**. All payments hereunder shall be made in lawful money of the United States of America at the Holder's address for notices hereunder. Payment shall be credited first to the accrued interest then due and payable and the remainder applied to principal. Upon and subject to the approval of the Required Holders, the Company may pay this Note (including accrued and unpaid interest through the date of payment) in cash at any time before the Maturity Date or the applicable conversion date without penalty; provided that any prepayment shall be made on all of the Notes on a *pro rata* basis.

4. **Subordination**.

(a) **Senior Indebtedness.** As used herein, "Senior Indebtedness" means the principal of (and premium, if any) and unpaid interest on (i) indebtedness of the Company or with respect to which the Company is a guarantor to banks, insurance companies, lease financing institutions or other lending institutions regularly engaged in the business of lending money that is for money borrowed (or purchase or lease of equipment in the case of lease financing) by the Company, whether or not secured; or (ii) any other indebtedness which the Company and the Required Holders agree shall constitute "Senior Indebtedness".

(b) **Effect of Subordination**. This Note shall be junior in right of payment to any Senior Indebtedness of the Company outstanding from time to time. No payment shall be made in respect of the principal of or interest on this Note unless consistent with the terms of any such Senior Indebtedness. Subject to the rights, if any, of the holders of Senior Indebtedness under this Section 4 to receive cash, securities or other property otherwise payable or deliverable to the Holder of this Note, nothing contained in this Section 4 shall impair, as between the Company and the Holder, the obligation of the Company, subject to the terms and conditions hereof, to pay to the Holder the principal hereof and interest hereon as and when the same become due and payable, or shall prevent the Holder of this Note, upon default hereunder, from exercising all rights, powers and remedies otherwise provided herein or by applicable law.

(c) **Subrogation**. Subject to the payment in full of all Senior Indebtedness and until this Note shall be paid in full, the Holder shall be subrogated to the rights of the holders of Senior Indebtedness (to the extent of payments or distributions previously made to such holders of Senior Indebtedness pursuant to the provisions of Section 4 above) to receive payments or distributions of assets of the Company applicable to the Senior Indebtedness. No such payments or distributions to the Holder applicable to the Senior Indebtedness shall, as among the Company, its creditors (other than the holders of the Senior Indebtedness), and the Holder, be deemed to be a payment by the Company to or on account of this Note; and for the purposes of such subrogation, no payments or distributions to the holders of Senior Indebtedness to which the Holder would be entitled except for the provisions of this Section 4 shall, as among the Company, its creditors (other than the holders of Senior Indebtedness), and the Holder, be deemed to be a payment by the Company to or on account of the Senior Indebtedness.

(d) **Undertaking**. By its acceptance of this Note and as a condition to the Holder's rights hereunder, the Holder agrees to execute and deliver one or more subordination agreements for the benefit of lenders of Senior Indebtedness, and such other documents as may be reasonably requested from time to time by the Company or the lender of any Senior Indebtedness, in order to implement the foregoing provisions of this Section 4.

5. **Transfer; Successors and Assigns**. The terms and conditions of this Note shall inure to the benefit of and be binding upon the respective successors and assigns of the parties; provided,

however, that the Holder may not assign, pledge, or otherwise transfer its rights, remedies, obligations, or liabilities under this Note without the prior written consent of the Company. This Note will be registered on the books of the Company or its agent as to the holder thereof and outstanding principal and interest. Any transfer of this Note may be effected only upon surrender of the original note for registration of transfer, duly endorsed, or accompanied by a duly executed written instrument of transfer in form satisfactory to the Company. Thereupon, a new note for the same principal amount and interest will be issued to, and registered in the name of, the transferee. Interest and principal are payable only to the registered holder of this Note. The Company may elect not to permit a transfer of the Note if it has not obtained satisfactory assurance that such transfer: (a) is exempt from the registration requirements of, or covered by an effective registration statement under, the Securities Act of 1933, as amended, and the rules and regulations thereunder, and (b) is in compliance with all applicable state securities laws, including without limitation receipt of an opinion of counsel for the Investor (or other holder, as the case may be), which opinion shall be satisfactory to the Company.

6. **New Note**. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Note, the Company will issue a new Note, of like tenor and amount and dated the date to which interest has been paid, in lieu of such lost, stolen, destroyed or mutilated Note, and in such event the Holder (or other holder, as the case may be) agrees to indemnify and hold harmless the Company in respect of any such lost, stolen, destroyed or mutilated Note.

7. **Governing Law**. This Note and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be enforced, governed and construed in all respects in accordance with the internal laws of the State of New York, without regard for conflicts of laws or other principles that would result in the application of any law other than the internal laws of the State of New York. The Holder hereby irrevocably consents to the exclusive jurisdiction of the courts of the State of New York and of any federal court located in the State of New York in connection with any action or proceeding arising out of or related to this Note or any document or instrument delivered in pursuant to or in connection therewith.

8. **Notices**. Any notice, request, demand or other communication required or permitted by this Note shall be in writing (including telecopy and email communications) and mailed, emailed, telecopied or delivered in writing: if to the Holder, at the address set forth in the Investor Questionnaire submitted by the Holder with the Subscription Agreement; and if to the Company, at THC Health Inc., 47-20 Center Boulevard, Suite 1605, Long Island City, NY 11109 Attn: Christian Cespedes (email: _____) or to such party at such other address as is furnished by notice given in accordance herewith. All such notices, requests, demands and other communications shall, when delivered (via overnight courier, charges prepaid), or mailed (by certified mail, return receipt requested, postage prepaid), or emailed or telecopied, be effective when deposited with the courier, or deposited in the mails or delivered via confirmed email or telecopy, respectively, addressed as aforesaid, unless otherwise provided herein.

9. **Amendments and Waivers**. This Note (including without limitation the Maturity Date hereof) may be amended, and any obligation of the Company hereunder hereof may be waived (i) with the written consent of the Company and the Holder hereof or (ii) with the written consent of the Company and the Required Holders; provided that the substance of any amendment or waiver effected pursuant to clause (ii) shall be equally applicable to all the Notes. Any amendment or waiver effected in accordance with this Section 9 shall be binding upon the Company, each Holder and each transferee of this Note. The Company hereby covenants and agrees to provide written notice of any such amendment to the Holder hereof and the Holder hereby agrees to attach any such notice to this Note in order to incorporate such amended provisions herein.

10. **Individuals Not Liable**. In no event shall any member, stockholder, manager, officer or director of the Company be personally liable for any amounts due or payable under this Note.

11. **Severability.** If any of the provisions of this Note shall be held to be invalid or unenforceable, the determination of invalidity or unenforceability of any such provision shall not affect the validity or enforceability of any other provision or provisions hereof.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Company has executed this Note by its duly authorized officer as of the date first stated above.

THC HEALTH INC.

By: _____
Name: CHRISTIAN CESPEDES
Title: PRESIDENT & CEO

EXHIBIT II
THC HEALTH INC.
RISK FACTORS

May 14th, 2015

An investment in Convertible Promissory Notes (each a "Note") issued in the financing of THC Health Inc. (the "Company") involves a high degree of risk. The following risk factors, in addition to any other information contained in materials being distributed to prospective investors in connection with this offering, should be considered carefully in evaluating the Company and its proposed business before purchasing the Notes offered hereby.

Additional risks and uncertainties not presently known to the Company or that it currently deems immaterial may also impair its business operations. If any of the following risks actually occur, the Company's business, prospects, financial condition or results of operations could be materially adversely affected. In such case, the investor may lose all or part of the investor's investment.

The Notes being offered hereby should be regarded as speculative, and should be purchased only by individuals or entities that could afford to lose all or part of their investment.

Risks Relating to this Offering

- The Securities have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or registered or qualified under the securities laws of any state.
- No present public market for the Notes offered hereby or the securities into which the Notes are convertible (the Notes and the securities, collectively, the "Securities") exists and there are general restrictions on the resale of the Securities.
- The Securities must be held indefinitely unless they are subsequently registered under the Securities Act and under applicable state securities laws.
- A subsequent financing may result in a dilution in your ownership in the Company. The Company will need to seek subsequent financing in the event it is successful in obtaining a NYS DOH license.
- The Company has not formulated an exit strategy at this time and the possibility and timing of a liquidity event for investors is unknown.

Risks Relating to the NYS DOH License Application Process

- The Company might not be granted a NYS DOH license despite all appropriate efforts. The Company has no way of knowing the number of qualified applicants that may submit applications and competition for the few available licenses is expected to be intense.
- The Company might face application process delays resulting from unforeseen gaps/problems with the regulations, ambiguous interpretation of regulations or changes that may be made in the application process or requirements, among others.
- The NYS program might be curtailed, cancelled or otherwise stopped, and it is uncertain if application fees will be returned or if they will be returned in a time efficient manner.
- The NYS program may revoke a provisional license if a successful applicant fails to begin operations within 6 months of the award of the provisional license, and there is no assurance that the Company would be able to begin operations within this time period.
- If the Company is not successful in obtaining a NYS DOH license, it will likely dissolve.

Post Approval – Business and Operational Risks

- The Company has a limited operating history which makes it difficult to evaluate its future prospects and the potential value of an Investor's investment. No assurances can be given that the Company will be able to successfully maintain and develop its business or meet its business objectives.
- The Company's operating expenses will be high and there can be no assurance that the Company will achieve or maintain profitability. If the Company is not successful in becoming profitable, it may be forced to curtail or cease operations.
- In order to meet its short-term and long-term business goals, the Company will need to seek additional funding. The Company can provide no assurance that it will be able to obtain such additional funding on favorable terms.
- The Company will operate in a highly competitive market and will encounter competitors that have greater resources and experience. If the Company cannot successfully compete against these companies, its business, results of operations and financial condition are likely to be materially and adversely affected.
- The Company must attract and retain qualified personnel to be successful, and competition for qualified personnel is intense in its market.
- The Company might face delays in physician certification and/or delays in required testing.
- The Company might face physician resistance to providing recommendation of medical marijuana as appropriate treatment, which is required under the NYS program for approval of "registered user" applications.
- The Company might face crop failure or crop infestations; crime, including vandalism and/or fire, which could completely or partially destroy the Company's medical marijuana supplies. Additionally, adverse weather conditions might affect the Company's transportation and distribution from manufacturing facilities to dispensaries.
- There might be difficulty in obtaining a medical marijuana insurance policy, and the Company may be forced to self-insure which could cause severe financial hardship in defending any claims.
- There is an inherent unpredictability of the marijuana marketplace, due in part to changing consumer sentiment and competition from illegal sellers.

Post Approval Regulatory Risks

- Medical marijuana is a relatively new and emerging industry and there may be unforeseen changes in federal and state legislation, including, but not limited to, changes in the legality of medical marijuana. Also, nearby states may legalize marijuana, which may affect the Company's business.
- The Company may face high costs of having to comply with robust state and federal medical marijuana regulations. The Company faces unpredictability of potentially onerous state and city tax rates.
- The Company may face difficulty in engaging needed services due to lingering concerns around legalization of medical marijuana.
- There is political risk of a cancellation of the NYS program by the legislature or Governor of New York.
- The Company business faces the risk that the federal government might prohibit medical marijuana growers from purchasing or leasing private land or otherwise impose harsh laws that could negatively affect the Company.
- Federal Banking Regulations currently deter banks from doing business with cannabis businesses like the Company, forcing them to operate only with cash and thereby increasing their security risks.

- According to federal regulations, any transaction involving proceeds of marijuana sales may serve as a basis for money laundering prosecution and the Company, Company officers and directors, and investors face some level of risk of being charged with violation of the federal anti-money laundering statutes. However, the Company is not aware of any situation where the federal government has pursued such prosecution against a medical marijuana business duly licensed under state laws.
- Elected candidates may amend federal medical marijuana regulations in ways that negatively affect the Company and the medical marijuana industry.
- The Company faces the risk of potential federal legal action against the relevant states regarding their marijuana regimes, including New York.

Forward-Looking Statements

The documents being distributed herewith contain forward looking statements. These forward-looking statements are not historical facts but rather are based on current expectations, estimates and projections about the Company's industry, the Company's beliefs and the Company's assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," and "estimates," and variations of these words and similar expressions, are intended to identify forward looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Company's control, are difficult to predict and could cause actual results to differ materially from those expressed, implied or forecasted in the forward-looking statements. In addition, the forward-looking events discussed therein might not occur. These risks and uncertainties include, among others, those described above in these "Risk Factors". Prospective investors are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's management's view only as of the date hereof. Except as required by law, the Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

THC HEALTH INC.

Convertible Promissory Notes

SUBSCRIPTION INSTRUCTIONS

(Please Read Carefully)

May 1st, 2015

THC HEALTH INC. MAY, IN ITS SOLE DISCRETION, REJECT THE SUBSCRIPTION REQUEST, IN WHOLE OR IN PART, OF ANY PERSON AT ANY TIME BEFORE THE CLOSING. ANY REPRESENTATION TO THE CONTRARY IS UNAUTHORIZED AND MUST NOT BE RELIED UPON.

THC Health Inc., a New York corporation ("THC Health" or the "Company"), is offering for sale Convertible Promissory Notes of like tenor in an aggregate principal amount of US$300,000, which amount may be increased at any time or from time to time at the Company's discretion (the "Notes"). For the terms of the Notes, see the form of Note attached to the Subscription Agreement.

I. This Subscription Package contains all of the Subscription Materials necessary for you to subscribe for the Notes. The Subscription Materials include:

(1) a questionnaire (the "Questionnaire") for you to complete and sign to demonstrate to THC Health that you satisfy the applicable suitability standards for purchasers of the Notes;

(2) a Subscription Agreement for you to sign to agree to the terms of the offering and the Notes;

(3) a form of Note (attached as Exhibit I to the Subscription Agreement); and

(4) Internal Revenue Service Form W-9 (Request for Taxpayer Identification Number and Certification) to be completed by U.S Persons, and Form W-8BEN (Certificate of Foreign Status of Beneficial Owner For United States Tax Withholding) to be completed by non-U.S. Persons.

II. After reading the Subscription Materials, please fill in all applicable information. You must complete all information required on the following documents and then sign them:

(1) the Questionnaire,

(2) Signature page of the Subscription Agreement (including completion of investment information); and

(3) Internal Revenue Service Form W-9 or Form W-8BEN, as applicable.

Once you have completed these documents, please return an entire set of Subscription Materials to the Company at the address set forth below in Section IV.

III. Payment for your Note should be made by either:

(1) delivery to the Company of a check payable to "THC Health Inc."; or

(2) wire transfer to THC Health Inc. with the following information:

(a) for domestic wires:

Bank name:	JPMorgan Chase Bank, N.A.
Bank Address:	P.O. Box 659754
Account Number:	[redacted]
Account Name:	THC Health Inc.
Reference:	[Insert Name of Sender]

(b) for international wires:

Bank name:	JPMorgan Chase Bank, N.A.
Bank Address:	P.O. Box 659754
Routing Number:	021000021
Swift Code:	CHASUS33
Account Number:	[redacted]
Account Name:	THC Health Inc.
Reference:	[Insert Name of Sender]

The check or wire must be in the full amount of your investment in the Notes (shown as the "Total Amount of Investment" on the signature page to the Subscription Agreement). *If you wire funds, please notify the Company promptly.*

IV. Send all documents to the Company either by courier or regular mail to its address set forth below or by electronic mail in PDF format to the email address below:

THC Health Inc.
[redacted]

V. If your subscription is accepted by THC Health, you will receive a copy of your Subscription Agreement and an original Note issued to you by the Company after the closing.

Questions regarding completion of subscription documents should be directed to

Christian Cespedes, THC Health Inc.

Teleph[redacted]

E-mail[redacted]

PLEASE PRINT IN INK OR TYPE ALL INFORMATION.

CONFIDENTIAL

THC HEALTH INC.

INVESTOR QUESTIONNAIRE

(All Information Furnished in Completing This Questionnaire Will Be Treated Confidentially, Subject to the Uses Set Forth Below)

Responses to this questionnaire will be used by THC Health Inc. (the "Company") to assure compliance with federal and state securities laws.

Please complete, sign, date, and return one copy of this questionnaire if you elect to participate in the offering of the Company's Notes.

If the answer to any question below is "none" or "not applicable" please so indicate.

1. IDENTIFICATION

Name: Tyrel J. Hooker

Permanent Residential Address: [redacted]

Capacity in which the proposed investment will be held (e.g., individually, jointly with spouse, in trust, etc.): Individually

2. PROPOSED INVESTMENT

Please indicate the amount of your proposed investment in the Notes. US$ [redacted]

3. ACCREDITED INVESTOR QUALIFICATION

The undersigned hereby certifies that he has read the definition of an "accredited investor" from Rule 501 of Regulation D attached hereto as Annex A, and certifies that (please check each situation that applies):

[ ] The investor is a partnership not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000.

[ ] The investor is an entity in which all the equity owners are "accredited investors".

[ ] My individual net worth*, or joint net worth* with my spouse, presently exceeds $1,000,000 and I reasonably expect this to be true at the time of my purchase of the Securities. I will inform the Company if such net worth declines below $1,000,000 prior to the time of such purchase.

[ ] My individual income was in excess of $200,000 in each of the two most recent years and I reasonably expect to reach the same income level in the current year.

[ ] My joint income with my spouse was in excess of $300,000 in each of the two most recent years and I reasonably expect to reach the same joint income level with my spouse in the current year.

[✓] None of the above.

*excluding value of my primary residence; indebtedness secured by the residence in excess of the value of the home must be considered a liability and deducted from net worth.

4. INVESTMENT EXPERIENCE

Please check the applicable spaces to indicate your experience making investments in startup private companies:

Considerable [ ] Some [ ] Never [✓]

Please provide any additional information concerning your previous investments and your business, financial, and investment experience that you think would be useful in assisting the Company in evaluating your capacity to evaluate the merits and risks of the proposed investment.

Legal Education, practicing Atty, currently hold Stock in other companies

The above information is true and correct in all respects, and the undersigned recognizes that the Company is relying on the truth and accuracy of such information for the issuance of the Notes, the equity securities issuable upon conversion of the Notes and any securities issuable upon the conversion of such equity securities in reliance on the exemption contained in Subsection 4(2) of the Securities Act of 1933, as amended (the "Act"), Regulation D promulgated thereunder, and applicable state securities laws. The undersigned agrees to notify the Company promptly of any changes in the foregoing information which may occur prior to the investment. The undersigned further agrees that the Company may present this questionnaire and/or any of the information contained herein to such parties as the Company may deem appropriate, if called upon to establish that the proposed offer and sale of the Notes are exempt from registration under the Act or meet the requirements of applicable state securities laws.

Executed on: 10/3/15
(Date)

By: _____
(Signature)

Tyrel J. Hacker
(Print Name)

Individual
(Print Title)

ANNEX A

Rule 501. Definitions and Terms Used in Regulation D.

As used in Regulation D, the following terms have the meaning indicated:

(a) **Accredited investor.** "Accredited investor" shall mean any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

(1) Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000; or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(2) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;

(3) Any organization described in Section 501(c)(3) of the Internal Revenue Code, company, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;

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

(5) Any natural person whose individual net worth*, or joint net worth* with that person's spouse, at the time of his purchase exceeds $1,000,000;

(6) Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(7) Any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

(8) Any entity in which all of the equity owners are accredited investors.

*excluding value of investor's primary residence; indebtedness secured by the residence in excess of the value of the home must be considered a liability and deducted from net worth.

[Remainder omitted]

SUBSCRIPTION AGREEMENT

THC HEALTH INC.

Convertible Promissory Notes

THC Health Inc.
47-20 Center Blvd., Ste. 1605
Long Island City, NY 11109
Attn: Christian Cespedes
Email: [redacted]

Ladies and Gentlemen:

This Agreement is made by and between THC Health Inc., a New York company ("THC Health" or the "Company"), and the undersigned prospective purchaser (the "Investor") who is hereby subscribing to purchase a Convertible Promissory Note (the "Note") in the aggregate principal amount set forth on the signature page below, such Note to be in the form and on the terms attached hereto as Exhibit I. The Notes and any equity securities issuable upon conversion of the Notes (and any securities issuable upon conversion of such equity securities) are referred to herein collectively as the "Securities."

This Note is one of a series of Convertible Promissory Notes, each in substantially the form of Exhibit I, in an aggregate principal amount of up to US$350,000 (which amount may be increased at any time or from time to time at the Company's discretion) that will be issued pursuant to substantially identical subscription agreements at one or more separate closings.

In consideration of the mutual covenants contained herein, the parties agree and represent as follows:

A. SUBSCRIPTION

1. Subject to the terms of this Agreement, the Investor hereby irrevocably subscribes for and agrees to purchase the Securities for the Total Amount of Investment indicated on the signature page hereto (the "Subscription") and hereby delivers to THC Health: (a) the signed signature pages to (i) this Agreement, (ii) the Questionnaire referred to below (the "Questionnaire"), and (iii) a completed IRS Form W-9 or Form W-8BEN, as applicable, and (b) payment of the Total Amount of Investment (the "Payment"), in the form of a check payable to "THC Health Inc." or by wire transfer to the Company's designated account.

2. The closing of the sale of the Securities to the Investor shall take place upon and subject to the Company's acceptance of the Subscription by signing and returning to the Investor a copy of this Agreement (the "Closing Date"). No interest is payable on the Subscription pending the Closing Date.

B. REPRESENTATIONS AND WARRANTIES

1. **By the Company.** The Company hereby represents and warrants to the Investor as follows:

(a) The Company is a company duly organized, validly existing and in good standing under the laws of the State of New York, has the requisite corporate power to own, lease and operate its

property and to carry on its business as now being conducted and as now proposed by the Company to be conducted.

(b) The Company has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company. Upon the due authorization, execution and delivery by the Company, this Agreement will constitute the valid and binding obligation of the Company, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(c) The execution and delivery of this Agreement by the Company does not, and the performance of this Agreement by the Company will not, (i) conflict with or violate the Certificate of Incorporation or By-Laws of the Company or (ii) materially conflict with or violate any law, rule, regulation, order, judgment or decree applicable to the Company or by which any of its properties is bound.

2. **By the Investor.** The Investor hereby represents and warrants to the Company as follows:

(a) The Investor is an "accredited investor" as that term is used in Rule 501(a) under the Securities Act of 1933, as amended (the "Securities Act"), in that the Investor is either:

(i) a natural person whose individual net worth*, or joint net worth* with his or her spouse, exceeds $1,000,000;

(ii) a natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with his or her spouse in excess of $300,000 in each of those years, and has a reasonable expectation of reaching the same income level in the current year;

(iii) a family trust or family limited partnership with respect to which the settlor or general partner and the person making the investment decision (each) meets either of the foregoing tests;

(iv) a partnership not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000; or

(v) an entity in which all the equity owners are "accredited investors".

*excluding value of Investor's primary residence; indebtedness secured by the residence in excess of the value of the home must be considered a liability and deducted from net worth.

(b) The Investor has been advised and understands that the Securities have not been registered under the Securities Act or any state securities or "blue sky" laws, and that such Securities cannot be resold unless the same are registered under all applicable laws or unless an exemption from registration thereunder is available. The Investor is acquiring the Securities to be purchased by it for its own account for investment, and not with a view to, or for resale in connection with, the distribution thereof, and has no present intention of distributing or reselling any portion thereof.

(c) The Investor understands that the Securities are being offered and sold without the delivery of any particular offering or disclosure materials. The Investor has been furnished with, and has

carefully read this Agreement, and any other documents that have been made available by or on behalf of the Company to the Investor upon request (to the extent the Investor deemed necessary or appropriate). The Investor is familiar with the limited business and operations of the Company and understands, has evaluated the merits and risks of a purchase of the Securities, and acknowledges receipt of the Risk Factors dated May 1st, 2015, and attached hereto as Exhibit II. The Investor has been given ample opportunity to ask of and receive answers from Company officials concerning the Company, its financing, operations, business and prospects, and the terms and conditions of this Subscription, and to obtain any additional information to the extent necessary to verify the accuracy of the other information obtained. The Investor has not received or been furnished with, and is not relying on, any information, statement or representation, oral or written, that varies in any material way from the information provided or made available to such Investor in writing by the Company. The Company has made available to the Investor all documents and information that the Investor has requested relating to an investment in the Securities.

(d) The Investor understands that the Company is not in any way limited as to future issues of debt instruments or shares of its capital stock. The Investor acknowledges that any presentations made by the Company (including any projections) have been, and continue to be, subject to change and that any such presentations or projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the presentations or projections will not materialize or will vary significantly from actual results.

(e) The Investor acknowledges that the purchase of the Securities may have adverse impact to the Investor and the Investor has carefully considered and has, to the extent the Investor believes such discussion necessary, discussed with the Investor's professional, legal, tax, accounting and financial advisors the suitability of an investment in the Securities and has determined that the Securities being subscribed for by the Investor are a suitable investment for the Investor. The Investor understands that it (and not the Company) shall be responsible for any tax liability of the Investor that may arise as a result of this investment or the transactions contemplated by the Note.

(f) The Investor recognizes that an investment in the Company involves a high degree of risk. The Investor's overall commitment to investments that are not readily marketable, including his or its proposed investment in the Securities, is not disproportionate to his or its net worth, and the Investor has had adequate means of providing for his current needs and personal contingencies and has no need for liquidity in his investment in the Securities.

(g) The Investor either (i) has a pre-existing personal or business relationship with the Company or (ii) by reason of the Investor's business or financial experience or the business or financial experience of the Investor's professional advisors who are unaffiliated with and who are not compensated by the Company, directly or indirectly, has the capacity to protect the Investor's interests in connection with the investment in the Securities, including without limitation to evaluate the merits and risks of an investment in the Securities and to make an informed investment decision with respect thereto.

(h) The information presented and the statements made by the Investor in the Questionnaire completed and delivered to the Company with this Subscription, including, without limitation, the information relating to the Investor's income and net worth, are complete and accurate as of this date and may be relied upon by the Company in determining whether to accept this Subscription.

(i) There are no claims for brokerage commissions, finder's fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made on behalf of the Investor.

(j) If the Investor is not a resident of the United States, the Investor hereby represents that such Investor is satisfied as to the full observance by such Investor of the laws of such Investor's jurisdiction in connection with the offer and sale of the Note (and the issuance of all securities of the Company issued or issuable in connection therewith), including (i) the legal requirements within Investor's jurisdiction for the purchase of such securities, (ii) any foreign exchange restrictions applicable to such purchase and (iii) any governmental or other consents that may need to be obtained. The Investor hereby further confirms that its execution and delivery of this Agreement, (and payment for the Subscription), and such Investor's continued beneficial ownership of the Note and any other securities issued or issuable under the Note will not violate any applicable securities or other laws of such Investor's jurisdiction.

(k) Each Investor that is entering into this Agreement outside the United States of America and its territories hereby further severally and not jointly represents and warrants to the Company as follows: (i) such Investor is executing this Agreement outside of the United States of America and its territories; (ii) such Investor's principal address, as set forth in the Questionnaire, is a location outside of the United States of America and its territories; (iii) such Investor is not a U.S. person (as defined in Rule 902(k) of the Securities Act) and is not acquiring the Securities for the account or benefit of any U.S. person; and (iv) such Investor acknowledges and agrees that the offer and sale of Securities has not been accompanied by an advertisement.

C. UNDERSTANDINGS AND COVENANTS OF THE INVESTOR

The Investor understands, acknowledges, agrees and covenants with the Company as follows:

1. This Subscription may be rejected, in whole or in part, by THC Health in its sole and absolute discretion, at any time before the Closing.

2. The Subscription is and shall be irrevocable by the Investor except that the Investor shall have no obligation hereunder in the event that the Subscription is rejected for any reason.

3. The Company is entitled to rely upon the representations and agreements of the Investor made herein and in the Questionnaire. The Investor shall indemnify, defend and hold harmless the Company and any officer, director, stockholder, employee, agent or controlling person of the Company who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of or arising from any actual or alleged misrepresentation or misstatement of facts or omission to represent or state facts made by the Investor to any such party concerning the Investor or the Investor's financial position in connection with the offering or sale of the Securities including, without limitation, any such misrepresentation, misstatement or omission contained in this Agreement or in the Questionnaire submitted by the Investor, against losses, liabilities and expenses for which the Company or any officer, director, stockholder, employee, agent or controlling person of the Company has not otherwise been reimbursed (including attorneys' fees, judgments, fines and amounts paid in settlement) as and when incurred by such person or entity in connection with such action, suit or proceeding.

4. **No Federal or state agency has made any finding or determination as to the accuracy or adequacy of the information set forth herein or as to the fairness of the terms of this offering for investment, nor any recommendation or endorsement of the Securities.**

5. The offering and sale of the Securities is intended to be exempt from registration under the Securities Act by virtue of Section 4(2) of the Securities Act and/or the provisions of Regulation D promulgated thereunder ("Regulation D"). There is no public or other market for the Securities, and no such public or other market is expected to develop for the Securities. The Investor will not sell, transfer,

encumber or otherwise dispose of any Securities except in accordance with the terms of the Note and unless (a) the Securities are registered under the Securities Act and applicable state securities laws or (b) in the opinion of counsel acceptable in form and substance to counsel to the Company, an exemption from the registration requirements of the Securities Act and such applicable state securities laws is available. There can be no assurance that the Investor will be able to sell or dispose of the Securities. Any certificate(s) representing the Securities purchased by the Investor shall bear suitable legends referring to the foregoing restrictions.

6. THC Health is not under any obligation to register the Securities for resale or to assist the Investor in complying with any exemption from registration therefor.

7. The Investor acknowledges that the information concerning the Company contained in this Agreement, and/or otherwise provided or made available to the Investor in connection with or related to the transactions contemplated hereby, is confidential and non-public and agrees that all such information shall be kept in strict confidence by the Investor and neither used by the Investor (other than in connection with the transactions contemplated by this Subscription Agreement) nor disclosed to any third party for any reason (other than to such Investor's legal, financial and tax advisors in connection with the transactions contemplated by this Subscription Agreement).

D. MISCELLANEOUS

1. This Agreement and the Note constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. Except as expressly set forth in Section 4 below, neither this Agreement nor any provision hereof may be waived, modified, changed, discharged, terminated, revoked or cancelled except by an instrument in writing signed by the party against whom any waiver, modification, change, discharge, termination, revocation or dissolution is sought.

2. Notices, requests, demands or other communications required or permitted to be given hereunder shall be in writing (including telecopy and email communications) and mailed, emailed, telecopied or delivered in writing: if to the Investor, at the address set forth in the Questionnaire submitted by the Investor; and if to the Company, at the address of the Company given above or to such party at such other address as is furnished by notice given in accordance herewith. All such notices, requests, demands and other communications shall, when delivered (via overnight courier, charges prepaid), or mailed (by certified mail, return receipt requested, postage prepaid), emailed or telecopied, be effective when deposited with the courier, or in the mails or delivered via confirmed email or telecopy, respectively, addressed as aforesaid, unless otherwise provided herein.

3. Failure of the Company to exercise any right or remedy under this Subscription Agreement or any other agreement between the Company and the Investor, or otherwise, or delay by the Company in exercising such right or remedy, will not operate as a waiver thereof.

4. **The Investor acknowledges and agrees that it is intended that all of the Investors under all Subscription Agreements will act in concert with respect to all actions taken regarding this Subscription Agreement and the Notes. To accomplish such result, the Investor hereby agrees that this Agreement, the Notes, or any term hereof or thereof may be amended, waived, discharged or terminated on behalf of such Investor by a written instrument signed by holders of Notes representing at least a majority of the then outstanding principal amount of all Notes.**

5. The Company and each Investor shall pay their own respective fees and expenses incurred in connection with the transactions contemplated herein. The Company shall have no obligation to pay any

fees or expenses incurred by any Investor in connection with the purchase and sale of the Notes or any of the other transactions contemplated by this Subscription Agreement.

6. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of, and be enforceable by, the respective successors and assigns of the parties hereto. This Agreement shall not run to the benefit of or be enforceable by any person other than a party to this Agreement and its successors and assigns.

7. All representations and warranties made in this Agreement and the Notes or any other instrument or document delivered in connection herewith or therewith, shall survive the execution and delivery hereof or thereof.

8. This Subscription Agreement shall be enforced, governed and construed in all respects in accordance with the internal laws of the State of New York, without regard for conflicts of laws or other principles that would result in the application of any law other than the internal laws of the State of New York, and shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof that may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

[*remainder of page left blank intentionally; signature page follows immediately*]

THC HEALTH INC.
CONVERTIBLE PROMISSORY NOTE
SUBSCRIPTION AGREEMENT SIGNATURE PAGE

In witness whereof, the parties have signed this Subscription Agreement by their duly authorized representatives as an instrument under seal as of the respective dates set forth below.

INVESTOR

Tyrel J. Hooker
Printed Name

Date: 6/3/2015

Individual
Printed Title (if applicable)

Signature

Total Amount of Investment: US$[redacted]

Accepted and agreed:

THC HEALTH INC.

By: _____
Duly Authorized
CHRISTIAN CEBRIAN
PRESIDENT & CEO

Date: 03-JUNE-2015

EXHIBIT I

Form of Convertible Promissory Note

NONNEGOTIABLE CONVERTIBLE PROMISSORY NOTE

Neither this note, nor the shares of capital stock for which it may become convertible, have been registered under the Securities Act of 1933, as amended (the "Act"), or applicable state securities laws and neither this note nor such securities may be sold, transferred, assigned or otherwise disposed of unless registered under the Act and such laws or (1) registration under applicable state securities laws is not required and (2) an opinion of counsel satisfactory to the Company is furnished to the Company to the effect that registration under the Act is not required.

[redacted]

May 1st, 2015
New York, New York

FOR VALUE RECEIVED, THC Health Inc. (together with its successors and assigns, the "Company") promises to pay [Investor] (the "Holder"), at the Company's principal office, the principal sum of US$ [redacted] together with interest from the date of this Note on the unpaid principal balance at a rate equal to fifteen percent (15%) per annum, simple interest, computed on the basis of the actual number of days elapsed and a year of 365 days. Notwithstanding anything to the contrary set forth herein, in no event may the effective rate of interest collected or received by the Holder exceed that which may be charged, collected or received by the Holder under applicable law.

This Note is issued pursuant to a Subscription Agreement dated May 1st, 2015 between the Company and the Holder (the "Subscription Agreement") and is one of a series of Convertible Promissory Notes containing substantially identical terms and conditions that will be issued pursuant to substantially identical subscription agreements. Such Notes are collectively referred to herein as the "Notes," and the holders thereof are collectively referred to herein as the "Holders." This Note is not negotiable and is subject to the following terms and conditions, as well as the terms and conditions contained in the Subscription Agreement.

1. **Maturity**. Unless converted as provided in Section 2, this Note will mature and, be due and payable on March 31. Subject to Section 2 below, interest shall accrue on this Note but shall not be due and payable until the Maturity Date. Notwithstanding the foregoing, subject to the terms of Section 4 below, the entire unpaid principal sum of this Note, together with accrued and unpaid interest thereon, shall become immediately due and payable upon (i) the execution by the Company of a general assignment for the benefit of creditors, (ii) the filing by or against the Company of a petition in bankruptcy or any petition for relief under the federal bankruptcy act or the continuation of such petition without dismissal for a period of ninety (90) days or more, (iii) the appointment of a receiver, trustee or similar official to take possession of the property or assets of the Company, or (iv) at the election of the Required Holders, a "Transfer of Control," which is defined as either (A) a conversion, merger or consolidation of the Company with or into another entity as an immediate result of which the holders of voting equity interests in the Company immediately before such transaction hold less than fifty percent (50%) of the voting equity securities in the surviving entity or (B) a sale of all or substantially all the assets or capital stock of the Company to an unrelated party. In the event that the Company is not successful in obtaining a NYS DOH license, the Notes shall be subject to compulsory redemption by the Company, by payment

of all of the remaining proceeds from the sale of Notes in full settlement of the Company's payment obligations.

2. **Conversion**.

(a) **Qualified Financing**. As used herein, the term "Qualified Financing" means an equity financing with gross cash proceeds to the Company of at least US$2,000,000 (excluding conversion of the Notes and any other indebtedness of the Company).

(b) **Conversion to Stock Issued in Qualified Financing**. At and subject to the closing of a Qualified Financing, the entire unpaid principal amount of and accrued but unpaid interest on this Note, shall be converted into shares of the same class and series of stock (the "Stock") sold in the Qualified Financing (the date of such conversion being the "Conversion Date"). Notwithstanding the foregoing, at the Company's option, up to ten (10) days of accrued but unpaid interest may be paid in cash to the Holder at closing of the Qualified Financing. The number of shares of Stock to be issued upon such conversion shall be equal to the quotient obtained by dividing (I) the entire unpaid principal amount of this Note plus any accrued but unpaid interest as of the date of the closing of the Qualified Financing by (II) the lower of (x) eighty percent (80%) of the price per share of the Stock sold in the Qualified Financing or (y) the price per share of Stock that would be payable by an investor based upon a pre-money valuation of the Company's equity of US$10,000,000 (calculated on a fully diluted basis and prior to the conversion of any of the Notes). The issuance of the Stock shall otherwise be substantially upon the same terms and conditions applicable generally to such Qualified Financing. In connection with the conversion of this Note, the Holder will execute and deliver all agreements, certificates and other documents that are executed by the other investors in such Qualified Financing.

(c) **Notice of Qualified Financing**. The Company shall provide notice to the Holder of the anticipated closing of a Qualified Financing at least ten (10) days prior to the date of the closing of such Qualified Financing. Such notice shall specify the number of shares of Stock to be issued to such Holder upon conversion, the amount of cash to be paid to the Holder in lieu of any fractional shares of Stock and the anticipated date of the closing of such Qualified Financing.

(d) **Mechanics and Effect of Conversion**. No fractional shares of equity securities will be issued upon conversion of this Note. In lieu of any fractional share to which the Holder would otherwise be entitled, the Company will pay to the Holder in cash the amount of the unconverted principal and interest balance of this Note that would otherwise be converted into such fractional share. Upon conversion of this Note pursuant to this Section 2, the Holder shall surrender this Note, duly endorsed, at the principal offices of the Company or any transfer agent of the Company, provided that whether or not this Note has been surrendered, all amounts outstanding under this Note shall be deemed to have been converted pursuant to this Section 2 as of the applicable conversion date, and, as of such date, this Note shall be deemed fully paid and no longer outstanding and the Holder shall be treated for all purposes as the record holder of the appropriate number and type of shares of equity securities. At its expense, the Company will, as soon as practicable after the surrender of this Note, issue and deliver to the Holder, at its record address, a certificate or certificates for the number and type of shares of equity securities to which the Holder is entitled upon such conversion, together with any other securities and property to which the Holder is entitled upon such conversion under the terms of this Note, including a check payable to the Holder for any cash amounts payable as described herein. Upon conversion of this Note, the Company will be forever released from all of its obligations and liabilities under this Note with regard to the principal amount and accrued interest converted, including without limitation the obligation to pay such principal amount and accrued interest. Notwithstanding the foregoing, the Company shall not be obligated to issue the equity securities otherwise issuable upon conversion of this Note unless this Note is either delivered to the Company or any such transfer agent or the Holder notifies the Company or any such transfer agent

that the Note has been lost, stolen or destroyed and executes an agreement reasonably satisfactory to the Company to indemnify the Company from any loss incurred by it in connection therewith.

3. **Payment**. All payments hereunder shall be made in lawful money of the United States of America at the Holder's address for notices hereunder. Payment shall be credited first to the accrued interest then due and payable and the remainder applied to principal. Upon and subject to the approval of the Required Holders, the Company may pay this Note (including accrued and unpaid interest through the date of payment) in cash at any time before the Maturity Date or the applicable conversion date without penalty; provided that any prepayment shall be made on all of the Notes on a *pro rata* basis.

4. **Subordination**.

(a) **Senior Indebtedness.** As used herein, "Senior Indebtedness" means the principal of (and premium, if any) and unpaid interest on (i) indebtedness of the Company or with respect to which the Company is a guarantor to banks, insurance companies, lease financing institutions or other lending institutions regularly engaged in the business of lending money that is for money borrowed (or purchase or lease of equipment in the case of lease financing) by the Company, whether or not secured; or (ii) any other indebtedness which the Company and the Required Holders agree shall constitute "Senior Indebtedness".

(b) **Effect of Subordination**. This Note shall be junior in right of payment to any Senior Indebtedness of the Company outstanding from time to time. No payment shall be made in respect of the principal of or interest on this Note unless consistent with the terms of any such Senior Indebtedness. Subject to the rights, if any, of the holders of Senior Indebtedness under this Section 4 to receive cash, securities or other property otherwise payable or deliverable to the Holder of this Note, nothing contained in this Section 4 shall impair, as between the Company and the Holder, the obligation of the Company, subject to the terms and conditions hereof, to pay to the Holder the principal hereof and interest hereon as and when the same become due and payable, or shall prevent the Holder of this Note, upon default hereunder, from exercising all rights, powers and remedies otherwise provided herein or by applicable law.

(c) **Subrogation**. Subject to the payment in full of all Senior Indebtedness and until this Note shall be paid in full, the Holder shall be subrogated to the rights of the holders of Senior Indebtedness (to the extent of payments or distributions previously made to such holders of Senior Indebtedness pursuant to the provisions of Section 4 above) to receive payments or distributions of assets of the Company applicable to the Senior Indebtedness. No such payments or distributions to the Holder applicable to the Senior Indebtedness shall, as among the Company, its creditors (other than the holders of the Senior Indebtedness), and the Holder, be deemed to be a payment by the Company to or on account of this Note; and for the purposes of such subrogation, no payments or distributions to the holders of Senior Indebtedness to which the Holder would be entitled except for the provisions of this Section 4 shall, as among the Company, its creditors (other than the holders of Senior Indebtedness), and the Holder, be deemed to be a payment by the Company to or on account of the Senior Indebtedness.

(d) **Undertaking**. By its acceptance of this Note and as a condition to the Holder's rights hereunder, the Holder agrees to execute and deliver one or more subordination agreements for the benefit of lenders of Senior Indebtedness, and such other documents as may be reasonably requested from time to time by the Company or the lender of any Senior Indebtedness, in order to implement the foregoing provisions of this Section 4.

5. **Transfer; Successors and Assigns**. The terms and conditions of this Note shall inure to the benefit of and be binding upon the respective successors and assigns of the parties; provided,

however, that the Holder may not assign, pledge, or otherwise transfer its rights, remedies, obligations, or liabilities under this Note without the prior written consent of the Company. This Note will be registered on the books of the Company or its agent as to the holder thereof and outstanding principal and interest. Any transfer of this Note may be effected only upon surrender of the original note for registration of transfer, duly endorsed, or accompanied by a duly executed written instrument of transfer in form satisfactory to the Company. Thereupon, a new note for the same principal amount and interest will be issued to, and registered in the name of, the transferee. Interest and principal are payable only to the registered holder of this Note. The Company may elect not to permit a transfer of the Note if it has not obtained satisfactory assurance that such transfer: (a) is exempt from the registration requirements of, or covered by an effective registration statement under, the Securities Act of 1933, as amended, and the rules and regulations thereunder, and (b) is in compliance with all applicable state securities laws, including without limitation receipt of an opinion of counsel for the Investor (or other holder, as the case may be), which opinion shall be satisfactory to the Company.

6. **New Note**. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Note, the Company will issue a new Note, of like tenor and amount and dated the date to which interest has been paid, in lieu of such lost, stolen, destroyed or mutilated Note, and in such event the Holder (or other holder, as the case may be) agrees to indemnify and hold harmless the Company in respect of any such lost, stolen, destroyed or mutilated Note.

7. **Governing Law**. This Note and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be enforced, governed and construed in all respects in accordance with the internal laws of the State of New York, without regard for conflicts of laws or other principles that would result in the application of any law other than the internal laws of the State of New York. The Holder hereby irrevocably consents to the exclusive jurisdiction of the courts of the State of New York and of any federal court located in the State of New York in connection with any action or proceeding arising out of or related to this Note or any document or instrument delivered in pursuant to or in connection therewith.

8. **Notices**. Any notice, request, demand or other communication required or permitted by this Note shall be in writing (including telecopy and email communications) and mailed, emailed, telecopied or delivered in writing: if to the Holder, at the address set forth in the Investor Questionnaire submitted by the Holder with the Subscription Agreement; and if to the Company, at THC Health Inc., 47-20 Center Boulevard, Suite 1605, Long Island City, NY 11109 Attn: Christian Cespedes (email: _____) or to such party at such other address as is furnished by notice given in accordance herewith. All such notices, requests, demands and other communications shall, when delivered (via overnight courier, charges prepaid), or mailed (by certified mail, return receipt requested, postage prepaid), or emailed or telecopied, be effective when deposited with the courier, or deposited in the mails or delivered via confirmed email or telecopy, respectively, addressed as aforesaid, unless otherwise provided herein.

9. **Amendments and Waivers**. This Note (including without limitation the Maturity Date hereof) may be amended, and any obligation of the Company hereunder hereof may be waived (i) with the written consent of the Company and the Holder hereof or (ii) with the written consent of the Company and the Required Holders; provided that the substance of any amendment or waiver effected pursuant to clause (ii) shall be equally applicable to all the Notes. Any amendment or waiver effected in accordance with this Section 9 shall be binding upon the Company, each Holder and each transferee of this Note. The Company hereby covenants and agrees to provide written notice of any such amendment to the Holder hereof and the Holder hereby agrees to attach any such notice to this Note in order to incorporate such amended provisions herein.

10. **Individuals Not Liable**. In no event shall any member, stockholder, manager, officer or director of the Company be personally liable for any amounts due or payable under this Note.

11. **Severability.** If any of the provisions of this Note shall be held to be invalid or unenforceable, the determination of invalidity or unenforceability of any such provision shall not affect the validity or enforceability of any other provision or provisions hereof.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Company has executed this Note by its duly authorized officer as of the date first stated above.

THC HEALTH INC.

By: _____
Name: CHRISTIAN CESPEDES
Title: PRESIDENT & CEO

EXHIBIT II
THC HEALTH INC.
RISK FACTORS

May 1st, 2015

An investment in Convertible Promissory Notes (each a "Note") issued in the financing of THC Health Inc. (the "Company") involves a high degree of risk. The following risk factors, in addition to any other information contained in materials being distributed to prospective investors in connection with this offering, should be considered carefully in evaluating the Company and its proposed business before purchasing the Notes offered hereby.

Additional risks and uncertainties not presently known to the Company or that it currently deems immaterial may also impair its business operations. If any of the following risks actually occur, the Company's business, prospects, financial condition or results of operations could be materially adversely affected. In such case, the investor may lose all or part of the investor's investment.

The Notes being offered hereby should be regarded as speculative, and should be purchased only by individuals or entities that could afford to lose all or part of their investment.

Risks Relating to this Offering

- The Securities have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or registered or qualified under the securities laws of any state.
- No present public market for the Notes offered hereby or the securities into which the Notes are convertible (the Notes and the securities, collectively, the "Securities") exists and there are general restrictions on the resale of the Securities.
- The Securities must be held indefinitely unless they are subsequently registered under the Securities Act and under applicable state securities laws.
- A subsequent financing may result in a dilution in your ownership in the Company. The Company will need to seek subsequent financing in the event it is successful in obtaining a NYS DOH license.
- The Company has not formulated an exit strategy at this time and the possibility and timing of a liquidity event for investors is unknown.

Risks Relating to the NYS DOH License Application Process

- The Company might not be granted a NYS DOH license despite all appropriate efforts. The Company has no way of knowing the number of qualified applicants that may submit applications and competition for the few available licenses is expected to be intense.
- The Company might face application process delays resulting from unforeseen gaps/problems with the regulations, ambiguous interpretation of regulations or changes that may be made in the application process or requirements, among others.
- The NYS program might be curtailed, cancelled or otherwise stopped, and it is uncertain if application fees will be returned or if they will be returned in a time efficient manner.
- The NYS program may revoke a provisional license if a successful applicant fails to begin operations within 6 months of the award of the provisional license, and there is no assurance that the Company would be able to begin operations within this time period.
- If the Company is not successful in obtaining a NYS DOH license, it will likely dissolve.

Post Approval – Business and Operational Risks

- The Company has a limited operating history which makes it difficult to evaluate its future prospects and the potential value of an Investor's investment. No assurances can be given that the Company will be able to successfully maintain and develop its business or meet its business objectives.
- The Company's operating expenses will be high and there can be no assurance that the Company will achieve or maintain profitability. If the Company is not successful in becoming profitable, it may be forced to curtail or cease operations.
- In order to meet its short-term and long-term business goals, the Company will need to seek additional funding. The Company can provide no assurance that it will be able to obtain such additional funding on favorable terms.
- The Company will operate in a highly competitive market and will encounter competitors that have greater resources and experience. If the Company cannot successfully compete against these companies, its business, results of operations and financial condition are likely to be materially and adversely affected.
- The Company must attract and retain qualified personnel to be successful, and competition for qualified personnel is intense in its market.
- The Company might face delays in physician certification and/or delays in required testing.
- The Company might face physician resistance to providing recommendation of medical marijuana as appropriate treatment, which is required under the NYS program for approval of "registered user" applications.
- The Company might face crop failure or crop infestations; crime, including vandalism and/or fire, which could completely or partially destroy the Company's medical marijuana supplies. Additionally, adverse weather conditions might affect the Company's transportation and distribution from manufacturing facilities to dispensaries.
- There might be difficulty in obtaining a medical marijuana insurance policy, and the Company may be forced to self-insure which could cause severe financial hardship in defending any claims.
- There is an inherent unpredictability of the marijuana marketplace, due in part to changing consumer sentiment and competition from illegal sellers.

Post Approval Regulatory Risks

- Medical marijuana is a relatively new and emerging industry and there may be unforeseen changes in federal and state legislation, including, but not limited to, changes in the legality of medical marijuana. Also, nearby states may legalize marijuana, which may affect the Company's business.
- The Company may face high costs of having to comply with robust state and federal medical marijuana regulations. The Company faces unpredictability of potentially onerous state and city tax rates.
- The Company may face difficulty in engaging needed services due to lingering concerns around legalization of medical marijuana.
- There is political risk of a cancellation of the NYS program by the legislature or Governor of New York.
- The Company business faces the risk that the federal government might prohibit medical marijuana growers from purchasing or leasing private land or otherwise impose harsh laws that could negatively affect the Company.
- Federal Banking Regulations currently deter banks from doing business with cannabis businesses like the Company, forcing them to operate only with cash and thereby increasing their security risks.

- According to federal regulations, any transaction involving proceeds of marijuana sales may serve as a basis for money laundering prosecution and the Company, Company officers and directors, and investors face some level of risk of being charged with violation of the federal anti-money laundering statutes. However, the Company is not aware of any situation where the federal government has pursued such prosecution against a medical marijuana business duly licensed under state laws.
- Elected candidates may amend federal medical marijuana regulations in ways that negatively affect the Company and the medical marijuana industry.
- The Company faces the risk of potential federal legal action against the relevant states regarding their marijuana regimes, including New York.

Forward-Looking Statements

The documents being distributed herewith contain forward looking statements. These forward-looking statements are not historical facts but rather are based on current expectations, estimates and projections about the Company's industry, the Company's beliefs and the Company's assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," and "estimates," and variations of these words and similar expressions, are intended to identify forward looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Company's control, are difficult to predict and could cause actual results to differ materially from those expressed, implied or forecasted in the forward-looking statements. In addition, the forward-looking events discussed therein might not occur. These risks and uncertainties include, among others, those described above in these "Risk Factors". Prospective investors are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's management's view only as of the date hereof. Except as required by law, the Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

James Van de Wetering
1675 Edwards Avenue
Baiting Hollow, NY 11933

June _2_, 2015

THC Health Inc.
Mr. Christian Cespedes
christian.a.cespedes@gmail.com
4-74 48th Avenue, Apt. PH-2E
Long Island City, NY 11109

Re: Lease Agreement

This agreement (hereinafter, the "Lease"), dated as of the date set forth above, but effective as of the date of Regulatory Approval, as defined below (the "Effective Date"), is between James Van de Wetering ("Landlord") and THC HEALTH INC. ("Tenant"). Landlord owns certain agricultural land with improvements located at 1675 Edwards Avenue, Baiting Hollow, NY 11933 comprised of approximately ___2.5_____ acres and as identified as Block # _____01_____ Lot # ____23_____ ("Landlord Property"). Landlord hereby leases the portion of the Landlord Property to Tenant comprised of approximately 28,000 square feet, as depicted on Exhibit A (the "Premises"), on the terms and conditions set forth herein.

This letter shall serve as our binding agreement relating to the matters set forth herein:

TOPIC:	**PROVISION:**
Term	The term of this Lease shall be five (5) years or as otherwise terminated earlier pursuant to the terms of this Lease (the "Term") commencing on the Effective Date and ending on the fifth anniversary of the Effective Date.
New York Department of Health License	Tenant has an application pending with the New York State Department of Health ("NYS DOH") to obtain a license to grow medical marihuana. Tenant shall use its best efforts to obtain such license and to comply with all reasonable requests for fees, information and documentation from the NYS DOH. This Lease shall be effective immediately upon receipt by the Tenant of written approval of the NYS DOH of Tenant's application to obtain a license to grow medical marijuana pursuant to New York Public Health Law Article 33 , Title V-A and the receipt of such license ("Regulatory Approval"). In the event Regulatory Approval is not obtained, this Lease shall not be effective, null, and without legal effect. Further, should any State entity with the authority to do so revoke Tenant's

	Regulatory Approval for any reason, this Lease shall terminate immediately upon a final adjudication of such revocation.
Permitted Use	Tenant will use the Premises solely for the purpose of growing and cultivating marihuana for use in its business operations, (the "Permitted Use") and for no other purpose. Tenant shall comply, at Tenant's sole cost and expense, with all applicable New York State laws, and any other laws, rules or regulations of any board, agency or governmental subdivision having jurisdiction over the Premises, the Permitted Use or Tenant's manner of use of the Premises, including but not limited to New York Public Health Law Article 33, Title V-A and/or 10 NYCRR § 1004 *et seq.* (the "Marihuana Laws and Regulations"). Tenant shall cure any and all violations issued against the Premises arising from Tenant's Permitted Use or manner of use of the Premises within ten (10) days of the issuance of same. Failure to so cure shall constitute a material default under this Lease. Landlord makes no representation that the Premises may be utilized for the Permitted Use under the certificate of occupancy covering the Premises, or under any applicable zoning or other laws, rules or regulations governing the use of the Premises. Landlord shall have no obligation to make any application to obtain any certificate of occupancy, use permit or approval, or any amendment thereof, to permit the Permitted Use or Tenant's manner of use of the Premises.
Consideration and Expenses	Landlord agrees to lease the Premises to the Tenant for the Term in consideration for 100,000 shares of common stock of THC Health Inc. (the "Shares") which constitutes 10% of the currently issued and outstanding shares of THC Health Inc. on a fully diluted basis. The Shares are in full payment and consideration for all of the following during the Term: all rent, real estate taxes, and insurance costs (except Tenant's insurance as set forth below). The Shares shall be issued and transferred to Landlord, or its designee, on the Effective Date, free of any liens, claims or other encumbrances. Tenant shall pay for, at its sole cost and expense, all utilities supplied to the Premises by any utility company, whether public or private, including but not limited to water/sewer, gas, electricity, fuel oil, and telephone service. Tenant shall reimburse Landlord for the utility charges incurred by Landlord in providing service to the Premises to the extent Landlord incurs any such cost.

	Tenant shall be responsible for all maintenance and repairs, both structural and non-structural, to the Premises and outside the Premises to the extent such maintenance and repairs relate to utilities or other installations servicing Tenant. Tenant shall, at its own cost and expense, keep the Premises in good condition, repair, and appearance at all times throughout the term of this Lease including, without limitation, (i) maintenance, repair, and replacement of the electrical, plumbing, sprinkler, heating, air conditioning, ventilation, life safety and all other mechanical systems servicing the Premises; (ii) regularly-scheduled cleaning and maintenance of the interior of the Premises; and (iii) maintenance and replacement of lighting fixtures, bulbs and ballasts with respect to exterior lighting required for the operation of Tenant's business.
Security Deposit	Not applicable.
No Hazardous Materials	Neither Tenant, nor anyone acting by, through or on behalf of Tenant, will generate, handle, dispose, store or discharge any hazardous substances or wastes in, on, around or under the Premises in violation of any applicable laws or regulations. Tenant hereby agrees to indemnify and hold Landlord, its officers, directors, shareholders, employees and mortgagees (the "Indemnified Parties") harmless from and against any and all claims, suits, causes of action, judgments, damages (consequential or otherwise), fees, costs and expenses, including, without limitation, reasonable attorneys' fees, costs and disbursement, asserted, made or entered against or incurred by the Indemnified Parties in connection with Tenant's default under this provision.
Premises – Tenant Access	Tenant shall have access to the Premises at all times.
Premises – NYS DOH Access	The NYS DOH shall have reasonable access to the Premises for inspection.
Premises – Landlord Access	Subject to the provisions of the following section, Landlord shall have access to the Premises during normal business hours and at any time in the event of an emergency, in all cases in a manner so as to minimize interference with Tenant's use and occupancy of the Premises: (i) to examine the Premises; (ii) to show the Premises to prospective purchasers, mortgagees or lessees; and (iii) to make such repairs, as Landlord may deem reasonably necessary, to the Premises or to any other portion of the Landlord Property. The parties acknowledge that

	Landlord's access to the Premises may be prohibited, delayed, or otherwise inhibited by relevant restrictions on access to locations containing marihuana plants or products as set forth in the Marihuana Laws and Regulations.
Parking Spaces	Tenant's occupancy of the Premises will include use of sufficient parking spaces as designated on Exhibit B.
Repairs	Landlord shall maintain the Landlord Property generally and shall conduct timely repairs as needed and as reasonably determined to be necessary by Landlord. Landlord and Tenant acknowledge that such repairs may be delayed by restrictions on the Landlord's or third party's access to the Premises pursuant to the Marihuana Laws and Regulations. Tenant shall maintain the Premises and conduct specific repairs necessitated by its use and occupancy of the Premises. Both Landlord and Tenant covenant that neither shall instruct any individual to enter the Premises to conduct any repairs if such entry is prohibited by the Marijuana Laws and Regulations. Upon the expiration or earlier termination of this Lease, all Tenant improvements to the Premises (excluding Tenant's inventory, trade fixtures, equipment and personal property) shall become the property of the Landlord and Tenant shall repair any damage to the Premises.
Alterations	Tenant shall not make any alterations, additions or improvements to the Premises without first obtaining the written consent of Landlord. Prior to commencing operations at the Premises, Tenant shall obtain, at Tenant's sole cost and expense, all necessary licenses, approvals and/or permits to construct any improvements to the Premises and to operate at the Premises. Any and all improvements to the Premises, and any plans and specifications relating thereto, shall be subject to the Landlord's prior review and consent. Tenant shall reimburse Landlord for the reasonable costs incurred by Landlord in connection with the review of such plans and specifications by Landlord's licensed architect.
Liens, Assignments and Transfers.	Tenant shall not mortgage, pledge, assign or otherwise transfer this Lease, or sublease all or any portion of the Premises. The transfer of a majority of the issued and outstanding capital stock of the Tenant or of a majority of the total voting interest

	of the Tenant, however accomplished, and whether in a single transaction or in a series of related or unrelated transactions, shall be deemed an assignment of this Lease.
Subordination	This Lease shall be subject and subordinate to any mortgage now or herein after encumbering the Landlord Property. Tenant shall, within twenty (20) days after written request by Landlord, execute and deliver such further instruments confirming such subordination of this Lease as may be desired by Landlord or any mortgagee. In the event any mortgagee shall succeed to Landlord's interest under this Lease, Tenant shall attorn to such mortgagee and recognize such mortgagee as landlord under this Lease. Upon such attornment, this Lease shall continue in full force and effect as a direct lease between such successor landlord and Tenant upon all of the terms, conditions and covenants set forth in this Lease.
Estoppel	Tenant shall, from time to time, on not less than twenty (20) days prior written request by Landlord, execute, acknowledge and deliver to Landlord an estoppel certificate containing such information as Landlord may reasonably request.
Insurance	On or before occupying the Premises, Tenant shall obtain and have in full force and effect (and provide Landlord with evidence thereof): (i) commercial general liability insurance with a per occurrence limit of Three Million Dollars ($3,000,000) and a general aggregate of Five Million Dollars ($5,000,000) covering bodily injury and property damage and containing an endorsement naming Landlord as an additional insured; (ii) workers' compensation insurance as required by any applicable law or regulation and in accordance with the laws of the state having jurisdiction over Tenant's employees; (iii) during the period of any alterations, builder's risk insurance in such amount as may be reasonably required by Landlord; and (iv) All Risk" or "Special Form" property insurance, including the perils of flood and earthquake, for the full insurable value, covering all property owned by Tenant or for which Tenant is legally liable, or which is installed in the Premises by or on behalf of Tenant, and which is located within the Premises, including, without limitation, on all leasehold improvements, in an amount equivalent to the insurable value of said property, defined as the cost to replace or reconstruct new without deduction for physical depreciation. Tenant shall maintain all such insurance throughout the Term, at Tenant's

	sole cost and expense. If at any time Tenant shall neglect or fail to provide or maintain such insurance or to deliver insurance certificates evidencing same to Landlord, Landlord may upon ten (10) business days prior notice to Tenant, effect such insurance as agent for Tenant, by taking out policies in companies selected by Landlord, and the amount of the premiums paid for such insurance shall be paid by Tenant to Landlord within thirty (30) days of Landlord's demand. Landlord, in addition to Landlord's other rights and remedies, shall be entitled to recover as damages for any breach of this provision the uninsured amount of any loss, liability, damage, claim, costs and expenses suffered or incurred by Landlord which was to be covered Tenant's insurance required by this Lease. All insurance maintained pursuant to this provision shall provide that it is primary to and noncontributory with any and all insurance maintained by or afforded to an additional insured under such insurance.
Indemnification	Tenant shall defend, indemnify and hold Landlord and its officers, directors, shareholders, employees and agents harmless from and against any and all claims, actions or proceedings, costs, expenses and liabilities, including reasonable attorneys' fees and disbursements, relating to Tenant's default or breach of this Lease, or to Tenant's use, occupancy or manner of use of the Premises.
Authorization	The signatories on behalf of Tenant and Landlord represent and warrant that they are duly authorized to execute this Lease.
Notices	Any notice by either party to the other shall be in writing and shall be deemed to have been duly given only if (i) delivered personally, or (ii) sent by registered mail or certified mail return receipt requested in a postage paid envelope, or (iii) sent by nationally recognized overnight delivery service, at the addresses set forth above; or, to either at such other address as Tenant or Landlord, respectively, may designate in writing. Notice shall be deemed to have been duly given, if delivered personally, on delivery thereof, if mailed, upon the seventh (7th) day after the mailing thereof or if sent by overnight delivery service, the next business day.
No Broker	Each party represents and warrants that no broker brought about this transaction, and each hereby agrees to indemnify and hold

	the other harmless from any and all claims of any broker(s) arising out of or in connection with this Lease, including reasonable attorneys' fees.
Events of Default and Remedies	If any one or more of the following events ("Events of Default") shall occur: (i) Tenant shall fail to comply with or perform any term, covenant or condition hereof, and such failure shall continue for more than thirty (30) days after notice thereof from Landlord, or if such default cannot, with due diligence, be cured within such thirty (30) day period, Tenant within said period, shall not commence with due diligence and dispatch the curing of such default, or, having so commenced, thereafter shall fail or neglect to prosecute or complete with due diligence and dispatch the curing of such default; (ii) Tenant shall admit, in writing, that it is unable to pay its debts as such debts become due; (iii) Tenant shall make a general assignment for the benefit of creditors; (iv) Tenant shall file a voluntary petition under Title 11 of the United States Code, or if Tenant shall file any petition or answer seeking, consenting to or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under present or any future federal bankruptcy code or any other present or future applicable federal, state or other statute or law, or Tenant shall seek or consent to or acquiesce in or suffer the appointment of any trustee, receiver, custodian, assignee, sequestrator or liquidator or other similar official of Tenant or of all or any substantial part of its properties or of the Premises or any interest of Tenant therein; (iv) within sixty (60) days after the commencement of any proceeding against Tenant seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy code or any other present or future applicable federal, state or other statute or law, such proceeding shall not have been dismissed, or if, within sixty (60) days after the appointment, without the consent or acquiescence of Tenant, of any trustee, receiver, custodian, assignee, sequestrator or liquidator or other similar official of Tenant or of all or any substantial part of its properties or of the Premises or any interest of Tenant therein, such appointment shall not have been vacated or stayed on appeal or otherwise, or if, within thirty (30) days after the expiration of any such stay, such appointment shall not have been vacated; or (v) a levy under execution or attachment shall be made against Tenant relating to its interest in the Premises, and such execution or attachment shall not be vacated or removed by court order, bonding or otherwise within sixty (60) days, then Landlord, at

	any time thereafter, at its option, may terminate this Lease and the Term by giving Tenant five (5) days' notice of Landlord's intention to do so, and upon the giving of such notice, this Lease and the Term and all rights of Tenant under this Lease shall expire and terminate as if the date on which such Event of Default occurred were the date herein definitely fixed for the expiration of the Term and Tenant immediately shall quit and surrender the Premises. If an Event of Default described herein shall occur, or if this Lease shall be terminated as provided herein, Landlord, in addition to any other rights or remedies it may have, shall, after thirty (30) days written notice to Tenant and the New York State Department of Health, have the right of lawful reentry pursuant to legal proceedings and may remove all persons and property from the Premises after obtaining a writ of eviction against Tenant and such property may be removed and stored in a public warehouse or elsewhere at the cost and for the account of Tenant (provided, however, that Landlord shall not remove any marihuana plants, products, oils, derivatives, or the like from the Premises), without being deemed guilty of trespass, or becoming liable for any loss or damage which may be occasioned hereby. Notwithstanding the foregoing paragraph, Landlord acknowledges that its rights of reentry into the premises set forth in this Lease do not confer on him the authority to manufacture and/or dispense on the premises medical marihuana in accordance with article 33 of the Public Health Law, and Landlord agrees to provide the New York State Department of Health, Mayor Erastus Corning 2nd Tower, The Governor Nelson A. Rockefeller Empire State Plaza, Albany, N.Y. 12237, with notification by certified mail of its intent to reenter the premises or to initiate dispossess proceedings or that the lease is due to expire, at least 30 days prior to the date on which the landlord intends to exercise a right of reentry or to initiate such proceedings or at least 60 days before expiration of the lease. Further, Landlord shall not exercise such right of reentry if the exercise of such right would violate the Marihuana Laws and Regulations or a direct communication from the New York State Department of Health.
Miscellaneous	1. This Lease sets forth the entire mutual understanding between the parties hereto and supersedes any and all understandings, negotiations and/or agreements, written or oral, not expressly set forth in this Lease. This Lease

cannot be modified, changed, discharged or terminated except by an instrument in writing signed by the party sought to be charged.

2. If any of the provisions of this Lease, or the application of such provisions, will be invalid or unenforceable, the remainder of this Lease will not be affected, and this Lease will be valid and enforceable to the fullest extent permitted by law.

3. The topic headings in this Lease are intended for convenience only and will not be taken into consideration in any construction or interpretation of this Lease or any of its provisions.

4. No failure by either party to insist upon the strict performance of any covenant, agreement, term or condition of this Lease, or to exercise any right or remedy upon a breach of any such covenant, agreement, term or condition will constitute a waiver of any such breach or of such covenant, agreement, term or condition. No consent or waiver, express or implied, by either party to or of any breach of any covenant, condition or duty of the other party will be construed as a consent or waiver to or of any other breach of the same or any other covenant, condition or duty, unless such consent or waiver is in writing and signed by the party granting such consent or waiver.

5. The provisions of this Lease will apply to, bind and inure to the benefit of Landlord or Tenant, and their respective, successors and assigns.

6. Each party hereto shall cooperate and shall take such further action and shall execute and deliver such further documents as may be reasonably requested by any other party in order to carry out the provisions and purposes of this Lease.

7. This Lease may be executed in multiple counterparts, each of which will constitute a complete and fully executed original.

8. This Lease and all of the terms, conditions and provisions hereof shall be governed by, and shall be construed and interpreted in accordance with, the internal laws of the State of New York.

THE PARTIES to this Lease have executed and delivered this Lease as of the date set forth above.

LANDLORD:

By: _____
James Van de Wetering

TENANT:

THC HEALTH INC.

By: _____
Name: Christian Cespedes
Title: Chief Executive Officer

RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement ("Agreement") dated May 1st, 2015 (the "Effective Date"), is by and between THC Health Inc., a New York corporation (the "Company"), and Christian Cespedes ("Grantee").

WHEREAS, the Company desires to provide an incentive to Grantee, in the form of shares of the Company's common stock, to encourage Grantee's long-term performance for the Company and more closely align Grantee's interest in the Company with that of the shareholders;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants set forth in this Agreement, and intending to be legally bound hereby, Grantee and the Company (collectively, the "Parties") hereby agree as follows:

1. **Issuance of Stock**. The Company hereby agrees to issue to Grantee, and Grantee hereby agrees to accept, in consideration for his agreement to perform services and serve in certain agreed capacities for the Company [redacted] shares of Common Stock of the Company (the "Shares"), representing 15% of all issued and outstanding Common Stock in the Company, at $0.001 par value, of which 100% shall be currently free of any forfeiture restrictions. Shares with forfeiture restrictions are referred to herein as "Restricted Shares." Restricted Shares shall not be entitled to voting rights or to participate in any dividends or distributions made by the Company **[discuss: NY BCL § 501(c)- "each share shall be equal to every other share of the same class"]**.

2. **Forfeiture and Repurchase**.

(a) Upon the termination of Grantee's employment and/or provision of services to the Company ("Affiliation") with the Company for cause (as such term is defined below), the Company shall have, on the date of such cessation of such Affiliation (the "Termination Date"), an irrevocable, exclusive option (the "Forfeiture Repurchase Option"), for a period of ninety (90) days from the Termination Date (the "Forfeiture Repurchase Period"), to repurchase up to all of the Shares (including both restricted and unrestricted) on the Termination Date at a price of One Cent ($0.01) per share (the "Repurchase Price"). Cessation of Grantee's Affiliation may be based upon Grantee's relinquishment of any affiliation with the Company or by the Company terminating any Affiliation with Grantee for Cause.

As used throughout this Section 2, "Cause" is defined to mean termination of the Grantee's Affiliation with the Company due to (i) Grantee's ineligibility to work for a "Registered Organization" as set forth in 10 NYCRR § 1004 *et seq.*, or (ii) Grantee's inattentiveness to, neglect of, or conscious disregard of the duties to be performed by him as reasonably requested by the Company, and such conduct persists for five (5) days following his receipt of notice from the Company. **[or (iii) Change of Control (as defined in Paragraph 9 below. NB- In Change of Control, shares can either immediately be redeemed (this paragraph) or immediately vest in KVdW (see brackets in 9).]**

(b) Upon the termination of the Grantee's Affiliation with the Company not for Cause (including, but not limited to, Grantee's death, disability, retirement, or termination by the Company without cause), the Company shall have the Forfeiture Repurchase Option set forth in Section 2(a) above, provided, however, that the Repurchase Price of the Share's in the case of termination of Affiliation without Cause shall be the fair market value of the Shares (the "Fair Market Value Repurchase Price"). The Fair Market Value Repurchase Price shall be determined by an independent valuation of the Company performed by a third party valuation consultant (a "Consultant") mutually agreed upon by the Company and the Grantee (or the Grantee's estate, as the case may be). If the Company and Grantee fail to agree on a Consultant, each shall individually select a Consultant, and the two Consultants selected shall select a third-party Consultant to determine the Fair Market Value Repurchase Price.

(c) Upon termination either with or without Cause, the Forfeiture Repurchase Option shall be exercisable by written notice delivered to Grantee before the expiration of the Forfeiture Repurchase Period, provided, however, that the Company's failure to deliver a written notice within the Forfeiture Repurchase Period shall be deemed an election by the Company to not exercise the Forfeiture Repurchase Option, and the Company shall have no further option to repurchase the Shares. The notice shall indicate the number of the Shares to be repurchased and the date on which the repurchase is to be effected. On the date of the repurchase, the Company shall pay to Grantee, at the Company's option, in cash, by check of the Company, by cancellation of all or a portion of any indebtedness of Grantee to the Company, or a combination of the foregoing, an amount equal to the Repurchase Price for each of the Shares that is to be repurchased from Grantee. Upon delivery of such payment to Grantee, the Company shall become the legal and beneficial owner of the Shares being repurchased, and the Company shall have the right to transfer to its own name the Shares being forfeited and repurchased without any further action of Grantee. The Parties expressly agree that these provisions governing the forfeiture and repurchase of the Shares shall be specifically enforceable by the Company in a court of equity or law.

(d) In the event that the NYS DOH shall determine not to provide the Company with a License on or before September 1st, 2015, all Shares owned by Grantee shall automatically and without payment revert to the Company effective upon the date when the Company shall advise Grantee that it did not receive a License.

3. **Forfeiture Restrictions**. (a) The Grantee may not sell, transfer, pledge, exchange, hypothecate, or otherwise dispose of any of the Restricted Shares (collectively, the "Forfeiture Restrictions"), before the termination or lapse of the Forfeiture Restrictions as described below. Upon the termination of Forfeiture Restrictions regarding the Restricted Shares, one or more stock certificates representing the Restricted Shares, free of Forfeiture Restrictions, shall be delivered to Grantee at Grantee's request in accordance with this Agreement.

(b) The Forfeiture Restrictions shall also terminate upon the occurrence of:

(i) a Change of Control, as defined in Section 9 hereof; or

(ii) upon a decision by the Company's board of directors (the "Board"), in its sole discretion and as of a date determined by the Board, to fully vest any or all of the Restricted Shares (with the result that the Forfeiture Restrictions affecting only those Restricted Shares which the Board chooses to vest in Grantee shall terminate).

4. **Representations of Grantee**. Grantee represents and warrants to the Company as follows:

(a) Grantee has received, read, and understood this Agreement and agrees to abide by and be bound by its terms and conditions;

(b) Grantee is acquiring the Shares for his own account for investment purposes only and not with a view to, or for sale in connection with, any unregistered distribution or sale of the Shares in violation of the Securities Act of 1933, as amended (the "Securities Act"), or any applicable state securities laws;

(c) Grantee has no present intention of selling or otherwise disposing of all or any number of the Shares; and

(d) Grantee is fully aware of the financial risks involved in ownership of the Shares and the lack of liquidity of the Shares (because of the restrictions on transferability of the Shares -- e.g., that Grantee may not be able to sell or dispose of the Shares or use them as collateral for loans).

5. **Compliance with Securities Law**. Grantee understands and acknowledges that the Shares have not been registered under the Securities Act or any state securities laws and that, notwithstanding any other provision of this Agreement to the contrary, his acquisition of the Shares is expressly conditioned upon compliance with the Securities Act and all applicable state securities laws. Grantee agrees to cooperate with the Company to ensure compliance with such laws.

6. **Certain Restrictions on Transfer**. Grantee understands that the Shares must be held indefinitely unless they are registered under the Securities Act and applicable state securities laws or unless exemptions from such registration are available and that the certificate(s) representing the Shares shall bear a legend to that effect. Grantee understands that the Company is under no obligation to register any resale of any of the Shares that may become transferable upon the termination or lapse of Forfeiture Restrictions and that an exemption may not be available or may not permit Grantee to resell or transfer any of such Shares in the amounts or at the times proposed by Grantee.

7. **Company Access to Restricted Shares**.

(a) To ensure the availability for delivery of the Restricted Shares upon forfeiture and repurchase in accordance with Section 2, Grantee agrees that the Company's legal counsel shall retain all share certificate(s) representing the Restricted Shares, together with the stock assignment attached hereto as Exhibit A duly endorsed in blank.

(b) Upon the forfeiture and repurchase (if applicable) of all or any number of the Restricted Shares by the Company in accordance with Section 2, the Company shall cancel such Restricted Shares which will be restored to unissued status.

(c) Upon the termination or lapse of the Forfeiture Restrictions regarding all or any number of the Restricted Shares, the Company shall promptly deliver the certificate(s) to Grantee representing those previously Restricted Shares.

8. **Administration**. The Board shall interpret this Agreement and shall prescribe such rules and regulations in connection with the operation of this Agreement as it determines (in good faith) to be advisable. The good-faith interpretation by the Board of any of the provisions of this Agreement shall be final and binding upon the Company and Grantee.

9. **Change of Control**.

a) "Change of Control," as it is used in this Agreement, means a single transaction or multiple related or unrelated transactions which result in a consolidation, merger, liquidation, dissolution, sale of all or substantially all of the assets of the Company, or the transfer or sale of either the Company's common stock or of the Company's then outstanding voting securities entitled to vote generally in the election of directors, which results in a third party owning more than a majority of all issued and outstanding common stock of the Company. All Restricted Shares shall vest immediately prior to the consummation of the Acquisition. Notwithstanding the foregoing, in no case shall a Change of Control be deemed to have occurred if a third party acquires a majority of all issued and of the Company's outstanding common stock or of the Company's then outstanding voting securities entitled to vote generally in the election of directors through the purchase of newly-issued stock approved by the Company to obtain additional capital.

b) Should a Change of Control occur, any and all restrictions on any Restricted Shares held by Grantee shall immediately lapse, and right to all Shares shall immediately vest in Grantee.

10. **Effect of Agreement**. Neither the execution of this Agreement nor any action of the Board in connection with or relating to this Agreement shall be deemed to give Grantee any rights except as may be expressed in this Agreement. The existence of this Agreement shall not affect in any way the right of the Board to make or authorize any adjustment, recapitalization, reorganization, or other change in the Company's capital structure or its business, any merger or consolidation or other transaction involving the Company, any issuance of other shares or any other securities of the Company (including bonds, debentures, or shares of preferred stock ahead of or affecting the Shares or the rights thereof), the dissolution or liquidation of the Company or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding by or for the Company. Nothing in this Agreement shall confer upon Grantee any right with respect to the Grantee's employment or affiliation with the Company or affect or interfere in any way with the right of either the Company or Grantee to terminate Grantee's employment or affiliation (with or without cause).

11. **Refusal to Transfer**. With respect to any Shares purported to have been sold or otherwise transferred in violation of any of the provisions of this Agreement, the Company shall not be required to (i) transfer on its books, or authorize the Company's transfer agent to transfer on its books, any such Shares, or (ii) treat as owner of such Shares, or accord the right to vote or to any distributions to, any purchaser or other transferee to whom or which such Shares have been purported to be so transferred.

12. **Legend**. The share certificate(s) representing the Shares shall be endorsed with the following legend (in addition to any legend required under applicable securities laws):

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO FORFEITURE AND REPURCHASE AND TO CERTAIN RESTRICTIONS ON RESALE AND TRANSFER. NONE OF THE SHARES MAY BE TRANSFERRED EXCEPT AS SET FORTH IN THAT CERTAIN RESTRICTED STOCK AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE COMPANY.

13. **Tax Consequences**. Grantee has reviewed with his own tax advisor(s) the federal, state, and local tax consequences of this ownership of the Shares and the other transactions contemplated by this Agreement. Grantee is relying solely on such advisor(s) and not on any statements or representations of the Company or any of its agents. Grantee understands and agrees that he, and not the Company, shall be responsible for his own tax liability that may arise as a result of the transactions contemplated by this Agreement. Grantee understands that Section 83 of the Internal Revenue Code of 1986, as amended (which, including any amendments and successor provisions to any section referenced herein and any Treasury regulations promulgated under such section, is hereinafter referred to as the "Code"), taxes as ordinary income fair market value of the Restricted Shares as of the date any restrictions on the Restricted Shares terminate or lapse. In this context, "restriction" includes the Forfeiture Restrictions and the right of the Company to repurchase the Restricted Shares pursuant to Section 2. Grantee understands that he may elect to be taxed at the time the Shares are granted, rather than when and as the restrictions terminate or lapse (if ever), by filing an election under Section 83(b) of the Code with the Internal Revenue Service within thirty (30) days from the Effective Date. GRANTEE ACKNOWLEDGES THAT IT IS HIS SOLE RESPONSIBILITY (AND NOT THE COMPANY'S) TO FILE TIMELY THE ELECTION UNDER SECTION 83(b). **[Discuss with accountant]**

14. **Entire Agreement; Governing Law**. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersede all prior undertakings and agreements of the Parties with respect to the subject matter hereof. Nothing in this Agreement (except as expressly provided herein) is intended to confer any rights or remedies on any person other than the Parties. This Agreement is to be construed in accordance with, enforced under, and governed by the laws of the State of New York.

15. **Amendment**. The Board may at any time or from time to time amend this Agreement in any respect, except that no amendment that adversely affects Grantee may be effected without a writing signed by the Parties.

16. **Effectiveness and Term**. This Agreement is effective upon the Effective Date, and it shall continue in effect until the termination or lapse of the Forfeiture Restrictions or until all of the Shares are transferred to the Company and/or its assignee(s), unless sooner terminated by the Parties.

17. **Interpretive Matters**. Whenever required by the context, pronouns and any variation thereof used in this Agreement shall be deemed to refer to the masculine, feminine, or neuter, and the singular shall include the plural, and vice versa. The term "include" or "including" does not denote or imply any limitation. The term "business day" means any Monday through Friday other than such a day on which banks are authorized to be closed in the State of New York. Each reference in this Agreement to a "Section" shall be deemed to be to a section of this Agreement, unless otherwise stated. The captions and headings used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.

18. **Venue**. Any suit, action, or proceeding arising out of or relating to this Agreement shall be brought in the United States District Court for the Southern District of New York or in a New York state court in New York County, New York, and the Parties shall submit to the jurisdiction of such court. Each of the Parties irrevocably waives, to the fullest extent permitted by law, any objection it or he may have to the laying of venue for any such suit, action, or proceeding brought in such court. EACH OF THE PARTIES ALSO EXPRESSLY WAIVES ANY RIGHT IT OR HE HAS OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION, OR PROCEEDING.

19. **Severability and Reformation**. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future law, such provision shall be fully severable and severed, and this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision were never a part hereof, and the remaining provisions of the Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or its severance.

20. **Notice**. Any notice or other communication required or permitted hereunder shall be given in writing and shall be deemed given, effective, and received upon prepaid delivery in person or by courier, or upon the earlier of delivery or the third business day after deposit in the United States mail if sent by certified mail, with postage and fees prepaid, in any case addressed to the other Party at its or his address as shown beneath its or his signature to this Agreement, or to such other address as such Party may designate in writing from time to time by notice to the other Party in accordance with this Section 20.

THC HEALTH INC.

By:_____
Dwight Mamanteo,

Chairman of the Board of Directors

GRANTEE ACKNOWLEDGES AND AGREES THAT THE FORFEITURE RESTRICTIONS ON THE RESTRICTED SHARES SHALL LAPSE, IF AT ALL, ONLY AS EXPRESSLY STATED IN THIS AGREEMENT (NOT THROUGH BEING ISSUED THE RESTRICTED SHARES).

DATED: 03-JUNE-2015

SIGNED: _____
Christian Cespedes

[redacted]

Exhibit A to Restricted Stock Agreement

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, I, CHRISTIAN CESPEDES, hereby sell, assign, and transfer unto THC Health Inc. (the "Company") a total of _____ (_____) shares of Common Stock of the Company registered in my name in the share transfer records of the Company represented by Certificate No(s). _____ delivered herewith and do hereby irrevocably constitute and appoint Christian Cespedes or his successor as attorney-in-fact, with full power of substitution, to transfer such shares in the share transfer records of the Company.

_____
(Signature)

CHRISTIAN CESPEDES
(Printed name)

INSTRUCTIONS:

Please do not fill in any blanks other than the signature and name lines. The purpose of this assignment is to enable the transfer of shares upon forfeiture and repurchase under the Restricted Stock Agreement, without requiring additional signatures on the part of Grantee.

RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement ("Agreement") dated May 1st, 2015 (the "Effective Date"), is by and between THC Health Inc., a New York corporation (the "Company"), and Collin Davidson ("Grantee").

WHEREAS, the Company desires to provide an incentive to Grantee, in the form of shares of the Company's common stock, to encourage Grantee's long-term performance for the Company and more closely align Grantee's interest in the Company with that of the shareholders;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants set forth in this Agreement, and intending to be legally bound hereby, Grantee and the Company (collectively, the "Parties") hereby agree as follows:

1. **Issuance of Stock**. The Company hereby agrees to issue to Grantee, and Grantee hereby agrees to accept, in consideration for his agreement to perform services and serve in certain agreed capacities for the Company, [redacted] shares of Common Stock of the Company (the "Shares"), representing 5% of all issued and outstanding Common Stock in the Company, at $0.001 par value, of which 50% shall be currently free of any forfeiture restrictions, an additional 25% shall become free of any forfeiture restrictions upon the Company being granted a New York State Department of Health ("NYS DOH") license to operate a medical marihuana program (the "License"), and the remaining 25% shall be free of forfeiture restrictions on the one year anniversary of the grant of the License. Shares with forfeiture restrictions are referred to herein as "Restricted Shares." Restricted Shares shall not be entitled to voting rights or to participate in any dividends or distributions made by the Company **[discuss: NY BCL § 501(c)- "each share shall be equal to every other share of the same class"]**.

2. **Forfeiture and Repurchase**.

(a) Upon the termination of Grantee's employment and/or provision of services to the Company ("Affiliation") with the Company for cause (as such term is defined below), the Company shall have, on the date of such cessation of such Affiliation (the "Termination Date"), an irrevocable, exclusive option (the "Forfeiture Repurchase Option"), for a period of ninety (90) days from the Termination Date (the "Forfeiture Repurchase Period"), to repurchase up to all of the Shares (including both restricted and unrestricted) on the Termination Date at a price of One Cent ($0.01) per share (the "Repurchase Price"). Cessation of Grantee's Affiliation may be based upon Grantee's relinquishment of any affiliation with the Company or by the Company terminating any Affiliation with Grantee for Cause.

As used throughout this Section 2, "Cause" is defined to mean termination of the Grantee's Affiliation with the Company due to (i) Grantee's ineligibility to work for a "Registered Organization" as set forth in 10 NYCRR § 1004 *et seq.*, or (ii) Grantee's inattentiveness to, neglect of, or conscious disregard of the duties to be performed by him as reasonably requested by the Company, and such conduct persists for five (5) days following his receipt of notice from the Company. **[or (iii) Change of Control (as defined in Paragraph 9**

below. NB- In Change of Control, shares can either immediately be redeemed (this paragraph) or immediately vest in KVdW (see brackets in 9).]

(b) Upon the termination of the Grantee's Affiliation with the Company not for Cause (including, but not limited to, Grantee's death, disability, retirement, or termination by the Company without cause), the Company shall have the Forfeiture Repurchase Option set forth in Section 2(a) above, provided, however, that the Repurchase Price of the Share's in the case of termination of Affiliation without Cause shall be the fair market value of the Shares (the "Fair Market Value Repurchase Price"). The Fair Market Value Repurchase Price shall be determined by an independent valuation of the Company performed by a third party valuation consultant (a "Consultant") mutually agreed upon by the Company and the Grantee (or the Grantee's estate, as the case may be). If the Company and Grantee fail to agree on a Consultant, each shall individually select a Consultant, and the two Consultants selected shall select a third-party Consultant to determine the Fair Market Value Repurchase Price.

(c) Upon termination either with or without Cause, the Forfeiture Repurchase Option shall be exercisable by written notice delivered to Grantee before the expiration of the Forfeiture Repurchase Period, provided, however, that the Company's failure to deliver a written notice within the Forfeiture Repurchase Period shall be deemed an election by the Company to not exercise the Forfeiture Repurchase Option, and the Company shall have no further option to repurchase the Shares. The notice shall indicate the number of the Shares to be repurchased and the date on which the repurchase is to be effected. On the date of the repurchase, the Company shall pay to Grantee, at the Company's option, in cash, by check of the Company, by cancellation of all or a portion of any indebtedness of Grantee to the Company, or a combination of the foregoing, an amount equal to the Repurchase Price for each of the Shares that is to be repurchased from Grantee. Upon delivery of such payment to Grantee, the Company shall become the legal and beneficial owner of the Shares being repurchased, and the Company shall have the right to transfer to its own name the Shares being forfeited and repurchased without any further action of Grantee. The Parties expressly agree that these provisions governing the forfeiture and repurchase of the Shares shall be specifically enforceable by the Company in a court of equity or law.

(d) In the event that the NYS DOH shall determine not to provide the Company with a License on or before September 1st, 2015, all Shares owned by Grantee shall automatically and without payment revert to the Company effective upon the date when the Company shall advise Grantee that it did not receive a License.

3. **Forfeiture Restrictions**. (a) The Grantee may not sell, transfer, pledge, exchange, hypothecate, or otherwise dispose of any of the Restricted Shares (collectively, the "Forfeiture Restrictions"), before the termination or lapse of the Forfeiture Restrictions as described below. Upon the termination of Forfeiture Restrictions regarding the Restricted Shares, one or more stock certificates representing the Restricted Shares, free of Forfeiture Restrictions, shall be delivered to Grantee at Grantee's request in accordance with this Agreement.

(b) The Forfeiture Restrictions shall also terminate upon the occurrence of:

(i) a Change of Control, as defined in Section 9 hereof; or

(ii) upon a decision by the Company's board of directors (the "Board"), in its sole discretion and as of a date determined by the Board, to fully vest any or all of the Restricted Shares (with the result that the Forfeiture Restrictions affecting only those Restricted Shares which the Board chooses to vest in Grantee shall terminate).

4. **Representations of Grantee**. Grantee represents and warrants to the Company as follows:

(a) Grantee has received, read, and understood this Agreement and agrees to abide by and be bound by its terms and conditions;

(b) Grantee is acquiring the Shares for his own account for investment purposes only and not with a view to, or for sale in connection with, any unregistered distribution or sale of the Shares in violation of the Securities Act of 1933, as amended (the "Securities Act"), or any applicable state securities laws;

(c) Grantee has no present intention of selling or otherwise disposing of all or any number of the Shares; and

(d) Grantee is fully aware of the financial risks involved in ownership of the Shares and the lack of liquidity of the Shares (because of the restrictions on transferability of the Shares -- e.g., that Grantee may not be able to sell or dispose of the Shares or use them as collateral for loans).

5. **Compliance with Securities Law**. Grantee understands and acknowledges that the Shares have not been registered under the Securities Act or any state securities laws and that, notwithstanding any other provision of this Agreement to the contrary, his acquisition of the Shares is expressly conditioned upon compliance with the Securities Act and all applicable state securities laws. Grantee agrees to cooperate with the Company to ensure compliance with such laws.

6. **Certain Restrictions on Transfer**. Grantee understands that the Shares must be held indefinitely unless they are registered under the Securities Act and applicable state securities laws or unless exemptions from such registration are available and that the certificate(s) representing the Shares shall bear a legend to that effect. Grantee understands that the Company is under no obligation to register any resale of any of the Shares that may become transferable upon the termination or lapse of Forfeiture Restrictions and that an exemption may not be available or may not permit Grantee to resell or transfer any of such Shares in the amounts or at the times proposed by Grantee.

7. **Company Access to Restricted Shares**.

(a) To ensure the availability for delivery of the Restricted Shares upon forfeiture and repurchase in accordance with Section 2, Grantee agrees that the Company's legal

counsel shall retain all share certificate(s) representing the Restricted Shares, together with the stock assignment attached hereto as Exhibit A duly endorsed in blank.

(b) Upon the forfeiture and repurchase (if applicable) of all or any number of the Restricted Shares by the Company in accordance with Section 2, the Company shall cancel such Restricted Shares which will be restored to unissued status.

(c) Upon the termination or lapse of the Forfeiture Restrictions regarding all or any number of the Restricted Shares, the Company shall promptly deliver the certificate(s) to Grantee representing those previously Restricted Shares.

8. **Administration**. The Board shall interpret this Agreement and shall prescribe such rules and regulations in connection with the operation of this Agreement as it determines (in good faith) to be advisable. The good-faith interpretation by the Board of any of the provisions of this Agreement shall be final and binding upon the Company and Grantee.

9. **Change of Control**.

a) "Change of Control," as it is used in this Agreement, means a single transaction or multiple related or unrelated transactions which result in a consolidation, merger, liquidation, dissolution, sale of all or substantially all of the assets of the Company, or the transfer or sale of either the Company's common stock or of the Company's then outstanding voting securities entitled to vote generally in the election of directors, which results in a third party owning more than a majority of all issued and outstanding common stock of the Company. All Restricted Shares shall vest immediately prior to the consummation of the Acquisition. Notwithstanding the foregoing, in no case shall a Change of Control be deemed to have occurred if a third party acquires a majority of all issued and of the Company's outstanding common stock or of the Company's then outstanding voting securities entitled to vote generally in the election of directors through the purchase of newly-issued stock approved by the Company to obtain additional capital.

b) Should a Change of Control occur, any and all restrictions on any Restricted Shares held by Grantee shall immediately lapse, and right to all Shares shall immediately vest in Grantee.

10. **Effect of Agreement**. Neither the execution of this Agreement nor any action of the Board in connection with or relating to this Agreement shall be deemed to give Grantee any rights except as may be expressed in this Agreement. The existence of this Agreement shall not affect in any way the right of the Board to make or authorize any adjustment, recapitalization, reorganization, or other change in the Company's capital structure or its business, any merger or consolidation or other transaction involving the Company, any issuance of other shares or any other securities of the Company (including bonds, debentures, or shares of preferred stock ahead of or affecting the Shares or the rights thereof), the dissolution or liquidation of the Company or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding by or for the Company. Nothing in this Agreement shall confer upon Grantee any right with respect to the Grantee's employment or affiliation with the Company or affect or

interfere in any way with the right of either the Company or Grantee to terminate Grantee's employment or affiliation (with or without cause).

11. **Refusal to Transfer**. With respect to any Shares purported to have been sold or otherwise transferred in violation of any of the provisions of this Agreement, the Company shall not be required to (i) transfer on its books, or authorize the Company's transfer agent to transfer on its books, any such Shares, or (ii) treat as owner of such Shares, or accord the right to vote or to any distributions to, any purchaser or other transferee to whom or which such Shares have been purported to be so transferred.

12. **Legend**. The share certificate(s) representing the Shares shall be endorsed with the following legend (in addition to any legend required under applicable securities laws):

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO FORFEITURE AND REPURCHASE AND TO CERTAIN RESTRICTIONS ON RESALE AND TRANSFER. NONE OF THE SHARES MAY BE TRANSFERRED EXCEPT AS SET FORTH IN THAT CERTAIN RESTRICTED STOCK AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE COMPANY.

13. **Tax Consequences**. Grantee has reviewed with his own tax advisor(s) the federal, state, and local tax consequences of this ownership of the Shares and the other transactions contemplated by this Agreement. Grantee is relying solely on such advisor(s) and not on any statements or representations of the Company or any of its agents. Grantee understands and agrees that he, and not the Company, shall be responsible for his own tax liability that may arise as a result of the transactions contemplated by this Agreement. Grantee understands that Section 83 of the Internal Revenue Code of 1986, as amended (which, including any amendments and successor provisions to any section referenced herein and any Treasury regulations promulgated under such section, is hereinafter referred to as the "Code"), taxes as ordinary income fair market value of the Restricted Shares as of the date any restrictions on the Restricted Shares terminate or lapse. In this context, "restriction" includes the Forfeiture Restrictions and the right of the Company to repurchase the Restricted Shares pursuant to Section 2. Grantee understands that he may elect to be taxed at the time the Shares are granted, rather than when and as the restrictions terminate or lapse (if ever), by filing an election under Section 83(b) of the Code with the Internal Revenue Service within thirty (30) days from the Effective Date. GRANTEE ACKNOWLEDGES THAT IT IS HIS SOLE RESPONSIBILITY (AND NOT THE COMPANY'S) TO FILE TIMELY THE ELECTION UNDER SECTION 83(b). **[Discuss with accountant]**

14. **Entire Agreement; Governing Law**. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersede all prior undertakings and agreements of the Parties with respect to the subject matter hereof. Nothing in this Agreement (except as expressly provided herein) is intended to confer any rights or remedies on any person other than the Parties. This Agreement is to be construed in accordance with, enforced under, and governed by the laws of the State of New York.

15. **Amendment**. The Board may at any time or from time to time amend this Agreement in any respect, except that no amendment that adversely affects Grantee may be effected without a writing signed by the Parties.

16. **Effectiveness and Term**. This Agreement is effective upon the Effective Date, and it shall continue in effect until the termination or lapse of the Forfeiture Restrictions or until all of the Shares are transferred to the Company and/or its assignee(s), unless sooner terminated by the Parties.

17. **Interpretive Matters**. Whenever required by the context, pronouns and any variation thereof used in this Agreement shall be deemed to refer to the masculine, feminine, or neuter, and the singular shall include the plural, and vice versa. The term "include" or "including" does not denote or imply any limitation. The term "business day" means any Monday through Friday other than such a day on which banks are authorized to be closed in the State of New York. Each reference in this Agreement to a "Section" shall be deemed to be to a section of this Agreement, unless otherwise stated. The captions and headings used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.

18. **Venue**. Any suit, action, or proceeding arising out of or relating to this Agreement shall be brought in the United States District Court for the Southern District of New York or in a New York state court in New York County, New York, and the Parties shall submit to the jurisdiction of such court. Each of the Parties irrevocably waives, to the fullest extent permitted by law, any objection it or he may have to the laying of venue for any such suit, action, or proceeding brought in such court. EACH OF THE PARTIES ALSO EXPRESSLY WAIVES ANY RIGHT IT OR HE HAS OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION, OR PROCEEDING.

19. **Severability and Reformation**. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future law, such provision shall be fully severable and severed, and this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision were never a part hereof, and the remaining provisions of the Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or its severance.

20. **Notice**. Any notice or other communication required or permitted hereunder shall be given in writing and shall be deemed given, effective, and received upon prepaid delivery in person or by courier, or upon the earlier of delivery or the third business day after deposit in the United States mail if sent by certified mail, with postage and fees prepaid, in any case addressed to the other Party at its or his address as shown beneath its or his signature to this Agreement, or to such other address as such Party may designate in writing from time to time by notice to the other Party in accordance with this Section 20.

THC HEALTH INC.

By:_____
Christian Cespedes,
Chief Executive Officer

GRANTEE ACKNOWLEDGES AND AGREES THAT THE FORFEITURE RESTRICTIONS ON THE RESTRICTED SHARES SHALL LAPSE, IF AT ALL, ONLY AS EXPRESSLY STATED IN THIS AGREEMENT (NOT THROUGH BEING ISSUED THE RESTRICTED SHARES).

DATED: 02 June 2015

SIGNED:_____
Collin Davidson

[redacted]

Exhibit A to Restricted Stock Agreement

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, I, _____, hereby sell, assign, and transfer unto THC Health Inc. (the "Company") a total of _____ (_____) shares of Common Stock of the Company registered in my name in the share transfer records of the Company represented by Certificate No(s). _____ delivered herewith and do hereby irrevocably constitute and appoint Christian Cespedes or his successor as attorney-in-fact, with full power of substitution, to transfer such shares in the share transfer records of the Company.

(Signature)

Collin Davidson

(Printed name)

INSTRUCTIONS:

Please do not fill in any blanks other than the signature and name lines. The purpose of this assignment is to enable the transfer of shares upon forfeiture and repurchase under the Restricted Stock Agreement, without requiring additional signatures on the part of Grantee.

RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement ("Agreement") dated May 1st, 2015 (the "Effective Date"), is by and between THC Health Inc., a New York corporation (the "Company"), and Christian Cespedes ("Grantee").

WHEREAS, the Company desires to provide an incentive to Grantee, in the form of shares of the Company's common stock, to encourage Grantee's long-term performance for the Company and more closely align Grantee's interest in the Company with that of the shareholders;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants set forth in this Agreement, and intending to be legally bound hereby, Grantee and the Company (collectively, the "Parties") hereby agree as follows:

1. **Issuance of Stock**. The Company hereby agrees to issue to Grantee, and Grantee hereby agrees to accept, in consideration for his agreement to perform services and serve in certain agreed capacities for the Company [redacted] shares of Common Stock of the Company (the "Shares"), representing 15% of all issued and outstanding Common Stock in the Company, at $0.001 par value, of which 100% shall be currently free of any forfeiture restrictions. Shares with forfeiture restrictions are referred to herein as "Restricted Shares." Restricted Shares shall not be entitled to voting rights or to participate in any dividends or distributions made by the Company **[discuss: NY BCL § 501(c)- "each share shall be equal to every other share of the same class"]**.

2. **Forfeiture and Repurchase**.

(a) Upon the termination of Grantee's employment and/or provision of services to the Company ("Affiliation") with the Company for cause (as such term is defined below), the Company shall have, on the date of such cessation of such Affiliation (the "Termination Date"), an irrevocable, exclusive option (the "Forfeiture Repurchase Option"), for a period of ninety (90) days from the Termination Date (the "Forfeiture Repurchase Period"), to repurchase up to all of the Shares (including both restricted and unrestricted) on the Termination Date at a price of One Cent ($0.01) per share (the "Repurchase Price"). Cessation of Grantee's Affiliation may be based upon Grantee's relinquishment of any affiliation with the Company or by the Company terminating any Affiliation with Grantee for Cause.

As used throughout this Section 2, "Cause" is defined to mean termination of the Grantee's Affiliation with the Company due to (i) Grantee's ineligibility to work for a "Registered Organization" as set forth in 10 NYCRR § 1004 *et seq.*, or (ii) Grantee's inattentiveness to, neglect of, or conscious disregard of the duties to be performed by him as reasonably requested by the Company, and such conduct persists for five (5) days following his receipt of notice from the Company. **[or (iii) Change of Control (as defined in Paragraph 9 below. NB- In Change of Control, shares can either immediately be redeemed (this paragraph) or immediately vest in KVdW (see brackets in 9).]**

(b) Upon the termination of the Grantee's Affiliation with the Company not for Cause (including, but not limited to, Grantee's death, disability, retirement, or termination by the Company without cause), the Company shall have the Forfeiture Repurchase Option set forth in Section 2(a) above, provided, however, that the Repurchase Price of the Share's in the case of termination of Affiliation without Cause shall be the fair market value of the Shares (the "Fair Market Value Repurchase Price"). The Fair Market Value Repurchase Price shall be determined by an independent valuation of the Company performed by a third party valuation consultant (a "Consultant") mutually agreed upon by the Company and the Grantee (or the Grantee's estate, as the case may be). If the Company and Grantee fail to agree on a Consultant, each shall individually select a Consultant, and the two Consultants selected shall select a third-party Consultant to determine the Fair Market Value Repurchase Price.

(c) Upon termination either with or without Cause, the Forfeiture Repurchase Option shall be exercisable by written notice delivered to Grantee before the expiration of the Forfeiture Repurchase Period, provided, however, that the Company's failure to deliver a written notice within the Forfeiture Repurchase Period shall be deemed an election by the Company to not exercise the Forfeiture Repurchase Option, and the Company shall have no further option to repurchase the Shares. The notice shall indicate the number of the Shares to be repurchased and the date on which the repurchase is to be effected. On the date of the repurchase, the Company shall pay to Grantee, at the Company's option, in cash, by check of the Company, by cancellation of all or a portion of any indebtedness of Grantee to the Company, or a combination of the foregoing, an amount equal to the Repurchase Price for each of the Shares that is to be repurchased from Grantee. Upon delivery of such payment to Grantee, the Company shall become the legal and beneficial owner of the Shares being repurchased, and the Company shall have the right to transfer to its own name the Shares being forfeited and repurchased without any further action of Grantee. The Parties expressly agree that these provisions governing the forfeiture and repurchase of the Shares shall be specifically enforceable by the Company in a court of equity or law.

(d) In the event that the NYS DOH shall determine not to provide the Company with a License on or before September 1st, 2015, all Shares owned by Grantee shall automatically and without payment revert to the Company effective upon the date when the Company shall advise Grantee that it did not receive a License.

3. **Forfeiture Restrictions**. (a) The Grantee may not sell, transfer, pledge, exchange, hypothecate, or otherwise dispose of any of the Restricted Shares (collectively, the "Forfeiture Restrictions"), before the termination or lapse of the Forfeiture Restrictions as described below. Upon the termination of Forfeiture Restrictions regarding the Restricted Shares, one or more stock certificates representing the Restricted Shares, free of Forfeiture Restrictions, shall be delivered to Grantee at Grantee's request in accordance with this Agreement.

(b) The Forfeiture Restrictions shall also terminate upon the occurrence of:

(i) a Change of Control, as defined in Section 9 hereof; or

(ii) upon a decision by the Company's board of directors (the "Board"), in its sole discretion and as of a date determined by the Board, to fully vest any or all of the Restricted Shares (with the result that the Forfeiture Restrictions affecting only those Restricted Shares which the Board chooses to vest in Grantee shall terminate).

4. **Representations of Grantee**. Grantee represents and warrants to the Company as follows:

(a) Grantee has received, read, and understood this Agreement and agrees to abide by and be bound by its terms and conditions;

(b) Grantee is acquiring the Shares for his own account for investment purposes only and not with a view to, or for sale in connection with, any unregistered distribution or sale of the Shares in violation of the Securities Act of 1933, as amended (the "Securities Act"), or any applicable state securities laws;

(c) Grantee has no present intention of selling or otherwise disposing of all or any number of the Shares; and

(d) Grantee is fully aware of the financial risks involved in ownership of the Shares and the lack of liquidity of the Shares (because of the restrictions on transferability of the Shares -- e.g., that Grantee may not be able to sell or dispose of the Shares or use them as collateral for loans).

5. **Compliance with Securities Law**. Grantee understands and acknowledges that the Shares have not been registered under the Securities Act or any state securities laws and that, notwithstanding any other provision of this Agreement to the contrary, his acquisition of the Shares is expressly conditioned upon compliance with the Securities Act and all applicable state securities laws. Grantee agrees to cooperate with the Company to ensure compliance with such laws.

6. **Certain Restrictions on Transfer**. Grantee understands that the Shares must be held indefinitely unless they are registered under the Securities Act and applicable state securities laws or unless exemptions from such registration are available and that the certificate(s) representing the Shares shall bear a legend to that effect. Grantee understands that the Company is under no obligation to register any resale of any of the Shares that may become transferable upon the termination or lapse of Forfeiture Restrictions and that an exemption may not be available or may not permit Grantee to resell or transfer any of such Shares in the amounts or at the times proposed by Grantee.

7. **Company Access to Restricted Shares**.

(a) To ensure the availability for delivery of the Restricted Shares upon forfeiture and repurchase in accordance with Section 2, Grantee agrees that the Company's legal counsel shall retain all share certificate(s) representing the Restricted Shares, together with the stock assignment attached hereto as Exhibit A duly endorsed in blank.

(b) Upon the forfeiture and repurchase (if applicable) of all or any number of the Restricted Shares by the Company in accordance with Section 2, the Company shall cancel such Restricted Shares which will be restored to unissued status.

(c) Upon the termination or lapse of the Forfeiture Restrictions regarding all or any number of the Restricted Shares, the Company shall promptly deliver the certificate(s) to Grantee representing those previously Restricted Shares.

8. **Administration**. The Board shall interpret this Agreement and shall prescribe such rules and regulations in connection with the operation of this Agreement as it determines (in good faith) to be advisable. The good-faith interpretation by the Board of any of the provisions of this Agreement shall be final and binding upon the Company and Grantee.

9. **Change of Control**.

a) "Change of Control," as it is used in this Agreement, means a single transaction or multiple related or unrelated transactions which result in a consolidation, merger, liquidation, dissolution, sale of all or substantially all of the assets of the Company, or the transfer or sale of either the Company's common stock or of the Company's then outstanding voting securities entitled to vote generally in the election of directors, which results in a third party owning more than a majority of all issued and outstanding common stock of the Company. All Restricted Shares shall vest immediately prior to the consummation of the Acquisition. Notwithstanding the foregoing, in no case shall a Change of Control be deemed to have occurred if a third party acquires a majority of all issued and of the Company's outstanding common stock or of the Company's then outstanding voting securities entitled to vote generally in the election of directors through the purchase of newly-issued stock approved by the Company to obtain additional capital.

b) Should a Change of Control occur, any and all restrictions on any Restricted Shares held by Grantee shall immediately lapse, and right to all Shares shall immediately vest in Grantee.

10. **Effect of Agreement**. Neither the execution of this Agreement nor any action of the Board in connection with or relating to this Agreement shall be deemed to give Grantee any rights except as may be expressed in this Agreement. The existence of this Agreement shall not affect in any way the right of the Board to make or authorize any adjustment, recapitalization, reorganization, or other change in the Company's capital structure or its business, any merger or consolidation or other transaction involving the Company, any issuance of other shares or any other securities of the Company (including bonds, debentures, or shares of preferred stock ahead of or affecting the Shares or the rights thereof), the dissolution or liquidation of the Company or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding by or for the Company. Nothing in this Agreement shall confer upon Grantee any right with respect to the Grantee's employment or affiliation with the Company or affect or interfere in any way with the right of either the Company or Grantee to terminate Grantee's employment or affiliation (with or without cause).

11. **Refusal to Transfer**. With respect to any Shares purported to have been sold or otherwise transferred in violation of any of the provisions of this Agreement, the Company shall not be required to (i) transfer on its books, or authorize the Company's transfer agent to transfer on its books, any such Shares, or (ii) treat as owner of such Shares, or accord the right to vote or to any distributions to, any purchaser or other transferee to whom or which such Shares have been purported to be so transferred.

12. **Legend**. The share certificate(s) representing the Shares shall be endorsed with the following legend (in addition to any legend required under applicable securities laws):

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO FORFEITURE AND REPURCHASE AND TO CERTAIN RESTRICTIONS ON RESALE AND TRANSFER. NONE OF THE SHARES MAY BE TRANSFERRED EXCEPT AS SET FORTH IN THAT CERTAIN RESTRICTED STOCK AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE COMPANY.

13. **Tax Consequences**. Grantee has reviewed with his own tax advisor(s) the federal, state, and local tax consequences of this ownership of the Shares and the other transactions contemplated by this Agreement. Grantee is relying solely on such advisor(s) and not on any statements or representations of the Company or any of its agents. Grantee understands and agrees that he, and not the Company, shall be responsible for his own tax liability that may arise as a result of the transactions contemplated by this Agreement. Grantee understands that Section 83 of the Internal Revenue Code of 1986, as amended (which, including any amendments and successor provisions to any section referenced herein and any Treasury regulations promulgated under such section, is hereinafter referred to as the "Code"), taxes as ordinary income fair market value of the Restricted Shares as of the date any restrictions on the Restricted Shares terminate or lapse. In this context, "restriction" includes the Forfeiture Restrictions and the right of the Company to repurchase the Restricted Shares pursuant to Section 2. Grantee understands that he may elect to be taxed at the time the Shares are granted, rather than when and as the restrictions terminate or lapse (if ever), by filing an election under Section 83(b) of the Code with the Internal Revenue Service within thirty (30) days from the Effective Date. GRANTEE ACKNOWLEDGES THAT IT IS HIS SOLE RESPONSIBILITY (AND NOT THE COMPANY'S) TO FILE TIMELY THE ELECTION UNDER SECTION 83(b). **[Discuss with accountant]**

14. **Entire Agreement; Governing Law**. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersede all prior undertakings and agreements of the Parties with respect to the subject matter hereof. Nothing in this Agreement (except as expressly provided herein) is intended to confer any rights or remedies on any person other than the Parties. This Agreement is to be construed in accordance with, enforced under, and governed by the laws of the State of New York.

15. **Amendment**. The Board may at any time or from time to time amend this Agreement in any respect, except that no amendment that adversely affects Grantee may be effected without a writing signed by the Parties.

16. **Effectiveness and Term**. This Agreement is effective upon the Effective Date, and it shall continue in effect until the termination or lapse of the Forfeiture Restrictions or until all of the Shares are transferred to the Company and/or its assignee(s), unless sooner terminated by the Parties.

17. **Interpretive Matters**. Whenever required by the context, pronouns and any variation thereof used in this Agreement shall be deemed to refer to the masculine, feminine, or neuter, and the singular shall include the plural, and vice versa. The term "include" or "including" does not denote or imply any limitation. The term "business day" means any Monday through Friday other than such a day on which banks are authorized to be closed in the State of New York. Each reference in this Agreement to a "Section" shall be deemed to be to a section of this Agreement, unless otherwise stated. The captions and headings used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.

18. **Venue**. Any suit, action, or proceeding arising out of or relating to this Agreement shall be brought in the United States District Court for the Southern District of New York or in a New York state court in New York County, New York, and the Parties shall submit to the jurisdiction of such court. Each of the Parties irrevocably waives, to the fullest extent permitted by law, any objection it or he may have to the laying of venue for any such suit, action, or proceeding brought in such court. EACH OF THE PARTIES ALSO EXPRESSLY WAIVES ANY RIGHT IT OR HE HAS OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION, OR PROCEEDING.

19. **Severability and Reformation**. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future law, such provision shall be fully severable and severed, and this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision were never a part hereof, and the remaining provisions of the Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or its severance.

20. **Notice**. Any notice or other communication required or permitted hereunder shall be given in writing and shall be deemed given, effective, and received upon prepaid delivery in person or by courier, or upon the earlier of delivery or the third business day after deposit in the United States mail if sent by certified mail, with postage and fees prepaid, in any case addressed to the other Party at its or his address as shown beneath its or his signature to this Agreement, or to such other address as such Party may designate in writing from time to time by notice to the other Party in accordance with this Section 20.

THC HEALTH INC.

By:_____
Dwight Mamanteo,

Chairman of the Board of Directors

GRANTEE ACKNOWLEDGES AND AGREES THAT THE FORFEITURE RESTRICTIONS ON THE RESTRICTED SHARES SHALL LAPSE, IF AT ALL, ONLY AS EXPRESSLY STATED IN THIS AGREEMENT (NOT THROUGH BEING ISSUED THE RESTRICTED SHARES).

DATED: 03-JUNE-2015

SIGNED: _____
Christian Cespedes

[redacted]

Exhibit A to Restricted Stock Agreement

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, I, CHRISTIAN CESPEDES, hereby sell, assign, and transfer unto THC Health Inc. (the "Company") a total of _____ (_____) shares of Common Stock of the Company registered in my name in the share transfer records of the Company represented by Certificate No(s). _____ delivered herewith and do hereby irrevocably constitute and appoint Christian Cespedes or his successor as attorney-in-fact, with full power of substitution, to transfer such shares in the share transfer records of the Company.

_____
(Signature)

CHRISTIAN CESPEDES
(Printed name)

INSTRUCTIONS:

Please do not fill in any blanks other than the signature and name lines. The purpose of this assignment is to enable the transfer of shares upon forfeiture and repurchase under the Restricted Stock Agreement, without requiring additional signatures on the part of Grantee.

RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement ("Agreement") dated May 1st, 2015 (the "Effective Date"), is by and between THC Health Inc., a New York corporation (the "Company"), and Dwight Mamanteo ("Grantee").

WHEREAS, the Company desires to provide an incentive to Grantee, in the form of shares of the Company's common stock, to encourage Grantee's long-term performance for the Company and more closely align Grantee's interest in the Company with that of the shareholders;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants set forth in this Agreement, and intending to be legally bound hereby, Grantee and the Company (collectively, the "Parties") hereby agree as follows:

1. **Issuance of Stock**. The Company hereby agrees to issue to Grantee, and Grantee hereby agrees to accept, in consideration for his agreement to perform services and serve in certain agreed capacities for the Company, [redacted] shares of Common Stock of the Company (the "Shares"), representing 42% of all issued and outstanding Common Stock in the Company, at $0.001 par value, of which 100% shall be currently free of any forfeiture restrictions. Shares with forfeiture restrictions are referred to herein as "Restricted Shares." Restricted Shares shall not be entitled to voting rights or to participate in any dividends or distributions made by the Company **[discuss: NY BCL § 501(c)- "each share shall be equal to every other share of the same class"]**.

2. **Forfeiture and Repurchase**.

(a) Upon the termination of Grantee's employment and/or provision of services to the Company ("Affiliation") with the Company for cause (as such term is defined below), the Company shall have, on the date of such cessation of such Affiliation (the "Termination Date"), an irrevocable, exclusive option (the "Forfeiture Repurchase Option"), for a period of ninety (90) days from the Termination Date (the "Forfeiture Repurchase Period"), to repurchase up to all of the Shares (including both restricted and unrestricted) on the Termination Date at a price of One Cent ($0.01) per share (the "Repurchase Price"). Cessation of Grantee's Affiliation may be based upon Grantee's relinquishment of any affiliation with the Company or by the Company terminating any Affiliation with Grantee for Cause.

As used throughout this Section 2, "Cause" is defined to mean termination of the Grantee's Affiliation with the Company due to (i) Grantee's ineligibility to work for a "Registered Organization" as set forth in 10 NYCRR § 1004 *et seq.*, or (ii) Grantee's inattentiveness to, neglect of, or conscious disregard of the duties to be performed by him as reasonably requested by the Company, and such conduct persists for five (5) days following his receipt of notice from the Company. **[or (iii) Change of Control (as defined in Paragraph 9 below. NB- In Change of Control, shares can either immediately be redeemed (this paragraph) or immediately vest in KVdW (see brackets in 9).]**

(b) Upon the termination of the Grantee's Affiliation with the Company not for Cause (including, but not limited to, Grantee's death, disability, retirement, or termination by the Company without cause), the Company shall have the Forfeiture Repurchase Option set forth in Section 2(a) above, provided, however, that the Repurchase Price of the Share's in the case of termination of Affiliation without Cause shall be the fair market value of the Shares (the "Fair Market Value Repurchase Price"). The Fair Market Value Repurchase Price shall be determined by an independent valuation of the Company performed by a third party valuation consultant (a "Consultant") mutually agreed upon by the Company and the Grantee (or the Grantee's estate, as the case may be). If the Company and Grantee fail to agree on a Consultant, each shall individually select a Consultant, and the two Consultants selected shall select a third-party Consultant to determine the Fair Market Value Repurchase Price.

(c) Upon termination either with or without Cause, the Forfeiture Repurchase Option shall be exercisable by written notice delivered to Grantee before the expiration of the Forfeiture Repurchase Period, provided, however, that the Company's failure to deliver a written notice within the Forfeiture Repurchase Period shall be deemed an election by the Company to not exercise the Forfeiture Repurchase Option, and the Company shall have no further option to repurchase the Shares. The notice shall indicate the number of the Shares to be repurchased and the date on which the repurchase is to be effected. On the date of the repurchase, the Company shall pay to Grantee, at the Company's option, in cash, by check of the Company, by cancellation of all or a portion of any indebtedness of Grantee to the Company, or a combination of the foregoing, an amount equal to the Repurchase Price for each of the Shares that is to be repurchased from Grantee. Upon delivery of such payment to Grantee, the Company shall become the legal and beneficial owner of the Shares being repurchased, and the Company shall have the right to transfer to its own name the Shares being forfeited and repurchased without any further action of Grantee. The Parties expressly agree that these provisions governing the forfeiture and repurchase of the Shares shall be specifically enforceable by the Company in a court of equity or law.

(d) In the event that the NYS DOH shall determine not to provide the Company with a License on or before September 1st, 2015, all Shares owned by Grantee shall automatically and without payment revert to the Company effective upon the date when the Company shall advise Grantee that it did not receive a License.

3. **Forfeiture Restrictions**. (a) The Grantee may not sell, transfer, pledge, exchange, hypothecate, or otherwise dispose of any of the Restricted Shares (collectively, the "Forfeiture Restrictions"), before the termination or lapse of the Forfeiture Restrictions as described below. Upon the termination of Forfeiture Restrictions regarding the Restricted Shares, one or more stock certificates representing the Restricted Shares, free of Forfeiture Restrictions, shall be delivered to Grantee at Grantee's request in accordance with this Agreement.

(b) The Forfeiture Restrictions shall also terminate upon the occurrence of:

(i) a Change of Control, as defined in Section 9 hereof; or

(ii) upon a decision by the Company's board of directors (the "Board"), in its sole discretion and as of a date determined by the Board, to fully vest any or all of the Restricted Shares (with the result that the Forfeiture Restrictions affecting only those Restricted Shares which the Board chooses to vest in Grantee shall terminate).

4. **Representations of Grantee**. Grantee represents and warrants to the Company as follows:

(a) Grantee has received, read, and understood this Agreement and agrees to abide by and be bound by its terms and conditions;

(b) Grantee is acquiring the Shares for his own account for investment purposes only and not with a view to, or for sale in connection with, any unregistered distribution or sale of the Shares in violation of the Securities Act of 1933, as amended (the "Securities Act"), or any applicable state securities laws;

(c) Grantee has no present intention of selling or otherwise disposing of all or any number of the Shares; and

(d) Grantee is fully aware of the financial risks involved in ownership of the Shares and the lack of liquidity of the Shares (because of the restrictions on transferability of the Shares -- e.g., that Grantee may not be able to sell or dispose of the Shares or use them as collateral for loans).

5. **Compliance with Securities Law**. Grantee understands and acknowledges that the Shares have not been registered under the Securities Act or any state securities laws and that, notwithstanding any other provision of this Agreement to the contrary, his acquisition of the Shares is expressly conditioned upon compliance with the Securities Act and all applicable state securities laws. Grantee agrees to cooperate with the Company to ensure compliance with such laws.

6. **Certain Restrictions on Transfer**. Grantee understands that the Shares must be held indefinitely unless they are registered under the Securities Act and applicable state securities laws or unless exemptions from such registration are available and that the certificate(s) representing the Shares shall bear a legend to that effect. Grantee understands that the Company is under no obligation to register any resale of any of the Shares that may become transferable upon the termination or lapse of Forfeiture Restrictions and that an exemption may not be available or may not permit Grantee to resell or transfer any of such Shares in the amounts or at the times proposed by Grantee.

7. **Company Access to Restricted Shares**.

(a) To ensure the availability for delivery of the Restricted Shares upon forfeiture and repurchase in accordance with Section 2, Grantee agrees that the Company's legal counsel shall retain all share certificate(s) representing the Restricted Shares, together with the stock assignment attached hereto as Exhibit A duly endorsed in blank.

(b) Upon the forfeiture and repurchase (if applicable) of all or any number of the Restricted Shares by the Company in accordance with Section 2, the Company shall cancel such Restricted Shares which will be restored to unissued status.

(c) Upon the termination or lapse of the Forfeiture Restrictions regarding all or any number of the Restricted Shares, the Company shall promptly deliver the certificate(s) to Grantee representing those previously Restricted Shares.

8. **Administration**. The Board shall interpret this Agreement and shall prescribe such rules and regulations in connection with the operation of this Agreement as it determines (in good faith) to be advisable. The good-faith interpretation by the Board of any of the provisions of this Agreement shall be final and binding upon the Company and Grantee.

9. **Change of Control**.

a) "Change of Control," as it is used in this Agreement, means a single transaction or multiple related or unrelated transactions which result in a consolidation, merger, liquidation, dissolution, sale of all or substantially all of the assets of the Company, or the transfer or sale of either the Company's common stock or of the Company's then outstanding voting securities entitled to vote generally in the election of directors, which results in a third party owning more than a majority of all issued and outstanding common stock of the Company. All Restricted Shares shall vest immediately prior to the consummation of the Acquisition. Notwithstanding the foregoing, in no case shall a Change of Control be deemed to have occurred if a third party acquires a majority of all issued and of the Company's outstanding common stock or of the Company's then outstanding voting securities entitled to vote generally in the election of directors through the purchase of newly-issued stock approved by the Company to obtain additional capital.

b) Should a Change of Control occur, any and all restrictions on any Restricted Shares held by Grantee shall immediately lapse, and right to all Shares shall immediately vest in Grantee.

10. **Effect of Agreement**. Neither the execution of this Agreement nor any action of the Board in connection with or relating to this Agreement shall be deemed to give Grantee any rights except as may be expressed in this Agreement. The existence of this Agreement shall not affect in any way the right of the Board to make or authorize any adjustment, recapitalization, reorganization, or other change in the Company's capital structure or its business, any merger or consolidation or other transaction involving the Company, any issuance of other shares or any other securities of the Company (including bonds, debentures, or shares of preferred stock ahead of or affecting the Shares or the rights thereof), the dissolution or liquidation of the Company or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding by or for the Company. Nothing in this Agreement shall confer upon Grantee any right with respect to the Grantee's employment or affiliation with the Company or affect or interfere in any way with the right of either the Company or Grantee to terminate Grantee's employment or affiliation (with or without cause).

11. **Refusal to Transfer**. With respect to any Shares purported to have been sold or otherwise transferred in violation of any of the provisions of this Agreement, the Company shall not be required to (i) transfer on its books, or authorize the Company's transfer agent to transfer on its books, any such Shares, or (ii) treat as owner of such Shares, or accord the right to vote or to any distributions to, any purchaser or other transferee to whom or which such Shares have been purported to be so transferred.

12. **Legend**. The share certificate(s) representing the Shares shall be endorsed with the following legend (in addition to any legend required under applicable securities laws):

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO FORFEITURE AND REPURCHASE AND TO CERTAIN RESTRICTIONS ON RESALE AND TRANSFER. NONE OF THE SHARES MAY BE TRANSFERRED EXCEPT AS SET FORTH IN THAT CERTAIN RESTRICTED STOCK AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE COMPANY.

13. **Tax Consequences**. Grantee has reviewed with his own tax advisor(s) the federal, state, and local tax consequences of this ownership of the Shares and the other transactions contemplated by this Agreement. Grantee is relying solely on such advisor(s) and not on any statements or representations of the Company or any of its agents. Grantee understands and agrees that he, and not the Company, shall be responsible for his own tax liability that may arise as a result of the transactions contemplated by this Agreement. Grantee understands that Section 83 of the Internal Revenue Code of 1986, as amended (which, including any amendments and successor provisions to any section referenced herein and any Treasury regulations promulgated under such section, is hereinafter referred to as the "Code"), taxes as ordinary income fair market value of the Restricted Shares as of the date any restrictions on the Restricted Shares terminate or lapse. In this context, "restriction" includes the Forfeiture Restrictions and the right of the Company to repurchase the Restricted Shares pursuant to Section 2. Grantee understands that he may elect to be taxed at the time the Shares are granted, rather than when and as the restrictions terminate or lapse (if ever), by filing an election under Section 83(b) of the Code with the Internal Revenue Service within thirty (30) days from the Effective Date. GRANTEE ACKNOWLEDGES THAT IT IS HIS SOLE RESPONSIBILITY (AND NOT THE COMPANY'S) TO FILE TIMELY THE ELECTION UNDER SECTION 83(b). **[Discuss with accountant]**

14. **Entire Agreement; Governing Law**. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersede all prior undertakings and agreements of the Parties with respect to the subject matter hereof. Nothing in this Agreement (except as expressly provided herein) is intended to confer any rights or remedies on any person other than the Parties. This Agreement is to be construed in accordance with, enforced under, and governed by the laws of the State of New York.

15. **Amendment**. The Board may at any time or from time to time amend this Agreement in any respect, except that no amendment that adversely affects Grantee may be effected without a writing signed by the Parties.

16. **Effectiveness and Term**. This Agreement is effective upon the Effective Date, and it shall continue in effect until the termination or lapse of the Forfeiture Restrictions or until all of the Shares are transferred to the Company and/or its assignee(s), unless sooner terminated by the Parties.

17. **Interpretive Matters**. Whenever required by the context, pronouns and any variation thereof used in this Agreement shall be deemed to refer to the masculine, feminine, or neuter, and the singular shall include the plural, and vice versa. The term "include" or "including" does not denote or imply any limitation. The term "business day" means any Monday through Friday other than such a day on which banks are authorized to be closed in the State of New York. Each reference in this Agreement to a "Section" shall be deemed to be to a section of this Agreement, unless otherwise stated. The captions and headings used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.

18. **Venue**. Any suit, action, or proceeding arising out of or relating to this Agreement shall be brought in the United States District Court for the Southern District of New York or in a New York state court in New York County, New York, and the Parties shall submit to the jurisdiction of such court. Each of the Parties irrevocably waives, to the fullest extent permitted by law, any objection it or he may have to the laying of venue for any such suit, action, or proceeding brought in such court. EACH OF THE PARTIES ALSO EXPRESSLY WAIVES ANY RIGHT IT OR HE HAS OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION, OR PROCEEDING.

19. **Severability and Reformation**. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future law, such provision shall be fully severable and severed, and this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision were never a part hereof, and the remaining provisions of the Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or its severance.

20. **Notice**. Any notice or other communication required or permitted hereunder shall be given in writing and shall be deemed given, effective, and received upon prepaid delivery in person or by courier, or upon the earlier of delivery or the third business day after deposit in the United States mail if sent by certified mail, with postage and fees prepaid, in any case addressed to the other Party at its or his address as shown beneath its or his signature to this Agreement, or to such other address as such Party may designate in writing from time to time by notice to the other Party in accordance with this Section 20.

THC HEALTH INC.

By: _____
Christian Cespedes,

Chief Executive Officer

GRANTEE ACKNOWLEDGES AND AGREES THAT THE FORFEITURE RESTRICTIONS ON THE RESTRICTED SHARES SHALL LAPSE, IF AT ALL, ONLY AS EXPRESSLY STATED IN THIS AGREEMENT (NOT THROUGH BEING ISSUED THE RESTRICTED SHARES).

DATED: 03 - JUNE - 2015

SIGNED: _____
Dwight Mamanteo

[redacted]

Exhibit A to Restricted Stock Agreement

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, I, DWIGHT MATANTEZ hereby sell, assign, and transfer unto THC Health Inc. (the "Company") a total of _____ (_____) shares of Common Stock of the Company registered in my name in the share transfer records of the Company represented by Certificate No(s). _____ delivered herewith and do hereby irrevocably constitute and appoint Christian Cespedes or his successor as attorney-in-fact, with full power of substitution, to transfer such shares in the share transfer records of the Company.

_____
(Signature)

DWIGHT MATANTEZ
(Printed name)

INSTRUCTIONS:

Please do not fill in any blanks other than the signature and name lines. The purpose of this assignment is to enable the transfer of shares upon forfeiture and repurchase under the Restricted Stock Agreement, without requiring additional signatures on the part of Grantee.

RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement ("Agreement") dated May 1st, 2015 (the "Effective Date"), is by and between THC Health Inc., a New York corporation (the "Company"), and Kate Bender ("Grantee").

WHEREAS, the Company desires to provide an incentive to Grantee, in the form of shares of the Company's common stock, to encourage Grantee's long-term performance for the Company and more closely align Grantee's interest in the Company with that of the shareholders;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants set forth in this Agreement, and intending to be legally bound hereby, Grantee and the Company (collectively, the "Parties") hereby agree as follows:

1. **Issuance of Stock**. The Company hereby agrees to issue to Grantee, and Grantee hereby agrees to accept, in consideration for his agreement to perform services and serve in certain agreed capacities for the Company, [redacted] shares of Common Stock of the Company (the "Shares"), representing 5% of all issued and outstanding Common Stock in the Company, at $0.001 par value, of which 50% shall be currently free of any forfeiture restrictions, an additional 25% shall become free of any forfeiture restrictions upon the Company being granted a New York State Department of Health ("NYS DOH") license to operate a medical marihuana program (the "License"), and the remaining 25% shall be free of forfeiture restrictions on the one year anniversary of the grant of the License. Shares with forfeiture restrictions are referred to herein as "Restricted Shares." Restricted Shares shall not be entitled to voting rights or to participate in any dividends or distributions made by the Company **[discuss: NY BCL § 501(c)- "each share shall be equal to every other share of the same class"]**.

2. **Forfeiture and Repurchase**.

(a) Upon the termination of Grantee's employment and/or provision of services to the Company ("Affiliation") with the Company for cause (as such term is defined below), the Company shall have, on the date of such cessation of such Affiliation (the "Termination Date"), an irrevocable, exclusive option (the "Forfeiture Repurchase Option"), for a period of ninety (90) days from the Termination Date (the "Forfeiture Repurchase Period"), to repurchase up to all of the Shares (including both restricted and unrestricted) on the Termination Date at a price of One Cent ($0.01) per share (the "Repurchase Price"). Cessation of Grantee's Affiliation may be based upon Grantee's relinquishment of any affiliation with the Company or by the Company terminating any Affiliation with Grantee for Cause.

As used throughout this Section 2, "Cause" is defined to mean termination of the Grantee's Affiliation with the Company due to (i) Grantee's ineligibility to work for a "Registered Organization" as set forth in 10 NYCRR § 1004 *et seq.*, or (ii) Grantee's inattentiveness to, neglect of, or conscious disregard of the duties to be performed by him as reasonably requested by the Company, and such conduct persists for five (5) days following his receipt of notice from the Company. **[or (iii) Change of Control (as defined in Paragraph 9**

below. NB- In Change of Control, shares can either immediately be redeemed (this paragraph) or immediately vest in KVdW (see brackets in 9).]

(b) Upon the termination of the Grantee's Affiliation with the Company not for Cause (including, but not limited to, Grantee's death, disability, retirement, or termination by the Company without cause), the Company shall have the Forfeiture Repurchase Option set forth in Section 2(a) above, provided, however, that the Repurchase Price of the Share's in the case of termination of Affiliation without Cause shall be the fair market value of the Shares (the "Fair Market Value Repurchase Price"). The Fair Market Value Repurchase Price shall be determined by an independent valuation of the Company performed by a third party valuation consultant (a "Consultant") mutually agreed upon by the Company and the Grantee (or the Grantee's estate, as the case may be). If the Company and Grantee fail to agree on a Consultant, each shall individually select a Consultant, and the two Consultants selected shall select a third-party Consultant to determine the Fair Market Value Repurchase Price.

(c) Upon termination either with or without Cause, the Forfeiture Repurchase Option shall be exercisable by written notice delivered to Grantee before the expiration of the Forfeiture Repurchase Period, provided, however, that the Company's failure to deliver a written notice within the Forfeiture Repurchase Period shall be deemed an election by the Company to not exercise the Forfeiture Repurchase Option, and the Company shall have no further option to repurchase the Shares. The notice shall indicate the number of the Shares to be repurchased and the date on which the repurchase is to be effected. On the date of the repurchase, the Company shall pay to Grantee, at the Company's option, in cash, by check of the Company, by cancellation of all or a portion of any indebtedness of Grantee to the Company, or a combination of the foregoing, an amount equal to the Repurchase Price for each of the Shares that is to be repurchased from Grantee. Upon delivery of such payment to Grantee, the Company shall become the legal and beneficial owner of the Shares being repurchased, and the Company shall have the right to transfer to its own name the Shares being forfeited and repurchased without any further action of Grantee. The Parties expressly agree that these provisions governing the forfeiture and repurchase of the Shares shall be specifically enforceable by the Company in a court of equity or law.

(d) In the event that the NYS DOH shall determine not to provide the Company with a License on or before September 1st, 2015, all Shares owned by Grantee shall automatically and without payment revert to the Company effective upon the date when the Company shall advise Grantee that it did not receive a License.

3. **Forfeiture Restrictions**. (a) The Grantee may not sell, transfer, pledge, exchange, hypothecate, or otherwise dispose of any of the Restricted Shares (collectively, the "Forfeiture Restrictions"), before the termination or lapse of the Forfeiture Restrictions as described below. Upon the termination of Forfeiture Restrictions regarding the Restricted Shares, one or more stock certificates representing the Restricted Shares, free of Forfeiture Restrictions, shall be delivered to Grantee at Grantee's request in accordance with this Agreement.

(b) The Forfeiture Restrictions shall also terminate upon the occurrence of:

(i) a Change of Control, as defined in Section 9 hereof; or

(ii) upon a decision by the Company's board of directors (the "Board"), in its sole discretion and as of a date determined by the Board, to fully vest any or all of the Restricted Shares (with the result that the Forfeiture Restrictions affecting only those Restricted Shares which the Board chooses to vest in Grantee shall terminate).

4. **Representations of Grantee**. Grantee represents and warrants to the Company as follows:

(a) Grantee has received, read, and understood this Agreement and agrees to abide by and be bound by its terms and conditions;

(b) Grantee is acquiring the Shares for his own account for investment purposes only and not with a view to, or for sale in connection with, any unregistered distribution or sale of the Shares in violation of the Securities Act of 1933, as amended (the "Securities Act"), or any applicable state securities laws;

(c) Grantee has no present intention of selling or otherwise disposing of all or any number of the Shares; and

(d) Grantee is fully aware of the financial risks involved in ownership of the Shares and the lack of liquidity of the Shares (because of the restrictions on transferability of the Shares -- e.g., that Grantee may not be able to sell or dispose of the Shares or use them as collateral for loans).

5. **Compliance with Securities Law**. Grantee understands and acknowledges that the Shares have not been registered under the Securities Act or any state securities laws and that, notwithstanding any other provision of this Agreement to the contrary, his acquisition of the Shares is expressly conditioned upon compliance with the Securities Act and all applicable state securities laws. Grantee agrees to cooperate with the Company to ensure compliance with such laws.

6. **Certain Restrictions on Transfer**. Grantee understands that the Shares must be held indefinitely unless they are registered under the Securities Act and applicable state securities laws or unless exemptions from such registration are available and that the certificate(s) representing the Shares shall bear a legend to that effect. Grantee understands that the Company is under no obligation to register any resale of any of the Shares that may become transferable upon the termination or lapse of Forfeiture Restrictions and that an exemption may not be available or may not permit Grantee to resell or transfer any of such Shares in the amounts or at the times proposed by Grantee.

7. **Company Access to Restricted Shares**.

(a) To ensure the availability for delivery of the Restricted Shares upon forfeiture and repurchase in accordance with Section 2, Grantee agrees that the Company's legal

counsel shall retain all share certificate(s) representing the Restricted Shares, together with the stock assignment attached hereto as Exhibit A duly endorsed in blank.

(b) Upon the forfeiture and repurchase (if applicable) of all or any number of the Restricted Shares by the Company in accordance with Section 2, the Company shall cancel such Restricted Shares which will be restored to unissued status.

(c) Upon the termination or lapse of the Forfeiture Restrictions regarding all or any number of the Restricted Shares, the Company shall promptly deliver the certificate(s) to Grantee representing those previously Restricted Shares.

8. **Administration**. The Board shall interpret this Agreement and shall prescribe such rules and regulations in connection with the operation of this Agreement as it determines (in good faith) to be advisable. The good-faith interpretation by the Board of any of the provisions of this Agreement shall be final and binding upon the Company and Grantee.

9. **Change of Control**.

a) "Change of Control," as it is used in this Agreement, means a single transaction or multiple related or unrelated transactions which result in a consolidation, merger, liquidation, dissolution, sale of all or substantially all of the assets of the Company, or the transfer or sale of either the Company's common stock or of the Company's then outstanding voting securities entitled to vote generally in the election of directors, which results in a third party owning more than a majority of all issued and outstanding common stock of the Company. All Restricted Shares shall vest immediately prior to the consummation of the Acquisition. Notwithstanding the foregoing, in no case shall a Change of Control be deemed to have occurred if a third party acquires a majority of all issued and of the Company's outstanding common stock or of the Company's then outstanding voting securities entitled to vote generally in the election of directors through the purchase of newly-issued stock approved by the Company to obtain additional capital.

b) Should a Change of Control occur, any and all restrictions on any Restricted Shares held by Grantee shall immediately lapse, and right to all Shares shall immediately vest in Grantee.

10. **Effect of Agreement**. Neither the execution of this Agreement nor any action of the Board in connection with or relating to this Agreement shall be deemed to give Grantee any rights except as may be expressed in this Agreement. The existence of this Agreement shall not affect in any way the right of the Board to make or authorize any adjustment, recapitalization, reorganization, or other change in the Company's capital structure or its business, any merger or consolidation or other transaction involving the Company, any issuance of other shares or any other securities of the Company (including bonds, debentures, or shares of preferred stock ahead of or affecting the Shares or the rights thereof), the dissolution or liquidation of the Company or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding by or for the Company. Nothing in this Agreement shall confer upon Grantee any right with respect to the Grantee's employment or affiliation with the Company or affect or

interfere in any way with the right of either the Company or Grantee to terminate Grantee's employment or affiliation (with or without cause).

11. **Refusal to Transfer**. With respect to any Shares purported to have been sold or otherwise transferred in violation of any of the provisions of this Agreement, the Company shall not be required to (i) transfer on its books, or authorize the Company's transfer agent to transfer on its books, any such Shares, or (ii) treat as owner of such Shares, or accord the right to vote or to any distributions to, any purchaser or other transferee to whom or which such Shares have been purported to be so transferred.

12. **Legend**. The share certificate(s) representing the Shares shall be endorsed with the following legend (in addition to any legend required under applicable securities laws):

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO FORFEITURE AND REPURCHASE AND TO CERTAIN RESTRICTIONS ON RESALE AND TRANSFER. NONE OF THE SHARES MAY BE TRANSFERRED EXCEPT AS SET FORTH IN THAT CERTAIN RESTRICTED STOCK AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE COMPANY.

13. **Tax Consequences**. Grantee has reviewed with his own tax advisor(s) the federal, state, and local tax consequences of this ownership of the Shares and the other transactions contemplated by this Agreement. Grantee is relying solely on such advisor(s) and not on any statements or representations of the Company or any of its agents. Grantee understands and agrees that he, and not the Company, shall be responsible for his own tax liability that may arise as a result of the transactions contemplated by this Agreement. Grantee understands that Section 83 of the Internal Revenue Code of 1986, as amended (which, including any amendments and successor provisions to any section referenced herein and any Treasury regulations promulgated under such section, is hereinafter referred to as the "Code"), taxes as ordinary income fair market value of the Restricted Shares as of the date any restrictions on the Restricted Shares terminate or lapse. In this context, "restriction" includes the Forfeiture Restrictions and the right of the Company to repurchase the Restricted Shares pursuant to Section 2. Grantee understands that he may elect to be taxed at the time the Shares are granted, rather than when and as the restrictions terminate or lapse (if ever), by filing an election under Section 83(b) of the Code with the Internal Revenue Service within thirty (30) days from the Effective Date. GRANTEE ACKNOWLEDGES THAT IT IS HIS SOLE RESPONSIBILITY (AND NOT THE COMPANY'S) TO FILE TIMELY THE ELECTION UNDER SECTION 83(b). **[Discuss with accountant]**

14. **Entire Agreement; Governing Law**. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersede all prior undertakings and agreements of the Parties with respect to the subject matter hereof. Nothing in this Agreement (except as expressly provided herein) is intended to confer any rights or remedies on any person other than the Parties. This Agreement is to be construed in accordance with, enforced under, and governed by the laws of the State of New York.

15. **Amendment**. The Board may at any time or from time to time amend this Agreement in any respect, except that no amendment that adversely affects Grantee may be effected without a writing signed by the Parties.

16. **Effectiveness and Term**. This Agreement is effective upon the Effective Date, and it shall continue in effect until the termination or lapse of the Forfeiture Restrictions or until all of the Shares are transferred to the Company and/or its assignee(s), unless sooner terminated by the Parties.

17. **Interpretive Matters**. Whenever required by the context, pronouns and any variation thereof used in this Agreement shall be deemed to refer to the masculine, feminine, or neuter, and the singular shall include the plural, and vice versa. The term "include" or "including" does not denote or imply any limitation. The term "business day" means any Monday through Friday other than such a day on which banks are authorized to be closed in the State of New York. Each reference in this Agreement to a "Section" shall be deemed to be to a section of this Agreement, unless otherwise stated. The captions and headings used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.

18. **Venue**. Any suit, action, or proceeding arising out of or relating to this Agreement shall be brought in the United States District Court for the Southern District of New York or in a New York state court in New York County, New York, and the Parties shall submit to the jurisdiction of such court. Each of the Parties irrevocably waives, to the fullest extent permitted by law, any objection it or he may have to the laying of venue for any such suit, action, or proceeding brought in such court. EACH OF THE PARTIES ALSO EXPRESSLY WAIVES ANY RIGHT IT OR HE HAS OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION, OR PROCEEDING.

19. **Severability and Reformation**. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future law, such provision shall be fully severable and severed, and this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision were never a part hereof, and the remaining provisions of the Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or its severance.

20. **Notice**. Any notice or other communication required or permitted hereunder shall be given in writing and shall be deemed given, effective, and received upon prepaid delivery in person or by courier, or upon the earlier of delivery or the third business day after deposit in the United States mail if sent by certified mail, with postage and fees prepaid, in any case addressed to the other Party at its or his address as shown beneath its or his signature to this Agreement, or to such other address as such Party may designate in writing from time to time by notice to the other Party in accordance with this Section 20.

THC HEALTH INC.

By: _____
Christian Cespedes,
Chief Executive Officer

GRANTEE ACKNOWLEDGES AND AGREES THAT THE FORFEITURE RESTRICTIONS ON THE RESTRICTED SHARES SHALL LAPSE, IF AT ALL, ONLY AS EXPRESSLY STATED IN THIS AGREEMENT (NOT THROUGH BEING ISSUED THE RESTRICTED SHARES).

DATED: 6/3/15

SIGNED: Kate Bender
Kate Bender

[redacted]

Exhibit A to Restricted Stock Agreement

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, I, Kate Bender, hereby sell, assign, and transfer unto THC Health Inc. (the "Company") a total of _____ (_____) shares of Common Stock of the Company registered in my name in the share transfer records of the Company represented by Certificate No(s). _____ delivered herewith and do hereby irrevocably constitute and appoint Christian Cespedes or his successor as attorney-in-fact, with full power of substitution, to transfer such shares in the share transfer records of the Company.

Kate Bender
(Signature)

Kate Bender
(Printed name)

INSTRUCTIONS:

Please do not fill in any blanks other than the signature and name lines. The purpose of this assignment is to enable the transfer of shares upon forfeiture and repurchase under the Restricted Stock Agreement, without requiring additional signatures on the part of Grantee.

RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement ("Agreement") dated May 1, 2015 (the "Effective Date"), is by and between THC Health Inc., a New York corporation (the "Company"), and Kurt Van de Wetering ("Grantee").

WHEREAS, the Company desires to provide an incentive to Grantee, in the form of shares of the Company's common stock, to encourage Grantee's long-term performance for the Company and more closely align Grantee's interest in the Company with that of the shareholders;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants set forth in this Agreement, and intending to be legally bound hereby, Grantee and the Company (collectively, the "Parties") hereby agree as follows:

1. **Issuance of Stock**. The Company hereby agrees to issue to Grantee, and Grantee hereby agrees to accept, in consideration for his agreement to perform services and serve in certain agreed capacities for the Company, [redacted] shares of Common Stock of the Company (the "Shares"), representing 5% of all issued and outstanding Common Stock in the Company, at $0.001 par value, of which 50% shall be currently free of any forfeiture restrictions, an additional 25% shall become free of any forfeiture restrictions upon the Company being granted a New York State Department of Health ("NYS DOH") license to operate a medical marihuana program (the "License"), and the remaining 25% shall be free of forfeiture restrictions on the one year anniversary of the grant of the License. Shares with forfeiture restrictions are referred to herein as "Restricted Shares." Restricted Shares shall not be entitled to voting rights or to participate in any dividends or distributions made by the Company.

2. **Forfeiture and Repurchase**.

(a) Upon the termination of Grantee's employment and/or provision of services to the Company ("Affiliation") with the Company for cause (as such term is defined below), the Company shall have, on the date of such cessation of such Affiliation (the "Termination Date"), an irrevocable, exclusive option (the "Forfeiture Repurchase Option"), for a period of ninety (90) days from the Termination Date (the "Forfeiture Repurchase Period"), to repurchase up to all of the Shares (including both restricted and unrestricted) on the Termination Date at a price of One Cent ($0.01) per share (the "Repurchase Price"). Cessation of Grantee's Affiliation may be based upon Grantee's relinquishment of any affiliation with the Company or by the Company terminating any Affiliation with Grantee for Cause.

As used throughout this Section 2, "Cause" is defined to mean termination of the Grantee's Affiliation with the Company due to (i) Grantee's ineligibility to work for a "Registered Organization" as set forth in 10 NYCRR § 1004 *et seq.*, or (ii) Grantee's inattentiveness to, neglect of, or conscious disregard of the duties to be performed by him as reasonably requested by the Company, and such conduct persists for five (5) days following his receipt of notice from the Company.

(b) Upon the termination of the Grantee's Affiliation with the Company not for Cause (including, but not limited to, Grantee's death, disability, retirement, or termination by the Company without cause), the Company shall have the Forfeiture Repurchase Option set forth in Section 2(a) above, provided, however, that the Repurchase Price of the Share's in the case of termination of Affiliation without Cause shall be the fair market value of the Shares (the "Fair Market Value Repurchase Price"). The Fair Market Value Repurchase Price shall be determined by an independent valuation of the Company performed by a third party valuation consultant (a "Consultant") mutually agreed upon by the Company and the Grantee (or the Grantee's estate, as the case may be). If the Company and Grantee fail to agree on a Consultant, each shall individually select a Consultant, and the two Consultants selected shall select a third-party Consultant to determine the Fair Market Value Repurchase Price.

(c) Upon termination either with or without Cause, the Forfeiture Repurchase Option shall be exercisable by written notice delivered to Grantee before the expiration of the Forfeiture Repurchase Period, provided, however, that the Company's failure to deliver a written notice within the Forfeiture Repurchase Period shall be deemed an election by the Company to not exercise the Forfeiture Repurchase Option, and the Company shall have no further option to repurchase the Shares. The notice shall indicate the number of the Shares to be repurchased and the date on which the repurchase is to be effected. On the date of the repurchase, the Company shall pay to Grantee, at the Company's option, in cash, by check of the Company, by cancellation of all or a portion of any indebtedness of Grantee to the Company, or a combination of the foregoing, an amount equal to the Repurchase Price for each of the Shares that is to be repurchased from Grantee. Upon delivery of such payment to Grantee, the Company shall become the legal and beneficial owner of the Shares being repurchased, and the Company shall have the right to transfer to its own name the Shares being forfeited and repurchased without any further action of Grantee. The Parties expressly agree that these provisions governing the forfeiture and repurchase of the Shares shall be specifically enforceable by the Company in a court of equity or law.

(d) In the event that the NYS DOH shall determine not to provide the Company with a License on or before September 1st, 2015, all Shares owned by Grantee shall automatically and without payment revert to the Company effective upon the date when the Company shall advise Grantee that it did not receive a License.

3. **Forfeiture Restrictions**. (a) The Grantee may not sell, transfer, pledge, exchange, hypothecate, or otherwise dispose of any of the Restricted Shares (collectively, the "Forfeiture Restrictions"), before the termination or lapse of the Forfeiture Restrictions as described below. Upon the termination of Forfeiture Restrictions regarding the Restricted Shares, one or more stock certificates representing the Restricted Shares, free of Forfeiture Restrictions, shall be delivered to Grantee at Grantee's request in accordance with this Agreement.

(b) The Forfeiture Restrictions shall also terminate upon the occurrence of:

(i) a Change of Control, as defined in Section 11 hereof; or

(ii) upon a decision by the Company's board of directors (the "Board"), in its sole discretion and as of a date determined by the Board, to fully vest any or all of the Restricted Shares (with the result that the Forfeiture Restrictions affecting only those Restricted Shares which the Board chooses to vest in Grantee shall terminate).

4. **Tag-Along Rights.**

(a) In the event that one or more shareholders of the Company (individually, an "Initiating Shareholder" and collectively, the "Initiating Shareholders") desires to sell their shares at any time, or from time to time, in one transaction or a series of related transactions, a number of shares so as to cause a Change of Control (as such term is defined in Section 11), the Initiating Shareholder(s) shall not sell all or any part of the shares held by him, her, or them unless the terms and conditions of such sale shall include an offer to the Grantee to include in the sale to the proposed transferee (the "Third Party") at Grantee's option, at the same price and on the same terms and conditions as apply to the Initiating Shareholder(s), an amount of shares determined in accordance with Section 4(b).

(b) The Third Party shall be required to purchase from Grantee the number of Shares owned by Grantee equaling the lesser of (x) the number derived by multiplying (A) the total number of shares to be purchased by the Third Party by (B) a fraction, the numerator of which is the total number of shares owned by Grantee and the denominator of which is the total number of shares then owned in the aggregate by all shareholders with the same rights as those described in this Section 4, or (y) the number of shares that Grantee shall designate in the Tag-Along Notice.

(c) The Initiating Shareholders shall notify the Grantee of any proposed sale to which the provisions of this Section 4 apply. Each such notice shall set forth: (A) the name and address of the Third Party and the number of shares proposed to be transferred, (B) the proposed amount of consideration and terms and conditions of payment offered by the Third Party, and any other material terms pertaining to the sale (the "Third Party Terms") and (C) that the Third Party has been informed of the "Tag-Along Rights" provided for in this Section 4 and has agreed to purchase the shares in accordance with the terms hereof.

(d) The Tag-Along Rights set forth in this Section 4 may be exercised by the Grantee by delivery of a written notice to the Corporation and the Initiating Shareholders (the "Tag-Along Notice") within fifteen (15) days following receipt of the notice specified in Section 4(c) above. The Tag-Along Notice shall state the number of shares that the Grantee wishes to include in such sale to the Third Party.

(e) Upon the giving of a Tag-Along Notice, the Grantee shall be entitled and obligated to sell the number of shares determined in accordance with Section 4(b) above to the Third Party on the Third Party Terms; provided, however, that neither the Initiating Shareholder(s) nor any the Grantee shall consummate the sale of any shares offered by him, her, or it if the Third Party does not purchase all shares which the Initiating Shareholder(s) and the Grantee are entitled and desire to sell pursuant to this Section 4. After expiration of the fifteen-day period referred to in Section 4(d) above, if the provisions of this Section 4 have been

complied with in all material respects, the Initiating Shareholder(s) shall have the right to sell shares to the Third Party on the Third Party Terms (or on other terms not more favorable to the Initiating Shareholder(s)) without further notice to the Grantee.

(f) At the closing of the sale to any Third Party (of which the Initiating Shareholder(s) shall give the Grantee at least five business days prior written notice), the Third Party shall remit to the Grantee the consideration for the total sales price of the Shares of such Tag-Along Shareholder sold pursuant thereto, and the Grantee shall deliver the certificate(s) for such shares, duly endorsed (or with duly executed stock powers) and all requisite transfer tax stamps and shall comply with any other conditions to closing generally applicable to the Initiating Shareholder(s) and the Grantee selling shares in such transactions.

(g) Should the Initiating Shareholder agree to indemnify any Third Party in conjunction with the sale of shares in which Grantee has exercised his rights under this Section 4, Grantee shall only be liable to Third Party under such indemnity for his pro rata proportion of shares sold in the transaction, and in no circumstance shall Grantee be jointly and severally liable for any indemnification offered by Initiating Shareholder to a Third Party.

5. **Preemptive Rights.**

(a) Except in the case of Excluded Issuances (as defined below), the Company shall not issue, sell or exchange, agree to issue, sell or exchange, or reserve or set aside for issuance, sale or exchange, any capital stock of the Company whether now authorized or not, and rights, options or warrants to purchase capital stock that are, or may become, convertible into capital stock (the "New Securities") to any person unless, in each case, the Company shall have first delivered to the Grantee a written notice offering to issue, sell or exchange such New Securities to the Grantee upon the terms set forth in this section (the "Preemptive Offer Notice"). The Preemptive Offer Notice shall state that the Company proposes to issue, sell or exchange New Securities and specify their number and terms (including purchase price). The offer (the "Preemptive Offer") shall remain open and irrevocable for a period of ten (10) days (the "Preemptive Offer Period") from the date of its delivery.

(b) The Grantee may accept the Preemptive Offer by delivering to the Company a written notice (the "Preemptive Purchase Notice") within the Preemptive Offer Period, setting forth his intent to (i) acquire any or all of its Preemptive Amount (as defined below) of the New Securities and (ii) if Grantee so desires, acquire any or all of such New Securities not accepted by the other shareholders with rights similar to those set forth in this Section 5, in which case such New Securities not accepted by any other shareholder shall be deemed to have been offered to and accepted by the Grantee. The number of New Securities set forth in each Preemptive Purchase Notice shall be referred to as a "Preemptive Offer Number," and the ratio of the number of shares held by Grantee as of the date of the Preemptive Offer Notice to the number of shares held as of such date by all shareholders with similar rights to those set forth in this Section 5 shall be referred to as such Grantee's "Preemptive Amount." The Preemptive Purchase Notice shall constitute a binding commitment to purchase the Preemptive Offer Number in accordance with this section.

(c) The issuance (i) of New Securities to the Grantee and (ii) to a third party of New Securities for which a Preemptive Purchase Notice was not delivered, shall be consummated on a business day designated by the Company and not more than ninety (90) days after the expiration of the Preemptive Offer Period. Such issuance shall be on substantially the same material terms and conditions (and no more favorable to the acquirers or less favorable to the Company) as those set forth in the Preemptive Offer. If such issuance, sale or exchange is not made within such ninety (90) day period, the restrictions provided for in this Section 5 shall again become effective.

(d) The Company may specify in the Preemptive Offer that all or a minimum amount of the New Securities must be sold in the offering to which such Preemptive Offer relates, in which case any Preemptive Purchase Notice shall be deemed conditioned upon receipt of Preemptive Purchase Notices and/or third party subscriptions with respect to all or such minimum amount, as applicable, of the New Securities.

(e) For purposes of this Section 5, the issuance of the following New Securities will be excluded from the preemptive rights provided for herein ("Excluded Issuances"):

(i) New Securities issued pursuant to the direct or indirect acquisition of another entity or business by the Company or any of its subsidiaries whether by merger, stock purchase, consolidation or other transaction duly approved by the Company; and

(ii) New Securities issued as part of a dividend or in-kind interest or upon any reclassification, stock split or other subdivision or combination of Membership Units.

6. **Representations of Grantee**. Grantee represents and warrants to the Company as follows:

(a) Grantee has received, read, and understood this Agreement and agrees to abide by and be bound by its terms and conditions;

(b) Grantee is acquiring the Shares for his own account for investment purposes only and not with a view to, or for sale in connection with, any unregistered distribution or sale of the Shares in violation of the Securities Act of 1933, as amended (the "Securities Act"), or any applicable state securities laws;

(c) Grantee has no present intention of selling or otherwise disposing of all or any number of the Shares; and

(d) Grantee is fully aware of the financial risks involved in ownership of the Shares and the lack of liquidity of the Shares (because of the restrictions on transferability of the Shares -- e.g., that Grantee may not be able to sell or dispose of the Shares or use them as collateral for loans).

7. **Compliance with Securities Law**. Grantee understands and acknowledges that the Shares have not been registered under the Securities Act or any state securities laws and that, notwithstanding any other provision of this Agreement to the contrary, his acquisition of the Shares is expressly conditioned upon compliance with the Securities Act and all applicable state securities laws. Grantee agrees to cooperate with the Company to ensure compliance with such laws.

8. **Certain Restrictions on Transfer**. Grantee understands that the Shares must be held indefinitely unless they are registered under the Securities Act and applicable state securities laws or unless exemptions from such registration are available and that the certificate(s) representing the Shares shall bear a legend to that effect. Grantee understands that the Company is under no obligation to register any resale of any of the Shares that may become transferable upon the termination or lapse of Forfeiture Restrictions and that an exemption may not be available or may not permit Grantee to resell or transfer any of such Shares in the amounts or at the times proposed by Grantee.

9. **Company Access to Restricted Shares**.

(a) To ensure the availability for delivery of the Restricted Shares upon forfeiture and repurchase in accordance with Section 2, Grantee agrees that the Company's legal counsel shall retain all share certificate(s) representing the Restricted Shares, together with the stock assignment attached hereto as Exhibit A duly endorsed in blank.

(b) Upon the forfeiture and repurchase (if applicable) of all or any number of the Restricted Shares by the Company in accordance with Section 2, the Company shall cancel such Restricted Shares which will be restored to unissued status.

(c) Upon the termination or lapse of the Forfeiture Restrictions regarding all or any number of the Restricted Shares, the Company shall promptly deliver the certificate(s) to Grantee representing those previously Restricted Shares.

10. **Administration**. The Board shall interpret this Agreement and shall prescribe such rules and regulations in connection with the operation of this Agreement as it determines (in good faith) to be advisable. The good-faith interpretation by the Board of any of the provisions of this Agreement shall be final and binding upon the Company and Grantee.

11. **Change of Control**.

a) "Change of Control," as it is used in this Agreement, means a single transaction or multiple related or unrelated transactions which result in a consolidation, merger, liquidation, dissolution, sale of all or substantially all of the assets of the Company, or the transfer or sale of either the Company's common stock or of the Company's then outstanding voting securities entitled to vote generally in the election of directors, which results in a third party owning more than a majority of all issued and outstanding common stock of the Company. All Restricted Shares shall vest immediately prior to the consummation of the Acquisition. Notwithstanding the foregoing, in no case shall a Change of Control be deemed to have occurred

if a third party acquires a majority of all issued and of the Company's outstanding common stock or of the Company's then outstanding voting securities entitled to vote generally in the election of directors through the purchase of newly-issued stock approved by the Company to obtain additional capital.

b) Should a Change of Control occur, any and all restrictions on any Restricted Shares held by Grantee shall immediately lapse, and right to all Shares shall immediately vest in Grantee.

12. **Effect of Agreement**. Neither the execution of this Agreement nor any action of the Board in connection with or relating to this Agreement shall be deemed to give Grantee any rights except as may be expressed in this Agreement. The existence of this Agreement shall not affect in any way the right of the Board to make or authorize any adjustment, recapitalization, reorganization, or other change in the Company's capital structure or its business, any merger or consolidation or other transaction involving the Company, any issuance of other shares or any other securities of the Company (including bonds, debentures, or shares of preferred stock ahead of or affecting the Shares or the rights thereof), the dissolution or liquidation of the Company or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding by or for the Company. Nothing in this Agreement shall confer upon Grantee any right with respect to the Grantee's employment or affiliation with the Company or affect or interfere in any way with the right of either the Company or Grantee to terminate Grantee's employment or affiliation (with or without cause).

13. **Refusal to Transfer**. With respect to any Shares purported to have been sold or otherwise transferred in violation of any of the provisions of this Agreement, the Company shall not be required to (i) transfer on its books, or authorize the Company's transfer agent to transfer on its books, any such Shares, or (ii) treat as owner of such Shares, or accord the right to vote or to any distributions to, any purchaser or other transferee to whom or which such Shares have been purported to be so transferred.

14. **Legend**. The share certificate(s) representing the Shares shall be endorsed with the following legend (in addition to any legend required under applicable securities laws):

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO FORFEITURE AND REPURCHASE AND TO CERTAIN RESTRICTIONS ON RESALE AND TRANSFER. NONE OF THE SHARES MAY BE TRANSFERRED EXCEPT AS SET FORTH IN THAT CERTAIN RESTRICTED STOCK AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE COMPANY.

15. **Tax Consequences**. Grantee has reviewed with his own tax advisor(s) the federal, state, and local tax consequences of this ownership of the Shares and the other transactions contemplated by this Agreement. Grantee is relying solely on such advisor(s) and not on any statements or representations of the Company or any of its agents. Grantee understands and agrees that he, and not the Company, shall be responsible for his own tax liability that may arise as a result of the transactions contemplated by this Agreement. Grantee understands that Section 83 of the Internal Revenue Code of 1986, as amended (which, including any amendments and

successor provisions to any section referenced herein and any Treasury regulations promulgated under such section, is hereinafter referred to as the "Code"), taxes as ordinary income fair market value of the Restricted Shares as of the date any restrictions on the Restricted Shares terminate or lapse. In this context, "restriction" includes the Forfeiture Restrictions and the right of the Company to repurchase the Restricted Shares pursuant to Section 2. Grantee understands that he may elect to be taxed at the time the Shares are granted, rather than when and as the restrictions terminate or lapse (if ever), by filing an election under Section 83(b) of the Code with the Internal Revenue Service within thirty (30) days from the Effective Date. GRANTEE ACKNOWLEDGES THAT IT IS HIS SOLE RESPONSIBILITY (AND NOT THE COMPANY'S) TO FILE TIMELY THE ELECTION UNDER SECTION 83(b).

16. **Entire Agreement; Governing Law**. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersede all prior undertakings and agreements of the Parties with respect to the subject matter hereof. Nothing in this Agreement (except as expressly provided herein) is intended to confer any rights or remedies on any person other than the Parties. This Agreement is to be construed in accordance with, enforced under, and governed by the laws of the State of New York.

17. **Amendment**. The Board may at any time or from time to time amend this Agreement in any respect, except that no amendment that adversely affects Grantee may be effected without a writing signed by the Parties.

18. **Effectiveness and Term**. This Agreement is effective upon the Effective Date, and it shall continue in effect until the termination or lapse of the Forfeiture Restrictions or until all of the Shares are transferred to the Company and/or its assignee(s), unless sooner terminated by the Parties.

19. **Interpretive Matters**. Whenever required by the context, pronouns and any variation thereof used in this Agreement shall be deemed to refer to the masculine, feminine, or neuter, and the singular shall include the plural, and vice versa. The term "include" or "including" does not denote or imply any limitation. The term "business day" means any Monday through Friday other than such a day on which banks are authorized to be closed in the State of New York. Each reference in this Agreement to a "Section" shall be deemed to be to a section of this Agreement, unless otherwise stated. The captions and headings used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.

20. **Venue**. Any suit, action, or proceeding arising out of or relating to this Agreement shall be brought in the United States District Court for the Southern District of New York or in a New York state court in New York County, New York, and the Parties shall submit to the jurisdiction of such court. Each of the Parties irrevocably waives, to the fullest extent permitted by law, any objection it or he may have to the laying of venue for any such suit, action, or proceeding brought in such court. EACH OF THE PARTIES ALSO EXPRESSLY WAIVES ANY RIGHT IT OR HE HAS OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION, OR PROCEEDING.

21. **Severability and Reformation**. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future law, such provision shall be fully severable and severed, and this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision were never a part hereof, and the remaining provisions of the Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or its severance.

22. **Notice**. Any notice or other communication required or permitted hereunder shall be given in writing and shall be deemed given, effective, and received upon prepaid delivery in person or by courier, or upon the earlier of delivery or the third business day after deposit in the United States mail if sent by certified mail, with postage and fees prepaid, in any case addressed to the other Party at its or his address as shown beneath its or his signature to this Agreement, or to such other address as such Party may designate in writing from time to time by notice to the other Party in accordance with this Section 22.

[*signatures appear on following page*]

THC HEALTH INC.

By: _____
Christian Cespedes,
Chief Executive Officer

GRANTEE ACKNOWLEDGES AND AGREES THAT THE FORFEITURE RESTRICTIONS ON THE RESTRICTED SHARES SHALL LAPSE, IF AT ALL, ONLY AS EXPRESSLY STATED IN THIS AGREEMENT (NOT THROUGH BEING ISSUED THE RESTRICTED SHARES).

DATED: May 1, 2015

SIGNED: _____
Kurt Van de Wetering

[redacted]

Exhibit A to Restricted Stock Agreement

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, I, _____, hereby sell, assign, and transfer unto THC Health Inc. (the "Company") a total of _____ (_____) shares of Common Stock of the Company registered in my name in the share transfer records of the Company represented by Certificate No(s). _____ delivered herewith and do hereby irrevocably constitute and appoint Christian Cespedes or his successor as attorney-in-fact, with full power of substitution, to transfer such shares in the share transfer records of the Company.

_____
(Signature)

Kurt Van de Wetering
(Printed name)

INSTRUCTIONS:

Please do not fill in any blanks other than the signature and name lines. The purpose of this assignment is to enable the transfer of shares upon forfeiture and repurchase under the Restricted Stock Agreement, without requiring additional signatures on the part of Grantee.

RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement ("Agreement") dated May 1st, 2015 (the "Effective Date"), is by and between THC Health Inc., a New York corporation (the "Company"), and Mark Haugen ("Grantee").

WHEREAS, the Company desires to provide an incentive to Grantee, in the form of shares of the Company's common stock, to encourage Grantee's long-term performance for the Company and more closely align Grantee's interest in the Company with that of the shareholders;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants set forth in this Agreement, and intending to be legally bound hereby, Grantee and the Company (collectively, the "Parties") hereby agree as follows:

1. **Issuance of Stock**. The Company hereby agrees to issue to Grantee, and Grantee hereby agrees to accept, in consideration for his agreement to perform services and serve in certain agreed capacities for the Company, [redacted] shares of Common Stock of the Company (the "Shares"), representing 5% of all issued and outstanding Common Stock in the Company, at $0.001 par value, of which 50% shall be currently free of any forfeiture restrictions, an additional 25% shall become free of any forfeiture restrictions upon the Company being granted a New York State Department of Health ("NYS DOH") license to operate a medical marihuana program (the "License"), and the remaining 25% shall be free of forfeiture restrictions on the one year anniversary of the grant of the License. Shares with forfeiture restrictions are referred to herein as "Restricted Shares." Restricted Shares shall not be entitled to voting rights or to participate in any dividends or distributions made by the Company **[discuss: NY BCL § 501(c)- "each share shall be equal to every other share of the same class"]**.

2. **Forfeiture and Repurchase**.

(a) Upon the termination of Grantee's employment and/or provision of services to the Company ("Affiliation") with the Company for cause (as such term is defined below), the Company shall have, on the date of such cessation of such Affiliation (the "Termination Date"), an irrevocable, exclusive option (the "Forfeiture Repurchase Option"), for a period of ninety (90) days from the Termination Date (the "Forfeiture Repurchase Period"), to repurchase up to all of the Shares (including both restricted and unrestricted) on the Termination Date at a price of One Cent ($0.01) per share (the "Repurchase Price"). Cessation of Grantee's Affiliation may be based upon Grantee's relinquishment of any affiliation with the Company or by the Company terminating any Affiliation with Grantee for Cause.

As used throughout this Section 2, "Cause" is defined to mean termination of the Grantee's Affiliation with the Company due to (i) Grantee's ineligibility to work for a "Registered Organization" as set forth in 10 NYCRR § 1004 *et seq.*, or (ii) Grantee's inattentiveness to, neglect of, or conscious disregard of the duties to be performed by him as reasonably requested by the Company, and such conduct persists for five (5) days following his receipt of notice from the Company. **[or (iii) Change of Control (as defined in Paragraph 9**

below. NB- In Change of Control, shares can either immediately be redeemed (this paragraph) or immediately vest in KVdW (see brackets in 9).]

(b) Upon the termination of the Grantee's Affiliation with the Company not for Cause (including, but not limited to, Grantee's death, disability, retirement, or termination by the Company without cause), the Company shall have the Forfeiture Repurchase Option set forth in Section 2(a) above, provided, however, that the Repurchase Price of the Share's in the case of termination of Affiliation without Cause shall be the fair market value of the Shares (the "Fair Market Value Repurchase Price"). The Fair Market Value Repurchase Price shall be determined by an independent valuation of the Company performed by a third party valuation consultant (a "Consultant") mutually agreed upon by the Company and the Grantee (or the Grantee's estate, as the case may be). If the Company and Grantee fail to agree on a Consultant, each shall individually select a Consultant, and the two Consultants selected shall select a third-party Consultant to determine the Fair Market Value Repurchase Price.

(c) Upon termination either with or without Cause, the Forfeiture Repurchase Option shall be exercisable by written notice delivered to Grantee before the expiration of the Forfeiture Repurchase Period, provided, however, that the Company's failure to deliver a written notice within the Forfeiture Repurchase Period shall be deemed an election by the Company to not exercise the Forfeiture Repurchase Option, and the Company shall have no further option to repurchase the Shares. The notice shall indicate the number of the Shares to be repurchased and the date on which the repurchase is to be effected. On the date of the repurchase, the Company shall pay to Grantee, at the Company's option, in cash, by check of the Company, by cancellation of all or a portion of any indebtedness of Grantee to the Company, or a combination of the foregoing, an amount equal to the Repurchase Price for each of the Shares that is to be repurchased from Grantee. Upon delivery of such payment to Grantee, the Company shall become the legal and beneficial owner of the Shares being repurchased, and the Company shall have the right to transfer to its own name the Shares being forfeited and repurchased without any further action of Grantee. The Parties expressly agree that these provisions governing the forfeiture and repurchase of the Shares shall be specifically enforceable by the Company in a court of equity or law.

(d) In the event that the NYS DOH shall determine not to provide the Company with a License on or before September 1st, 2015, all Shares owned by Grantee shall automatically and without payment revert to the Company effective upon the date when the Company shall advise Grantee that it did not receive a License.

3. **Forfeiture Restrictions**. (a) The Grantee may not sell, transfer, pledge, exchange, hypothecate, or otherwise dispose of any of the Restricted Shares (collectively, the "Forfeiture Restrictions"), before the termination or lapse of the Forfeiture Restrictions as described below. Upon the termination of Forfeiture Restrictions regarding the Restricted Shares, one or more stock certificates representing the Restricted Shares, free of Forfeiture Restrictions, shall be delivered to Grantee at Grantee's request in accordance with this Agreement.

(b) The Forfeiture Restrictions shall also terminate upon the occurrence of:

(i) a Change of Control, as defined in Section 9 hereof; or

(ii) upon a decision by the Company's board of directors (the "Board"), in its sole discretion and as of a date determined by the Board, to fully vest any or all of the Restricted Shares (with the result that the Forfeiture Restrictions affecting only those Restricted Shares which the Board chooses to vest in Grantee shall terminate).

4. **Representations of Grantee**. Grantee represents and warrants to the Company as follows:

(a) Grantee has received, read, and understood this Agreement and agrees to abide by and be bound by its terms and conditions;

(b) Grantee is acquiring the Shares for his own account for investment purposes only and not with a view to, or for sale in connection with, any unregistered distribution or sale of the Shares in violation of the Securities Act of 1933, as amended (the "Securities Act"), or any applicable state securities laws;

(c) Grantee has no present intention of selling or otherwise disposing of all or any number of the Shares; and

(d) Grantee is fully aware of the financial risks involved in ownership of the Shares and the lack of liquidity of the Shares (because of the restrictions on transferability of the Shares -- e.g., that Grantee may not be able to sell or dispose of the Shares or use them as collateral for loans).

5. **Compliance with Securities Law**. Grantee understands and acknowledges that the Shares have not been registered under the Securities Act or any state securities laws and that, notwithstanding any other provision of this Agreement to the contrary, his acquisition of the Shares is expressly conditioned upon compliance with the Securities Act and all applicable state securities laws. Grantee agrees to cooperate with the Company to ensure compliance with such laws.

6. **Certain Restrictions on Transfer**. Grantee understands that the Shares must be held indefinitely unless they are registered under the Securities Act and applicable state securities laws or unless exemptions from such registration are available and that the certificate(s) representing the Shares shall bear a legend to that effect. Grantee understands that the Company is under no obligation to register any resale of any of the Shares that may become transferable upon the termination or lapse of Forfeiture Restrictions and that an exemption may not be available or may not permit Grantee to resell or transfer any of such Shares in the amounts or at the times proposed by Grantee.

7. **Company Access to Restricted Shares**.

(a) To ensure the availability for delivery of the Restricted Shares upon forfeiture and repurchase in accordance with Section 2, Grantee agrees that the Company's legal

counsel shall retain all share certificate(s) representing the Restricted Shares, together with the stock assignment attached hereto as Exhibit A duly endorsed in blank.

(b) Upon the forfeiture and repurchase (if applicable) of all or any number of the Restricted Shares by the Company in accordance with Section 2, the Company shall cancel such Restricted Shares which will be restored to unissued status.

(c) Upon the termination or lapse of the Forfeiture Restrictions regarding all or any number of the Restricted Shares, the Company shall promptly deliver the certificate(s) to Grantee representing those previously Restricted Shares.

8. **Administration**. The Board shall interpret this Agreement and shall prescribe such rules and regulations in connection with the operation of this Agreement as it determines (in good faith) to be advisable. The good-faith interpretation by the Board of any of the provisions of this Agreement shall be final and binding upon the Company and Grantee.

9. **Change of Control**.

a) "Change of Control," as it is used in this Agreement, means a single transaction or multiple related or unrelated transactions which result in a consolidation, merger, liquidation, dissolution, sale of all or substantially all of the assets of the Company, or the transfer or sale of either the Company's common stock or of the Company's then outstanding voting securities entitled to vote generally in the election of directors, which results in a third party owning more than a majority of all issued and outstanding common stock of the Company. All Restricted Shares shall vest immediately prior to the consummation of the Acquisition. Notwithstanding the foregoing, in no case shall a Change of Control be deemed to have occurred if a third party acquires a majority of all issued and of the Company's outstanding common stock or of the Company's then outstanding voting securities entitled to vote generally in the election of directors through the purchase of newly-issued stock approved by the Company to obtain additional capital.

b) Should a Change of Control occur, any and all restrictions on any Restricted Shares held by Grantee shall immediately lapse, and right to all Shares shall immediately vest in Grantee.

10. **Effect of Agreement**. Neither the execution of this Agreement nor any action of the Board in connection with or relating to this Agreement shall be deemed to give Grantee any rights except as may be expressed in this Agreement. The existence of this Agreement shall not affect in any way the right of the Board to make or authorize any adjustment, recapitalization, reorganization, or other change in the Company's capital structure or its business, any merger or consolidation or other transaction involving the Company, any issuance of other shares or any other securities of the Company (including bonds, debentures, or shares of preferred stock ahead of or affecting the Shares or the rights thereof), the dissolution or liquidation of the Company or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding by or for the Company. Nothing in this Agreement shall confer upon Grantee any right with respect to the Grantee's employment or affiliation with the Company or affect or

interfere in any way with the right of either the Company or Grantee to terminate Grantee's employment or affiliation (with or without cause).

11. **Refusal to Transfer**. With respect to any Shares purported to have been sold or otherwise transferred in violation of any of the provisions of this Agreement, the Company shall not be required to (i) transfer on its books, or authorize the Company's transfer agent to transfer on its books, any such Shares, or (ii) treat as owner of such Shares, or accord the right to vote or to any distributions to, any purchaser or other transferee to whom or which such Shares have been purported to be so transferred.

12. **Legend**. The share certificate(s) representing the Shares shall be endorsed with the following legend (in addition to any legend required under applicable securities laws):

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO FORFEITURE AND REPURCHASE AND TO CERTAIN RESTRICTIONS ON RESALE AND TRANSFER. NONE OF THE SHARES MAY BE TRANSFERRED EXCEPT AS SET FORTH IN THAT CERTAIN RESTRICTED STOCK AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE COMPANY.

13. **Tax Consequences**. Grantee has reviewed with his own tax advisor(s) the federal, state, and local tax consequences of this ownership of the Shares and the other transactions contemplated by this Agreement. Grantee is relying solely on such advisor(s) and not on any statements or representations of the Company or any of its agents. Grantee understands and agrees that he, and not the Company, shall be responsible for his own tax liability that may arise as a result of the transactions contemplated by this Agreement. Grantee understands that Section 83 of the Internal Revenue Code of 1986, as amended (which, including any amendments and successor provisions to any section referenced herein and any Treasury regulations promulgated under such section, is hereinafter referred to as the "Code"), taxes as ordinary income fair market value of the Restricted Shares as of the date any restrictions on the Restricted Shares terminate or lapse. In this context, "restriction" includes the Forfeiture Restrictions and the right of the Company to repurchase the Restricted Shares pursuant to Section 2. Grantee understands that he may elect to be taxed at the time the Shares are granted, rather than when and as the restrictions terminate or lapse (if ever), by filing an election under Section 83(b) of the Code with the Internal Revenue Service within thirty (30) days from the Effective Date. GRANTEE ACKNOWLEDGES THAT IT IS HIS SOLE RESPONSIBILITY (AND NOT THE COMPANY'S) TO FILE TIMELY THE ELECTION UNDER SECTION 83(b). **[Discuss with accountant]**

14. **Entire Agreement; Governing Law**. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersede all prior undertakings and agreements of the Parties with respect to the subject matter hereof. Nothing in this Agreement (except as expressly provided herein) is intended to confer any rights or remedies on any person other than the Parties. This Agreement is to be construed in accordance with, enforced under, and governed by the laws of the State of New York.

15. **Amendment**. The Board may at any time or from time to time amend this Agreement in any respect, except that no amendment that adversely affects Grantee may be effected without a writing signed by the Parties.

16. **Effectiveness and Term**. This Agreement is effective upon the Effective Date, and it shall continue in effect until the termination or lapse of the Forfeiture Restrictions or until all of the Shares are transferred to the Company and/or its assignee(s), unless sooner terminated by the Parties.

17. **Interpretive Matters**. Whenever required by the context, pronouns and any variation thereof used in this Agreement shall be deemed to refer to the masculine, feminine, or neuter, and the singular shall include the plural, and vice versa. The term "include" or "including" does not denote or imply any limitation. The term "business day" means any Monday through Friday other than such a day on which banks are authorized to be closed in the State of New York. Each reference in this Agreement to a "Section" shall be deemed to be to a section of this Agreement, unless otherwise stated. The captions and headings used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.

18. **Venue**. Any suit, action, or proceeding arising out of or relating to this Agreement shall be brought in the United States District Court for the Southern District of New York or in a New York state court in New York County, New York, and the Parties shall submit to the jurisdiction of such court. Each of the Parties irrevocably waives, to the fullest extent permitted by law, any objection it or he may have to the laying of venue for any such suit, action, or proceeding brought in such court. EACH OF THE PARTIES ALSO EXPRESSLY WAIVES ANY RIGHT IT OR HE HAS OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION, OR PROCEEDING.

19. **Severability and Reformation**. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future law, such provision shall be fully severable and severed, and this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision were never a part hereof, and the remaining provisions of the Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or its severance.

20. **Notice**. Any notice or other communication required or permitted hereunder shall be given in writing and shall be deemed given, effective, and received upon prepaid delivery in person or by courier, or upon the earlier of delivery or the third business day after deposit in the United States mail if sent by certified mail, with postage and fees prepaid, in any case addressed to the other Party at its or his address as shown beneath its or his signature to this Agreement, or to such other address as such Party may designate in writing from time to time by notice to the other Party in accordance with this Section 20.

THC HEALTH INC.

By: _____
Christian Cespedes,
Chief Executive Officer

GRANTEE ACKNOWLEDGES AND AGREES THAT THE FORFEITURE RESTRICTIONS ON THE RESTRICTED SHARES SHALL LAPSE, IF AT ALL, ONLY AS EXPRESSLY STATED IN THIS AGREEMENT (NOT THROUGH BEING ISSUED THE RESTRICTED SHARES).

DATED: May 1, 2015

SIGNED: _____
Mark Haugen

[redacted]

Exhibit A to Restricted Stock Agreement

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, I, _____, hereby sell, assign, and transfer unto THC Health Inc. (the "Company") a total of _____ (_____) shares of Common Stock of the Company registered in my name in the share transfer records of the Company represented by Certificate No(s). _____ delivered herewith and do hereby irrevocably constitute and appoint Christian Cespedes or his successor as attorney-in-fact, with full power of substitution, to transfer such shares in the share transfer records of the Company.

_____
(Signature)

Mark Hayes
_____
(Printed name)

INSTRUCTIONS:

Please do not fill in any blanks other than the signature and name lines. The purpose of this assignment is to enable the transfer of shares upon forfeiture and repurchase under the Restricted Stock Agreement, without requiring additional signatures on the part of Grantee.

RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement ("Agreement") dated May 1st, 2015 (the "Effective Date"), is by and between THC Health Inc., a New York corporation (the "Company"), and Renee Ortiz ("Grantee").

WHEREAS, the Company desires to provide an incentive to Grantee, in the form of shares of the Company's common stock, to encourage Grantee's long-term performance for the Company and more closely align Grantee's interest in the Company with that of the shareholders;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants set forth in this Agreement, and intending to be legally bound hereby, Grantee and the Company (collectively, the "Parties") hereby agree as follows:

1. **Issuance of Stock**. The Company hereby agrees to issue to Grantee, and Grantee hereby agrees to accept, in consideration for his agreement to perform services and serve in certain agreed capacities for the Company, 20,000 shares of Common Stock of the Company (the "Shares"), representing 2% of all issued and outstanding Common Stock in the Company, at $0.001 par value, of which 50% shall be currently free of any forfeiture restrictions, an additional 25% shall become free of any forfeiture restrictions upon the Company being granted a New York State Department of Health ("NYS DOH") license to operate a medical marihuana program (the "License"), and the remaining 25% shall be free of forfeiture restrictions on the one year anniversary of the grant of the License. Shares with forfeiture restrictions are referred to herein as "Restricted Shares." Restricted Shares shall not be entitled to voting rights or to participate in any dividends or distributions made by the Company **[discuss: NY BCL § 501(c)- "each share shall be equal to every other share of the same class"]**.

2. **Forfeiture and Repurchase**.

(a) Upon the termination of Grantee's employment and/or provision of services to the Company ("Affiliation") with the Company for cause (as such term is defined below), the Company shall have, on the date of such cessation of such Affiliation (the "Termination Date"), an irrevocable, exclusive option (the "Forfeiture Repurchase Option"), for a period of ninety (90) days from the Termination Date (the "Forfeiture Repurchase Period"), to repurchase up to all of the Shares (including both restricted and unrestricted) on the Termination Date at a price of One Cent ($0.01) per share (the "Repurchase Price"). Cessation of Grantee's Affiliation may be based upon Grantee's relinquishment of any affiliation with the Company or by the Company terminating any Affiliation with Grantee for Cause.

As used throughout this Section 2, "Cause" is defined to mean termination of the Grantee's Affiliation with the Company due to (i) Grantee's ineligibility to work for a "Registered Organization" as set forth in 10 NYCRR § 1004 *et seq.*, or (ii) Grantee's inattentiveness to, neglect of, or conscious disregard of the duties to be performed by him as reasonably requested by the Company, and such conduct persists for five (5) days following his receipt of notice from the Company. **[or (iii) Change of Control (as defined in Paragraph 9**

below. NB- In Change of Control, shares can either immediately be redeemed (this paragraph) or immediately vest in KVdW (see brackets in 9).]

(b) Upon the termination of the Grantee's Affiliation with the Company not for Cause (including, but not limited to, Grantee's death, disability, retirement, or termination by the Company without cause), the Company shall have the Forfeiture Repurchase Option set forth in Section 2(a) above, provided, however, that the Repurchase Price of the Share's in the case of termination of Affiliation without Cause shall be the fair market value of the Shares (the "Fair Market Value Repurchase Price"). The Fair Market Value Repurchase Price shall be determined by an independent valuation of the Company performed by a third party valuation consultant (a "Consultant") mutually agreed upon by the Company and the Grantee (or the Grantee's estate, as the case may be). If the Company and Grantee fail to agree on a Consultant, each shall individually select a Consultant, and the two Consultants selected shall select a third-party Consultant to determine the Fair Market Value Repurchase Price.

(c) Upon termination either with or without Cause, the Forfeiture Repurchase Option shall be exercisable by written notice delivered to Grantee before the expiration of the Forfeiture Repurchase Period, provided, however, that the Company's failure to deliver a written notice within the Forfeiture Repurchase Period shall be deemed an election by the Company to not exercise the Forfeiture Repurchase Option, and the Company shall have no further option to repurchase the Shares. The notice shall indicate the number of the Shares to be repurchased and the date on which the repurchase is to be effected. On the date of the repurchase, the Company shall pay to Grantee, at the Company's option, in cash, by check of the Company, by cancellation of all or a portion of any indebtedness of Grantee to the Company, or a combination of the foregoing, an amount equal to the Repurchase Price for each of the Shares that is to be repurchased from Grantee. Upon delivery of such payment to Grantee, the Company shall become the legal and beneficial owner of the Shares being repurchased, and the Company shall have the right to transfer to its own name the Shares being forfeited and repurchased without any further action of Grantee. The Parties expressly agree that these provisions governing the forfeiture and repurchase of the Shares shall be specifically enforceable by the Company in a court of equity or law.

(d) In the event that the NYS DOH shall determine not to provide the Company with a License on or before September 1st, 2015, all Shares owned by Grantee shall automatically and without payment revert to the Company effective upon the date when the Company shall advise Grantee that it did not receive a License.

3. **Forfeiture Restrictions**. (a) The Grantee may not sell, transfer, pledge, exchange, hypothecate, or otherwise dispose of any of the Restricted Shares (collectively, the "Forfeiture Restrictions"), before the termination or lapse of the Forfeiture Restrictions as described below. Upon the termination of Forfeiture Restrictions regarding the Restricted Shares, one or more stock certificates representing the Restricted Shares, free of Forfeiture Restrictions, shall be delivered to Grantee at Grantee's request in accordance with this Agreement.

(b) The Forfeiture Restrictions shall also terminate upon the occurrence of:

(i) a Change of Control, as defined in Section 9 hereof; or

(ii) upon a decision by the Company's board of directors (the "Board"), in its sole discretion and as of a date determined by the Board, to fully vest any or all of the Restricted Shares (with the result that the Forfeiture Restrictions affecting only those Restricted Shares which the Board chooses to vest in Grantee shall terminate).

4. **Representations of Grantee**. Grantee represents and warrants to the Company as follows:

(a) Grantee has received, read, and understood this Agreement and agrees to abide by and be bound by its terms and conditions;

(b) Grantee is acquiring the Shares for his own account for investment purposes only and not with a view to, or for sale in connection with, any unregistered distribution or sale of the Shares in violation of the Securities Act of 1933, as amended (the "Securities Act"), or any applicable state securities laws;

(c) Grantee has no present intention of selling or otherwise disposing of all or any number of the Shares; and

(d) Grantee is fully aware of the financial risks involved in ownership of the Shares and the lack of liquidity of the Shares (because of the restrictions on transferability of the Shares -- e.g., that Grantee may not be able to sell or dispose of the Shares or use them as collateral for loans).

5. **Compliance with Securities Law**. Grantee understands and acknowledges that the Shares have not been registered under the Securities Act or any state securities laws and that, notwithstanding any other provision of this Agreement to the contrary, his acquisition of the Shares is expressly conditioned upon compliance with the Securities Act and all applicable state securities laws. Grantee agrees to cooperate with the Company to ensure compliance with such laws.

6. **Certain Restrictions on Transfer**. Grantee understands that the Shares must be held indefinitely unless they are registered under the Securities Act and applicable state securities laws or unless exemptions from such registration are available and that the certificate(s) representing the Shares shall bear a legend to that effect. Grantee understands that the Company is under no obligation to register any resale of any of the Shares that may become transferable upon the termination or lapse of Forfeiture Restrictions and that an exemption may not be available or may not permit Grantee to resell or transfer any of such Shares in the amounts or at the times proposed by Grantee.

7. **Company Access to Restricted Shares**.

(a) To ensure the availability for delivery of the Restricted Shares upon forfeiture and repurchase in accordance with Section 2, Grantee agrees that the Company's legal

counsel shall retain all share certificate(s) representing the Restricted Shares, together with the stock assignment attached hereto as Exhibit A duly endorsed in blank.

(b) Upon the forfeiture and repurchase (if applicable) of all or any number of the Restricted Shares by the Company in accordance with Section 2, the Company shall cancel such Restricted Shares which will be restored to unissued status.

(c) Upon the termination or lapse of the Forfeiture Restrictions regarding all or any number of the Restricted Shares, the Company shall promptly deliver the certificate(s) to Grantee representing those previously Restricted Shares.

8. **Administration**. The Board shall interpret this Agreement and shall prescribe such rules and regulations in connection with the operation of this Agreement as it determines (in good faith) to be advisable. The good-faith interpretation by the Board of any of the provisions of this Agreement shall be final and binding upon the Company and Grantee.

9. **Change of Control**.

a) "Change of Control," as it is used in this Agreement, means a single transaction or multiple related or unrelated transactions which result in a consolidation, merger, liquidation, dissolution, sale of all or substantially all of the assets of the Company, or the transfer or sale of either the Company's common stock or of the Company's then outstanding voting securities entitled to vote generally in the election of directors, which results in a third party owning more than a majority of all issued and outstanding common stock of the Company. All Restricted Shares shall vest immediately prior to the consummation of the Acquisition. Notwithstanding the foregoing, in no case shall a Change of Control be deemed to have occurred if a third party acquires a majority of all issued and of the Company's outstanding common stock or of the Company's then outstanding voting securities entitled to vote generally in the election of directors through the purchase of newly-issued stock approved by the Company to obtain additional capital.

b) Should a Change of Control occur, any and all restrictions on any Restricted Shares held by Grantee shall immediately lapse, and right to all Shares shall immediately vest in Grantee.

10. **Effect of Agreement**. Neither the execution of this Agreement nor any action of the Board in connection with or relating to this Agreement shall be deemed to give Grantee any rights except as may be expressed in this Agreement. The existence of this Agreement shall not affect in any way the right of the Board to make or authorize any adjustment, recapitalization, reorganization, or other change in the Company's capital structure or its business, any merger or consolidation or other transaction involving the Company, any issuance of other shares or any other securities of the Company (including bonds, debentures, or shares of preferred stock ahead of or affecting the Shares or the rights thereof), the dissolution or liquidation of the Company or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding by or for the Company. Nothing in this Agreement shall confer upon Grantee any right with respect to the Grantee's employment or affiliation with the Company or affect or

interfere in any way with the right of either the Company or Grantee to terminate Grantee's employment or affiliation (with or without cause).

11. **Refusal to Transfer**. With respect to any Shares purported to have been sold or otherwise transferred in violation of any of the provisions of this Agreement, the Company shall not be required to (i) transfer on its books, or authorize the Company's transfer agent to transfer on its books, any such Shares, or (ii) treat as owner of such Shares, or accord the right to vote or to any distributions to, any purchaser or other transferee to whom or which such Shares have been purported to be so transferred.

12. **Legend**. The share certificate(s) representing the Shares shall be endorsed with the following legend (in addition to any legend required under applicable securities laws):

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO FORFEITURE AND REPURCHASE AND TO CERTAIN RESTRICTIONS ON RESALE AND TRANSFER. NONE OF THE SHARES MAY BE TRANSFERRED EXCEPT AS SET FORTH IN THAT CERTAIN RESTRICTED STOCK AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE COMPANY.

13. **Tax Consequences**. Grantee has reviewed with his own tax advisor(s) the federal, state, and local tax consequences of this ownership of the Shares and the other transactions contemplated by this Agreement. Grantee is relying solely on such advisor(s) and not on any statements or representations of the Company or any of its agents. Grantee understands and agrees that he, and not the Company, shall be responsible for his own tax liability that may arise as a result of the transactions contemplated by this Agreement. Grantee understands that Section 83 of the Internal Revenue Code of 1986, as amended (which, including any amendments and successor provisions to any section referenced herein and any Treasury regulations promulgated under such section, is hereinafter referred to as the "Code"), taxes as ordinary income fair market value of the Restricted Shares as of the date any restrictions on the Restricted Shares terminate or lapse. In this context, "restriction" includes the Forfeiture Restrictions and the right of the Company to repurchase the Restricted Shares pursuant to Section 2. Grantee understands that he may elect to be taxed at the time the Shares are granted, rather than when and as the restrictions terminate or lapse (if ever), by filing an election under Section 83(b) of the Code with the Internal Revenue Service within thirty (30) days from the Effective Date. GRANTEE ACKNOWLEDGES THAT IT IS HIS SOLE RESPONSIBILITY (AND NOT THE COMPANY'S) TO FILE TIMELY THE ELECTION UNDER SECTION 83(b). **[Discuss with accountant]**

14. **Entire Agreement; Governing Law**. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersede all prior undertakings and agreements of the Parties with respect to the subject matter hereof. Nothing in this Agreement (except as expressly provided herein) is intended to confer any rights or remedies on any person other than the Parties. This Agreement is to be construed in accordance with, enforced under, and governed by the laws of the State of New York.

15. **Amendment**. The Board may at any time or from time to time amend this Agreement in any respect, except that no amendment that adversely affects Grantee may be effected without a writing signed by the Parties.

16. **Effectiveness and Term**. This Agreement is effective upon the Effective Date, and it shall continue in effect until the termination or lapse of the Forfeiture Restrictions or until all of the Shares are transferred to the Company and/or its assignee(s), unless sooner terminated by the Parties.

17. **Interpretive Matters**. Whenever required by the context, pronouns and any variation thereof used in this Agreement shall be deemed to refer to the masculine, feminine, or neuter, and the singular shall include the plural, and vice versa. The term "include" or "including" does not denote or imply any limitation. The term "business day" means any Monday through Friday other than such a day on which banks are authorized to be closed in the State of New York. Each reference in this Agreement to a "Section" shall be deemed to be to a section of this Agreement, unless otherwise stated. The captions and headings used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.

18. **Venue**. Any suit, action, or proceeding arising out of or relating to this Agreement shall be brought in the United States District Court for the Southern District of New York or in a New York state court in New York County, New York, and the Parties shall submit to the jurisdiction of such court. Each of the Parties irrevocably waives, to the fullest extent permitted by law, any objection it or he may have to the laying of venue for any such suit, action, or proceeding brought in such court. EACH OF THE PARTIES ALSO EXPRESSLY WAIVES ANY RIGHT IT OR HE HAS OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION, OR PROCEEDING.

19. **Severability and Reformation**. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future law, such provision shall be fully severable and severed, and this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision were never a part hereof, and the remaining provisions of the Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or its severance.

20. **Notice**. Any notice or other communication required or permitted hereunder shall be given in writing and shall be deemed given, effective, and received upon prepaid delivery in person or by courier, or upon the earlier of delivery or the third business day after deposit in the United States mail if sent by certified mail, with postage and fees prepaid, in any case addressed to the other Party at its or his address as shown beneath its or his signature to this Agreement, or to such other address as such Party may designate in writing from time to time by notice to the other Party in accordance with this Section 20.

THC HEALTH INC.

Exhibit A to Restricted Stock Agreement

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, I, Renee L. Ortiz, hereby sell, assign, and transfer unto THC Health Inc. (the "Company") a total of _____ (_____) shares of Common Stock of the Company registered in my name in the share transfer records of the Company represented by Certificate No(s). _____ delivered herewith and do hereby irrevocably constitute and appoint Christian Cespedes or his successor as attorney-in-fact, with full power of substitution, to transfer such shares in the share transfer records of the Company.

Renee L Ortiz
(Signature)

Renee L. Ortiz
(Printed name)

INSTRUCTIONS:

Please do not fill in any blanks other than the signature and name lines. The purpose of this assignment is to enable the transfer of shares upon forfeiture and repurchase under the Restricted Stock Agreement, without requiring additional signatures on the part of Grantee.

By: _____
Christian Cespedes,
Chief Executive Officer

GRANTEE ACKNOWLEDGES AND AGREES THAT THE FORFEITURE RESTRICTIONS ON THE RESTRICTED SHARES SHALL LAPSE, IF AT ALL, ONLY AS EXPRESSLY STATED IN THIS AGREEMENT (NOT THROUGH BEING ISSUED THE RESTRICTED SHARES).

DATED: _____

SIGNED: _____
Renee Ortiz

Address:

_____

_____

RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement ("Agreement") dated May 1st, 2015 (the "Effective Date"), is by and between THC Health Inc., a New York corporation (the "Company"), and Ryan Meister ("Grantee").

WHEREAS, the Company desires to provide an incentive to Grantee, in the form of shares of the Company's common stock, to encourage Grantee's long-term performance for the Company and more closely align Grantee's interest in the Company with that of the shareholders;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants set forth in this Agreement, and intending to be legally bound hereby, Grantee and the Company (collectively, the "Parties") hereby agree as follows:

1. **Issuance of Stock**. The Company hereby agrees to issue to Grantee, and Grantee hereby agrees to accept, in consideration for his agreement to perform services and serve in certain agreed capacities for the Company [redacted] shares of Common Stock of the Company (the "Shares"), representing 5% of all issued and outstanding Common Stock in the Company, at $0.001 par value, of which 50% shall be currently free of any forfeiture restrictions, an additional 25% shall become free of any forfeiture restrictions upon the Company being granted a New York State Department of Health ("NYS DOH") license to operate a medical marihuana program (the "License"), and the remaining 25% shall be free of forfeiture restrictions on the one year anniversary of the grant of the License. Shares with forfeiture restrictions are referred to herein as "Restricted Shares." Restricted Shares shall not be entitled to voting rights or to participate in any dividends or distributions made by the Company **[discuss: NY BCL § 501(c)- "each share shall be equal to every other share of the same class"]**.

2. **Forfeiture and Repurchase**.

(a) Upon the termination of Grantee's employment and/or provision of services to the Company ("Affiliation") with the Company for cause (as such term is defined below), the Company shall have, on the date of such cessation of such Affiliation (the "Termination Date"), an irrevocable, exclusive option (the "Forfeiture Repurchase Option"), for a period of ninety (90) days from the Termination Date (the "Forfeiture Repurchase Period"), to repurchase up to all of the Shares (including both restricted and unrestricted) on the Termination Date at a price of One Cent ($0.01) per share (the "Repurchase Price"). Cessation of Grantee's Affiliation may be based upon Grantee's relinquishment of any affiliation with the Company or by the Company terminating any Affiliation with Grantee for Cause.

As used throughout this Section 2, "Cause" is defined to mean termination of the Grantee's Affiliation with the Company due to (i) Grantee's ineligibility to work for a "Registered Organization" as set forth in 10 NYCRR § 1004 *et seq.*, or (ii) Grantee's inattentiveness to, neglect of, or conscious disregard of the duties to be performed by him as reasonably requested by the Company, and such conduct persists for five (5) days following his receipt of notice from the Company. **[or (iii) Change of Control (as defined in Paragraph 9**

below. NB- In Change of Control, shares can either immediately be redeemed (this paragraph) or immediately vest in KVdW (see brackets in 9).]

(b) Upon the termination of the Grantee's Affiliation with the Company not for Cause (including, but not limited to, Grantee's death, disability, retirement, or termination by the Company without cause), the Company shall have the Forfeiture Repurchase Option set forth in Section 2(a) above, provided, however, that the Repurchase Price of the Share's in the case of termination of Affiliation without Cause shall be the fair market value of the Shares (the "Fair Market Value Repurchase Price"). The Fair Market Value Repurchase Price shall be determined by an independent valuation of the Company performed by a third party valuation consultant (a "Consultant") mutually agreed upon by the Company and the Grantee (or the Grantee's estate, as the case may be). If the Company and Grantee fail to agree on a Consultant, each shall individually select a Consultant, and the two Consultants selected shall select a third-party Consultant to determine the Fair Market Value Repurchase Price.

(c) Upon termination either with or without Cause, the Forfeiture Repurchase Option shall be exercisable by written notice delivered to Grantee before the expiration of the Forfeiture Repurchase Period, provided, however, that the Company's failure to deliver a written notice within the Forfeiture Repurchase Period shall be deemed an election by the Company to not exercise the Forfeiture Repurchase Option, and the Company shall have no further option to repurchase the Shares. The notice shall indicate the number of the Shares to be repurchased and the date on which the repurchase is to be effected. On the date of the repurchase, the Company shall pay to Grantee, at the Company's option, in cash, by check of the Company, by cancellation of all or a portion of any indebtedness of Grantee to the Company, or a combination of the foregoing, an amount equal to the Repurchase Price for each of the Shares that is to be repurchased from Grantee. Upon delivery of such payment to Grantee, the Company shall become the legal and beneficial owner of the Shares being repurchased, and the Company shall have the right to transfer to its own name the Shares being forfeited and repurchased without any further action of Grantee. The Parties expressly agree that these provisions governing the forfeiture and repurchase of the Shares shall be specifically enforceable by the Company in a court of equity or law.

(d) In the event that the NYS DOH shall determine not to provide the Company with a License on or before September 1st, 2015, all Shares owned by Grantee shall automatically and without payment revert to the Company effective upon the date when the Company shall advise Grantee that it did not receive a License.

3. **Forfeiture Restrictions**. (a) The Grantee may not sell, transfer, pledge, exchange, hypothecate, or otherwise dispose of any of the Restricted Shares (collectively, the "Forfeiture Restrictions"), before the termination or lapse of the Forfeiture Restrictions as described below. Upon the termination of Forfeiture Restrictions regarding the Restricted Shares, one or more stock certificates representing the Restricted Shares, free of Forfeiture Restrictions, shall be delivered to Grantee at Grantee's request in accordance with this Agreement.

(b) The Forfeiture Restrictions shall also terminate upon the occurrence of:

(i) a Change of Control, as defined in Section 9 hereof; or

(ii) upon a decision by the Company's board of directors (the "Board"), in its sole discretion and as of a date determined by the Board, to fully vest any or all of the Restricted Shares (with the result that the Forfeiture Restrictions affecting only those Restricted Shares which the Board chooses to vest in Grantee shall terminate).

4. **Representations of Grantee**. Grantee represents and warrants to the Company as follows:

(a) Grantee has received, read, and understood this Agreement and agrees to abide by and be bound by its terms and conditions;

(b) Grantee is acquiring the Shares for his own account for investment purposes only and not with a view to, or for sale in connection with, any unregistered distribution or sale of the Shares in violation of the Securities Act of 1933, as amended (the "Securities Act"), or any applicable state securities laws;

(c) Grantee has no present intention of selling or otherwise disposing of all or any number of the Shares; and

(d) Grantee is fully aware of the financial risks involved in ownership of the Shares and the lack of liquidity of the Shares (because of the restrictions on transferability of the Shares -- e.g., that Grantee may not be able to sell or dispose of the Shares or use them as collateral for loans).

5. **Compliance with Securities Law**. Grantee understands and acknowledges that the Shares have not been registered under the Securities Act or any state securities laws and that, notwithstanding any other provision of this Agreement to the contrary, his acquisition of the Shares is expressly conditioned upon compliance with the Securities Act and all applicable state securities laws. Grantee agrees to cooperate with the Company to ensure compliance with such laws.

6. **Certain Restrictions on Transfer**. Grantee understands that the Shares must be held indefinitely unless they are registered under the Securities Act and applicable state securities laws or unless exemptions from such registration are available and that the certificate(s) representing the Shares shall bear a legend to that effect. Grantee understands that the Company is under no obligation to register any resale of any of the Shares that may become transferable upon the termination or lapse of Forfeiture Restrictions and that an exemption may not be available or may not permit Grantee to resell or transfer any of such Shares in the amounts or at the times proposed by Grantee.

7. **Company Access to Restricted Shares**.

(a) To ensure the availability for delivery of the Restricted Shares upon forfeiture and repurchase in accordance with Section 2, Grantee agrees that the Company's legal

counsel shall retain all share certificate(s) representing the Restricted Shares, together with the stock assignment attached hereto as Exhibit A duly endorsed in blank.

(b) Upon the forfeiture and repurchase (if applicable) of all or any number of the Restricted Shares by the Company in accordance with Section 2, the Company shall cancel such Restricted Shares which will be restored to unissued status.

(c) Upon the termination or lapse of the Forfeiture Restrictions regarding all or any number of the Restricted Shares, the Company shall promptly deliver the certificate(s) to Grantee representing those previously Restricted Shares.

8. **Administration**. The Board shall interpret this Agreement and shall prescribe such rules and regulations in connection with the operation of this Agreement as it determines (in good faith) to be advisable. The good-faith interpretation by the Board of any of the provisions of this Agreement shall be final and binding upon the Company and Grantee.

9. **Change of Control**.

a) "Change of Control," as it is used in this Agreement, means a single transaction or multiple related or unrelated transactions which result in a consolidation, merger, liquidation, dissolution, sale of all or substantially all of the assets of the Company, or the transfer or sale of either the Company's common stock or of the Company's then outstanding voting securities entitled to vote generally in the election of directors, which results in a third party owning more than a majority of all issued and outstanding common stock of the Company. All Restricted Shares shall vest immediately prior to the consummation of the Acquisition. Notwithstanding the foregoing, in no case shall a Change of Control be deemed to have occurred if a third party acquires a majority of all issued and of the Company's outstanding common stock or of the Company's then outstanding voting securities entitled to vote generally in the election of directors through the purchase of newly-issued stock approved by the Company to obtain additional capital.

b) Should a Change of Control occur, any and all restrictions on any Restricted Shares held by Grantee shall immediately lapse, and right to all Shares shall immediately vest in Grantee.

10. **Effect of Agreement**. Neither the execution of this Agreement nor any action of the Board in connection with or relating to this Agreement shall be deemed to give Grantee any rights except as may be expressed in this Agreement. The existence of this Agreement shall not affect in any way the right of the Board to make or authorize any adjustment, recapitalization, reorganization, or other change in the Company's capital structure or its business, any merger or consolidation or other transaction involving the Company, any issuance of other shares or any other securities of the Company (including bonds, debentures, or shares of preferred stock ahead of or affecting the Shares or the rights thereof), the dissolution or liquidation of the Company or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding by or for the Company. Nothing in this Agreement shall confer upon Grantee any right with respect to the Grantee's employment or affiliation with the Company or affect or

interfere in any way with the right of either the Company or Grantee to terminate Grantee's employment or affiliation (with or without cause).

11. **Refusal to Transfer**. With respect to any Shares purported to have been sold or otherwise transferred in violation of any of the provisions of this Agreement, the Company shall not be required to (i) transfer on its books, or authorize the Company's transfer agent to transfer on its books, any such Shares, or (ii) treat as owner of such Shares, or accord the right to vote or to any distributions to, any purchaser or other transferee to whom or which such Shares have been purported to be so transferred.

12. **Legend**. The share certificate(s) representing the Shares shall be endorsed with the following legend (in addition to any legend required under applicable securities laws):

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO FORFEITURE AND REPURCHASE AND TO CERTAIN RESTRICTIONS ON RESALE AND TRANSFER. NONE OF THE SHARES MAY BE TRANSFERRED EXCEPT AS SET FORTH IN THAT CERTAIN RESTRICTED STOCK AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE COMPANY.

13. **Tax Consequences**. Grantee has reviewed with his own tax advisor(s) the federal, state, and local tax consequences of this ownership of the Shares and the other transactions contemplated by this Agreement. Grantee is relying solely on such advisor(s) and not on any statements or representations of the Company or any of its agents. Grantee understands and agrees that he, and not the Company, shall be responsible for his own tax liability that may arise as a result of the transactions contemplated by this Agreement. Grantee understands that Section 83 of the Internal Revenue Code of 1986, as amended (which, including any amendments and successor provisions to any section referenced herein and any Treasury regulations promulgated under such section, is hereinafter referred to as the "Code"), taxes as ordinary income fair market value of the Restricted Shares as of the date any restrictions on the Restricted Shares terminate or lapse. In this context, "restriction" includes the Forfeiture Restrictions and the right of the Company to repurchase the Restricted Shares pursuant to Section 2. Grantee understands that he may elect to be taxed at the time the Shares are granted, rather than when and as the restrictions terminate or lapse (if ever), by filing an election under Section 83(b) of the Code with the Internal Revenue Service within thirty (30) days from the Effective Date. GRANTEE ACKNOWLEDGES THAT IT IS HIS SOLE RESPONSIBILITY (AND NOT THE COMPANY'S) TO FILE TIMELY THE ELECTION UNDER SECTION 83(b). **[Discuss with accountant]**

14. **Entire Agreement; Governing Law**. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersede all prior undertakings and agreements of the Parties with respect to the subject matter hereof. Nothing in this Agreement (except as expressly provided herein) is intended to confer any rights or remedies on any person other than the Parties. This Agreement is to be construed in accordance with, enforced under, and governed by the laws of the State of New York.

15. **Amendment**. The Board may at any time or from time to time amend this Agreement in any respect, except that no amendment that adversely affects Grantee may be effected without a writing signed by the Parties.

16. **Effectiveness and Term**. This Agreement is effective upon the Effective Date, and it shall continue in effect until the termination or lapse of the Forfeiture Restrictions or until all of the Shares are transferred to the Company and/or its assignee(s), unless sooner terminated by the Parties.

17. **Interpretive Matters**. Whenever required by the context, pronouns and any variation thereof used in this Agreement shall be deemed to refer to the masculine, feminine, or neuter, and the singular shall include the plural, and vice versa. The term "include" or "including" does not denote or imply any limitation. The term "business day" means any Monday through Friday other than such a day on which banks are authorized to be closed in the State of New York. Each reference in this Agreement to a "Section" shall be deemed to be to a section of this Agreement, unless otherwise stated. The captions and headings used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.

18. **Venue**. Any suit, action, or proceeding arising out of or relating to this Agreement shall be brought in the United States District Court for the Southern District of New York or in a New York state court in New York County, New York, and the Parties shall submit to the jurisdiction of such court. Each of the Parties irrevocably waives, to the fullest extent permitted by law, any objection it or he may have to the laying of venue for any such suit, action, or proceeding brought in such court. EACH OF THE PARTIES ALSO EXPRESSLY WAIVES ANY RIGHT IT OR HE HAS OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION, OR PROCEEDING.

19. **Severability and Reformation**. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future law, such provision shall be fully severable and severed, and this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision were never a part hereof, and the remaining provisions of the Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or its severance.

20. **Notice**. Any notice or other communication required or permitted hereunder shall be given in writing and shall be deemed given, effective, and received upon prepaid delivery in person or by courier, or upon the earlier of delivery or the third business day after deposit in the United States mail if sent by certified mail, with postage and fees prepaid, in any case addressed to the other Party at its or his address as shown beneath its or his signature to this Agreement, or to such other address as such Party may designate in writing from time to time by notice to the other Party in accordance with this Section 20.

THC HEALTH INC.

By: _____
Christian Cespedes,
Chief Executive Officer

GRANTEE ACKNOWLEDGES AND AGREES THAT THE FORFEITURE RESTRICTIONS ON THE RESTRICTED SHARES SHALL LAPSE, IF AT ALL, ONLY AS EXPRESSLY STATED IN THIS AGREEMENT (NOT THROUGH BEING ISSUED THE RESTRICTED SHARES).

DATED: June 2, 2015

SIGNED: _____
Ryan Meister

[redacted]

Exhibit A to Restricted Stock Agreement

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, I, _____, hereby sell, assign, and transfer unto THC Health Inc. (the "Company") a total of _____ (_____) shares of Common Stock of the Company registered in my name in the share transfer records of the Company represented by Certificate No(s). _____ delivered herewith and do hereby irrevocably constitute and appoint Christian Cespedes or his successor as attorney-in-fact, with full power of substitution, to transfer such shares in the share transfer records of the Company.

_____
(Signature)

Ryan S. Meister

_____
(Printed name)

INSTRUCTIONS:

Please do not fill in any blanks other than the signature and name lines. The purpose of this assignment is to enable the transfer of shares upon forfeiture and repurchase under the Restricted Stock Agreement, without requiring additional signatures on the part of Grantee.

RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement ("Agreement") dated May 1st, 2015 (the "Effective Date"), is by and between THC Health Inc., a New York corporation (the "Company"), and Tyrel Hooker ("Grantee").

WHEREAS, the Company desires to provide an incentive to Grantee, in the form of shares of the Company's common stock, to encourage Grantee's long-term performance for the Company and more closely align Grantee's interest in the Company with that of the shareholders;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants set forth in this Agreement, and intending to be legally bound hereby, Grantee and the Company (collectively, the "Parties") hereby agree as follows:

1. **Issuance of Stock**. The Company hereby agrees to issue to Grantee, and Grantee hereby agrees to accept, in consideration for his agreement to perform services and serve in certain agreed capacities for the Company, [redacted] shares of Common Stock of the Company (the "Shares"), representing 8% of all issued and outstanding Common Stock in the Company, at $0.001 par value, of which 50% shall be currently free of any forfeiture restrictions, an additional 25% shall become free of any forfeiture restrictions upon the Company being granted a New York State Department of Health ("NYS DOH") license to operate a medical marihuana program (the "License"), and the remaining 25% shall be free of forfeiture restrictions on the one year anniversary of the grant of the License. Shares with forfeiture restrictions are referred to herein as "Restricted Shares." Restricted Shares shall not be entitled to voting rights or to participate in any dividends or distributions made by the Company ~~[discuss: NY BCL § 501(c)- "each share shall be equal to every other share of the same class"]~~. TJH

2. **Forfeiture and Repurchase**.

(a) Upon the termination of Grantee's employment and/or provision of services to the Company ("Affiliation") with the Company for cause (as such term is defined below), the Company shall have, on the date of such cessation of such Affiliation (the "Termination Date"), an irrevocable, exclusive option (the "Forfeiture Repurchase Option"), for a period of ninety (90) days from the Termination Date (the "Forfeiture Repurchase Period"), to repurchase up to all of the Shares (including both restricted and unrestricted) on the Termination Date at a price of One Cent ($0.01) per share (the "Repurchase Price"). Cessation of Grantee's Affiliation may be based upon Grantee's relinquishment of any affiliation with the Company or by the Company terminating any Affiliation with Grantee for Cause.

As used throughout this Section 2, "Cause" is defined to mean termination of the Grantee's Affiliation with the Company due to (i) Grantee's ineligibility to work for a "Registered Organization" as set forth in 10 NYCRR § 1004 *et seq.*, or (ii) Grantee's inattentiveness to, neglect of, or conscious disregard of the duties to be performed by him as reasonably requested by the Company, and such conduct persists for five (5) days following his receipt of notice from the Company. ~~[or (iii) Change of Control (as defined in Paragraph 9~~

~~below. NB- In Change of Control, shares can either immediately be redeemed (this paragraph) or immediately vest in KVdW (see brackets in 9).]~~

(b) Upon the termination of the Grantee's Affiliation with the Company not for Cause (including, but not limited to, Grantee's death, disability, retirement, or termination by the Company without cause), the Company shall have the Forfeiture Repurchase Option set forth in Section 2(a) above, provided, however, that the Repurchase Price of the Share's in the case of termination of Affiliation without Cause shall be the fair market value of the Shares (the "Fair Market Value Repurchase Price"). The Fair Market Value Repurchase Price shall be determined by an independent valuation of the Company performed by a third party valuation consultant (a "Consultant") mutually agreed upon by the Company and the Grantee (or the Grantee's estate, as the case may be). If the Company and Grantee fail to agree on a Consultant, each shall individually select a Consultant, and the two Consultants selected shall select a third-party Consultant to determine the Fair Market Value Repurchase Price.

(c) Upon termination either with or without Cause, the Forfeiture Repurchase Option shall be exercisable by written notice delivered to Grantee before the expiration of the Forfeiture Repurchase Period, provided, however, that the Company's failure to deliver a written notice within the Forfeiture Repurchase Period shall be deemed an election by the Company to not exercise the Forfeiture Repurchase Option, and the Company shall have no further option to repurchase the Shares. The notice shall indicate the number of the Shares to be repurchased and the date on which the repurchase is to be effected. On the date of the repurchase, the Company shall pay to Grantee, at the Company's option, in cash, by check of the Company, by cancellation of all or a portion of any indebtedness of Grantee to the Company, or a combination of the foregoing, an amount equal to the Repurchase Price for each of the Shares that is to be repurchased from Grantee. Upon delivery of such payment to Grantee, the Company shall become the legal and beneficial owner of the Shares being repurchased, and the Company shall have the right to transfer to its own name the Shares being forfeited and repurchased without any further action of Grantee. The Parties expressly agree that these provisions governing the forfeiture and repurchase of the Shares shall be specifically enforceable by the Company in a court of equity or law.

(d) In the event that the NYS DOH shall determine not to provide the Company with a License on or before September 1st, 2015, all Shares owned by Grantee shall automatically and without payment revert to the Company effective upon the date when the Company shall advise Grantee that it did not receive a License.

3. **Forfeiture Restrictions**. (a) The Grantee may not sell, transfer, pledge, exchange, hypothecate, or otherwise dispose of any of the Restricted Shares (collectively, the "Forfeiture Restrictions"), before the termination or lapse of the Forfeiture Restrictions as described below. Upon the termination of Forfeiture Restrictions regarding the Restricted Shares, one or more stock certificates representing the Restricted Shares, free of Forfeiture Restrictions, shall be delivered to Grantee at Grantee's request in accordance with this Agreement.

(b) The Forfeiture Restrictions shall also terminate upon the occurrence of:

(i) a Change of Control, as defined in Section 9 hereof; or

(ii) upon a decision by the Company's board of directors (the "Board"), in its sole discretion and as of a date determined by the Board, to fully vest any or all of the Restricted Shares (with the result that the Forfeiture Restrictions affecting only those Restricted Shares which the Board chooses to vest in Grantee shall terminate).

4. **Representations of Grantee**. Grantee represents and warrants to the Company as follows:

(a) Grantee has received, read, and understood this Agreement and agrees to abide by and be bound by its terms and conditions;

(b) Grantee is acquiring the Shares for his own account for investment purposes only and not with a view to, or for sale in connection with, any unregistered distribution or sale of the Shares in violation of the Securities Act of 1933, as amended (the "Securities Act"), or any applicable state securities laws;

(c) Grantee has no present intention of selling or otherwise disposing of all or any number of the Shares; and

(d) Grantee is fully aware of the financial risks involved in ownership of the Shares and the lack of liquidity of the Shares (because of the restrictions on transferability of the Shares -- e.g., that Grantee may not be able to sell or dispose of the Shares or use them as collateral for loans).

5. **Compliance with Securities Law**. Grantee understands and acknowledges that the Shares have not been registered under the Securities Act or any state securities laws and that, notwithstanding any other provision of this Agreement to the contrary, his acquisition of the Shares is expressly conditioned upon compliance with the Securities Act and all applicable state securities laws. Grantee agrees to cooperate with the Company to ensure compliance with such laws.

6. **Certain Restrictions on Transfer**. Grantee understands that the Shares must be held indefinitely unless they are registered under the Securities Act and applicable state securities laws or unless exemptions from such registration are available and that the certificate(s) representing the Shares shall bear a legend to that effect. Grantee understands that the Company is under no obligation to register any resale of any of the Shares that may become transferable upon the termination or lapse of Forfeiture Restrictions and that an exemption may not be available or may not permit Grantee to resell or transfer any of such Shares in the amounts or at the times proposed by Grantee.

7. **Company Access to Restricted Shares**.

(a) To ensure the availability for delivery of the Restricted Shares upon forfeiture and repurchase in accordance with Section 2, Grantee agrees that the Company's legal

counsel shall retain all share certificate(s) representing the Restricted Shares, together with the stock assignment attached hereto as Exhibit A duly endorsed in blank.

(b) Upon the forfeiture and repurchase (if applicable) of all or any number of the Restricted Shares by the Company in accordance with Section 2, the Company shall cancel such Restricted Shares which will be restored to unissued status.

(c) Upon the termination or lapse of the Forfeiture Restrictions regarding all or any number of the Restricted Shares, the Company shall promptly deliver the certificate(s) to Grantee representing those previously Restricted Shares.

8. **Administration**. The Board shall interpret this Agreement and shall prescribe such rules and regulations in connection with the operation of this Agreement as it determines (in good faith) to be advisable. The good-faith interpretation by the Board of any of the provisions of this Agreement shall be final and binding upon the Company and Grantee.

9. **Change of Control**.

a) "Change of Control," as it is used in this Agreement, means a single transaction or multiple related or unrelated transactions which result in a consolidation, merger, liquidation, dissolution, sale of all or substantially all of the assets of the Company, or the transfer or sale of either the Company's common stock or of the Company's then outstanding voting securities entitled to vote generally in the election of directors, which results in a third party owning more than a majority of all issued and outstanding common stock of the Company. All Restricted Shares shall vest immediately prior to the consummation of the Acquisition. Notwithstanding the foregoing, in no case shall a Change of Control be deemed to have occurred if a third party acquires a majority of all issued and of the Company's outstanding common stock or of the Company's then outstanding voting securities entitled to vote generally in the election of directors through the purchase of newly-issued stock approved by the Company to obtain additional capital.

b) Should a Change of Control occur, any and all restrictions on any Restricted Shares held by Grantee shall immediately lapse, and right to all Shares shall immediately vest in Grantee.

10. **Effect of Agreement**. Neither the execution of this Agreement nor any action of the Board in connection with or relating to this Agreement shall be deemed to give Grantee any rights except as may be expressed in this Agreement. The existence of this Agreement shall not affect in any way the right of the Board to make or authorize any adjustment, recapitalization, reorganization, or other change in the Company's capital structure or its business, any merger or consolidation or other transaction involving the Company, any issuance of other shares or any other securities of the Company (including bonds, debentures, or shares of preferred stock ahead of or affecting the Shares or the rights thereof), the dissolution or liquidation of the Company or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding by or for the Company. Nothing in this Agreement shall confer upon Grantee any right with respect to the Grantee's employment or affiliation with the Company or affect or

interfere in any way with the right of either the Company or Grantee to terminate Grantee's employment or affiliation (with or without cause).

11. **Refusal to Transfer**. With respect to any Shares purported to have been sold or otherwise transferred in violation of any of the provisions of this Agreement, the Company shall not be required to (i) transfer on its books, or authorize the Company's transfer agent to transfer on its books, any such Shares, or (ii) treat as owner of such Shares, or accord the right to vote or to any distributions to, any purchaser or other transferee to whom or which such Shares have been purported to be so transferred.

12. **Legend**. The share certificate(s) representing the Shares shall be endorsed with the following legend (in addition to any legend required under applicable securities laws):

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO FORFEITURE AND REPURCHASE AND TO CERTAIN RESTRICTIONS ON RESALE AND TRANSFER. NONE OF THE SHARES MAY BE TRANSFERRED EXCEPT AS SET FORTH IN THAT CERTAIN RESTRICTED STOCK AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE COMPANY.

13. **Tax Consequences**. Grantee has reviewed with his own tax advisor(s) the federal, state, and local tax consequences of this ownership of the Shares and the other transactions contemplated by this Agreement. Grantee is relying solely on such advisor(s) and not on any statements or representations of the Company or any of its agents. Grantee understands and agrees that he, and not the Company, shall be responsible for his own tax liability that may arise as a result of the transactions contemplated by this Agreement. Grantee understands that Section 83 of the Internal Revenue Code of 1986, as amended (which, including any amendments and successor provisions to any section referenced herein and any Treasury regulations promulgated under such section, is hereinafter referred to as the "Code"), taxes as ordinary income fair market value of the Restricted Shares as of the date any restrictions on the Restricted Shares terminate or lapse. In this context, "restriction" includes the Forfeiture Restrictions and the right of the Company to repurchase the Restricted Shares pursuant to Section 2. Grantee understands that he may elect to be taxed at the time the Shares are granted, rather than when and as the restrictions terminate or lapse (if ever), by filing an election under Section 83(b) of the Code with the Internal Revenue Service within thirty (30) days from the Effective Date. GRANTEE ACKNOWLEDGES THAT IT IS HIS SOLE RESPONSIBILITY (AND NOT THE COMPANY'S) TO FILE TIMELY THE ELECTION UNDER SECTION 83(b). ~~[Discuss with accountant]~~ TJH

14. **Entire Agreement; Governing Law**. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersede all prior undertakings and agreements of the Parties with respect to the subject matter hereof. Nothing in this Agreement (except as expressly provided herein) is intended to confer any rights or remedies on any person other than the Parties. This Agreement is to be construed in accordance with, enforced under, and governed by the laws of the State of New York.

15. **Amendment**. The Board may at any time or from time to time amend this Agreement in any respect, except that no amendment that adversely affects Grantee may be effected without a writing signed by the Parties.

16. **Effectiveness and Term**. This Agreement is effective upon the Effective Date, and it shall continue in effect until the termination or lapse of the Forfeiture Restrictions or until all of the Shares are transferred to the Company and/or its assignee(s), unless sooner terminated by the Parties.

17. **Interpretive Matters**. Whenever required by the context, pronouns and any variation thereof used in this Agreement shall be deemed to refer to the masculine, feminine, or neuter, and the singular shall include the plural, and vice versa. The term "include" or "including" does not denote or imply any limitation. The term "business day" means any Monday through Friday other than such a day on which banks are authorized to be closed in the State of New York. Each reference in this Agreement to a "Section" shall be deemed to be to a section of this Agreement, unless otherwise stated. The captions and headings used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.

18. **Venue**. Any suit, action, or proceeding arising out of or relating to this Agreement shall be brought in the United States District Court for the Southern District of New York or in a New York state court in New York County, New York, and the Parties shall submit to the jurisdiction of such court. Each of the Parties irrevocably waives, to the fullest extent permitted by law, any objection it or he may have to the laying of venue for any such suit, action, or proceeding brought in such court. EACH OF THE PARTIES ALSO EXPRESSLY WAIVES ANY RIGHT IT OR HE HAS OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION, OR PROCEEDING.

19. **Severability and Reformation**. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future law, such provision shall be fully severable and severed, and this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision were never a part hereof, and the remaining provisions of the Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or its severance.

20. **Notice**. Any notice or other communication required or permitted hereunder shall be given in writing and shall be deemed given, effective, and received upon prepaid delivery in person or by courier, or upon the earlier of delivery or the third business day after deposit in the United States mail if sent by certified mail, with postage and fees prepaid, in any case addressed to the other Party at its or his address as shown beneath its or his signature to this Agreement, or to such other address as such Party may designate in writing from time to time by notice to the other Party in accordance with this Section 20.

THC HEALTH INC.

By: _____
Christian Cespedes,
Chief Executive Officer

GRANTEE ACKNOWLEDGES AND AGREES THAT THE FORFEITURE RESTRICTIONS ON THE RESTRICTED SHARES SHALL LAPSE, IF AT ALL, ONLY AS EXPRESSLY STATED IN THIS AGREEMENT (NOT THROUGH BEING ISSUED THE RESTRICTED SHARES).

DATED: 6/3/2015

SIGNED: _____
Tyrel Hooker

[redacted]

Exhibit A to Restricted Stock Agreement

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, I, _____, hereby sell, assign, and transfer unto THC Health Inc. (the "Company") a total of _____ (_____) shares of Common Stock of the Company registered in my name in the share transfer records of the Company represented by Certificate No(s). _____ delivered herewith and do hereby irrevocably constitute and appoint Christian Cespedes or his successor as attorney-in-fact, with full power of substitution, to transfer such shares in the share transfer records of the Company.

_____
(Signature)

Tyrel J. Hooker
(Printed name)

INSTRUCTIONS:

Please do not fill in any blanks other than the signature and name lines. The purpose of this assignment is to enable the transfer of shares upon forfeiture and repurchase under the Restricted Stock Agreement, without requiring additional signatures on the part of Grantee.

CERTIFICATE OF INCORPORATION

OF

THC HEALTH INC.

(Under Section 402 of the Business Corporation Law)

The undersigned, being over the age of 18, for the purpose of forming a corporation under Section 402 of the Business Corporation Law of the State of New York, does hereby certify:

FIRST: Name. The name of the corporation shall be THC Health Inc. (hereinafter referred to as the "Corporation").

SECOND: Purpose. The purposes for which the Corporation is formed are as follows:

> To engage in any lawful act or activity for which corporations may be organized under the New York Business Corporation Law provided that the corporation is not formed to engage in any act or activity which requires the consent or approval of any state official, department, board, agency or other body, without such consent or approval first being obtained.
>
> To do all and everything necessary, suitable, convenient or proper for the accomplishment of the purposes or the attainment of any one or more of the objects herein enumerated, or incidental to the powers herein named, or which at any time appear conducive or expedient for the protection or benefit of the Corporation either as holder of, or as interested party in, any property or otherwise, with all the powers now or hereafter conferred by the laws of the State of New York upon corporations incorporated thereunder and by virtue thereof.
>
> The foregoing clauses shall be construed both as objects and powers, and it is hereby expressly provided that the foregoing enumerations of specific powers shall not be held to limit or restrict in any manner the powers of this Corporation.

THIRD: Office. The office of the Corporation shall be located in the County of Queens, State of New York.

FOURTH: Capital Stock.

A. The total number of shares of stock which the Corporation shall have authority to issue is Ten Million (10,000,000) shares, of which Seven Million Five Hundred Thousand (7,500,000) shares shall be Common Stock, $0.0001 par value per share (hereinafter called the "Common Stock") and of which Two Million Five Hundred Thousand (2,500,000) shares shall be Preferred Stock, $0.0001 par value per share (hereinafter called the "Preferred Stock").

B. Provisions Relating to the Preferred Stock. Shares of the Preferred Stock may be issued from time to time in series, and the Board of Directors of the Corporation is hereby authorized, subject to the limitations provided by law, to establish and designate one or more series of the Preferred Stock, to fix the number of shares constituting each series, and to fix the designations, powers, preferences and relative, participating, optional or other special rights, and qualifications, limitations and restrictions thereof, of each series and the variations and the relative rights, preferences and limitations as between series, and to increase and to decrease the number of shares constituting each series. The authority of the Board of Directors of the Corporation with respect to each series shall include, but shall not be limited to, the authority to determine the following:

(i) The designation of each series.

(ii) The number of shares initially constituting such series.

(iii) The increase and the decrease to a number not less than the number of the outstanding shares of such series, of the number of shares constituting such series theretofore fixed.

(iv) The rate or rates, and the conditions upon the times at which dividends on the shares of such series shall be paid, the preference or relation which such dividends shall bear to the dividends payable on any other class or classes or on any other series of stock of the Corporation, and whether or not such dividend shall be cumulative, and, if such dividends shall be cumulative, the date or dates from and after which they shall accumulate.

(v) Whether or not the shares of such series shall be redeemable, and, if such shares shall be redeemable, the terms and conditions of such redemption, including, but not limited to, the date or dates upon or after which such shares shall be payable upon such redemption, which amount may vary under different conditions and at different redemption dates.

(vi) The rights to which the holders of the shares of such series shall be entitled upon the voluntary or involuntary liquidation, dissolution or winding up of, or upon distribution of the assets of, the Corporation, which rights may be different in the case of a voluntary liquidation, dissolution or winding up than in the case of such an involuntary event.

(vii) Whether or not the shares of such series shall have voting rights, in addition to the voting rights provided by law, and, if such shares shall have such voting rights, the terms and conditions thereof, including, but not limited to, the right of the holders of such shares to vote as a separate class either alone or with the holders of shares of one or more other series of the Preferred Stock and the right to have more than one vote per share.

(viii) Whether or not a sinking fund or a purchase fund shall be provided for the redemption or purchase of the shares of such series, and, if such a sinking fund or purchase fund shall be provided, the terms and conditions thereof.

(ix) Whether or not the shares or such series shall be convertible into, or exchangeable for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the Corporation, and, if provision be made for conversion or exchange, the terms and conditions of conversion or exchange, including, but not limited to, any provision for the adjustment of the conversion or exchange rate or the conversion or exchange price.

(x) Any other relative rights, preferences and limitations.

C. Provisions Relating to the Common Stock.

(i) Subject to the preferential dividend rights applicable to shares of the Preferred Stock, as determined by the Board of Directors of the Corporation pursuant to the provisions of part B of this Article FOURTH, the holders of shares of the Common Stock shall be entitled to receive such dividends as may be declared by the Board of Directors of the Corporation.

(ii) Subject to the preferential liquidation rights and except as determined by the Board of Directors of the Corporation pursuant to the provisions of part B of this Article FOURTH, in the event of any voluntary or involuntary liquidation, dissolution or winding up of, or any distribution of the assets of, the Corporation, the holders of shares of the Common Stock shall be entitled to receive all of the assets of the Corporation available for distribution to its stockholders ratably in proportion to the number of shares of the Common Stock held by them.

(iii) Except as otherwise determined by the Board of Directors of the Corporation pursuant to the provisions of part B of this Article FOURTH, the holders of shares of the Common Stock shall be entitled to vote on all matters at all meetings of the stockholders of the Corporation, and shall be entitled to one vote for each share of the Common Stock entitled to vote at such meeting.

FIFTH: Agent. The Secretary of State of the State of New York is hereby designated as the agent of the Corporation upon whom any process in any action or proceeding

against the Corporation may be served. The address to which the Secretary of State shall mail a copy of such process against the Corporation is Delaney Corporate Services, Ltd., 99 Washington Avenue, Suite 805A, Albany, New York 12210

SIXTH: No Preemptive Rights. No shareholder of this Corporation shall, by reason of his holding shares of any class, have any preemptive or preferential right to purchase or subscribe to any shares of any class of this Corporation, now or hereafter to be authorized, or any shares or other securities convertible into or carrying options or warrants to purchase shares of any class, now or hereafter to be authorized, whether or not the issuance of any such shares or other securities would adversely affect the dividend or voting rights of such holders, other than such rights, if any, as the Board of Directors of the Corporation, in its discretion from time to time may grant, and at such price as the Board of Directors in its discretion may fix; and the Board of Directors may issue shares of any class of this Corporation or other securities convertible into or carrying options or warrants to purchase shares of any class, without offering any such shares of any class, either in whole or in part to the existing shareholders of any class.

SEVENTH: Limited Liability. No director shall be personally liable to the Corporation or its shareholders for monetary damages for breach of any duty as a director; provided, however, that the foregoing shall not eliminate or limit the liability of a director if a judgment or other final adjudication adverse to him establishes that his acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that he personally gained in fact a financial profit or other advantage to which he was not legally entitled or that his acts violated Section 719 of the New York Business Corporation Law.

IN WITNESS WHEREOF, I have executed this Certificate of Incorporation this 22nd day of April, 2015, and affirm the statements contained herein as true under the penalties of perjury.

_____

Noah Klarish, Incorporator
Hutner Klarish LLP
1359 Broadway, Suite 2001
New York, New York 10018

CERTIFICATE OF INCORPORATION

OF

THC HEALTH INC.

(Under Section 402 of the Business Corporation Law)

Filed By:

Noah Klarish, Incorporator
Hutner Klarish LLP
1359 Broadway, Suite 2001
New York, New York 10018
(212) 868-3777

THC HEALTH INC.
(a New York corporation)

Organizational Action by Incorporator
Taken Without a Meeting

The undersigned, being the sole incorporator of THC Health Inc., a New York corporation (hereinafter referred to as the "Corporation"), acting pursuant to Section 404(b) of the New York Business Corporation Law, hereby states that the following actions permitted to be taken at the organizational meeting of the Incorporator of the Corporation were taken without a meeting:

(1) A copy of the Certificate of Incorporation of the Corporation, which was duly filed by the Department of State of the State of New York on April 22, 2015 was inserted in the minute book of the Corporation, together with the Filing Receipt issued therefor.

(2) By-Laws relating to the regulation of the business, property and affairs of the Corporation were adopted as and for the By-Laws of the Corporation, and a copy thereof was inserted in the minute book of the Corporation.

(3) The following persons were elected as the directors of the Corporation, to hold office until the first Annual Meeting of Shareholders and until their respective successors have been duly elected and qualified, or as otherwise provided in the By-Laws of the Corporation:

Christian Cespedes

Dwight Mamanteo

IN WITNESS WHEREOF, the undersigned has executed this instrument as of this 22nd day of April, 2015.

_____
Noah Klarish, Incorporator

Redacted pursuant to N.Y. Public Officers Law, Art. 6

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Redacted pursuant to N.Y. Public Officers Law, Art. 6

VINCENT D. CULLEN, CPA
(1950 - 2013)

JAMES E. DANOWSKI, CPA
PETER F. RODRIGUEZ, CPA
JILL S. SANDERS, CPA
DONALD J. HOFFMANN, CPA
CHRISTOPHER V. REINO, CPA
ALAN YU, CPA

CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

April 27, 2015

Mr. Christian A. Cespedes
THC Health, Inc.
[redacted]

We are pleased to confirm our understanding of the services we are to provide for THC Health, Inc. for the period ended May 31, 2015.

We will audit the financial statements of THC Health, Inc., which comprise the balance sheet as of May 31, 2015, and the related notes to the financial statements.

Audit Objective

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of TNC Health, Inc.'s financial statements. Our report will be addressed to the Board of Directors of THC Health, Inc. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

Audit Procedures

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from the Company's attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Company or to acts by management or employees acting on behalf of the Company.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly

inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the Company and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Management Responsibilities

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the Company from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Company involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Company received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring the Company complies with applicable laws and regulations.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

James E. Danowski, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit on approximately May 1, 2015. Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Our fees for these services will be based upon hours spent on the engagement and the staff positions of the individuals assigned. Our fees for services will be rendered as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your accountant is past due and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended through date of termination.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

James E. Danowski, CPA, Partner
Cullen & Danowski, LLP

RESPONSE:

Christian A. Cespedes, President
THC Health, Inc.

June 2, 2015

Cullen & Danowski, LLP
1650 Route 112
Port Jefferson Station, NY 11776

This representation letter is provided in connection with your audit of the financial statements of THC Health, Inc., which comprise the balance sheet as of May 31, 2015, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of June 2, 2015, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 15, 2015, including our responsibility for the preparation and fair presentation of the financial statements.
2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10) Material concentrations have been properly disclosed in accordance with U.S. GAAP.

11) Guarantees, whether written or oral, under which the Company is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

12) We have provided you with:

a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.

b) Additional information that you have requested from us for the purpose of the audit.

c) Unrestricted access to persons within the Company from whom you determined it necessary to obtain audit evidence.

13) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

15) We have no knowledge of any fraud or suspected fraud that affects the Company and involves:

a) Management,

b) Employees who have significant roles in internal control, or

c) Others where the fraud could have a material effect on the financial statements.

16) We have no knowledge of any allegations of fraud or suspected fraud affecting the Company's financial statements communicated by employees, former employees, analysts, regulators, or others.

17) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

18) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

19) We have disclosed to you the identity of the Company's related parties and all the related party relationships and transactions of which we are aware.

20) The Company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

Signature:

Title: 02-JUNE-2015

Hutner | Klarish LLP
Attorneys At Law

Noah Klarish, Esq.
p: 212.868.3777
nklarish@hutnerklarish.com

March 26, 2015

Mr. Christian Cespedes
[redacted]

Mr. Dwight Mamanteo
dwight@mamanteo.com

Re: THC Ventures

Dear Christian and Dwight:

This letter sets forth the basic terms and conditions of the retention of our firm to represent you in connection with certain matters that you may refer to us from time to time, and initially in connection with the following matters: (i) formation and organization of a C-Corp, including possible preparation of Stockholder's Agreement if desired; (ii) review and revision of Convertible Note Offering documents; and (iii) general offering-related advice. It is our firm's practice to confirm in writing the identity of any client whom we represent, the nature of our undertaking on behalf of that client, and our billing and payment arrangements with respect to our legal services.

In consideration of our services on your behalf, you agree to pay the firm's time charges incurred in the course of this representation. Our hourly rate for legal services is currently $525.00 for senior attorney time and lesser applicable rates for junior attorneys or paralegals, plus expenses. At this time you shall deliver to us a retainer in the amount of **$3,500.00**, which includes the disbursements to form the C-Corp and against which we will credit time and expense charges as incurred. Our fees and incurred expenses are not conditioned on the closing of THC Venture's offering although we may defer payment of any invoices for a period not to exceed sixty (60) days from the date issued or upon the earlier closing of the initial financing of THC Ventures.

It is our firm's practice to render statements for professional services and related charges on a monthly basis (or more frequently depending upon the level of activity), which will contain statements of time charges plus disbursements. Other than as provided above regarding the initial funding of THC Ventures, we will expect payment to be made within fifteen (15) days of your receipt of our statements and payment is not dependent upon the outcome of any matter. Our policy is to withdraw from representation for any client whose account is more than fifteen (15) days past due, and you authorize and consent to our withdrawal under such circumstances in any and all actions in which we are representing you. Our clients, of course, may terminate our services at any time. In the event there is a fee dispute, you may be entitled to have the dispute resolved through arbitration, pursuant to Part 137 of the Rules of the Chief Administrator of the Courts of the State of New York.

In addition to our agreement pertaining to fees, our firm will also advance funds for routine expenses incurred on your behalf, such as long distance telephone calls, faxes, messengers, filing fees, couriers, photocopying, computer and database research, and various other items. You agree to reimburse us for such reasonable disbursements, and we shall refer to such items separately on our billing statements. Large disbursement billings (if any) may be forwarded directly to you for payment.

You represent to us that neither you nor any company you have previously controlled (i) has been the subject of any investigation or proceeding by the Securities and Exchange Commission or any other applicable regulatory agency, (ii) has been convicted of a crime, or (iii) has personally filed or been an executive officer, director or principal shareholder of any company that has voluntarily filed, or been the subject of an involuntary filing, or any petition in bankruptcy. If this statement is not accurate, please so inform us in writing in advance of signing this retainer letter.

If the foregoing accurately describes our agreement, please sign below and return this letter to me, along with the required retainer.

We look forward to working with you, and encourage you to call if you have any questions.

Sincerely,

s/Noah Klarish

Noah Klarish

AGREED TO AND ACCEPTED:

_____

Christian Cespedes

_____

Dwight Mamanteo

Hutner | Klarish LLP
Attorneys At Law

June 3, 2015

Mr. Christian A. Cespedes
THC Health Inc.
[redacted]

Re: Audit Response 2015 – THC Health Inc.

FOR LEGAL SERVICES, in connection with preparation of response to audit request letter from Cullen & Danowski, LLP for period ending May 31, 2015.

LEGAL FEE **$250.00**

TOPS ENGINEERING, PLLC

PROPOSAL FOR ENGINEERING SERVICES

CLIENT: THC Health, Inc. / Mr. Christian Cespedes

PROJECT: Medical Marijuana Production & Dispensary Application to NYS

DATED: May 7, 2015

SUMMARY:

THC Health, Inc. intends to submit an application to the State of New York to become one of five licensed medical marijuana producers/distributors. The application submission deadline is May 29, 2015.

To support this application process, THC Health requested Tops Engineering provide engineering and architectural expertise needed to complete the application documents. Tops Engineering agrees to provide this service on a time and material (T&M) basis.

The draft application will be submitted by Friday, May 22nd, with the final submission to THC Health no later than the end of Tuesday, May 26th.

BACKGROUND:

Mr. Ryan Meister contacted Tops Engineering on Monday, May 18th to determine our interest and availability to provide engineering and architectural services to THC Health necessary in order to assist in completing the documents required by the NYS Department of Health for the "Medical Marijuana Program – Application for Registration as a Registered Organization" DOH-5138 (04/15) and its attending "Instructions for Application …", DOH-5150 (04/15).

Based upon a review of these documents and communications with Mr. Christian Cespedes, it is our understanding that the documents to be prepared for this application include:

1) A generic outline floor plan for a facility of 50,000 to 100,000 square feet in area that will house the offices, laboratories, shipping/receiving, warehousing, growing areas for various strains and maturities of marijuana plants, marijuana bud processing areas,

finished product manufacturing areas, packaging, and necessary utility facilities within this structure. Some storage areas may be located outside the main building.
2) A generic plot plan for such a facility showing the various support areas.
3) Generic floor plan for four dispensaries, if time permits.
4) These drawings and associated text documents will include reference to the requirements listed in Appendix B: Architectural Program (DOH 5146 (04/15)).

THC Health may enter into an agreement with Ivy Acres Nurseries for this project. If so, that will modify the content of some of the documents that are part of the application. The final documents will reflect this change should that agreement be completed in time.

Tops Engineering has contracted with a registered architectural firm to provide the necessary additional design expertise for this project.

A review and status meeting with Mr. Cespedes will be held on Friday, May 15th, at a location to be determined.

The draft application with its associated documents will be submitted to THC Health, Inc. by the end of Friday, May 22, 2015.

The final application with its associated documents will be submitted to THC Health, Inc. by the end of Tuesday, May 26, 2015.

Why Tops Engineering, PLLC:

Tops Engineering is experienced in the design, installation, and operation of many types of processing and packaging equipment as may be used in this type of operation for transforming the marijuana plant materials into the types of products planned by THC health. Tops Engineering is experienced as the lead engineer on a $3-5 million project for a medical device production facility.

Tops Engineering's principal brings 35 years' experience in process and project engineering with almost 20 years in the food, pharmaceutical, and medical device industries. This includes equipment design and installation from a single mixing vessel up to a $2.5 million system that was part of a multi-billion dollar high technology institution.

Tops Engineering has the capability to size our team to the specific needs of each project while maintaining a tight focus on each customer's schedule and budget. We bring in experts as needed to assure that the project design is optimal and most closely matches the client's goals without unnecessarily increasing the project overhead cost. With our large network of associates, we can quickly bring in experts should unexpected challenges appear.

Tops Engineering has long maintained a strong focus on the safety of everyone involved in projects and processes. We have been involved in OSHA training and a leader for two separate facility emergency response teams involving first aid, fire brigade, and hazardous materials response.

Further information about Tops Engineering is provided in the attached profile and on our website: www.topsengineering.com.

TERMS AND CONDITIONS:

Payment for services rendered under this proposal shall be paid as:

1) Retainer in the amount of $3000 payable upon acceptance of this proposal.
2) The balance within 15 days following submission of an invoice for time spent and standard reimbursable expenses necessary for the completion of this project.
3) Engineering time shall be billed at a standard rate of $100/hr.
4) Expenses for architectural services will be reimbursed to Tops Engineering with a 15% overhead absorption fee.

Other terms and conditions are included in the attached "Consulting Agreement Standard Terms and Conditions." Terms in this proposal shall prevail should there be any conflict between the two documents.

ACCEPTANCE:

CLIENT : THC Health , Inc.	TOPS ENGINEERING, PLLC
PRINT NAME: _____	Ross S. Topliff, PE
SIGNATURE: _____	_____
DATE: _____	_____

CONSULTING AGREEMENT STANDARD TERMS AND CONDITIONS

The following Standard Terms and Conditions, together with the attached scope of services constitute the terms of the Agreement between _Tops Engineering, PLLC___ ("Consultant") and _____ THC Medical, Inc ____ ("Client") with respect to the performance of all services provided on the project described in said scope of services (the "Project").

1. SCOPE OF SERVICES

Consultant, as representative of the Client, shall perform the consulting services described in the attached proposal. The services shall be performed in a manner consistent with that degree of skill and care ordinarily exercised by similarly situated members of Consultant's profession practicing in a similar location and under the same or similar circumstances at the time the services were performed. Consultant makes no warranties or other representations as to the standard of performance hereunder.

2. CLIENT RESPONSIBILITIES

Client shall do the following in a timely manner so as not to delay the services of Consultant:
2.1 Designate in writing a person to act as Client's representative with respect to the services to be rendered under this Agreement. Such person shall have complete authority to transmit instructions, receive information, interpret and define Client's policies and decisions with respect to Consultant's services for the Project.
2.2 Give prompt written notice to Consultant whenever Client observes or otherwise becomes aware of any development that affects the scope or timing of Consultant's services.
2.3 Assist Consultant by placing at Consultant's disposal all available information pertinent to the Project including previous reports and any other data relative to design or construction of the Project.
2.4 Furnish to Consultant, as required for performance of Consultant's Basic Services, the following:

2.4.1 data prepared by or services of others, including without limitation borings, probing's and subsurface explorations, hydrographic surveys, laboratory tests and inspections of samples, materials and equipment.
2.4.2 appropriate professional interpretations of all of the foregoing;
2.4.3 environmental assessment and impact statements;
2.4.4 property, boundary, easement, right-of-way, topographic and utility surveys; 2.4.5 property descriptions;
2.4.6 zoning, deed and other land use restriction; and
2.4.7 other special data or consultations, all of which Consultant shall be entitled to use and rely upon with respect to the accuracy and completeness thereof, in performing services under this Agreement.

2.5 Examine all studies, reports, sketches, drawings, specifications, proposals and other documents presented by Consultant; obtain advice of an attorney, insurance counselor and other consultants as Client deems appropriate for such examination; and render in writing decisions pertaining thereto within a reasonable time so as not to delay the services of Consultant.
2.6 Secure and maintain all necessary approvals and permits from all governmental authorities having jurisdiction over the Project and such approvals and consents from others as may be necessary for completion of the Project.
2.7 Provide such accounting, independent cost estimating and insurance counseling services as may be required for the Project, and such legal services as Client may require or Consultant may reasonably request with regard to legal issues pertaining to the Project.

2.8 Where the Services include subsurface explorations, the Client acknowledges that the use of exploration equipment may alter or damage the terrain, vegetation, structures, improvements, or property at the Site and Client accepts that risk. Provided the Consultant uses reasonable care, the Consultant shall not be liable for such alteration or damage or for damage to, or interference with any subterranean structure, pipe, tank, cable, or other element or condition whose nature and location are not called to the Consultant's attention in writing before exploration commences.

3. ENGAGEMENT OF LABORATORIES AND OTHERS/SAMPLES

3.1 If so requested or agreed by the Client, the Consultant will recommend the Client's engaging the services of laboratories, testing services, sub consultants, or third-parties to perform suitable aspects of the Services. Invoices for such third parties will be reviewed by the Consultant, and the Consultant will make recommendations to the Client regarding payment. Payment to these third parties will be made directly by the client. The Consultant will recommend the use of such third-parties with reasonable care but does not guarantee their services and will not be liable for their errors or omissions.
3.2 Consultant will dispose of all soil, rock, water and other samples thirty (30) days after submission of Consultant's report or other deliverable. Client may request , in writing, that any such samples be retained beyond such date, and in such case Consultant will ship such samples to the location designated by Client, at Client's expense.
3.3 In the event that samples collected by Consultant or provided by Client or wastes generated as a result of the Project contain or potentially contain substances which are or may be hazardous or detrimental to health, safety or the environment as defined by federal, state or local statutes, regulations or ordinances ("Hazardous Materials"), said Hazardous Materials shall remain the property of Client and Client shall have responsibility for them as generator.

4. BILLING AND PAYMENT

4.1 The Client shall pay Consultant in accordance with the rates and charges set forth in this Agreement. Consultant will submit biweekly to the Client an invoice of services rendered and expenses incurred during the previous period.
4.2 Payment will be due upon receipt of Consultant's invoice. Payments due Consultant and unpaid under the terms of this Agreement shall bear interest from thirty (3.0) days after the date payment is due at the rate of one and one half (1.5%) percent per month (18 percent per annum), or the maximum rate allowed by law at the principal place of business of Consultant, whichever is less. In the event that Consultant is compelled to take action to collect overdue payments, the Client will reimburse Consultant for all cost and expenses of collection, including without limitation all court costs and reasonable attorney's fees.
4.3 Reimbursable Expenses include actual expenditures made by Consultant for:

4.3.1 transportation and living expenses incurred in connection with travel on behalf of the Client;
4.3.2 long distance communications, including but not limited to data communications and facsimile transmissions;
4.3.3 fees paid for securing approval of authorities having jurisdiction over the project;
4.3.4 reproductions;
4.3.5 postage and handling of documents;
4.3.6 renderings and models requested by the Client;
4.3.7 expense of overtime work requiring higher than regular rates;
4.3.8 expense of any additional insurance coverage or limits, including professional liability insurance, requested by the Client in excess of that normally carried by Consultant and Consultant's consultants;

4.4 If Consultant provides or performs soil or material testing, surveying or other ancillary services, the Client will be charged for these services as follows:

4.5 If the Client fails to make payment when due Consultant for services and reimbursable expenses, Consultant may, upon seven days' written notice to Client suspend performance of services under this Agreement. Unless payment in full is received by Consultant within seven days of the date of the notice, the suspension shall take effect without further notice. In the event of a suspension of services, Consultant shall have no liability to Client for delay or damage caused Client or others because of such suspension of services.

5. OWNERSHIP AND USE OF DOCUMENTS

5.1 Drawings, diagrams, plans, specifications, calculations, reports, processes-computer processes and software, operational and design data, and all other documents and information produced in connection with the project as instruments of service, regardless of form, shall be confidential and the proprietary information of Consultant, and shall remain the sole and exclusive property of Consultant whether the project for which they are made is executed or not. The Client shall not have or acquire any title to or ownership rights in any of the documents or information prepared by Consultant. The Client shall be permitted to retain printed copies of such documents or information for information and Reference only in connection with the Client's use and occupancy of the project. The documents and/or information shall not be used or reused by the Client or others on other projects, for additions to this project, or for completion of this project by others, provided Consultant is not in default under this Agreement, except with the express written consent of Consultant and with appropriate compensation to Consultant. The Client shall inform each of its officers and employees who receive such documents or information of the above mentioned restrictions, and shall endeavor to assure conformity to such restrictions.
5.2 Submission or distribution to meet official regulatory requirements or for other purposes in connection with the project is not to be construed as publication in derogation of Consultant rights under this section.

6. LIMITATIONS OF LIABILITY AND REMEDIES

6.1 To the fullest extent permitted by law, the total liability, in the aggregate, of Consultant and consultant’s officers, directors, employees, agents, and independent professional associates and consultants, and any of them, to Client and anyone claiming by, through or under Client, for any and all injuries, claims, losses, expenses, or damages whatsoever arising out of or in any way related to Consultant's services, the Project or this Agreement, from any cause or causes whatsoever, including but not limited to, the negligence, errors, omissions, strict liability, breach of contract, breach of warranty of Consultant or Consultant's officers, directors, employees, agents or independent professional associates or consultants, or any of them, shall not exceed the total compensation received by Consultant under this Agreement, or the total amount of $25,000, whichever is greater
6.2 The parties hereby waive all rights to recovery of consequential damages, including but not limited to damages for loss of profits, loss of revenues and loss of business opportunities, for claims, disputes or other matters in question arising out of or relating to this Agreement and the services provided hereunder.

6.3 Causes of action between the parties to this Agreement pertaining to acts or failures to act shall be deemed to have accrued and the applicable statutes of limitations shall commence to run not later than the date when the services provided hereunder are substantially complete..

7. SUBSURFACE RISKS [not applicable]

Client recognizes that special risks occur whenever consulting or related disciplines are applied to identify subsurface conditions. Even a comprehensive sampling and testing program, implemented with appropriate equipment and experience to personnel under the direction of a trained professional who

functions in accordance with a professional standard of practice may fail to detect certain hidden conditions. For similar reasons, actual environmental geological, geotechnical conditions that the Consultant properly inferred to exist between sampling points may differ significantly from those that actually exists. The passage of time also must be considered, and the Client recognizes that due to natural occurrences or direct or indirect human intervention at the Site or distance from it, actual conditions may quickly change. The Client realizes that nothing can be done to eliminate these risks altogether, but certain techniques can be applied to help reduce them to a level that may be tolerable to the Client. The Consultant is available to explain these risks and risk reduction methods to the Client but, in any event, the Services included in this Agreement are those which the Client agreed to or selected in light of his/her own risk preferences and other considerations.

8. CONSTRUCTION PHASE SERVICES [if applicable]

8.1 If Consultant's services include the performance of any services during the construction phase of the project, it is understood that the purpose of any such services (including any visits to the site) will be to enable Consultant to better perform the duties and responsibilities assigned to and undertaken by it as an experienced and qualified design professional, and to provide the Client with a greater degree of confidence that the completed work of the Contractor(s) will conform generally to the Contract Documents. Consultant shall not, during such visits or as a result of any observations of construction, supervise, direct or have control over Contractor's(s') work nor shall Consultant have authority over or responsibility for the means, methods, techniques, sequences or procedures of construction selected by the Contractor(s) or safety precautions and programs incidental to the work of Contractor(s) or for any failure of Contractor(s) to comply with laws, rules, regulations, ordinances, codes or orders applicable to Contractor furnishing and performing its (their) work. Consultant does not guarantee the performance of the construction contract by the Contractor(s), and does not assume responsibility for Contractor's failure to furnish and perform its (their) work in accordance with the Contract Documents.
8.2 If Consultant's contract with the client so requires, Consultant shall review (or take other appropriate action in respect of) Shop Drawings, samples and other data which Contractor(s) is (are) required to submit, but only for conformance with the design concept of the Project and compliance with the information given in the Contract Documents. Such review of other actions shall not extend to means, methods, techniques, sequences or procedures of manufacture (including the design of manufactured products) or construction, or to safety precautions and programs incident thereto. Consultant's review or other actions, as described above shall not constitute approval or an assembly or product of which an item is a component, nor shall it relieve the Contractor(s) of (a) its (their) obligations regarding review and approval of any such submittals; and (b) its (their) exclusive responsibility for the means, methods, sequences, techniques and procedures of construction, including safety of construction.
8.3 Client shall require that, to the fullest extent permitted by law, the Contractor(s) defend, indemnify and hold Consultant harmless from and against all claims, losses, liabilities and damages caused in whole or in part by the performance of the Contractor(s) work on the Project. Client shall require that the Contractor(s)' general liability policies name the Consultant as an additional insured.

9. MISCELLANEOUS

9.1 This Agreement shall be governed and construed in accordance with the laws of the State of the principal place of business of Consultant. Any litigation arising out of this Agreement or the services provided hereunder shall be filed in State Court in the County in which Consultant's principal place of business is located.
9.2 Prior to the initiation of any legal proceedings, the parties agree to submit all claims, disputes or controversies arising out of or in relation to the interpretation, application or enforcement of this Agreement to non-binding mediation. Mediation shall be conducted under the auspices of the American

Arbitration Association or such other mediation service or mediator upon which the parties agree. The party seeking to initiate mediation shall do so by submitting a formal written request to the other party to this Agreement. This Article shall survive completion or termination of this Agreement, but under no circumstances shall either party call for mediation of any claim or dispute arising out of this Agreement after such period of time as would normally bar the initiation of legal proceedings to litigate such a claim or dispute under the applicable law.

9.3 Section headings in this Agreement are included herein for convenience of reference only, and shall not constitute a part of the Agreement or for any other purpose.

9.4 The Client and Consultant respectively, bind themselves, their partners, successors, assigns and legal representatives to the other party to this Agreement and to the partners, successors, assigns and legal representatives of such party with respect to all covenants of this Agreement. Neither the Client nor Consultant shall assign, sublet or transfer any interest in this Agreement without the written consent of the other.

9.5 This Agreement represents the entire and integrated Agreement between the Client and Consultant and supersedes all prior negotiations, representations or agreements, either written or oral, and may be amended only by written instruments signed by both Client and Consultant.

9.6 The Client and Consultant waive all rights against each other and against the contractors, consultants, agents and employees of the other for damages, but only to the extent covered by any property or other insurance. The Client and Consultant shall each require similar waivers from their contractors, consultants and agents.

9.7 The proposed language of any certificates, affidavits or certifications requested of Consultant shall be submitted to Consultant for review and approval at least fourteen days prior to execution. The Client shall not request certification and/or affidavits that would require knowledge or services beyond the scope of this Agreement or beyond the professional qualifications and consulting experience of Consultant.

9.8 Any estimates or opinions of project or construction costs are provided by Consultant on the basis of Consultant's experience and qualifications as a consultant and represents its best judgment as an experienced and qualified consultant familiar with the construction industry. Since Consultant has no control over the cost of labor, materials, equipment or services furnished by others or over competitive bidding or market conditions, it cannot guarantee that proposals, bids or actual project costs or construction costs will not vary from any estimates or opinions of costs prepared by Consultant. Similarly, since Consultant has no control over building operation and/or maintenance costs, Consultant cannot and does not guarantee that the actual building was system operating or maintenance costs will not vary from any estimates given by Consultant.

9.9 Consultant shall prepare any reports or other deliverables (collectively, the “Deliverables”) for the exclusive use of Client in accordance with the professional and industry standards prevailing at the time such services were rendered. The Deliverables contain information that is time sensitive and shall be prepared subject to the particular scope limitations, budgetary and time constraints and business objectives of the Client. As a condition precedent to the Client’s release of the Deliverables to a third party, Client shall require that the third party agree to be bound by the terms and conditions set forth herein. In no event may a third party use or rely upon the Deliverables if it does not agree to be bound by these terms and conditions.

QUOTE

Date: 5/14/2015
Invoice # 256
Expiration Date: 5/1/2015

Transcendent Medical Design
New York, NY
transcendentmedicaldesign@yahoo.com

Checks payable to: Sharon Kilby

To

THC Health Inc.
47-20 Center Blvd.,
Ste. 1605
Long Island City, NY 11109

Qty	Item #	Description	Unit Price	Discount	Line Total
1	201	Website Home Page Proof of Concept	$1,000.00		$1,000.00
2	202	Web-based Patient Portal Proof of Concept	$500.00		$500.00
3	203	Employee Dashboard and Database Proof of Concept	$500.00		$500.00
4	204	Rush Fee	$2000.00	($1,250.00)	$750.00
			Total Discount	$1,250.00	$2,750.00
				Subtotal	
				Total	$2,750.00

We look forward to working on the project with you!

Thank you for your business!

TOPS ENGINEERING, PLLC

PROPOSAL FOR ENGINEERING SERVICES

CLIENT: THC Health, Inc. / Mr. Christian Cespedes

PROJECT: Medical Marijuana Production & Dispensary Application to NYS

DATED: May 14, 2015

SUMMARY:

THC Health, Inc. intends to submit an application to the State of New York to become one of five licensed medical marijuana producers/distributors. The application submission deadline is May 29, 2015.

To support this application process, THC Health requested Tops Engineering provide engineering and architectural expertise needed to complete the application documents. Tops Engineering agrees to provide this service on a time and material (T&M) basis.

The draft application will be submitted by Friday, May 22nd, with the final submission to THC Health no later than the end of Tuesday, May 26th.

BACKGROUND:

Mr. Ryan Meister contacted Tops Engineering on Monday, May 18th to determine our interest and availability to provide engineering and architectural services to THC Health necessary in order to assist in completing the documents required by the NYS Department of Health for the "Medical Marijuana Program – Application for Registration as a Registered Organization" DOH-5138 (04/15) and its attending "Instructions for Application …", DOH-5150 (04/15).

Based upon a review of these documents and communications with Mr. Christian Cespedes, it is our understanding that the documents to be prepared for this application include:

1) A generic outline floor plan for a facility of 50,000 to 100,000 square feet in area that will house the offices, laboratories, shipping/receiving, warehousing, growing areas for various strains and maturities of marijuana plants, marijuana bud processing areas,

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finished product manufacturing areas, packaging, and necessary utility facilities within this structure. Some storage areas may be located outside the main building.

2) A generic plot plan for such a facility showing the various support areas.
3) General floor plan for a dispensary located in a ~~shopping center in Holbrook, NY.~~ suitable location on Long Island.
4) These drawings and associated text documents will include reference to the requirements listed in Appendix B: Architectural Program (DOH 5146 (04/15)).

THC Health has entered into an agreement with Mr. Kurt Van de Wetering, an owner of Ivy Acres Nurseries to potentially utilize a portion of that property for the growing/processing facility. The final documents will fit this facility into the property based upon information provided by Mr. Wetering no later than May 21st.

The dispensary information will be based upon the information contained in the email received May 14th and additional information as provided no later than May 20th.

Tops Engineering has contracted with a registered architectural firm to provide the necessary additional design expertise for this project.

A review and status meeting with Mr. Cespedes will be held on Friday, May 15th, at a location to be determined.

The draft application with its associated documents will be submitted to THC Health, Inc. by the end of Friday, May 22, 2015.

The final application with its associated documents will be submitted to THC Health, Inc. by the end of Tuesday, May 26, 2015.

Why Tops Engineering, PLLC:

Tops Engineering is experienced in the design, installation, and operation of many types of processing and packaging equipment as may be used in this type of operation for transforming the marijuana plant materials into the types of products planned by THC health. Tops Engineering is experienced as the lead engineer on a $3-5 million project for a medical device production facility.

Tops Engineering's principal brings 35 years' experience in process and project engineering with almost 20 years in the food, pharmaceutical, and medical device industries. This includes equipment design and installation from a single mixing vessel up to a $2.5 million system that was part of a multi-billion dollar high technology institution.

Tops Engineering has the capability to size our team to the specific needs of each project while maintaining a tight focus on each customer's schedule and budget. We bring in experts as needed to assure that the project design is optimal and most closely matches the client's goals

without unnecessarily increasing the project overhead cost. With our large network of associates, we can quickly bring in experts should unexpected challenges appear.

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Further information about Tops Engineering is provided in the attached profile and on our website: www.topsengineering.com.

TERMS AND CONDITIONS:

Payment for services rendered under this proposal shall be paid as:

1) Retainer in the amount of $3000 payable upon acceptance of this proposal.
2) The balance within 15 days following submission of an invoice for time spent and standard reimbursable expenses necessary for the completion of this project.
3) Engineering time shall be billed at a standard rate of $100/hr.
4) Expenses for architectural services will be reimbursed to Tops Engineering with a 15% overhead absorption fee.

Other terms and conditions are included in the attached "Consulting Agreement Standard Terms and Conditions." Terms in this proposal shall prevail should there be any conflict between the two documents.

ACCEPTANCE:

CLIENT : THC Health , Inc.	TOPS ENGINEERING, PLLC
PRINT NAME: CHRISTIAN CESPEDES	Ross S. Topliff, PE
SIGNATURE:	Ross S Topliff
DATE: 15-MAY-2015	May 15, 2015

2.8 Where the Services include subsurface explorations, the Client acknowledges that the use of exploration equipment may alter or damage the terrain, vegetation, structures, improvements, or property at the Site and Client accepts that risk. Provided the Consultant uses reasonable care, the Consultant shall not be liable for such alteration or damage or for damage to, or interference with any subterranean structure, pipe, tank, cable, or other element or condition whose nature and location are not called to the Consultant's attention in writing before exploration commences.

3. ENGAGEMENT OF LABORATORIES AND OTHERS/SAMPLES

3.1 If so requested or agreed by the Client, the Consultant will recommend the Client's engaging the services of laboratories, testing services, sub consultants, or third-parties to perform suitable aspects of the Services. Invoices for such third parties will be reviewed by the Consultant, and the Consultant will make recommendations to the Client regarding payment. Payment to these third parties will be made directly by the client. The Consultant will recommend the use of such third-parties with reasonable care but does not guarantee their services and will not be liable for their errors or omissions.
3.2 Consultant will dispose of all soil, rock, water and other samples thirty (30) days after submission of Consultant's report or other deliverable. Client may request , in writing, that any such samples be retained beyond such date, and in such case Consultant will ship such samples to the location designated by Client, at Client's expense.
3.3 In the event that samples collected by Consultant or provided by Client or wastes generated as a result of the Project contain or potentially contain substances which are or may be hazardous or detrimental to health, safety or the environment as defined by federal, state or local statutes, regulations or ordinances ("Hazardous Materials"), said Hazardous Materials shall remain the property of Client and Client shall have responsibility for them as generator.

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4.3.8 expense of any additional insurance coverage or limits, including professional liability insurance, requested by the Client in excess of that normally carried by Consultant and Consultant's consultants;

4.4 If Consultant provides or performs soil or material testing, surveying or other ancillary services, the Client will be charged for these services as follows:

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Date: 5/14/2015
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Expiration Date: 5/1/2015

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New York, NY
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47-20 Center Blvd.,
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We look forward to working on the project with you!

Thank you for your business!

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ATTACHMENT H - SECURITY PLAN

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- F. Product Storage
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- B. Manufacturing Facility
- C. Dispensing Facilities

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DOCUMENT HISTORY

Version	Revision Date	Description	Author	Approval

THC HEALTH, INC.

(A Development Stage Company)

FINANCIAL STATEMENTS

For the Period Ending

May 31, 2015

And Independent Auditor's Report

THC HEALTH, INC.
(A Development Stage Company)
For the Period Ending May 31, 2015

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Balance Sheet	3
Income Statement	4
Statement of Cash Flows	5
Notes to Financial Statements	6

CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

VINCENT D. CULLEN, CPA
(1950 - 2013)

JAMES E. DANOWSKI, CPA
PETER F. RODRIGUEZ, CPA
JILL S. SANDERS, CPA
DONALD J. HOFFMANN, CPA
CHRISTOPHER V. REINO, CPA
ALAN YU, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of THC Health, Inc.
Long Island City, New York

We have audited the accompanying financial statements of THC Health, Inc. (a New York corporation), which comprise the balance sheet as of May 31, 2015, and the related statements of income, and cash flows for the period from inception (April 22, 2015) to May 31, 2015 and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respect, the financial position of THC Health, Inc. as of May 31, 2015, and the results of its operation and its cash flows for the initial period then ended in accordance with accounting principles generally accepted in the United States of America.

Cullen & Danowski, LLP

June 2, 2015

THC HEALTH, INC.
(A Development Stage Company)
BALANCE SHEET
May 31, 2015

ASSETS	
Current Assets	
Cash	$ 224,786
Total Current Assets	224,786
Intangible Assets	123,816
	$ 348,602
LIABILITIES AND STOCKHOLDER'S EQUITY	
Current Liabilities	
Due to Shareholders	3,500
Total Current Liabilities	3,500
Stockholder's Equity	
Convertible Notes	345,102
Total Stockholder's Equity	345,102
	$ 348,602

THC HEALTH, INC.
(A Development Stage Company)
INCOME STATEMENT
For the Period Ended May 31, 2015

REVENUES	-
EXPENSES	-
NET INCOME	$ -

THC HEALTH, INC.
(A Development Stage Company)
STATEMENT OF CASH FLOWS
For the Period Ended May 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ -
Adjustments to reconcile net income to net cash provided by operating activities:	
Increase (decrease) in:	
Due to shareholders	3,500
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,500
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of intangible assets	(123,816)
NET CASH USED IN INVESTING ACTIVITIES	(123,816)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from convertible notes	345,102
NET CASH USED IN FINANCING ACTIVITIES	345,102
NET DECREASE INCREASE IN CASH	224,786
CASH, Beginning of the Period	-
CASH, End of Period	$ 224,786

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of THC Health, Inc. is presented to assist in understanding the Company's financial statement. The financial statement and notes are representation of management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements.

A. Organization and Nature of Operations

THC Health, Inc. (the Company) is engaged in the growing, manufacturing, and selling of medical marijuana in New York State, as part of the New York State Department of Health's Medical Marijuana Program (NYS MMJ).

B. Intangible Assets

THC Health, Inc.'s intangible assets consist of start-up costs and the various fees incurred in connection with obtaining various consulting, engineering and legal services needed in the license application process.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Subsequent Events

Management has evaluated subsequent events through June 2, 2015, the date the financial statements were available to be issued.

2. DEVELOPMENT STAGE OPERATIONS

THC Health, Inc. was formed April 22, 2015. Operations have not yet began, as they are contingent upon receipt of a license from the New York State Department of Health. The Company's activities to this point have been focused on raising start-up capital through a convertible note offering totaling $350,000. In an effort to fill in gaps in the Company's expertise, THC Health, Inc. engaged consultants and engineers to provide the necessary know-how that the Company was missing.

3. CONVERTIBLE PROMISORY NOTES

THC Health, Inc. offered $350,000 in convertible promissory notes as a way of raising start-up capital. The conversion of these notes is dependent upon award of the license. If THC Health, Inc. is awarded a license to operate as a registered organization within the NYS DOH MMJ program, the Company will raise additional capital in a new offering. Upon raising a minimum capital balance of $2,000,000, the notes will convert to shares in THC Health, Inc. Unless converted, outstanding principal and accrued but unpaid interest under the notes will be due and payable on April 1, 2017. In addition, the notes shall automatically come due in the event of the Company's bankruptcy or insolvency, and if the

Company is sold or merged prior to the maturity date. In the event that the Company is not successful in obtaining a NYS DOH license, it shall redeem the notes within thirty days after receipt of its license application deposit by paying all remaining proceeds from its offering at such time.

At, and subject to, the closing of an equity financing with gross cash proceeds to the Company of at least $2,000,000 (Qualified Financing), the entire unpaid principal amount of and accrued but unpaid interest on the notes shall be converted into shares of the same class and series of stock sold in the Qualified Financing. The number of shares of stock to be issued upon such a conversion shall be equal to the quotient obtained by dividing the entire unpaid principal amount of the note plus any accrued but unpaid interest as of the date of the closing of the Qualified Financing by the lower of eighty percent of the price per share of the stock sold in the Qualified Financing, or the price per share of stock that would be payable by an investor based upon a pre-money valuation of the Company's equity of $10,000,000, calculated on a fully diluted basis and prior to the conversion of any of the notes.

4. COMMON STOCK

The company is authorized to issue 1,000,000 shares $0.001 par value common stock. There are 1,000,000 shares issued and outstanding.

All shares have been issued to the members of the Company's Board of Directors, and to Ivy Acres, Inc., the Company's landlord, under restricted stock agreements. The agreements provide for varying degrees of forfeiture restrictions. These restricted shares are not entitled to voting rights or to participation in any dividends or distributions made by the Company.

Upon the termination of grantee's employment and/or provision of services to the Company for cause, the Company shall have, on the date of such cessation, an irrevocable, exclusive option, for a period of ninety days from the termination date, to repurchase up to all of the shares at a price of $0.01 per share.

Upon the termination of the affiliation with the Company not for cause, the Company shall have the forfeiture repurchase option described above; however, the repurchase price of the shares in this case shall be the fair market value of the shares, determined by an independent valuation of the Company performed by a third party valuation consultant mutually agreed upon.

Upon termination with or without cause, the forfeiture repurchase option shall be exercisable by written notice delivered to the grantee before the expiration of the forfeiture repurchase period, provided, however, that the Company's failure to deliver a written notice within the forfeiture repurchase period shall be deemed an election by the Company to not exercise the forfeiture repurchase option, and the Company shall have no further option to repurchase the shares.

In the event that the NYS DOH shall determine not to provide the Company with a license on or before September 1, 2015, all shares owned by grantees shall automatically and without payment revert to the Company effective upon the date when the Company shall advise grantee that it did not receive a license.

ATTACHMENT J STAFFING PLANS

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Redacted pursuant to N.Y. Public Officers Law, Art. 6

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THC Health Inc. Cultivation & Manufacturing Organization Chart

Redacted pursuant to N.Y. Public Officers Law, Art. 6

THC Health Inc. Corporate Organization Chart

Redacted pursuant to N.Y. Public Officers Law, Art. 6

THC Health Inc. Dispensary Organization Chart

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- Explore Optimum ch. 900
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Optimum App viewing requires digital TV with a cable box or CableCARD, Optimum authorized modem and wireless home router. Viewing Optimum TV on laptop not currently available to customers who subscribe only to Optimum TV. Channel availability based on level of service. Requires app download and minimum system requirements. Subscription to channels and valid Optimum ID and password required for TV to GO programming. Out of home viewing through the App not available for all channels and devices. Accessible in the U.S. where Internet connection is available. On Demand viewing not available on the Optimum App on laptop at this time.

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Unlimited local and long-distance calling to the U.S., Puerto Rico, Canada & the U.S. Virgin Islands	$ 34.95
Additional Phone Line(s) (Up to 3 additional Optimum Voice phone numbers)	each $ 14.95
Unlimited Directory Assistance plus these Premium Calling Features	No Additional Cost

- Enhanced Voicemail
- Busy Redial (*66)
- Call Return (*69)
- VIP Ringing
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- Call Waiting with Caller ID
- Call Waiting
- Anonymous Call Blocker
- Three-Way Calling
- Caller ID Blocking (*67)
- Caller ID
- Backup Phone
- Find Me
- Do Not Disturb
- Anonymous Calling
- Block Unwanted Callers (*82)
- Call Forward Time of Day
- Call Forward on Busy or No Answer
- Directory Listing

	per minute
Optimum Voice International Calling Access to competitive per minute rates. Learn more at optimum.net/internationalrates.	varies by destination

	per month
Add Optimum Voice World Call to your phone subscription Includes 250 international calling minutes, with up to 30 minutes to Cuba.	$ 19.95
Equipment	one-time charge
Battery Backup	$ 29.95
Installation	one-time charge
Transfer Current Phone Number	$ 40.00
Professional Installation	$ 39.95

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Optimum Online (when subscribing to Optimum Economy, Optimum Value, Family Cable or above)	$ 49.95
Additional Modem	each $ 49.95
Add Optimum Online Ultra 50 to your internet subscription and get download speeds up to 50 Mbps and upload speeds up to 25 Mbps	$ 4.95
Add Optimum Online Ultra 75 to your internet subscription and get download speeds up to 75 Mbps and upload speeds up to 35 Mbps	$ 20.00
Add Optimum Online Ultra 101 to your internet subscription and get download speeds up to 101 Mbps and upload speeds up to 35 Mbps	$ 55.00

Equipment	per month
Modem	each $4.95
Smart Router	No Additional Cost
Installation	one-time charge
Professional Installation	$ 39.95

With Optimum Online enjoy:

- WiFi — Free unlimited access to over 1 million Optimum hotspots. Connecting is fast, secure, and can help you save on cellular data charges.
- Newsday Digital — Experience the best Long Island news, sports and entertainment right at your fingertips, inside the Newsday app.

Minimum system requirements and equipment configurations apply. Modem fee applies for all new modems provided by Optimum. Smart Router is free for life of account when Optimum Online is maintained. Optimum Online Ultra 50, Ultra 75 and Ultra 101 require subscription to Optimum Online. Optimum WiFi hotspot access in select areas at no additional charge to Optimum Online customers. A WiFi-enabled device and valid Optimum ID and password are required. Visit optimum.com/wifi to learn more. Many factors affect speed. Actual speeds may vary and are not guaranteed.

Effective January 2015

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- Anonymous Call Blocker
- Three-Way Calling
- Caller ID Blocking (*67)
- Caller ID
- Backup Phone
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Add Optimum Voice World Call to your phone subscription Includes 250 international calling minutes, with up to 30 minutes to Cuba.	$ 19.95
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Add Optimum Online Ultra 75 to your internet subscription and get download speeds up to 75 Mbps and upload speeds up to 35 Mbps	$ 20.00
Add Optimum Online Ultra 101 to your internet subscription and get download speeds up to 101 Mbps and upload speeds up to 35 Mbps	$ 55.00

Equipment	per month
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To whom it may concern,

I spoke with Kurt Vanderwetering. The call was regarding if we (Frontier Communications) can provide internet service and phone line at **27 Matthews St. Goshen NY, 10924.**

This letter is to confirm that Frontier Communications do provide service and the specified address.

Thanks,

Vuthy Pao
Commercial Sales & Service Consultant
Vuthy.Pao@ftr.com
1-877-433-3806 EXT 5447
952-435-7970 (Fax)

Attachment L

Timeline from Grow to Distribution

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Cultivation Manual		
THC Health Inc.	Policy Name	**General Operations**
	Policy Number	**1.1**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Agriculture Officer**

I. Description

a. The protocols defined within outline the policies and procedures on the continual operation of a secure marijuana cultivation facility pursuant to New York's regulations and industry best practices.

II. Rationale/Purpose

a. The company's cultivation policies and procedures provide guidelines on the continual operation of a secure marijuana cultivation facility in accordance with state regulations and industry best practices.

III. Responsibilities

a. It is the responsibility of the Director of Cultivation to oversee all cultivation activities.
b. It is the responsibility of the Director of Security to implement and enforce security policies and procedures throughout the operation.
c. It is the responsibility of the Quality Assurance Unit to oversee the quality control procedures used in cultivation operations.

IV. Policy, Procedure, and Protocols

a. Guiding principles
    i. The company values employee and patient safety above all other operating principles. As a producer of marijuana products, the company and all of our employees and employees are responsible for distributing uncontaminated and safe marijuana products to qualified patients.
    ii. Managers responsible for development and implementation of policies and procedures must ensure that the safety of our stakeholders is the first concern addressed in every policy and procedure.
    iii. Company upholds a top-level commitment to employee and product safety above all else.
    iv. The company is committed to utilizing federally exempt pesticides only as a final measure.
    v. The company ensures to base all cultivation decisions on experience and accepted science.
    vi. The company shall implement sustainable cultivation practices whenever possible.
    vii. The company's policies and procedures must be developed to produce consistent and predictable yields.
    viii. The company's policies and procedures shall facilitate necessary employee communication in the facility.
    ix. The company's policies and procedures shall provide valuable operating information and data for management.
    x. The company's operational protocol shall provide transparent information on methods and products used in cultivation for patients.
    xi. The company's policies and procedures shall create fully compliant, yet efficient operations.
    xii. The company's policies and procedures shall provide transparent information on methods and products used in cultivation for patients.
    xiii. The company shall develop policies that balance expenses with the necessity and benefits of policies and procedures and regulatory compliance.
b. Applicable laws and regulations
    i. The company's operations are subject to multiple laws and regulations.
    ii. The Director of Cultivation must ensure that all applicable laws and regulations are followed in the operation.
    iii. Oversight of the company's cultivation operations is primarily assigned to the Commissioner of Health by Section 3369-a of the Public Health Law and Title 10, Chapter XIII, Part 1004 of the Official Compilation of Codes, Rules and Regulations of the State of New York.

iv. Company has also adopted: Good Manufacturing Practice, Article 17 of the Agriculture and Markets Law, Part 261, Title 1 of the Official Compilation of Codes, Rules and Regulations of the State of New York.
v. Company has also adopted: Integrated Pest Management Program, Article 11 of the Agriculture and Markets Law, Part 148 of the Official Compilation of Codes, Rules and Regulations of the State of New York.
vi. Company has also adopted: 40 CFR 141.63, Maximum contaminant levels (MCLs) for microbiological contaminants.
vii. Company shall apply: OSHA (29 CFR 1928.110), FDA Title 21 CFR 110. See also New York Department of Health rule, NY Environmental Health and Food Protection Subpart 14-1 requirements for sanitary facilities.
viii. Company shall adopt: Department of Health regulations in PHL §3365(9) and the USDA GAP regarding fertilizer usage, storage, and testing.
ix. Company shall adopt: NY Public Health Law Section 3365(9) §1004.11.
x. Company shall adopt: Good Manufacturing Practices (GMPs) as set forth in 21 CFR 110.37(a) and 110.80(a)(1).
xi. Company shall use only sanitizing products, defined in 21 C.F.R. § 178.1010 and registered by the EPA and the Department.
xii. Company shall enforce NY Environmental Health and Food Protection Subpart 14-1.
xiii. Company protocols shall be pursuant to all applicable employment laws in the State of New York.

c. Policies and procedures
   i. The Director of Cultivation must update the cultivation SOPs when Department regulations are added or revised and when industry best practice dictates a revision.
   ii. SOPs must contain description of practices and procedures required including the frequency with which they will be performed must be developed, implemented, and maintained herein including:
      1. A list of each substance to be used as a production or handling input, indicating its composition, source, location(s) where it will be used, and documentation of commercial availability, as applicable. This list is to be maintained by the Director of Cultivation electronically in the crop management system;
      2. A description of the monitoring practices and procedures to be performed and maintained, including the frequency with which they will be performed, to verify that the plan is effectively implemented; and
      3. A description of the recordkeeping system implemented to comply with the requirements established.

V. Review/Revision

Date	Description of the Revision	Approved

Cultivation Manual		
THC Health Inc.	Policy Name	**Licensed Operations**
	Policy Number	**1.2**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Agriculture Officer**

I. Description

a. This policy provides information regarding the compliance to all necessary licenses for business operations.

II. Rationale/Purpose

a. It is corporate policy to maintain in good standing all necessary licenses required to operate.

III. Responsibilities

a. It is the responsibility of the Director of Cultivation to ensure that all cultivation facilities are properly licensed for all activities within the unit.

IV. Policy, Procedure, and Protocols

a. Procedure
   i. The Chief Executive Officer shall maintain all required licenses in good standing.
   ii. The Director of Cultivation shall not allow any activities to take place in the cultivation unit if they are aware that the license required for that activity is not valid, expired, or on administrative hold.
   iii. The Director of Cultivation shall ensure current license certificates are on display in a common area.
   iv. No expansion of facilities or production capacity shall be implemented without proper approval from all regulating agencies.

V. Review/Revision

Date	Description of the Revision	Approved

Cultivation Manual		
THC Health Inc.	Policy Name	**Secure Operations**
	Policy Number	**1.3**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Agriculture Officer**

I. Description

a. This policy provides information regarding the security protocols the company shall apply to operational procedures in order to ensure the facility and products remain safe and secure at all times.

II. Rationale/Purpose

a. It is corporate policy to maintain a safe and secure working environment. The safety of our employees and the prevention of marijuana diversion are the company's top priorities.

III. Responsibilities

a. It is the responsibility of the Director of Cultivation to ensure that all cultivation facilities are safe and secure for agents of the company and marijuana products.

IV. Policy, Procedure, and Protocols

a. Procedure
   i. The Director of Security oversees the security activities of the company.
   ii. The Director of Cultivation shall be responsible for the implementation and maintenance of all security policies, procedures, and directives.
   iii. All cultivation employees must receive security training and comply with all department specific security measures, as well as, all company security policies and procedures.
   iv. No marijuana in any stage of cultivation may be visible to other departments or to the public.
   v. No signage shall identify the cultivation facility or its operations to other departments or the public.
   vi. Access to the cultivation facility is restricted to cultivation employees and approved visitors in accordance with the policies and procedures outlined in the company's visitor policies.
   vii. Unannounced visits to the cultivation facility are prohibited except for visits from law enforcement or regulatory agencies.

V. Review/Revision

Date	Description of the Revision	Approved

Cultivation Manual		
THC Health Inc.	Policy Name	**Limited Access Areas**
	Policy Number	**1.4**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Agriculture Officer**

I. Description

a. This plan specifies that the cultivation facility must include designated limited access areas in which all cannabis cultivation operations and processes will take place. This cultivation area will be securely locked and monitored by a surveillance camera system.

II. Rationale/Purpose

a. It is corporate policy to maintain limited access areas with restricted access rights based on security privileges.
b. The safety of our employees and the prevention of marijuana diversion are the company's top priorities.

III. Responsibilities

a. It is the responsibility of the Director of Security to implement and enforce security policies and procedures throughout the operation.
b. It is the responsibility of the Director of Cultivation to ensure that all limited access areas in cultivation facilities remain monitored by surveillance cameras, secure, and are only accessed by those with appropriate access rights.

IV. Policy, Procedure, and Protocols

a. The Director of Security oversee the security activities of the company.
b. The Director of Cultivation shall be responsible for the implementation and maintenance of all limited access policies, procedures, and directives.
c. Only employees registered with the Department visibly displaying their registration identification or approved visitors accompanied by a manager level employee may enter limited access areas.
d. All areas of ingress and egress to limited access areas within the cultivation facility shall be clearly identified with a sign no smaller than 12" x 12" which reads, "Access to this area is restricted to persons registered with the Department visibly displaying a registration identification card with appropriate access rights."

V. Review/Revision

Date	Description of the Revision	Approved

Cultivation Manual		
THC Health Inc.	Policy Name	**Safety**
	Policy Number	**1.5**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Agriculture Officer**

I. Description

a. This policy provides outlines our top-level commitment to employee and product safety.
b. All propagation materials used in cultivation operations will be appropriate for use commercial food production.
c. In order to ensure consistent, pure, unaltered marijuana products, the company shall ensure the proper usage, storage, and disposal for all propagation material used in cultivation operations.

II. Rationale/Purpose

a. The company is committed to the safety of all employees.
b. Safety procedures must be followed at all times.
c. The company values employee and patient safety above all other operating principles.

III. Definitions: For purposes of this Policy, the following terms and definitions apply:

a. Tyvek – a synthetic material consisting of high-density polyethylene fivers often worn for protection due to its' strong, difficult tear.
b. N-95 - a rating for respirators and surgical masks, filtering 95% of airborne particulates.
c. P-100 - a rating for respirators and surgical masks, filtering at least 95% of airborne particulates.

IV. Responsibilities

a. The Director of Cultivation shall ensure a safe cultivation environment.
b. All cultivation employees are responsible for safe operations.

V. Policy, Procedure, and Protocols

a. Policy
    i. The safety of our employees is the first priority of the company. The Director of Cultivation must identify and mitigate department specific safety considerations.
    ii. Cultivation facilities have a high risk for electrical hazards, low-toxicity pesticide, and mold contamination.
    iii. The Director of Cultivation, in coordination with the facilities manager, shall schedule regular infrastructure and equipment maintenance in order to reduce fire risk and other potential hazards.
    iv. Other than electrical hazards, few exposures in a cultivation facility are expected to cause significant exposure risks.
    v. Safety procedures shall develop a culture of safety in the cultivation facility.
    vi. All cultivation employees must receive department appropriate safety training and comply with all safety practices found herein as a condition of employment.
b. Emergency preparation
    i. The Director of Cultivation must post and maintain an emergency contact list posted throughout the facility.
    ii. All cultivation employees must be properly trained in department specific Incident Response.
    iii. Emergency contacts must be posted throughout the facility and include:
        1. Director of Cultivation
        2. Management team members
        3. Fire response
        4. Law enforcement
        5. Poison control

6. Ambulance
7. 911- which can also activate the Spill Response Team

c. Material safety data sheets
    i. MSDS sheets for all chemicals used in the cultivation facility must be organized, accessible to all cultivation employees, and placed in multiple locations.
d. Fire Safety
    i. Flammable materials must be stored in a fire locker and properly labeled for first responder identification.
    ii. All areas of egress should be properly signed in accordance with NFPA 704 standards.
    iii. The facility must comply with all local fire codes. Fire extinguishers must be maintained annually.
    iv. All cultivation employees must be properly trained in fire prevention and mitigation measures.
e. Personal protective equipment (PPE)
    i. The Director of Cultivation must implement and maintain a PPE program. The program must be compliant with OHSA and EPA standards and address:
        1. Hazards present;
        2. Selection, maintenance, and use of PPE;
        3. Training; and
        4. Monitoring.
    ii. Cultivation employees must be provided appropriate personal protective equipment and training, and must be trained in decontamination procedures.
        1. Upgraded PPE must be immediately provided if any change in facility status results in dangerous exposures to cultivation employees.
        2. Standard PPE required for all cultivation employees includes:
    iii. Accessible eye wash stations with sufficient quantities of potable water.
    iv. Uniforms with some level of fire resistance.
    v. Chemical resistant gloves.
    vi. Boots with water resistance and slip protection.
    vii. N-95 or P-100 disposable respirators.
    viii. A full-face air-purifying respirator with a minimum of a P-100 filter, fitted by a qualified professional, is required for employees with beards or performing substance spray applications.
    ix. Tyvek coveralls for employees performing substance spray applications.
f. Chemical spill response
    i. All cultivation employees must be appropriately trained on spill response. Every employee is responsible for participating in spill response activities.
    ii. A fully stocked spill kit must be maintained in the cultivation facilities. Areas with high spill risk should be stocked with a mobile spill kit for immediate mitigation.
    iii. In the event of a spill, inform the Director of Cultivation immediately. The Director of Cultivation or Chief Executive Officer must notify necessary parties.
    iv. The Director of Cultivation shall determine the severity of the spill and the toxicity of the chemical and execute the appropriate response.
    v. Remove all non-critical employees from the spill area and address any immediate needs.
    vi. Contain the spill. Use necessary PPE Containment solutions include absorbents and rubber dams.
    vii. Place necessary notifications at areas of entry to the spill area.
    viii. Dispose of all hazardous waste in accordance with manufacturer instructions and state and local laws.
    ix. Decontaminate the spill area in accordance with the MSDS and manufacturer instructions.
    x. The Director of Cultivation in coordination with the inventory manager shall develop, implement, and maintain processing practices that protect crops from contamination and maintain the quality of the marijuana.

VI. Review/Revision

Date	Description of the Revision	Approved

Cultivation Manual		
THC Health Inc.	Policy Name	**Quality Assurance**
	Policy Number	**1.6**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Agriculture Officer**

I. Description

a. The company is committed to providing our patients with the consistent supply of quality marijuana. This outline provides information regarding quality assurance protocols applied to operations.

II. Rationale/Purpose

a. The company is committed to the safety of all personnel and quality of the marijuana it produces.

III. Definitions: For purposes of this Policy, the following terms and definitions apply:

a. Batch – representative sample of each strain for a harvest.
b. Media – soil material the plant is grown in.

IV. Responsibilities

a. The Director of Cultivation and quality control personnel shall ensure quality control measures are followed in accordance with all policies and procedures.
b. All cultivation employees are responsible for the consistent quality of all marijuana.

V. Policy, Procedure, and Protocols

a. Policy
    i. The Director of Cultivation must develop, implement, and maintain sanitation and quality control practices that maintain the safety and quality of crops, including purity and consistency.
b. Cultivation environment
    i. All necessary precautions must be taken during the cultivation and processing of marijuana to prevent contamination of marijuana and packaging materials. These safeguards include, but are not limited to:
        1. Cleaning and sanitizing all equipment, containers, and other contact surfaces as necessary;
        2. Controlling airborne contamination;
        3. Using sanitary handling procedures;
        4. Washing or cleaning containers and packaging components that contain soil or other contaminants;
        5. Using safe water in all operations;
        6. Performing chemical, microbiological, or other testing, as necessary to prevent the use of contaminated ingredients in cultivation and processing operations;
        7. Sterilizing, pasteurizing, freezing, refrigerating, heating, pressurizing, controlling hydrogen-ion concentration (pH), controlling humidity, controlling water activity (aw), or using any other effective means to remove, destroy, or prevent the growth of microorganisms and prevent marijuana product decomposition;
        8. Storing packaging materials, in-process marijuana, and marijuana products appropriately to prevent contamination and adulteration;
        9. Preventing cross-contamination and mix-ups between contaminated or adulterated marijuana and clean marijuana; and
        10. Using effective measures to protect marijuana products against adulteration by plastic, glass, metal, or other foreign materials when at risk due to processing equipment or materials.

c. Quality control measures in cultivation operations
    i. The Director of Cultivation must establish surveillance schedules for each crop in cultivation. Detailed visual surveillance of each crop must be performed and documented weekly at a minimum. Cultivation employees performing surveillance must look for and record findings for the cultivation area assigned. The following items should be included in surveillance operations:
        1. Signs of pest infestations.
        2. Changes in biological colonies.
        3. Mold and mildew.
        4. Leaf and tip burn, discoloration, and spotting.
        5. Changes in appearance of the media.
        6. Changes in stalk density and branch elasticity.
        7. Regular in-house testing must be scheduled by the Director of Cultivation based on current operational needs and recorded in the crop management system. Tests that must be performed include:
            a. Soil pH
            b. Nutrient pH, Total Dissolved Solids (TDS), and Electro-Conductivity (EC)
            c. Soil EC/pH testing using a saturated media extraction (1 part soil to 2 parts water filtered) or the leachate pour-through method
            d. Water Oxidation Reduction Potential (ORP)

d. Quality control measures in processing operations
    i. The Director of Cultivation must ensure that all crops are evaluated during processing and tested in accordance with these procedures.
    ii. Cultivation employees working in processing operations must be trained to identify signs of contamination and sub-standard product.
    iii. The Director of Cultivation must approve the disposal of any crops.
    iv. Two or more trained employees must perform a visual microscopic and naked-eye inspection of each crop processed to determine:
        1. Organoleptic characteristics (color, texture and odor);
        2. Presentation of the material (raw, cut, crushed, compressed);
        3. The presence of admixtures, foreign matter (sand, glass particles, dirt), mold, or signs of decay;
        4. The presence of insects; and
        5. The presence of foreign material originating from poor or degraded containers.
    v. All crops are to be inspected by two or more trained employees for all visible foreign matter and sub-standard material to be removed. Foreign matter includes:
        1. Plant material from other strains/species or from other parts of the harvested strains/species;
        2. Soil and rocks;
        3. Insects; and
        4. Wire, glass, paper, tools or tool parts, and other man-made objects.
    vi. Sub-standard material includes, for example:
        a. Discolored leaves or flowers;
        b. Evidence of mold; or
        c. Any other material that would cause the crop to fail to meet its specifications as determined by the Chief Executive Officer or Director of Cultivation.
    vii. The inspection for foreign matter and sub-standard material must be conducted while the crop is sufficiently well displayed on a sanitary surface by two or more employees to allow for sufficient visibility (e.g., on a conveyor, or spread out on tables, screens, or tarps).

viii. Damaged and/or degraded plant material must be removed and disposed of with cultivation manager approval and in accordance with waste disposal policies and procedures.

e. Pest control procedures
    i. The cultivation area must be designed, maintained, and monitored to restrict pests, including insects, rodents, and other animals. The Director of Cultivation must ensure that pest management activities comply with GAP and company policies and procedures.

f. Facility sanitation practices
    i. The Director of Cultivation must maintain written procedures assigning responsibility for sanitation and describing in sufficient detail the cleaning schedules, methods, equipment, and materials to be used in cleaning the production area; such written procedures must be followed, and records of cleaning and sanitation must be kept in the crop management system.
    ii. UV sterilization door strips and dip tanks should be used in critical locations throughout the facility.
    iii. Frequent hand-washing is necessary in all crop handling activities and must be enforced by the Director of Cultivation. Cultivation employees that do not comply with hand-washing requirements may be terminated.
    iv. All cultivation employees are responsible for the sanitation of cultivation areas. All critical areas must be clean and free of any contamination risks at the end of each shift.
    v. Any mold found in the facility must be addressed by a mold removal expert immediately.

g. Representative and analytical samples
    i. Representative samples sufficient in size shall be taken from each batch (each strain must be tested) by the quality assurance unit.
    ii. Analytical samples must be taken in accordance with sampling and retention policies.
    iii. Representative samples removed from cultivation inventory must be properly recorded in the inventory management system.
    iv. Sample records must accurately reflect the origination of the sample to allow trace-back.
    v. Samples must be recorded in the inventory control system with the contents by the plant name and identification; the date of harvest; the identification number; and any other identifying information and stored separately from product inventories in a manner that maintains sample quality and identification.

h. Waste disposal
    i. All marijuana waste from cultivation operations must be disposed of in accordance with waste disposal policies and procedures.
    ii. All other cultivation waste must be stored and disposed of as to:
        1. Minimize the development of odors;
        2. Minimize the potential for waste to attract, harbor, or become a breeding place for pests;
        3. Protect against contamination of marijuana, contact surfaces, water supplies, and grounds surrounding the facility; and
        4. Control hazardous waste to prevent contamination of marijuana, contact surfaces, water supplies, and grounds surrounding the facility.

VI. Review/Revision

Date	Description of the Revision	Approved

Cultivation Manual		
THC Health Inc.	Policy Name	**Procedure Variance**
	Policy Number	**1.7**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Agriculture Officer**

I. Description

a. This policy outlines the company's responsibility of full compliance with the cultivation operational policies and procedures.

II. Rationale/Purpose

a. It is the company's to ensure all cultivation operations are performed in compliance with all documented procedures.

III. Responsibilities

a. It is the responsibility of the Director of Cultivation to document all cultivation procedures.
b. It is the responsibility of all cultivation employees to follow documented procedures and to notify the Director of Cultivation of any necessary variance from documented procedures.

IV. Policy, Procedure, and Protocols

a. Procedure
    i. The Director of Cultivation must designate a small procedure variance team. This team is responsible for assess the impact of any variation of procedure. This measure is to ensure a thorough decision making process was executed before a change in procedure occurs.
    ii. It is the policy of the company that the team meet and discuss the implementation and assess the impact of any potential change in procedure before the procedure is authorized by the Director of Cultivation.
    iii. The Director of Cultivation must be notified of any variance from the published protocol must be recorded in the procedure variance log in the crop management system.

V. Review/Revision

Date	Description of the Revision	Approved

Cultivation Manual		
THC Health Inc.	Policy Name	**Cultivation Methods**
	Policy Number	**1.8**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Agriculture Officer**

I. Description

a. This policy describes the policies developed by the company to provide consistent and effective marijuana products to all of our patients.

II. Rationale/Purpose

a. The company is committed to providing our patients with the consistent supply of quality cannabis for further processing to products needed by patients.

III. Definitions: For purposes of this Policy, the following terms and definitions apply:

a. Ppm or (Parts per million) – a measure of concentration of a solution.
b. pH – stands for the acidity or alkalinity of a solution on a logarithmic scale on which 7 is neutral, lower values are more acid, and higher values more alkaline.
c. Clone – a genetic copy of the crop's parent when it is in the vegetative state.
d. Germinate – to begin to sprout or grow.
e. Propagation - the process of creating new plants from a variety seeds or clones
f. Vegetation – the second stage in the life of the plant after it completes germination and begins photosynthesis. During this stage each plant will be photosynthesizing as much as possible to grow as large as it can before the onset of the flowering (Generative) phase.
g. Cure – Curing is an operational process that occurs after harvesting and cutting the bud off the plant. By allowing the cannabis to dry slowing, the sugars in cannabis break down along with a few other chemical processes.

III. Responsibilities

a. It is the responsibility of the Chief Agriculture Officer to oversee the Director of Cultivation.
b. The Director of Cultivation is responsible for crop and supply management.
c. The Director of Cultivation must oversee and appropriately train all cultivation technicians to successfully complete all protocols regarding cultivation pursuant to the company's operational procedures.
d. Cultivation Technicians must superintend all work completed by maintenance technicians to ensure each step of the cultivation protocols is accurately and efficiency completed.
e. It is the responsibility of the Security Officer to implement and enforce security policies and procedures throughout the operation.
f. It is the responsibility of the Director of Quality Assurance to oversee the quality control procedures used in cultivation operations.

IV. Policy, Procedure, and Protocols

a. Propagation of seed
    i. A cultivation technician or maintenance technician shall implant a female seed from a healthy, uncontaminated mother plant into an organic, fully biodegradable plant starter cube containing appropriate fungi and micronutrients to support the evolutionary health of the crop.
        1. The cube must be allowed to soak in water for an appropriate time before the seed is planted.
        2. Cubes must be stored at the proper specific temperature prior to use in order to provide an environment in which aerobic bacteria may excel.
    ii. During the propagation process, humidity must be control between 50-80% and temperatures must shall between 80-90 degrees.
        1. Immediately place the seeds under direct, constant sunlight for 24 hours per day while the seeds germinate.

2. Allow seeds to germinate for approximately 16-21 days. The Director of Cultivation must determine the appropriate time for each transplant based on his or her experience and discretion.
3. Once the plant begins rooting, a cultivation technician or maintenance technician shall begin applying a calcium-based, potassium sulfates organic micronutrient solution in the amount of 300 ppm 62 pH.
4. The Director of Cultivation or experienced cultivation technician must determine when the crops are ready for nutrients.
5. The Director of Cultivation must oversee the independent moisture level demanded by each plant.
6. During the first week of rooting, crops should be feed approximately 3-4 times, based on the Director of Cultivation's discretion.
7. The maintenance technician on duty must oversee that all drip systems and cultivation equipment are properly and efficiently functioning at all times.

b. Propagation of clones
   i. A cultivation technician or maintenance technician shall select a salubrious from the top of a healthy mother plant about 5 nodes down with trimming scissors.
   ii. Trim shoots and fan leaves along the lowest nodes with trimming scissors.
   iii. Cut approximately ¼" below the lowest node with a razor blade angled at 45 degrees on a sterilized surface.
   iv. Dip the main stem into a rooting hormone gel, then immediately insert the lowest node into an organic, fully biodegradable plant starter cube containing appropriate fungi and micronutrients to support the evolutionary health of the crop.
      1. The cube must be allowed to soak in water for an appropriate time before the clone is planted.
      2. Cubes must be stored at the proper specific temperature prior to use in order to provide an environment in which aerobic bacteria may excel.
   v. During the propagation process, humidity must be control between 50-80% and temperatures must shall between 80-90 degrees.
      1. Immediately place the clones under direct, constant sunlight for 24 hours per day while the seeds germinate.
      2. Allow clones to root for approximately 14 days. The Director of Cultivation must determine the appropriate time for each transplant based on his or her experience and discretion.
      3. Once the plant begins rooting, a cultivation technician or maintenance technician shall begin applying a calcium-based, potassium sulfates organic micronutrient solution in the amount of 300 ppm 62 pH.
      4. The Director of Cultivation or experienced cultivation technician must determine when the crops are ready for nutrients.
      5. The Director of Cultivation must oversee the independent moisture level demanded by each plant.
      6. During the first week of rooting, crops should be feed approximately 3-4 times, based on the Director of Cultivation's discretion.
      7. The maintenance technician on duty must oversee that all drip systems and cultivation equipment are properly and efficiently functioning at all times.

c. Vegetation
   i. The Director of Cultivation must ensure that each cannabis plant has had the appropriate time allotted to properly root and is prepared for the transition into vegetation.
   ii. The vegetative department's environment controls shall provide an environment that ranges between 70-80 degrees and 50-70% humidity.
   iii. Transplant each plant into one-gallon containers to constitute the early vegetation state.
      1. Allow each plant to undergo early vegetative states for 14-21 days. The Director of Cultivation must create a regulatory timeline for each harvest depending on the health and strain of each crop.

2. The Director of Cultivation must oversee that the proper formulas manufactured for the early vegetation state are applied.
3. The cultivation technician or maintenance technician shall apply an organic, calcium-based, micronutrient rich formula to the soil approximately 5-6 times during this stage (as deemed necessary by the Director of Cultivation) to encourage thicker stalks, stronger stems, and tighter branches.
4. Plants will be placed under supplemental lighting for 18 hours per day during this stage.

iv. Once the plants are consuming approximately 800-1,000 milliliters of liquid each day the plants shall be transplanted into larger, ten-gallon containers for approximately 7-14 days.
1. The Director of Cultivation must determine the transplant timeline based on strain specific and individual needs of the crop.
2. Plants will be placed under supplemental lighting for 18 hours per day during this stage.
3. The Director of Cultivation should develop a regulatory timeline to spray each plant with vitamin rich, organic micronutrient (should be approximately 5 times) during this stage.

v. The Director of Cultivation must ensure the proper climate and ventilation is applied during all vegetation states.

d. Flower
i. Each crop should be allowed to flower for approximately 50-70 days depending on the strain.
ii. Each crop should be fed an organic micronutrient calcium-based formula each day (approximately 1,000-2,000 milliliters) during the first two weeks of the flowering stage.
1. Plants should be fed an increasing amount of micronutrients from the two-week marker; increasing by approximately 100 milliliters each day, or as the Director of Cultivation sees appropriate.

iii. The Director of Cultivation should develop a regulatory timeline to spray and feed each plant with vitamin rich, organic micronutrients and keep each crop's moisture level at the desired level based on specific strain.
iv. Plants should be sprayed approximately 10 times in 14 days to ward of pests and encourage healthy growth of mitochondria.
v. After 16 days, the cultivation technician or maintenance technician must begin to feed each plant's root system.
vi. Plants will be placed under supplemental lighting for 12 hours per day during this stage.
vii. The flowering department's environment controls shall provide an environment that ranges between 70-80 degrees and 45-55% humidity.
viii. During the final 5 of 7 days prior to harvest, the cultivation technician or maintenance technician should apply a flush to the soil.
ix. For the final 48 hours prior to harvest, each plant should only be given filtered water.

e. Harvest/Cure
i. The Director of Cultivation must use his or her discretion to determine when plants should be harvested. General signs and protocols include:
1. Each cultivation technician and maintenance technician must check for the development of swelled calyces on each plant.
2. Each cultivation technician and maintenance technician must check for the changing in color or development of trichromes.
3. Once plant has been growing for 42 days, high levels of micronutrients should cease.

ii. Once the Director of Cultivation has determined each crop is ready for harvest, each maintenance technician or cultivation technician must begin the process by removing all leaf matter that are low in trichrome value.
iii. The maintenance technician shall hang branches that contain only high value trim upside

down, allowing sufficient room between each.

iv. Once the Director of Cultivation determines the branches are dry enough for removal, the maintenance technician must remove all valuable plant matter from the branches to store in a sterilized container until the moisture level is accurate to begin the extraction process.

v. Useable plant matter must be sealed in sterile, airtight containers and put into the proper environment climate for further processing.

V. Review/Revision

Date	Description of the Revision	Approved

Cultivation Manual		
THC Health Inc.	Policy Name	**Best Management Practices**
	Policy Number	**1.9**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Agriculture Officer**

I. Description

a. Cultivation Best Management Practices are developed to ensure all company cultivation operations follow preeminent management in all cultivation departments and procedures.

II. Rationale/Purpose

a. The Company is dedicated to the purity and safety of its products
b. It is corporate policy to ensure all cultivation operations follow best management practices including good agricultural practice (GAP), good handling practices (GHP), and good cultivation practices (GCP).
c. Food safety protocols are adopted wherever applicable.

III. Responsibilities

a. It is the responsibility of the Cultivation Director with oversight by the Chief Executive Officer to adopt and implement best management practices (BMP) including GAP, GHP, and GCP.
b. The Cultivation Director's responsibility to select appropriate cultivars or varieties responsive to cultivation practices and patient needs.
c. The Cultivation Director shall use resistant cultivars and maximize biological prevention of pests and diseases.
d. The Cultivation Director shall establish input-output plans for energy, nutrients, and agrochemicals to ensure efficient use and safe disposal.
e. The Cultivation Director shall manage cultivation practices to achieve an optimum balance between economic, environmental, and social goals.

IV. Policy, Procedure, and Protocols

a. Adopted best management practices
    i. The company is dedicated to the purity and safety of its products. Best Management Practice, Good Agricultural, Good Handling Practice, and Good Cultivation Practice will be used throughout the cultivation operation. Food safety protocols are adopted wherever applicable. The company has adopted or adapted the use of following publications on BMP/GAP/GHP/GCP:
    ii. An introduction to on-farm food safety practices, Canadian Federation of Agriculture (http://www.fao.org/prods/gap/database/gap/files/1360_GMP_CANADA.PDF)
    iii. HACCP principles and application guidelines, National Advisory Committee on Microbiological Criteria for Foods *http://www.fda.gov/Food/GuidanceRegulation/HACCP/ucm2006801.htm*
    iv. Guide to minimize microbial food safety hazards for fresh fruits and vegetables, Center for Food Safety and Applied Nutrition *http://www.fda.gov/downloads/Food/GuidanceComplianceRegulatoryInformation/GuidanceDocuments/ProduceandPlanProducts/UCM169112.pdf*
    v. Cannabis Cultivation Operations, American Herbal Products Association *http://www.ahpa.org/Portals/0/pdfs/13_1113_Cannabis_Cultivation_Recommendations.pdf*
    vi. A workbook on Greenhouse Gas Mitigation for Agricultural Managers, Government of Alberta, Canada, Agriculture, Food and Rural Development *http://www.fao.org/prods/gap/database/gap/files/1397_GHG_MITIGATION_CANADA.PDF*

b. Summary of best management practices
    i. Soils will be managed properly.
    ii. The company will maintain or improved soil organic matter.
    iii. The appropriate application of agrochemicals and fertilizers will be used to prevent soil contamination.
    iv. Crop sequences will be developed for the optimal use of labor and equipment
    v. Employees will apply fertilizers in a balanced fashion.
    vi. Recycling of crop and other organic residues will be implemented whenever possible.
    vii. Marijuana shall only be harvested following relevant pre-harvest intervals and withholding periods.
    viii. The company will ensure clean and safe handling for processing of products through its quality assurance unit.
    ix. All marijuana will be stored under hygienic and appropriate environmental conditions.
    x. Marijuana packaged for transport from cultivation facilities will be in appropriate and clean containers.
    xi. Detailed records regarding harvest, storage, and processing will be maintained.
    xii. Energy saving practices, buildings, and machinery will be implemented throughout the operations.
    xiii. The company will recycle organic wastes and inorganic material as allowed by law.
    xiv. The operation shall minimize non-usable wastes.
    xv. All fertilizers and agrochemicals will be securely stored.
    xvi. The company will maintain records of energy use, storage, and disposal.
    xvii. All employees shall be provided with employment that provides adequate household income and food security.
    xviii. All employees will be fully trained in the safe and efficient use of chemicals, tools, and machinery.

V. Review/Revision

Date	Description of the Revision	Approved

Cultivation Manual Manual		
THC Health Inc.	Policy Name	**Environmental Controls**
	Policy Number	**1.10**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Agriculture Officer**

I. Description

a. The company shall develop protocols to provide a safe and healthy working environment equipped with all necessary environmental controls that promote healthy, productive yields.

II. Rationale/Purpose

a. It is corporate policy to ensure the proper environment for optimal plant health and environmental safety.

III. Definitions: For purposes of this Policy, the following terms and definitions apply:

a. Controlled environment – a technology that enables a cultivator to manipulate a crop's environment to the desired conditions.

IV. Responsibilities

a. It is the responsibility of the Director of Cultivation to monitor environmental controls to ensure plant and employee health and safety.
b. It is the responsibility of all cultivation agents to report environmental issues to the Director of Cultivation.

V. Policy, Procedure, and Protocols

a. Policy
    i. The company cultivates marijuana in a controlled environment.
    ii. The company shall install environmental controls that mitigate seasonal limitations and provides sanitary operations.
    iii. Environmental controls shall constrain unintended female pollination.
    iv. Environmental controls shall allow for optimal cultivation conditions and maximization of cannabinoid content.
b. Environmental monitoring
    i. The Director of Cultivation is responsible for daily monitoring of environmental factors.
    ii. The closed environment is slightly pressurized.
c. All cultivation areas must be equipped with stand-alone environmental monitoring systems and any abnormal condition must be addressed immediately including, but not limited to:
    i. Temperatures below 67^{o}(F)
    ii. Temperatures above 79^{o}(F)
    iii. Relative humidity below 40% in vegetation and 35% in flowering
    iv. Relative humidity above 60% in vegetation and 49% in flowering
    v. Carbon dioxide levels below 900 ppm
    vi. Carbon dioxide levels above 1200 ppm
    vii. Bulb readings indicating necessary bulb replacement or bulb failure
    viii. Water spills
d. Any environmental monitoring and control equipment installed in the cultivation facility must be approved by the Director, and at a minimum:
    i. Use a type 3 chemical detector capable of detecting carbon monoxide, low oxygen, and explosive environments;
    ii. Provide twenty-four hour monitoring, text alerts and audible alarms;
    iii. Contain a supplemental power source that provides twenty-four hours of operation; and
e. Record and store at least thirty days of recordings including:
    i. Light readings;
    ii. Temperature;

iii. Humidity; and
iv. Carbon dioxide levels.

f. Cultivation lighting
   i. Use a light meter (PAR or quantum) to test lighting distribution in flowering rooms and make any necessary adjustments. Light readings must be taken weekly.
   ii. Each light should read 500 to 1000 micromoles 15" to 18" from the reflector lens.
   iii. An average of 700 to 800 across the room is sufficient.
   iv. The Director of Cultivation must oversee a monthly rotation schedule of reflector cleaning and bulb replacements.
   v. Failed bulbs and ballasts must be replaced immediately. Employees must wear gloves when handling bulbs.
   vi. Protect bulb degradation by following instructions from the manufacturer's manual.
   vii. If bulb life experienced is far less than the manufacturer's indication, the Director of Cultivation must inspect airflow and heat buildup conditions surrounding that light.
   viii. Keep lamps and reflectors clean. Significant reductions in lighting levels can result from dirty reflectors.

g. HVAC maintenance
   i. Replace or clean all filters monthly.
   ii. Keep drainage pipe running on handlers and check for clogs.
   iii. Use an air compressor to blow out the AC condenser monthly.
   iv. Check daily if the AC unit is cold to the touch when running.
   v. Review schedules and settings on thermostat monthly.
   vi. Monitor temperature control exhaust fans for abnormal running times indicating radical microclimate developments.

h. Ventilation and odor control
   i. Cultivation areas should have properly balanced ventilation systems;
   ii. All intake fans must be equipped with UV and insect filters maintained in accordance with manufacturer recommendations; and
   iii. Dehumidifier equipment must be installed and maintained as necessary.
   iv. The Director of Cultivation must ensure the regular maintenance of odor control equipment including regular cleanings and filter replacements as often as required.
   v. Odor control equipment must employ activated carbon filtration and be serviced according to manufacturer's recommendations.

i. Recordkeeping
   i. All environmental control adjustments and maintenance records must be entered in the crop management system and maintain for a period of no less than five years.

VI. Review/Revision

Date	Description of the Revision	Approved

Cultivation Manual		
THC Health Inc.	Policy Name	**General Plant Care**
	Policy Number	**1.11**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Agriculture Officer**

I. Description

a. This policy provides information regarding plant care procedures ensure the prevention of plant disorders that require the use of chemicals or pesticides to treat.

II. Rationale/Purpose

a. The company is committed to cultivating healthy plants that provide the highest quality products for patients.

III. Definitions: For purposes of this Policy, the following terms and definitions apply:

a. Biological inputs – natural fertilizers, seed treatments, etc. that promote plant, animal, and human health by stimulating and maintaining natural biological processes in the soil.
b. Botanical inputs – natural inputs made of plant matter.
c. Mineral inputs – organic nutrient inputs made of natural minerals.

IV. Responsibilities

a. The Director of Cultivation shall ensure a healthy cultivation environment.
b. All cultivation employees are responsible for management of plant health care factors as directed by the Director of Cultivation.

V. Procedure

a. Summary
    i. The company must incinerate or destroy all marijuana that is unable to be dispensed to a patient.
    ii. The Director of Cultivation shall be responsible for the implementation and maintenance of all plant care activities including:
        1. Plant selection and genetic diversity.
        2. Environmental control and air quality.
        3. Pest management.
        4. Water application and quality.
        5. Sanitation and hygiene.
        6. Equipment maintenance.
        7. Chemical applications.
        8. Nutritional balance.
        9. Early identification of deficiencies and toxicities.
b. Plant health care checklist
    i. The Plant Health Care Checklist is a guideline for environmental awareness and general operating procedures. The Director of Cultivation shall assign responsibility of tasks, determine frequency, and monitor performance. The items to be monitored include the following:
    ii. Facility
        1. Seal cracks immediately to avoid free moisture and light seepage in cultivation areas.
        2. Maintain proper insulation of walls and pipes.
        3. Utilize aspiration boxes to secure thermostats, environmental control switches, and other critical controls.

4. Maintain pipes and thermostats annually.

iii. Sanitation and hygiene
1. Every person entering cultivation areas must wear the proper attire including clean clothes or uniforms and closed toe shoes that have not been used in external cultivation facilities.
2. Employees must wash hands frequently and after every break.
3. No waste plant material should be left in the open.
4. No trash should remain in the facility longer than twelve hours. Remove trash after every shift.

iv. Environmental control
1. Ensure doors are closed completely to keep areas sealed.
2. Each cultivation employee must be trained to adjust temperature and relative humidity levels.
3. Maintain proper distance between plant canopy and light fixtures.
4. The Director of Cultivation must develop and maintain a power outage plan.

v. Cultivation areas
1. Do not overcrowd plants in cultivation areas.
2. Ensure reflector ducting is well sealed to prevent microclimates.
3. Keep all cultivation areas free of plant litter, spilled dirt, equipment, etc.
4. Remove plant materials from pruning operations throughout the day.
5. Thoroughly disinfect areas weekly and after each harvest.

vi. Environmental Controls
1. Disinfect tools after every shift and every propagation operation and return to their proper place.
2. Do not reuse rooting hormone, discard according to the label instructions.
3. Sanitize pots prior to each use.
4. Hoses must be stored off the floor. Place nozzles upright. Use a ball shutoff valve to prevent spills.
5. Employees must be properly trained on the use of all tools and equipment.

vii. Strain selection
1. Cultivate disease resistant strains whenever possible.
2. Dispose of infected plants, do not move them into any clean areas.
3. Isolate cuttings, seeds, and mother plants away from propagation areas.
4. Check cuttings daily for rot, discard any cuttings with lesions or low root mass.

viii. Plant care
1. Plant density is crucial to yield. Ensure plants have lateral room for branching.
2. Ensure plant foliage is dry prior to dark periods.
3. Irrigate plants as early in the light period as possible and adjust irrigation levels seasonally.
4. Inspect each cultivation area daily for signs of abiotic and biotic disorders.
5. Do not reuse media unless proper procedures including sterilization are implemented to prevent contamination.
6. Ideally, pruning should occur during the second and third week of the vegetative cycle and never in the flowering cycle.

ix. Integrated pest management
1. Early identification of pest infection is crucial. Each cultivation employee must be trained on and responsible for plant inspection and identification.
2. A variety of acceptable mechanical, physical, and biological controls must be implemented.

c. Transplanting and media handling
i. The Director of Cultivation is responsible for overseeing all transplants and media handling during transplants.

ii. The following items must be taken into considerations for each transplanting activity:
    1. Never transplant plants into dry media, and never transplant a dry rootball into media, no matter how wet the media is.
    2. Gently break up compacted bales of soilless media, or "fluff", prior to transplanting.
    3. Avoid compacting containers or media. Containers should be lightly filled with the excess media brushed off the top. Do not stack containers.
    4. Add water to any peat-based media mixes before filling plug trays or pots. This will help to create more aeration. Allow the media to sit overnight after wetting so the pH can begin to adjust itself into a desired range. Failure to do this can result in low pH environments which can impact yield.
    5. Test the media pH, electrical conductivity and wet ability before use.
    6. When transplanting, place a small amount of the moistened media in the bottom and shape around the sides of the container. Place the plant at a level it was formerly at.
    7. When the plant has been transplanted, gently fill in the sides and any air pockets with media.
    8. The following day, observe and correct any air pockets with moistened media after the second irrigation.

a. Disease Management
    i. The Director of Cultivation is required to develop, implement, and maintain management practices to prevent crop pests, weeds, and diseases.
    ii. Disease problems may be controlled through:
        1. Practices which suppress the spread of disease organisms; or
        2. Application of biological, botanical, or mineral inputs.
    iii. Acceptable methods of disease management include, but are not limited to:
        1. Soil, media, and crop nutrient management practices contained herein.
        2. Sanitation measures to remove disease vectors and habitat for pest organisms.
        3. Cultural practices that enhance crop health, including selection of plant species and varieties with regard to suitability to site-specific conditions and resistance to prevalent pests, weeds, and diseases.
    iv. Pest problems may be controlled through mechanical or physical methods including but not limited to:
        1. Augmentation or introduction of predators or parasites of the pest species;
        2. Development of habitat for natural enemies of pests; and
        3. Controls such as lures, traps, and repellents.
    v. Pest problems may be controlled through mechanical or physical methods including but not limited to:
        1. Augmentation or introduction of predators or parasites of the pest species;
        2. Development of habitat for natural enemies of pests; and
        3. Controls such as lures, traps, and repellents.

VI. Review/Revision

Date	Description of the Revision	Approved

Cultivation Manual		
THC Health Inc.	Policy Name	**Crop and Supply Management**
	Policy Number	**1.12**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Agricultural Officer**

I. Description

a. This policy describes the policies developed by the company to provide consistent and effective marijuana products to all of our patients.

II. Rationale/Purpose

a. The company is dedicated to the consistent supply of quality marijuana for further processing to marijuana products needed by patients.

III. Responsibilities

a. It is the responsibility of Chief Executive Officer to oversee the Director of Cultivation.
b. The Director of Cultivation is responsible for crop and supply management.
c. The Director of Cultivation, in coordination with the Director of Manufacturing and Chief Executive Officer will receive demand estimates from the dispensary operations and determine the next quarter's production supply to meet or exceed the demand.
d. When implementing cultivation procedures, the Director of Cultivation must consider the impact on consistency, quality, and efficacy.
e. The Director of Cultivation shall coordinate with the Chief Executive Officer regularly to determine the appropriate level of production anticipating patient needs.
f. The Director of Cultivation must maintain an integrated pest management plan to protect crops from pest related damage and yield reduction including beneficial insect applications.
g. The Director of Cultivation shall develop production schedules that maximize yield and variety in each harvest cycle.
h. The Director of Cultivation shall maintain sufficient records to track, monitor, and make reasonable judgments about the effectiveness of crop management methods implemented.
i. The Director of Cultivation shall report the effectiveness of any change in cultivation procedures to the [Chief Operating Officer] with a detailed analysis of the change in relation to the following items:
    i. Cost;
    ii. Yield;
    iii. Efficiency;
    iv. Employee safety;
    v. Required training;

vi. Potency;
vii. Other test results; and
viii. Feedback from users.

IV. Policy, Procedure, and Protocols

a. The company's dispensary operation will report on strain selection, in addition to demand, to meet or exceed patient expectations and requests.
b. A regular harvest cycle shall be maintained to ensure consistent supply, maximize efficiency, and allow for effective plant management techniques.

V. Review/Revision

Date	Description of the Revision	Approved

Cultivation Manual		
THC Health Inc.	Policy Name	**Propagation**
	Policy Number	**1.13**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Agriculture Officer**

I. Description

a. This policy provides an outline regarding the protocols and management of propagation methods.

II. Rationale/Purpose

a. The company is dedicated to the healthy propagation of plant materials to provide quality marijuana for further processing.

III. Definitions: For purposes of this Policy, the following terms and definitions apply:

a. Propagation - the process of creating new plants from plant sources such as seeds and cuttings
b. Chemotype – a chemically distinct entity in a plant with differences in the composition of secondary metabolites
c. Thrips – minute, slender insects with fringed wings that feed on plants by puncturing them and consuming their contents.
d. Fungus gnat – small, dark flies that lay larvae near plants. Their larvae feed on plant roots and fungi.

IV. Responsibilities

a. It is the responsibility of the Chief Executive Officer to oversee the Director of Cultivation.
b. The Director of Cultivation is responsible for the propagation of all crops.

V. Policy, Procedure, and Protocols

a. General Procedure
    i. All propagation material must be properly identified by genus, species, variety, and chemotype.
    ii. The Director of Cultivation must ensure that all plants are traceable to origin, and are free of pests and disease. To reduce the occurrence of male plants, which causes seed fertilization, cutting of female (or mother) plants will be the primary method of propagation of the company. Restricting male plants allows the female plants to produce more flowers and cannabinoids.
    iii. Mother plants will be selected by observing which appear to be the healthiest and strongest plants. In addition, plants expressing a lack of chlorophyll through a yellow coloring will not be considered for propagation.

iv. The Director of Cultivation must ensure that the presence of male plants and different species, strains, or different plant parts are monitored and removed if present during the entire production process (propagation, cultivation, harvest, drying and packaging).

b. Inspection of material
    i. The Director of Cultivation must evaluate all propagation material to ensure that it is free of pests and diseases as necessary to guarantee healthy plant growth.
    ii. The Director of Cultivation must examine propagation material to make sure that it is free of weeds or other species that are not the species to be cultivated.
c. Records required
    i. Cultivation employees who propagate marijuana plants from seed, cutting, tissue culture, or any other means must keep accurate records to be entered into the inventory management system.
    ii. Records must accurately identify and record the seeds or vegetative planting stock as to genus and species, and to subspecies, variety, cultivar, and/or hybrid if applicable.
d. Strain selection
    i. The Director of Cultivation in coordination with the Chief Executive Officer and Director of Manufacturing shall determine the mix of strains to be cultivated.
    ii. The following items should be considered when determining strain selection:
        1. The availability of the strain;
        2. Medicinal benefits;
        3. Other strains currently in production;
        4. Average yield;
        5. Length of cultivation cycle;
        6. Patient demand;
        7. Amount of plant material and quality available for extraction; and
        8. Difficulty of processing.
e. Clones
    i. The company will primarily propagate through taking cuttings, or "clones" from mother plants. Cuttings will be taken from mother plants in the vegetative stage only.
    ii. The R&D lab may implement tissue culture procedures in coordination with the Director of Cultivation.
    iii. Employees responsible for cutting and transferring clones must be thoroughly trained on how to assess mother plants as well as cut and transfer clones using methods outlined by the company.
    iv. Training should include the following items:
        1. Assessing and selecting mother plants;

2. Preparation for cutting clones;
3. Procedure for cutting clones, including root hormone applications;
4. Transplanting clones; and
5. Clone care, organization, and tracking.

f. Sanitation

i. The Director of Cultivation must evaluate all propagation material to ensure that it is free of pests and diseases as necessary to guarantee healthy plant growth.

ii. It is the company policy to enforce strict sanitation standards throughout all operations including propagation. Young plants are more susceptible to pests and disease and require additional prevention measures.

iii. The Director of Cultivation is responsible for ensuring that preparation procedures are followed prior to propagation, and that the workspace involving propagation is sanitized before and after each propagation task.

iv. The following checklist shall be used to record propagation sanitation procedures:

Weekly:

1. Cleaning and drying trays;
2. Count thrips and fungus gnat found on traps, and replace traps;
3. Disinfect stakes, clothespins, or any other tool used to support clones; and
4. Replace mop heads.

Daily Clean Up:

1. Vacuum and mop floors;
2. Disinfect all surfaces and work spaces;
3. Disinfect tools and put away;
4. Check fans, lights, heaters, and domes;
5. Transfer logbook information to calendar; and
6. Spray or vent domes if necessary.

VI. Review/Revision

Date	Description of the Revision	Approved

Cultivation Manual		
THC Health Inc.	Policy Name	**Spray and Feed Protocols**
	Policy Number	**1.14**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Agriculture Officer**

I. Description

a. This policy outlines a regulatory timeline protocol to spray and feed each plant with vitamin rich, organic micronutrients and keep each crop's moisture level at the desired level based on specific strain.

II. Rationale/Purpose

a. The company is committed to cultivating healthy plants that provide the highest quality products for patients. Spray and feeding protocols are required to ensure proper crop applications.

III. Definitions: For purposes of this Policy, the following terms and definitions apply:

a. Tyvek – a synthetic material consisting of high-density polyethylene fivers often worn for protection due to its' strong, difficult tear.
b. HVAC – technology used for environment control, providing plants with the proper indoor ventilation system for their needs.
c. PPE - personal protective equipment worn for safety.

IV. Responsibilities

a. The Director of Cultivation must maintain a current plant spraying and feeding protocol.
b. Each cultivation employee must review the spraying and feed protocols daily.
c. Each employee is responsible for following the established protocol unless otherwise directed by the Director of Cultivation.

V. Policy, Procedure, and Protocols

a. Procedure
    i. All crop applications must follow established spraying and feeding protocols established by the Director.
    ii. Any variance from the published protocol must be recorded in the procedure variance log in the crop management system. Records of published protocols should be maintained for thirty-six months at a minimum. The protocol must detail for each strain in production:
        1. Product to be applied.
        2. Reason for application.
        3. Method of application.
        4. Frequency of application.
        5. Next scheduled date of application.

6. Employee responsible for next application.
7. Status of lights, HVAC, and air circulation during application (i.e. lights on, HVAC off, and fans off).
8. PPE required for application (i.e. mask required, Tyvek suit optional).
9. Restrictions preventing application (i.e. do not apply within four hours of any foliar application).
10. Life Cycle Stage restrictions - (i.e. apply in vegetative state only or may be applied in all stages).
11. Re-entry intervals.
12. Posting requirements.
13. Other precautions (i.e. cover medium).

VI. Review/Revision

Date	Description of the Revision	Approved

Cultivation Manual		
THC Health Inc.	Policy Name	**CO_2 Systems**
	Policy Number	**1.15**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Agriculture Officer**

I. Description

a. This policy describes the purpose for implementing a supplementary CO_2 system to help increase yield turnouts and healthier crops.

II. Rationale/Purpose

a. The company is committed to cultivating healthy plants that provide the highest quality products for patients. CO_2 systems may be used in cultivation to improve crop health and increase yields.

III. Definitions: For purposes of this Policy, the following terms and definitions apply:

a. Ppm or (parts per million) – a measure of the concentration of a solution

IV. Responsibilities

a. The Director of Cultivation must maintain any CO_2 systems used in the operation.
b. Each cultivation employee is responsible for following the compliance of all safety protocols established by the company.
c. The Director of Cultivation must ensure that all CO_2 sensors are positioned near the center of the crop and not near a CO_2 outlet.
d. The Director of Cultivation must also ensure that there is proper ventilation to provide an exchange of air when using CO_2.

V. Policy, Procedure, and Protocols

a. Policy
    i. Implementing a supplementary CO_2 system can increase yield by 20-40% and is very common in agriculture.
    ii. Generally, CO_2 levels should be about 900 ppm and no more than 1100 ppm.
    iii. The company shall ensure that all employees and employees are thoroughly trained on how to identify CO_2 poisoning, for both plants and humans, and how to respond appropriately to both of these situations.

VI. Review/Revision

Date	Description of the Revision	Approved

Cultivation Manual		
THC Health Inc.	Policy Name	**Water Quality**
	Policy Number	**1.16**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Agriculture Officer**

I. Description

a. The company ensures only the use of quality water for all operational procedures in order to maintain the highest quality and purity of marijuana.

II. Rationale/Purpose

a. It is corporate policy to ensure the proper environment for optimal plant health and environmental safety.
b. The company ensures the cultivation facility's water supply is properly maintained in accordance with the company's policies and procedures.

III. Definitions: For purposes of this Policy, the following terms and definitions apply:

a. Irrigation – the artificial application of water to the soil of the plants to assist in the growth and health of each crop.
b. Pythium – a species of plant parasites.

IV. Responsibilities

a. The Director of Cultivation shall be responsible for implementation and maintenance of this policy.
b. All cultivation staff is responsible for compliance with the policies, procedures and protocols dictated by this policy.

V. Policy, Procedure, and Protocols

a. Policy
    i. The company recognizes the limited water resources that exist. Water conservation is a primary goal of our operations.
    ii. The Director of Cultivation shall consistently review water resources, quality, and technological advancements in relation to cultivation.
    iii. The Director of Cultivation, in coordination with the Chief Executive Officer, shall report to the executive management team any opportunities for conservation and efficiencies in the cultivation operations.
    iv. The Director of Cultivation must ensure that cultivation operations comply with all state and local water regulations applicable.
b. Water quality requirements
    i. Cultivation employees must identify all water used on any marijuana crop in the crop management system including its source (i.e. well, gray

water system, water supply company, or other sources) if the water did not originate from the municipal water supply.

ii. The Director of Cultivation must test the water source quarterly, after any unusual natural event (flooding), and when PPM/pH readings change significantly. Testing must identify pathogenic microbes that may be present in water supplies (e.g., E-coli and other coliforms), heavy metals, pesticide residues, or other contaminants. Maintain records of all results in the crop management system.

iii. All water used in the facility must, at a minimum, meet Human Health Standards for water quality.

c. Equipment maintenance

i. The Director of Cultivation is responsible for maintenance of hoses, irrigation systems, and other equipment that may contaminate water or marijuana crops.

ii. Irrigation systems must be in good working condition to prevent wasting of water and to avoid high soil moisture levels that may contribute to mold and fungal problems.

iii. If reverse osmosis (RO) and Ultra-violet light systems (UV) or other water quality systems are utilized, they must be professionally serviced in accordance with manufacturer's recommendations. Filters, and other parts that come in contact with water must be cleaned and replaced as often as needed to prevent contamination. Maintenance activities must be recorded in the crop management system.

d. Water quality and irrigation checklist

i. All employees must be trained on the proper handling and storage of water with a focus on avoiding contamination.

ii. Water and nutrient solutions should not sit in the open environment for longer than four hours. If agitation and aeration pumps are used in holding containers it may sit in the open environment for no longer than twenty fours.

iii. Do not drain nutrient solutions into a public drain without confirming with the cultivation manager the disposal is in accordance with applicable laws and regulations and in accordance with the manufacturer's recommendations.

iv. Disinfect spray nozzles immediately if they come in contact with a contamination source. Keep hoses away from media and compost. Clean hoses as needed.

v. Plants should be watered in a manner that adequately contains the water to avoid run through. Only highly trained employees should be responsible for irrigation. Cannabis has a low crop coefficient and should typically require approximately 5 gallons per 45 sq ft.

vi. If automated irrigation systems or flood tables are used, employees must be trained to mitigate for equipment failure.

vii. Group plants by strains for watering efficiency. Maintain water and nutrient solution application information in the crop management system.

viii. If municipal water supplies are utilized, the Director of Cultivation must test quality and nutrients levels quarterly and make necessary adjustment to nutrient solutions.

ix. Irrigation equipment must be professionally maintained per the manufacturer's recommendations. Any parts that may be a source of contamination must be cleaned and replaced as often as needed.

x. Programmable irrigation equipment should be inspected daily to ensure accuracy of applications.

xi. If plants are flooded or root balls remain in high moisture, careful inspection for Pythium induced root rot must be performed regularly.

xii. Check for signs of water quality changes daily including:
    1. Build-up of lime scale indicating high calcium and magnesium or sulfate.
    2. Red and black particles and stained fixtures indicating high iron or manganese.
    3. Salty taste indicating increased levels of chloride.
    4. A rotten odor and tarnished copper indicating sulfides.

xiii. Document all watering activities, including water source, water volume, which plants, and when.

VI. Review/Revision

Date	Description of the Revision	Approved

Cultivation Manual		
THC Health Inc.	Policy Name	**Integrated Pest Management**
	Policy Number	**1.17**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Agriculture Officer**

I. Description

a. Integrated pest management protocols ensure the prevention of pest infestation utilizing natural and organic methods.

II. Rationale/Purpose

a. The company is committed to cultivating healthy plants that provide the highest quality products for patients

III. Definitions: For purposes of this Policy, the following terms and definitions apply:

a. Integrated pest management (IPM) - is an ecosystem-based strategy that focuses on long-term prevention of pests or their damage through a combination of techniques such as biological control, habitat manipulation, modification of cultural practices, and use of resistant varieties.
b. Biological controls – natural fertilizers, seed treatments, etc. that promote plant, animal, and human health by stimulating and maintaining natural biological processes in the soil.

IV. Responsibilities

a. The Director of Cultivation shall ensure a healthy cultivation environment.
b. All cultivation employees are responsible for management of plant health care factors as directed by the Director of Cultivation.

V. Procedure

a. Summary
    i. The goal of integrated pest management (IPM) is to apply a combination of control methods to prevent, reduce, or maintain pest populations at non-damaging levels. A summary of pest identification, prevention and treatments are explained below.
    ii. Pesticides should only be used as a last resort.
    iii. The Director of Cultivation must implement and monitor IPM practices to predict potential levels of crop damage, mitigate risk, and control pests.
    iv. Early identification of pest infections is crucial. Each cultivation employee must be trained on and responsible for plant inspection and identification.
    v. A variety of mechanical, physical, and biological controls must be implemented.
b. IPM Prevention methods utilized:

i. Cultural practices such as spacing, pruning, and sanitation can help with pest prevention.
ii. Ensure there are no open cracks in cultivation areas.
iii. Intercropping when growing outdoors.
iv. Maintaining a controlled environment.
v. Traps should be used at all times.

c. IPM Suppression methods utilized:
    i. Cultural practices such as spacing, pruning, and sanitation can help with pest prevention.
    ii. Cultural practices including pruning and immediate removal of diseased plants.
    iii. Biological controls.
d. The following items must be considered when developing the IPM program:
    i. Current status of infestation
    ii. Regulatory considerations
    iii. Public perception
    iv. Pest and crop life cycle stage
    v. Location
    vi. Size
    vii. Density
    viii. Potential to spread
    ix. Environmental impacts
    x. Previous results of measures
    xi. Measurability
e. Acceptable methods of IPM may control pests through:
    i. Mechanical or physical controls including but not limited to traps, light, or sound.
    ii. Lures and repellents.
    iii. Substances to prevent or control pests.
f. Cross-contamination prohibited .
    i. The Director of Cultivation may use substances to prevent or control pests provided, that, measures are taken to prevent contact of the organically produced products or ingredients with the substance used.
g. Management Practices
    i. Cultural practices such as spacing, pruning, and sanitation can help with pest prevention.
    ii. The Director of Cultivation may implement any practice allowed by the USDA Organic Standards. Regular IPM practices include, but are not limited to:
        1. Daily monitoring of pest populations;
        2. Removal of pest habitat, food sources, and breeding areas;
        3. Utilization of verified “pest-free” supplies;
        4. Prevention of access to handling facilities;

5. Management of environmental factors, such as temperature, light, humidity, atmosphere, and air circulation, to prevent pest reproduction;
6. Disposition of infected crops; and
7. Evaluation of the cost or prevention in relation to yield and quality improvements.

h. Recordkeeping
    i. When a nonsynthetic or synthetic substance is utilized to prevent or control pests, the crop management system must be updated to reflect the use of such substances and methods of application.
    ii. The record must include a list of all measures taken to prevent contact of the organically produced products or ingredients with the substance used.
    iii. The Director of Cultivation must ensure the accuracy of log entries.
i. Certified applicator license required
    i. If pesticides, herbicides, insecticides, or fungicides, whether from natural or synthetic sources, are used on a crop, only cultivation employees trained by a third-party as a Certified Applicator should apply these at the labeled minimum effective ratesIPM Prevention methods utilized:
j. Pesticide regulations
    i. Cultural practices such as spacing, pruning, and sanitation can help with pest prevention.
    ii. Pesticides include rodenticides, insecticides, bacteria/fungi (beneficial), herbicides, arachnicides, miticides, molluscicides, nematocides, growth regulators and others.
    iii. All pesticide applications must be compliant with:
        1. Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA);
        2. Superfund Amendments Reauthorization Act (SARA);
        3. Community Right to Know Act (EPCRA);
        4. Occupational, Safety and Health Act (OSHA); and
        5. State and local laws.
k. Label recommendations
    i. Application and storage of pest control products must be in accordance with label recommendations and all regulations.
l. Beneficial biologicals
    i. Cultural practices such as spacing, pruning, and sanitation can help with pest prevention.
    ii. The Director of Cultivation may implement the use of appropriate biological controls including predatory wasps and mites and nematodes, lacewings, ladybugs, pirate bugs, and others for preventative or mitigation purposes.
    iii. Release of biologicals is most effective between 60°F and 80°F while death occurs at 100^{o}(F) Releases of predatory mites may be localized, en

masse, or through row augmentation using edge effect near entries to various rooms.

iv. Use of biologicals should be limited to recognized and effective applications.

m. General IPM Checklist for monitoring practices
    i. Quarantine all new plant material entering the cultivation facility for ten days to two weeks.
    ii. Document pest populations, record outbreaks, treatment methods, and results in the crop management system.
    iii. Monitor propagation areas daily. Utilize pest monitoring traps. Record and review the quantity of pest and beneficial insects weekly.
    iv. Do not reuse media including fiber, soil, perlite or hydroton unless it has been sterilized in a procedure implemented by the Director of Cultivation.
n. General IPM Checklist for facility maintenance practices
    i. Keep cultivation areas clean, dry, and free of algae and other clutter and trash. Remove pots of unwanted media from cultivation areas immediately.
    ii. Maintain cracks, window and door frames, drain areas, and floor joints with sealant to limit pest movement.
    iii. Eradicate any weeds or pest habitats surrounding the cultivation facility.
    iv. Use appropriate traps and baits on a regular basis and replace as needed.
    v. Maintain roads near the cultivation facility so they are free of trash and debris that border the road. Irrigate dirt roads to reduce dust and use slow speeds. Overhead irrigation will decrease dust and disrupt the behavior of mite populations.
o. General IPM Checklist for biologicals and pesticides
    i. Release biologicals in accordance with instructions.
    ii. To the greatest extent possible, avoid disruption of biological controls when utilizing organic pesticides.
    iii. Do not apply any chemical substance to the crop in the final three weeks of the flowering cycle.
    iv. Turn off air circulation and ensure the ambient temperature is between 59 and 77 degrees. Do not apply foliar water immediately after applying pesticides.
    v. Adhere to all Restricted Entry Intervals (REI). Place a notice on all points of egress with name of the substance applied and the allowed time of entry.
    vi. All cultivation employees must receive basic Worker Protection Standard training. Training must include recognizing the signs of pesticide poisoning.
    vii. Purchase on demand and use pesticides as soon as possible. Avoid unnecessary storage.

viii. Store pesticides grouped by type in designated areas separated from water sources, maintenance chemicals, nutrients, or supplies in a dry, well-ventilated area.
ix. Dispose of pesticides in accordance with label instructions. Generally, liquid containers must be triple rinsed and punctured before discarding.
x. The Director of Cultivation is authorized to engage necessary services whenever questions about pesticide use or permitting arise.
xi. Monitor all IPM treatments and record observations in the crop management system.

VI. Review/Revision

Date	Description of the Revision	Approved

Cultivation Manual		
THC Health Inc.	Policy Name	**Fertilizer and Soil Management**
	Policy Number	**1.18**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Agriculture Officer**

I. Description

a. This policy provides information regarding fertilizer and soil and media management practices that are developed to ensure plant health through the prevention of contamination.

II. Rationale/Purpose

a. The company is committed to cultivating healthy plants that provide the highest quality products for patients.
b. Fertilizer and soil and media management practices ensure plant health through the prevention of contamination.

III. Definitions: For purposes of this Policy, the following terms and definitions apply:

a. Media – are living microorganisms that grow in organic fertilizers and give aid to the development of the plant.
b. pH – a figure expressing the acidity or alkalinity of a solution
c. Sulphate – a salt or ester of sulfuric acid, containing the anion SO_4^2
d. Monopotassium phosphate – is a soluble salt of potassium and the dihydrogen phosphate ion, which is used as fertilizer, a food additive, and a fungicide.
e. Chemigation - the application of a system maintenance compound through an irrigation system.

IV. Responsibilities

a. The Director of Cultivation shall ensure a healthy cultivation environment.
b. All cultivation employees are responsible for management of fertilizers and soil and media as directed by the Director of Cultivation.

V. Procedure

a. Media policies
    i. The Director of Cultivation shall implement procedures to maintain or improve soil/media organic matter content in a manner that does not contribute to contamination of crops, soil, or water by plant nutrients, pathogenic organisms, heavy metals, or residues of prohibited substances.
    ii. Soil and media temperatures should be maintained below 95°F at all times to prevent root rot.
b. Fertilizer/nutrient policies

i. The Director of Cultivation may implement fertilization methods appropriate for each crop including hand application, ebb and flow systems, and injection systems.
ii. Generally, small fertilizer doses should be applied to crops over a determined period of time to avoid over-feeding and burning of the leaves.
iii. The Director of Cultivation shall only utilize fertilizers that are rated food or pure quality. Nutrient solutions, compost teas, and other substance mixtures applied to plants must be prepared by the Director of Cultivation or a designated, highly trained employee.
iv. Each compost collection must be recorded in the crop management system. Each mixture must be recorded in the system and assigned and labeled with an identification number for application records.

c. Media selection
    i. The Director of Cultivation may utilize any type of media that is safe for cultivation.
    ii. The Director of Cultivation should consider the following when selecting plant media:
        1. Cleanliness;
        2. Saturation rate;
        3. Uniformity;
        4. Availability; and
        5. Cost and cost of nutrient required.

d. Media checklist
    i. The Director of The Director of Cultivation must assign responsibilities for media testing.
    ii. Media must be properly tested prior to each use by pH range of 5.8-6.8, temperature ranging from 65°-70°F, and visually tested for pests.
    iii. Store media tightly sealed and off the ground in a dry location away from cultivation areas.
    iv. Utilize traps for monitoring in and around stored media.
    v. The Director of Cultivation must provide media recipes if mixed.
    vi. Do not reuse soil or media unless it has been sterilized.
    vii. Evaluate soil texturing utilizing the soil triangle found in the cultivation training manual.

e. Manure application including guano
    i. Raw animal manure applied must be composted unless it is incorporated into the soil/medium not less than 120 days prior to the harvest of a plant whose flowers has direct contact with the soil/medium surface or soil; or is incorporated into the soil/medium not less than 90 days prior to the harvest of a plant whose flowers do not have direct contact with the soil surface or soil particles.
    ii. Composted plant and animal materials may be applied to crops if produced through a process that established an initial C:N ratio of

between 25:1 and 40:1; and maintained a temperature of between 131°F and 170°F for 3 days using an in-vessel or static aerated pile system; or maintained a temperature of between 131 °F and 170 °F for 15 days using a windrow composting system, during which period, the materials must be turned a minimum of five times.

iii. The Director of Cultivation must ensure an accurate account is maintained for any compost produced by the company in the crop management system.

f. Media checklist
   i. The Director of The Director of Cultivation is responsible for overseeing all fertilizer mixing.
   ii. When mixing water-soluble fertilizer, it is company policy to purchase only greenhouse grade fertilized for maximum purity and solubility.
   iii. A dust mask and gloves must be worn to avoid contact with fertilizer concentrates and debris.
   iv. All fertilizers must be dissolved individually in hot water before combining.
   v. Do not mix fertilizers containing calcium nitrate with fertilizers containing magnesium sulphate or monopotassium phosphate in their concentrated form. This will minimize the occurrence of insoluble precipitates.
   vi. Fill reservoir with water before adding dissolved fertilizer concentration, and stir/mix constantly while mixing.
g. Fertilizer applications
   i. The Director of The Director of Cultivation must ensure the proper application of chemical fertilizers.
   ii. Chemical fertilizers must be applied in accordance with federal, state and local regulations that are applicable to the specific fertilizer, if any.
   iii. Use in accordance with all label directions; for example, for application rates, for safe handling, etc. Generally, a 50% reduction in suggested feeding rates can be implemented in ebb and flow systems.
   iv. Minimize leaching as much as possible. Avoid allowing water or solutions to overfill pots.
   v. Store chemical fertilizers carefully and according to labels.
   vi. For manure- and/or compost-based fertilizers, monitor for undesirable microbial pathogens through periodic testing that follows approved procedures.
   vii. For manure- and/or compost-based fertilizers that are produced or openly stored on-site, monitor runoff from composting and storage sites.
h. Fertilizer/nutrient solution checklist
   i. Ensure that only properly trained personnel with appropriate PPE apply crop fertilizers under the direction of the Director of Cultivation.
   ii. Spray tanks must never be left unattended and must be emptied and stored after each shift.

iii. The Director of Cultivation must prepare or oversee the preparation of fertilizer solutions.
iv. Mixing areas should be thoroughly cleaned and decontaminated after each mixing operation.
v. Apply fertilizers at a sufficiently early phase in the crop's cycle to allow for an appropriate interval between application and harvest. This practice assures that the fertilizer has fully broken down before the crop is harvested.
vi. The Director of Cultivation must document any sources of information on fertilizer half-life determinations in the crop management system.
vii. Apply water-soluble foliar fertilizers within twenty-four hours of preparation. Such prompt use may optimize effectiveness of the application and prevent microbial contamination of the solution.
viii. Ensure that water used for mixing any soluble fertilizer meets all established criteria for agricultural irrigation water.
ix. Aerate and agitate mixtures in accordance with manufacturer instructions. Pumps must be maintained as necessary and replaced every six months.
x. Test all solutions prior to application for pH/TDS/EC prior to each application. Apply fertilizers in a manner that does not contribute to contamination of water.
xi. All fans must be turned off for foliar applications and the ambient temperature in the cultivation area maintained between 59-70°F during fertilization operations.
xii. Equipment and containers used to hold fertilizer solutions must be cleaned using a triple rinse protocol.

i. Compost teas and materials
    i. Compost teas and compost materials can result in positive coliform results if improperly applied to crops.
    ii. Cultivation employees who apply compost must be properly trained in safe application to prevent contamination of the plant foliage.

j. Chemigation systems
    i. The Director of The Director of Cultivation must assign responsibilities for media testing.
    ii. If chemigation systems are installed in the facility must be professionally maintained in accordance with the manufacturer's recommendations.
    iii. Back flow prevention devices must be installed on all incoming water sources.
    iv. The Director of Cultivation is responsible for monitoring and inspecting all equipment to ensure it is in good working order on a regular basis.
    v. The Director of Cultivation shall also ensure that any spills are cleaned up immediately, runoff is reduced, and irrigation is adjusted to reflect plant needs.

VI. Review/Revision

Date	Description of the Revision	Approved

Cultivation Manual		
THC Health Inc.	Policy Name	**Nutrient Balance**
	Policy Number	**1.19**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Agriculture Officer**

I. Description

a. This policy outlines protocols that apply healthy nutrients to marijuana plants in order to provide the highest quality products that uphold to our high standards.

II. Rationale/Purpose

a. It is the company's policy to ensure all plants are evaluated daily for nutrient imbalances.

III. Definitions: For purposes of this Policy, the following terms and definitions apply:

a. Chlorosis – the yellowing or discoloration of leaf tissue
b. Interveinal – situated or occurring between veins

IV. Responsibilities

a. It is the responsibility of the Director of Cultivation to document all cultivation procedures.
b. It is the responsibility of all cultivation employees to follow documented procedures and to notify the Director of Cultivation of any necessary variance from documented procedures.

V. Policy, Procedure, and Protocols

a. Procedure
    i. Check soil/media ph. Test all new media prior to planting.
    ii. Conduct plant tissue analysis.
    iii. Maintain results in the crop management system.
    iv. Perform mitigation measures determined by the Director of Cultivation.
b. Check daily for signs of deficiencies and toxicities:
    i. N – chlorosis of new leaf tissue, orange-red discoloration on old leaves, small bud structure. No Green veins and free of lesions.
    ii. P – tips of leaves and flowers brown and curl downward. Red/purpling of stem and petioles.
    iii. – older leaf tips burn and curl, petioles and branches redden.
    iv. Ca – leaf margins curl with tip back.
    v. S – chlorosis with black outlines on the leaf and small bud structure. Can mimic N deficiency.
    vi. B – gray spotting or chlorosis, terminal buds turn brown or gray.
    vii. Cl – deficiencies are rare, wilted leaves, bronzing or chlorosis.
    viii. Cu – young leaves wilt and die at the tips and margins.

ix. Fe – interveinal chlorosis with bright green veins and stunted plant growth.
x. Mn – interveinal chlorosis with dull veins, white margins and green halo spotting on young leaves, purple stippling possible, reduced length and number of branches. Toxicity - molted leaves with orange-brown spots.
xi. Mg - interveinal chlorosis (at tips of leaves growing toward the petiole) with bright green veins.
xii. Zn – interveinal chlorosis and green marginal halo around the margin, wavy or wilted leaf margins, fibrous roots, fewer and smaller buds.

c. General guidelines for leaf tissue nutrient levels are as follows:

Nutrient	Desired	Measure
N	2.0-5.0	%
P	0.2-0.5	%
K	1.0-5.0	%
Mg	0.1-1.0	%
Ca	0.1-1.0	%
S	0.1-0.3	%
Fe	50-250	Ppm
Zn	20-100	Ppm
Mn	20-300	Ppm
Cu	5-20	Ppm
B	10-100	Ppm
Mo	0.1-0.5	Ppm
Cl	0.2-2.0	%
Si	0.2-2.0	%
Na	1.0-10	%
Co	0.2-0.5	Ppm
V	0.2-0.5	Ppm

VI. Review/Revision

Date	Description of the Revision	Approved

Cultivation Manual		
THC Health Inc.	Policy Name	**Good Handling Practices**
	Policy Number	**1.20**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Agriculture Officer**

I. Description

a. This policy provides information regarding handling activities including harvest, processing, cure, and storage must be implemented so to prevent contamination of marijuana.

II. Rationale/Purpose

a. The company is committed to cultivating healthy plants that provide the highest quality products for patients.

III. Definitions: For purposes of this Policy, the following terms and definitions apply:

a. Batch – marijuana produced from a single harvest consisting of the same strain.
b. Curing – the process that takes place after the drying process and allows for a few further things to happen that increase the quality of the bud.
c. Grinding – a machine that aids in the breaking down of the cannabis flower and valuable plant matter.
d. Extraction – the extraction of active cannabis compounds for beneficial therapeutic benefits.
e. Plant life cycle - The plant life cycle begins with a seed that will grow to adulthood and form a mature plant. The mature plant will reproduce by forming new seeds before it is harvested, which may begin the next life cycle.

IV. Responsibilities

a. The Director of Cultivation shall ensure a healthy cultivation environment.
b. All cultivation employees are responsible for the proper handling of marijuana to prevent contamination.

V. Policy, Procedure, and Protocols

a. Policy
    i. The Director of Cultivation in coordination with the Inventory Manager must develop, implement, and maintain handling and storage measures that prevent spoilage, molding and other damage to the crop while preparing it for manufacturing and distribution.
b. Types of compliant handling, processing, and storage activities include:
    i. Curing,
    ii. Drying,
    iii. Mixing,
    iv. Grinding,
    v. Churning,
    vi. Separating,

vii. Extracting,
viii. Freezing,
ix. Packaging, and
x. Storing in bulk containers.

c. Processing
    i. The Director of Cultivation in coordination with the Inventory Manager shall develop, implement, and maintain processing practices that protect crops from contamination and maintain the quality of the marijuana.
    ii. Processing refers to the management of the plant throughout harvesting and trimming activities.
d. Types of compliant handling, processing, and storage activities include:
    i. Curing,
e. Scheduling harvest activities
    i. The Director of Cultivation shall schedule harvests with the Inventory Manager when the crops are in a condition that will result in a harvest that meets demand and quality requirements.
    ii. Factors including the life cycle stage of the plants and measured constituent levels (obtained from pre-harvest testing) should be considered, if applicable.
    iii. Harvest operations should take place early in the lighting sequence whenever possible for optimal essential oil preservation.
    iv. All marijuana must be processed in a safe and sanitary manner. Processed marijuana plants must be:
        1. Well cured and free of seeds and stems;
        2. Free of dirt, sand, debris and other foreign matter;
        3. Free of contamination by mold, rot, other fungus, and diseases;
        4. Prepared and handled on food-grade stainless steel tables; and
        5. Packaged in a secure area under surveillance.
f. Processing practices
    i. All processing operations must be performed in limited access areas with full surveillance camera coverage in accordance with security policies and procedures.
    ii. During processing operations, crops must be protected from moisture during harvest, handling, and storage to minimize growth of yeasts and molds.
    iii. During processing operations, crops must be protected from contact with rodents, insects, and other pests to prevent contamination.
    iv. During harvest operations crops must be moved to the trim area as soon as possible after harvest to prevent degradation of the crop.
    v. Harvest containers must be maintained at levels so that no compacting of harvested marijuana occurs.
g. Harvest records
    i. The Director of Cultivation, in coordination with the Inventory Manager, is responsible for the entry of harvest information into the inventory

management system and processing information in the crop processing log in the crop management system.

ii. Harvest records, at a minimum, must include:
    1. The quantity of the harvest;
    2. Dates of planting and of harvest;
    3. A precise description of the cultivation site;
    4. The life cycle stage of the crop at the time of harvest;
    5. Relevant crop conditions throughout its cultivation; and
    6. Beginning and ending processing weights of each batch.

iii. All harvesting activities should be completed within the policies and procedures outlined in the inventory policies of the company.
    1. Processing records should be logged in the crop processing log in the crop management system and at a minimum, must include:
    2. The identification of the facility area in which any processing operation was undertaken for each crop including relevant information about pest control plans and cleaning procedures for the area.
    3. A description of equipment used in all processing operations describing the equipment used for each processing operation and information about equipment maintenance. Equipment information must be sufficient to demonstrate the condition of the equipment at each harvest.
    4. Relevant information to identify the water source for processing including logs and procedures must be sufficient to demonstrate the water quality at each harvest.
    5. A list of each employee working in each processing operation. Relevant information about employees including logs and procedures should be sufficient to also describe the steps that are taken to ensure worker safety and hygiene.
    6. Documentation of drying conditions and times; beginning and ending moisture content of each crop; and any additional information relevant to the drying process.
    7. Beginning and ending weights of each crop shall be maintained in the inventory management system.
    8. The inventory records shall reflect the specific identification of plants that were harvested for processing operations; the date of operations; the beginning and ending weights of each harvest; with sufficient detail to allow trace-back of any packaged lot to its specific cultivation history.

h. Batch recordkeeping required
    i. The Inventory Manager must assign a lot/batch number or other identifying code generated by the inventory management control system to each batch harvested.
    ii. Final batches should not weigh more than twenty pounds for weight trim operations and five pounds for dry trim operations.

iii. Batch identification numbers must remain with each harvest throughout processing.

i. Processing equipment
    i. The Director of Cultivation in coordination with the inventory manager shall ensure all equipment used for harvesting, trimming, curing, or storage is made of non-toxic and non-corrosive materials.
    ii. All equipment must be inspected by an employee to ensure it is in proper working order prior to each use; repairs must be made as necessary.
    iii. Equipment must be maintained in a clean condition ensuring that all parts that come in direct contact with the crop during processing are clean and free of potential contaminants.
    iv. Remnants of any prior processing activity must be removed from equipment prior to each use to prevent cross-contamination.
    v. Harvest containers may not be used for storing or holding non-harvest materials, such as tools or chemicals. Containers must be cleaned and sanitized prior to use in each harvest.
    vi. All necessary personnel must be properly trained in the use of processing equipment, especially mechanized equipment.
    vii. Equipment must be operated in a manner that ensures the safety of the operators and avoids or minimizes damage to the harvested material.

j. Drying/curing policy
    i. The Director of Cultivation must assign post-harvest responsibilities, including trimming, handling, drying, curing, packaging and storage of finished product.
    ii. Mold, pests, and saprophytes (fungi) are potential threats during post-harvest handling. The Director of Cultivation must implement steps to mitigate these threats.

k. Drying/curing practices
    i. Drying/curing areas are restricted to the Chief Executive Officer, Director of Cultivation, and inventory manager.
    ii. All drying/curing operations must be performed in limited access areas with full surveillance camera coverage in accordance with security policies and procedures.
    iii. Drying/curing areas must be maintained to ensure that there is sufficient ventilation for airborne moisture to escape providing adequate air circulation throughout the drying area and sufficient odor mitigation.
    iv. Harvested material shall be placed on clean food-grade surfaces that afford adequate air circulation.
    v. If heaters or other sources of artificially generated heat are used in the drying operation, adequate ventilation of the heating equipment shall be provided and only fuels that will not result in hazardous combustion emissions coming into contact with the crop and thereby contaminating the material will be utilized.
    vi. If using mechanical drying equipment, such as belt, drum, rotary, or oven-tray dryers, all manufacturer instructions and established operating

procedures must be followed to ensure that quality of the plant material is maintained.

l. Packaging, labeling, and storage
    i. The Director of Cultivation in coordination with the Inventory Manager must develop, implement, and maintain packaging, labeling, and storage practices that prevent crop contamination, protect the quality of the marijuana, and properly identify all batches.
    ii. The Director of Cultivation, in coordination with the Inventory Manager, must accurately identify and label all marijuana transferred to bulk storage containers.
    iii. Packaging of bulk marijuana must be in food safe bags or containers approved by the Director of Cultivation. Labeling and packaging must comply with applicable laws and regulations.
    iv. Storage areas are restricted to the Chief Executive Officer, Director of Cultivation, and the inventory manager.
    v. The Director of Cultivation must approve and witness the transfer of marijuana from the drying/curing area to storage.
    vi. Storage areas must have full surveillance camera coverage in accordance with security policies and procedures.
    vii. Bulk packaged crops are to be stored in cool, dry areas away from direct sunlight and exterior walls and off the ground in containers that protect against excessive exposure to air, light, and moisture.
    viii. Crops shall not be stored in the same area with any non-crop items (i.e. cleaning supplies, nutrients, etc).
    ix. The Director of Cultivation shall verify the weights of all harvested crop prior to storage.

m. Packaging and labeling for transfer
    i. Packaging and labeling of bulk stored marijuana for distribution to another location must take place under camera surveillance.

VI. Review/Revision

Date	Description of the Revision	Approved

Cultivation Manual		
THC Health Inc.	Policy Name	**Infected Handler Guidelines**
	Policy Number	**1.21**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Agriculture Officer**

I. Description

a. This policy provides information regarding the preventative protocols to aid in ensuring products and constituents remain unaltered, safe, and pure.

II. Rationale/Purpose

a. It is corporate policy to ensure the safety of our products through policies and procedures that prevent the communication of disease through human contact during the manufacturing process.

III. Responsibilities

a. It is the responsibility of the Director of Cultivation to ensure that all agents handling marijuana and components do not transmit disease or pathogens due to an illness.

IV. Policy, Procedure, and Protocols

a. Procedure
    i. The Director of Cultivation shall monitor the health of all employees.
    ii. In the event the Director of Cultivation believes an agent responsible for the handling of marijuana or components is ill, they shall terminate the employee's shift immediately.
    iii. If upon return to work, the Director of Cultivation still suspects the employee is ill, he or she must require the employee to obtain a physician's release to return to work in the facility.
    iv. The Director of Cultivation shall follow the Infected Food Handler Guidelines issued by the Department of Agriculture and Markets (http://www.agriculture.ny.gov/FS/industry/infectedfood.html).

b. Infested Food Handler Guidelines:
    i. No person excreting Entamoeba histolytica shall work as a food worker, unless the person is no longer clinically ill; and two fecal specimens collected at intervals not less than 24 hours apart have been examined in an approved laboratory or in the laboratory of the State Department of Health (WCL&R) and no Entamoeba histolytica organisms are found. If the person has been treated with a therapeutic regimen specimens should be taken no sooner than 48 hours after completion of therapy.
    ii. No person shall engage in the handling of milk, dairy products, or other foods until clinical recovery from Campylobacter jejuni infection. Exclusion of asymptomatic individuals from food handling is indicated

only for those with questionable hygienic habits; proper hand washing, and the use of disposable plastic gloves or utensils when preparing or serving foods that will not be subsequently cooked should be stressed.

iii. No person shall engage in the handling of milk, dairy products or other foods until clinical recovery from Vibrio cholera infection and until two fecal specimens collected at intervals not less than 24 hours apart have been examined in an approved laboratory or in the WCL&R and no Vibrio cholera organisms are found.

iv. No person shall engage in the handling of milk, dairy products or other foods until recovery from diarrhea or until non-infectious cause has been determined.

v. The food worker shall be restricted from the food service establishment until two cultures taken from both the nose and throat or affected sites at intervals of not less than 24 hours apart, and not less than 24 hours after cessation of antimicrobial therapy have been found free from diphtheria bacilli in an approved laboratory or in the WCL&R.

vi. No person shall engage in the handling of milk, dairy products or other foods until clinical recovery from Giardia lamblia infection. Exclusion of asymptomatic individuals from food handling is indicated only for those with questionable hygienic habits; proper hand washing and the use of disposable plastic gloves or utensils when preparing or serving foods that will not be subsequently cooked should be stressed.

vii. No person shall engage in the handling of milk, dairy products or other foods until at least two weeks after the onset of clinical symptoms of Hepatitis A and no sooner than one week after the onset of jaundice.

viii. Hepatitis A virus can be transmitted by food contaminated by excreta from an infected food worker. When a food worker has a diagnosed case of acute Hepatitis A, health officials have the option of recommending immunoglobulin prophylaxis (IG, immune globulin) to patrons and co-workers. Use of disposable plastic gloves and/or utensils to prevent hand contact with foods that will not be subsequently cooked should be emphasized. Such a recommendation must take into account: (1) the potability of transmission of infectious virus; and (2) the probability of successful intervention of transmission wit the use of IG. IgM antibody testing must be done to confirm Hepatitis A infection.

ix. Any case of poliomyelitis should be reported immediately to the New York State Department of Health, Bureau of Communicable Disease Control.

x. No person shall engage in the handling of milk, dairy products or other foods until clinical recovery from Salmonella infection and until two fecal specimens collected not less than 24 hours apart, but not sooner than 48 hours following discontinuance of antimicrobials, have been examined in an approved laboratory or in the WCL&R and no Salmonella organisms are found.

xi. No person shall engage in the handling of milk, dairy products or other foods until clinical recovery from Shigella infection and until two fecal specimens collected not less than two days after antimicrobial therapy and at intervals not less than 24 hours apart have been examined in an approved laboratory or in the WCL&R and no Shigella organisms are found.

xii. No person shall engage in the handling of milk, dairy products or other foods until the local health officer determines that the risk of transmitting staphylococcal bacteria has been eliminated. Any lesions involved must be completely healed.

xiii. No person shall engage in the handling of milk, dairy products or other foods until the local health officer determines that the risk of transmitting streptococcal disease through food has been eliminated as the result of treatment with penicillin or other effective antibiotic and any skin lesions involved have completely healed. Exclusion may be terminated after 48 hours treatment with penicillin or other effective antibiotics.

xiv. No person shall engage in the handling of milk, dairy products or other foods until two weeks of an approved therapeutic regimen has been completed, and the local health officer determines that the person is no longer at risk of transmitting tuberculosis to others. Tuberculosis is airborne spread, it is not spread through food. These precautions are to protect co-workers and close contacts.

xv. "10 NYCRR 2.28 (b) Typhoid. Until recovery. The patient shall conform to the regulations for the control of typhoid carriers until three successive specimens of feces passed not less than two weeks after the last administration of any antibiotic or chemotherapeutic agent at an interval of not less than five days shall have been examined in an approved laboratory or in the laboratory of the State Department of Health and found to be free from typhoid bacilli; a person who has recovered from typhoid shall not engage in the handling of milk, dairy products or other foods until all secondary or complicating infections incited by the agents of this disease have disappeared and until three successive specimens of feces and urine passed not less than two weeks after the last administration of any antibiotic or other chemotherapeutic agent and at intervals of not less than five days have been examined in an approved laboratory or in the laboratory of the State Department of Health and found to be free from typhoid bacilli. Should the organism of typhoid be present one year after such person has recovered from typhoid, he shall be released from the restrictions for typhoid carriers only with the approval of the State Commissioner of Health."

xvi. No person shall engage in the handling of milk, dairy products or other foods until clinical recovery from vomiting or until a non-infectious cause has been determined.

xvii. No person shall engage in the handling of milk, dairy products or other foods until clinical recovery from Yersinia enterocolitica. Exclusion of asymptomatic individuals from food handling is indicated only for those with questionable hygienic habits; proper hand washing and the use of disposable plastic gloves or utensils when preparing or serving foods that will not be subsequently cooked should be stressed.

V. MANAGEMENT OF FOOD ESTABLISHMENT EMPLOYEES WITH DISEASE TRANSMISSIBLE THROUGH FOOD EMPLOYEE MAY RETURN TO WORK BASED ON

DISEASE	CESSATION OF SYMPTOMS	2 NEGATIVE STOOLS REQUIRED	APPROVAL OF LOCAL HEALTH OFFICER	INITIATION OF ACCEPTABLE THERAPEUTIC REGIMEN	TIME PERIOD SINCE ONSET OF ILLNESS
Amebiasis	X	X	X		
Campylobacter	X				
Cholera	X	X			
Diarrhea	X				
Diphtheria*	X		X		
Giardiasis	X				
Hepatitis A	X				2 Weeks
Polio**	X				
Salmonella	X	X			
Shigella	X	X			
Staphylococcal Disease	X		X		
Streptococcal Disease	X			48 Hours	
Tuberculosis	X		X	2 Weeks	
Typhoid***	X	X (3)	X		
Vomiting	X				
Yersinia	X				

*Negative cultures of throat or affected sites
**Call New York State Bureau of Communicable Disease Control immediately
***3 Stools in acute cases

VI. Review/Revision

Date	Description of the Revision	Approved

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Company Manual		
THC Health Inc.	Policy Name	**Building and Facility Requirements**
	Policy Number	**1.22**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

a. Description

a. This Standard Operating Procedure describes the maintenance building and facility compliance.

b. Rationale/Purpose

a. It is corporate policy to properly identify and organize all building and facility locations used to manufacture and dispense its cannabis products in compliance with all State of New York department regulations.

c. Responsibilities

a. It is the responsibility of all employees to perform any manufacturing, packaging, testing, dispensing or other operations in only the locations designated by the company for that activity.
b. It is the responsibility of all company supervisors to assure their facility operates in compliance with this SOP. They are also responsible for being aware of any problems, which prevent compliance with these SOPs, and for recommending any required revisions or improvements.
c. It is the responsibility of the Chief Executive Officer to ensure all buildings and facilities used in the manufacture, processing, packing, holding or dispensing of cannabis products are of suitable size, construction and location to permit compliance with applicable NYS department regulations.

d. Policy and Procedure

a. Policy
    i. The design and construction features of all buildings and facilities used in the manufacture, processing, packing, holding or dispensing of cannabis products shall be of suitable size, construction and location to facilitate cleaning, maintenance and proper operations. All buildings and facilities shall be maintained in a good state of repair.
    ii. All buildings and facilities shall have adequate lighting and ventilation in all areas for their designated operations. Potable water shall be supplied under continuous positive pressure in a plumbing system free of defects that meet the standards prescribed in the Environmental Protection Agency's Primary Drinking Water Regulations. Drains shall be of adequate size and, where connected directly to a sewer, shall be designed to prevent back-siphonage.

iii. Adequate washing facilities shall be provided, including hot and cold water, soap or detergent, air driers or single-service towels and clean toilet facilities easily accessible to working areas. All trash or other refuse in and from the building and immediate premises shall be disposed of in a timely, safe and sanitary manner.
iv. These documents shall describe in sufficient detail:
    1. Cleaning schedules, methods, equipment and materials to be used in cleaning the facility. Adequate records documenting these activities were performed according to their required schedule and written procedures shall be maintained.
    2. Any rodenticides, insecticides, fungicides, fumigating agents and sanitizing agents shall be used in accordance with the Federal Insecticide, Fungicide and Rodenticide Act. Adequate records documenting the frequency and methods utilized for these activities shall be maintained.

e. Review/Revision

Date	Description of the Revision	Approved

Company Manual		
THC Health Inc.	Policy Name	**Organized Manufactured Areas**
	Policy Number	**1.24**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

a. Description

a. This Standard Operating Procedure describes the organization and design of the manufacturing facility area.

b. Rationale/Purpose

a. It is corporate policy to provide adequate space in its manufacturing facility for the orderly placement of equipment and materials to prevent mix-ups between different production materials, manufacturing supplies, packaging components, labeling, in-process materials or products.
b. Individual areas will be clearly identified for the orderly receipt, storage, manufacturing, packaging and shipment of all products.

c. Responsibilities

a. It is the responsibility of all facility employees to properly store all materials in the designated areas as described in this procedure.
b. It is the responsibility of the facility supervisors to ensure that this procedure is followed.

d. Policy and Procedure

a. Procedure
    i. The manufacturing facility area will be organized to maintain the separation of different materials and provide adequate space for cleaning and storage. The flow of production materials, packaging components, in-process materials, bulk and packaged products through the building shall be designed to prevent product mix ups or contamination. Different operations shall be performed within specifically defined areas of adequate size for that activity.
    ii. All receiving, manufacturing, packaging, warehouse and shipping areas will be maintained in a clean and orderly manner. All materials stored in bags, cartons or containers will be kept off the floor and suitably spaced to permit cleaning or inspection by the use of pallets or other appropriate storage systems.
    iii. Equipment for adequate control of air temperature, pressure, humidity, dust or microorganisms shall be provided when appropriate for the manufacture, processing, packing or holding of cannabis products. Air filtration systems shall be used when appropriate on air supplies to production areas. If air is recirculated to production areas, measures shall

be taken to control the recirculation of dust. In areas where air contamination occurs during production, there shall be adequate exhaust or other air handling systems to control any airborne contaminants.

iv. There shall be separate or defined areas or such other control systems as necessary to prevent product contamination or mix-ups during the course of the following procedures:
    1. Receipt, identification, storage and quarantine of production materials, manufacturing supplies, packaging components and labeling pending the appropriate sampling, testing or examination by the Quality Assurance before release
    2. Storage of released production materials, manufacturing supplies, packaging components and labeling
    3. Manufacturing and processing operations
    4. Storage of in-process materials
    5. Packaging and labeling operations
    6. Quarantine storage of packaged products before release
    7. Storage of finished products after release
    8. Quality Control and laboratory operations
    9. Holding rejected production materials, manufacturing supplies, packaging components, labeling, in-process materials and product before disposition
    10. Product Shipping and Returns
v. Materials will promptly be moved to the appropriate storage area following release from quarantine.
vi. Warehouse and shipping/receiving areas will be swept daily and mopped when needed.
vii. Manufacturing and processing areas will be kept free of clutter and cleaned as appropriate for the operations performed.
viii. The packaging areas will be swept daily and mopped when needed. Such areas will be kept free of items not needed for the current packaging or ass

e. Review/Revision

Date	Description of the Revision	Approved

Company Manual		
THC Health Inc.	Policy Name	**Facility Design and Security**
	Policy Number	**1.25**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

a. Description

a. This Standard Operating Procedure describes the maintenance procedures for facility design and security.

b. Rationale/Purpose

a. It is corporate policy to properly design and operate all facilities utilized for manufacturing, transport and dispensing its cannabis products in compliance with all State of New York Regulation including but not limited to NYS §80-1.13 Security Requirements for Manufacturing and Dispensing Facilities.

c. Responsibilities

a. It is the responsibility of all company personnel to follow this procedure and associated security protocols exactly as written.
b. It is the responsibility of all company supervisors to be knowledgeable of the security protocols for their facility. Supervisors shall ensure their personnel routinely follow all established security procedures. They are also responsible for being aware of any problems, which prevent compliance with these security procedures, and promptly notifying senior management of any necessary revisions or improvements.
c. It is the responsibility of the Compliance Officer to oversee and ensure the proper performance of this Standard Operating Procedure and associated security protocols

d. Policy and Procedure

a. Procedure
    i. Personal protective equipment including safety glasses, lab coats, and gloves should be used.
    ii. All manufacturing and dispensing facilities shall be design with multiple overlapping security systems utilizing commercial grade equipment to prevent and detect diversion, theft or loss of cannabis and cannabis products.
    iii. Individual site diagrams and written security protocols of adequate detail shall be prepared and maintained for each facility based upon a comprehensive security system evaluation of each company location and operations performed at that facility.
    iv. Intricate operating details of the individual security systems for each manufacturing and dispensing facility will be restricted to select

individuals based upon their need to know including any transportation arrangement of cannabis products between facilities. The site design and associated security systems at each manufacturing and dispensing facility shall include each of the following:

1. A perimeter alarm
2. Motion detectors
3. Video cameras in all areas that may contain cannabis and at all points of entry and exit appropriate for the normal area lighting conditions under surveillance. Cameras shall be directed at all facility safes, vaults, dispensing areas, cannabis sales areas and any other area where cannabis may be produced, harvested, manufactured, stored, handled or dispensed. Entry and exit point cameras shall be angled to allow the capture of clear and certain identification of any person entering or exiting the facility.
4. Twenty-four hour recordings from all facility video cameras shall be available for immediate viewing by the department's authorized representative upon request and shall be retained for at least 90 days. Unaltered copies of such recording shall be provided to the department upon written request. Any recording containing information relevant to a pending criminal, civil or administrative investigation or legal proceeding shall be retained, unaltered until the entity conducting the investigation or proceeding notifies the facility that it is not necessary to retain it.
5. A duress silent security alarm signal generated by the entry of a designated code into an arming station in order to signal that the alarm user is being forced to turn off the system
6. A panic audible security alarm signal generated by the manual activation of a device intended to signal a life threatening or emergency situation requiring a law enforcement response
7. A holdup silent alarm signal generated by the manual activation of a device intended to signal a robbery in progress
8. An automatic voice dialer capable of being programmed to send a prerecorded voice message, when activated, to law enforcement, public safety or emergency services agencies requesting dispatch
9. A failure notification system that provides an audible, text or visual notification of any failure in the

surveillance system within five minutes of the failure.

10. The ability to immediately produce a clear color still photo that is a minimum of 9600 dpi from any camera image (live or recorded)
11. A date and time stamp shall be embedded on all recordings, set and synchronized correctly in a manner that does not significantly obscure the picture

iv. Facility security systems shall have the ability to remain operational during a power outage. All security system equipment and recordings shall be maintained in a secure location so as to prevent theft, loss, destruction or alterations.

v. Each manufacturing and dispensing facility shall have an additional back-up commercial grade alarm system that shall detect unauthorized entry during times when no employees are present at the facility. The back-up alarm system shall not be from the same company supplying the primary security system.

vi. Access to any surveillance areas shall be limited solely to persons that are essential to surveillance operations, law enforcement agencies, security system service employees or NYS department's authorized representative. A current list of authorized employees and service personnel who have access to any surveillance room shall be provide to the department upon written request.

vii. Manufacturing and dispensing facilities shall keep all surveillance rooms locked and shall not use such rooms for any other function.

viii. Manufacturing and dispensing facility will be securely locked and protected from unauthorized entry at all times. The outside perimeter of all facilities shall be kept illuminated after dark

ix. All video recordings shall allow exporting of still images in an industry standard format that guarantees no alteration of the recorded image has taken place and can be played on a standard computer operating system. All on-site recordings shall be erased prior to disposal of the facility.

x. All security equipment at each manufacturing and dispensing facility shall be maintained in full operating order and will be tested for proper operation no less than monthly. Records of security tests must be maintained for five years and made available to the department upon request.

xi. All cannabis that is not part of a finished product will be stored in a secure area or location within the registered facility accessible only to the minimum number of employees essential for efficient operation. All packaged cannabis products will be

stored in a department approved safe or vault in such a manner as to prevent diversion, theft or loss.

xii. All approved safes, vaults or any other approved equipment or areas used for the manufacturing or storage of cannabis and cannabis products must be securely locked or protected from entry, except for the actual time required to remove or replace cannabis or cannabis products.

xiii. Keys shall not be left in the locks or placed in a location accessible to individuals who are not authorized access to cannabis or manufactured cannabis products. Security measures, such as combination numbers, passwords or biometric security systems, shall not be accessible to individuals other than those specifically authorized to access cannabis or manufactured cannabis products.

e. Review/Revision

Date	Description of the Revision	Approved

Manufacturing Manual		
THC Health Inc.	Policy Name	**Marijuana Product Current Good Manufacturing Processes**
	Policy Number	**1.26**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

a. Description

a. The good manufacturing practice plan serves to outline procedures for the manufacturing of marijuana products in accordance with good manufacturing processes.
b. This Standard Operating Procedure describes the procedures for the manufacturing of marijuana products.

b. Rationale/Purpose

a. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow to ensure manufacturing of marijuana products with consistent identity, strength, quality, and purity.
b. Ensures the manufacturing of marijuana products is handled in accordance with all company policies and procedures.

c. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. The Chief Agriculture Officer is responsible for oversight of the Quality Assurance Officer and all staffing procedures and facility requirements.
c. All THC Health Inc. manufacturing employees will adhere to the policies and SOPs in this manual.
d. It is the responsibility of all manufacturing personnel to properly manufacture products according to written batch records and accurately document these manufacturing operations.
e. It is the responsibility of the Manufacturing Officer and Formulation Technicians to organize the manufacturing operations in a manner consistent with these procedures.
f. It is the responsibility of the Quality Assurance Unit to monitor these manufacturing and packaging operations and review product batch records.
g. The Chief Agriculture Officer must ensure the Manufacturing Officer is qualified, possesses the appropriate education, training, and experience, or any combination thereof, to perform their job duties in such a manner as to provide assurance that the marijuana product has the identity, purity, strength, and composition that is represented on the label.
h. The Manufacturing Officer must seek out and receive appropriate training as necessary for all employees assigned manufacturing duties.

i. The Manufacturing Officer must ensure each manufacturing operation has sufficient room and storage to prevent cross-contamination and mix-ups of constituents.

d. Policy and Procedure

a. Policy
    i. It is THC Health Inc. policy to maintain written manufacturing procedures designed to assure that its products have the identity, strength, quality and purity defined in their written specifications.
    ii. These written procedures, including any required changes shall be drafted, reviewed, approved by the Quality Assurance Officer and reviewed, approved by the Chief Agriculture Officer.
    iii. These written procedures shall be followed during the execution of all manufacturing and packaging processes. Individual batch records for each lot of product shall be documented at the time of performance. Any deviation from the written procedures will be recorded, justified and approved by the Quality Assurance Officer. No formulation may be changed without the approval of the Department.

b. Manufacturing employee training
    i. The Manufacturing Officer must assign one or more employees to supervise overall sanitation in accordance with the company policies and procedures and manufacturing record specifications. Each of these employees must be qualified by education, training, or experience to develop and supervise sanitation procedures for manufacturing operations.
    ii. All manufacturing employees must receive standard THC Health Inc. training as well as training specific to the department and their work functions including food handling.
    iii. Training shall be provided by the Manufacturing Officer and outside providers as necessary according to the requirements determined in the staffing and training plan.

c. Employee health issues
    i. The Manufacturing Officer is responsible for ensuring that any employee who might be a source of microbial contamination due to a health condition to any product constituent including marijuana or any given contact surface used in operations is prohibited from the manufacturing area until no longer a potential source of contamination. Such measures include the following:
        1. Removing the employee from the schedule until the health condition no longer exists. The Manufacturing Officer may require a doctor's return to work authorization as necessary; and

2. Requiring employees to notify the Manufacturing Officer if there exists or a reasonable possibility exists as a condition of continued employment.

d. Prevention of adulteration
    i. Maintenance schedules must ensure the sanitary conditions of all manufacturing areas and all sanitation and maintenance activities must be recorded in the facility maintenance log.
    ii. Every employee in the manufacturing department must adhere to the hygiene and sanitation practices detailed in SOPs. These hygienic practices include the following:
    iii. Use of clothing or uniforms that protect against the contamination of any constituents of a product (including marijuana) and any contact surface;
    iv. Maintaining adequate personal cleanliness;
    v. Washing hands thoroughly with soap (and sanitizing if necessary to protect against contamination with microorganisms):
    vi. No removable jewelry may be worn during work;
    vii. Gloves are required for handling product constituents at risk for contamination. The gloves must be of an impermeable material;
    viii. Hair nets, caps, beard covers, or other effective hair restraints must be used when necessary;
    ix. Product constituents should be stored in clean and safe conditions according to the item's needs away from employee personal effects, cleaning supplies, and other products;
    x. Personal food items, chewing gum, drinking beverages, and use of tobacco products in manufacturing areas is prohibited;
    xi. Every employee is required to take any other precaution necessary to protect against the contamination of marijuana products; and
    xii. Every employee is required to take any precaution necessary to maintain the security of facility, to prevent unauthorized access to controlled access areas, and to maintain strict control of all marijuana in storage and in-process.

e. Personnel safety
    i. The pH of media and reagents are to be taken when the media and reagents are at room temperature (25 + 2oC) unless otherwise specified on the media/reagent preparation sheet. For agar-based media, the pH is to be taken on a solidified sample.
    ii. The Manufacturing Officer must ensure all department specific safety equipment needed is provided and maintained. For example, all personal protective equipment required by the MSDS record for solvents and gases must be provided to an employee handling the materials and at least one emergency eye flushing station is readily accessible to all employees handling dangerous materials. Protective clothing, including

lab coats, gloves, hair nets, facial hair nets, safety goggles, and shoe covers should be worn during activities that expose employees to product, hazardous materials, and sanitized work spaces.

iii. The Manufacturing Officer is responsible for the implementation of policies and procedures to protect personnel in all operations and provide personnel with adequate safety training to comply with these policies. Such policies must be in compliance with safety policies and be similar to personnel safety policies in similar operations in comparable industries, such as food manufacturers including at a minimum:

1. Employee accident reporting and investigation policies;
2. Fire prevention and response plans;
3. Materials handling and hazard communications policies; and
4. Personal protective equipment policies.

f. Secure and limited access manufacturing areas

i. The manufacturing area must be secured at all times and limited access areas are subject to the policies and procedures defined in the security SOPs.

ii. The Manufacturing Officer must ensure that all manufacturing areas are compliant with security requirements found in the security SOPs. All areas that contain stored marijuana or marijuana in process must be surveyed and secure at all times.

g. Manufacturing areas

i. The manufacturing area must be suitable in size, design, and construction for safe manufacturing operations. The Manufacturing Officer shall not permit any operation in the department that is unsafe or unsuitable for the facility.

ii. Operations must have sufficient space as to promote safe and orderly processes and prevent constituent mix-ups.

iii. Manufacturing areas must be able to be maintained. Any repairs necessary to maintain sanitary conditions must be caused by the Manufacturing Officer as soon as possible.

iv. If a condition exists that prohibits the safe and sanitary manufacturing of marijuana products, the Manufacturing Officer, in his or her discretion may suspend manufacturing operations until resolved.

h. Daily walk through inspections

i. The Manufacturing Officer or designee must visually inspect all manufacturing areas daily to identify potential hazards.

ii. The inspection shall cover at a minimum an assessment of the condition of:

1. Floors, walls, and ceilings must be clean and in good repair;

2. Fixtures, ducts, and pipes must not contaminate product constituents or contact surfaces by dripping, other leakage, or condensation;
3. Aisles or working spaces between equipment must be adequately unobstructed and permit all persons to work and protect against contamination of constituents, contact surfaces, and garments.

i. Separate areas are required for:
    i. Receiving constituents including marijuana, processed oils, packaging materials, cleaning supplies, etc.
    ii. Waste including separate locked storage of marijuana waste.
    iii. Storage of marijuana, in-process marijuana, oils and finished products must be separate from other supplies and secured at all times when not in use.
    iv. Packaging and labeling operations should be separate from manufacturing areas.
    v. Laboratory analysis operations must be separate from manufacturing and storage areas.
j. Manufacturing safeguards include, but are not limited to:
    i. Cleaning and sanitizing equipment, containers, and other contact surfaces;
    ii. Controlling airborne contamination;
    iii. Using sanitary handling procedures;
    iv. Washing or cleaning constituents that contain soil or other contaminants;
    v. Using quality water;
    vi. Performing chemical, microbiological, or other testing, as necessary to prevent the use of contaminated marijuana in infused products;
    vii. Sterilizing, pasteurizing, freezing, refrigerating, heating, pressurizing, controlling hydrogen-ion concentration (pH), controlling humidity, controlling water activity (aw), or using any other effective means to remove, destroy, or prevent the growth of microorganisms and prevent decomposition;
    viii. Storing constituents, in-process materials, and marijuana products appropriately to prevent contamination and adulteration;
    ix. Preventing cross-contamination and mix-ups between contaminated items and clean items; and
    x. Using effective measures to protect marijuana products against adulteration by plastic, glass, metal, or other foreign materials when at risk due to processing equipment or materials.
k. Repairs and maintenance
    i. The Manufacturing Officer in coordination with the Chief Agriculture Officer must ensure all manufacturing areas are maintained in a manner

that prevents the contamination of any product constituents or contact surfaces. The Manufacturing Officer in coordination with the Chief Agriculture Officer are responsible for scheduling and overseeing repairs and maintenance of the manufacturing facility and all manufacturing equipment.

l. Water supply
    i. The Manufacturing Officer must ensure the safety of the water supply used in manufacturing operations. If the manufacturing facility utilizes the same water supply as the cultivation facility, the Manufacturing Officer may obtain water quality reports from the Quality Assurance Officer of Cultivation. The Manufacturing Officer must ensure the manufacturing facility's water supply is maintained in accordance with the policies and procedures found in the policies and procedures.

m. Employee health issues
    i. The Manufacturing Officer is responsible for ensuring that any employee who might be a source of microbial contamination due to a health condition to any product constituent including marijuana or any given contact surface used in operations is prohibited from the manufacturing area until no longer a potential source of contamination. Such measures include the following:
        3. Removing the employee from the schedule until the health condition no longer exists. The Manufacturing Officer may require a doctor's return to work authorization as necessary; and
        4. Requiring employees to notify the Manufacturing Officer if there exists or a reasonable possibility exists as a condition of continued employment.

n. Environmental controls
    i. Adequate ventilation equipment must be provided such as filters, fans, exhausts, dust collection, and other air-blowing equipment, that minimizes odors, dust, and vapors (including steam and noxious fumes) in areas where they may contaminate product constituents or contact surfaces.
    ii. Equipment that controls temperature, humidity, and/or microorganisms must be used as necessary to ensure the quality of the marijuana product.
    iii. When air moving equipment is used, it must be designed, located, and operated in a manner that minimizes the potential for microorganisms and particulate matter to contaminate product constituents or contact surfaces

o. Plumbing
    i. Plumbing, bathrooms, and hand-washing facilities must be compliant and maintained. All draining areas must be maintained so that they do not

contribute to the contamination of product constituents or contact surfaces by seepage, filth or any other extraneous materials, or by providing a breeding place for pests. Waste treatment and disposal systems must be maintained in good working order so that they do not constitute a source of contamination in areas where product constituents or contact surfaces are exposed.

p. Lighting
    i. Sufficient lighting must be provided in:
        1. All areas where product constituents are examined, processed, or stored;
        2. All areas where contact surfaces are cleaned; and
        3. Hand-washing areas and bathrooms.
        4. Safety lighting products must be used when the light bulbs, fixtures, skylights or other glass or glass-like materials are suspended over exposed product constituents.

q. Sanitation requirements
    i. The Manufacturing Officer must ensure all manufacturing areas are maintained in compliance with the sanitation policies. Additionally, all necessary department specific requirements must be developed and enforced by the Manufacturing Officer in order to ensure safe manufacturing areas and unadulterated marijuana infused products.
    ii. The Manufacturing Officer must maintain written procedures assigning responsibility for sanitation and describing in sufficient detail the cleaning schedules, methods, equipment, and materials to be used in cleaning the manufacturing area; such written procedures must be followed, and records of cleaning and sanitation must be kept in the Facility Maintenance Log.
    iii. All THC Health Inc. employees are required to report unsanitary conditions in any manufacturing area to the Quality Assurance Officer.
    iv. UV sterilization door strips and dip tanks should be used in critical locations throughout the manufacturing facility.
    v. Frequent hand-washing is necessary in all manufacturing activities and must be enforced by the Manufacturing Officer. Employees that do not comply with hand-washing requirements may be terminated.
    vi. All manufacturing employees are responsible for the sanitation of manufacturing areas. All critical areas must be clean and free of any contamination risks at the end of each shift.
    vii. Any mold found in the facility must be addressed by a mold removal expert immediately.

r. Hazardous materials
    i. Cleaning compounds and sanitizing employees must be free from microorganisms of public health significance, approved by the EPA, and be safe and adequate under the conditions of use.

ii. Cleaning compounds, sanitizing employees, pesticides, pesticide chemicals, and other toxic materials must be identified, stored, and used in a manner that protects against contamination of product constituents or contact surfaces.
iii. Hazardous materials, including butane and CO2 tanks, and toxic chemicals may not be used or stored in manufacturing areas where product constituents or contact surfaces are manufactured or exposed, unless those materials are necessary as follows:
    1. To maintain clean and sanitary conditions;
    2. For use in laboratory testing procedures, if applicable;
    3. For maintaining or operating the facility or equipment; or
    4. For use in the manufacturing operations.

s. Pest control
    i. The Manufacturing Officer is responsible for surveillance of pest activity and must ensure that pest management activities comply with procedures found in the company's policies and procedures.

t. Waste disposal
    i. All marijuana waste from manufacturing operations must be disposed of in accordance with Waste Disposal SOPs. All other manufacturing waste must be stored and disposed of as to:
        1. Minimize the development of odors;
        2. Minimize the potential for waste to attract, harbor, or become a breeding place for pests;
        3. Protect against contamination of product constituents, infused products, contact surfaces, water supplies, and grounds surrounding the facility; and
        4. Control hazardous waste to prevent contamination of product constituents, infused products, contact surfaces, water supplies, and grounds surrounding the facility.

u. Manufacturing process controls
    i. The Manufacturing Officer must ensure proper controls are applied during all manufacturing processes.
    ii. Written procedures must be developed, implemented, and maintained. Manufacturing records must be documented and kept for a minimum of three years. The Manufacturing Officer must ensure the proper development and maintenance of master manufacturing records and batch manufacturing records, in accordance with U.S. Food and Drug Administration guidelines set forth in Title 21 of the Code of Federal Regulations (CFR).
    iii. The Chief Agriculture Officer shall ensure the Manufacturing Officer has all necessary resources to develop and update manufacturing controls in a manner similar to good manufacturing practices for other similar industries.

v. General procedures
    i. Appropriate procedures must be used to assure that correct product constituents, packaging, and labels are used for marijuana products.
    ii. Manufacturing constituents must be examined for suitability and correctness before processing operations. This examination must be documented in a batch manufacturing record (BPR).
    iii. Marijuana and processed oils used in products must be tested and approved for use prior to processing according to the procedures defined in each batch manufacturing record.
    iv. Work areas must be inspected prior to use to ensure that all marijuana products, packaging materials, and labels have been stored after previous operations. These inspections must be documented in the BPR.
    v. Marijuana containers held for future processing operations must be identified to preclude mislabeling of individual containers, lots, or portions of lots. Identification need not be applied to each individual container but must be sufficient to determine name (including strength, key features of the form or composition, or grade if applicable), quantity of contents, and batch, lot or control number of each container.
    vi. Label printers must be monitored to ensure that labels meet the requirements of the master manufacturing record (MPR) for each batch.
    vii. Packaged and labeled marijuana products must be examined during finishing operations to ensure containers and packages in the batch have the correct label; the correct batch, lot, or control number; and the correct expiration date. Theses examinations must be recorded in the BPR.
    viii. A representative sample must be collected at the completion of finishing operations and must be visually examined for correct labeling and coding; the results must be recorded in the BPR. Sampling must be handled in accordance with the Sample Collection and Retention SOPs.
w. Receiving marijuana product constituents and packaging materials
    i. The Manufacturing Officer must develop, implement, and maintain detailed written procedures for the receipt, identification, storage, handling, sampling, testing, and approval or rejection of marijuana and packaging materials.
    ii. Each container or group of containers for marijuana product constituents and packaging materials must be identified with a distinctive code (i.e. batch, lot, or control number) for each lot in each shipment received for traceability. This code must be used in the BPR.
    iii. Each employee engaged in receiving operations must be trained in process and confirmation of specifications to be met for marijuana product constituents and packaging materials including: identity; strength and composition; and purity, including limits on those types of contamination that may adulterate or may lead to adulteration of marijuana products, such as filth, insect infestation, microbiological

contamination, or other contaminants. The method of administration and any hazards to certain patient populations must be considered when developing specifications.

iv. The supplier's documentation for each shipment must be reviewed to ensure the marijuana product constituents and packaging materials are consistent with what was ordered prior to entering receipt into the inventory management system.

v. Marijuana product constituents and packaging materials must be stored under quarantine until they have been approved for specifications by a trained employee.

vi. Re-inspection of marijuana product constituents and packaging materials must be performed, as appropriate, for identity, purity, strength, and composition and approved or rejected as necessary, e.g., after storage for long periods or after exposure to air, heat or other conditions that might adversely affect the constituent.

vii. Outdated or incorrect labels must be rejected and properly disposed of so that they cannot be used again.

x. Proper allocation of marijuana product constituents

i. Constituents used in a product batch must be weighed, measured, or subdivided as appropriate for the batch according to the MPR.

ii. If a constituent is removed from the original container to another, the new container must be and entered into the inventory management system identified with the following information:

iii. Constituent name, and strength, key features of its form or composition, or grade if applicable;

iv. Batch, lot, or control number;

v. Weight or measure in new container; and

vi. Batch for which constituent was dispensed, including its product name and batch, lot, or control number, and strength, key features of its form or composition, or grade if applicable.

vii. Each container of marijuana product constituent dispensed be examined by a second employee to assure that:

viii. The constituent was approved for use;

ix. The weight or measure is correct as stated in the MPR; and

x. The containers are properly identified.

xi. If the weighing, measuring, or subdividing operations are performed by automated equipment, only one person may be needed to verify items depending on the type of automation used.

xii. Each constituent must either be added to the batch by one person and verified by a second person or, if the constituents are added by automated equipment, only verified by one person.

y. Calculation of yield

i. Actual yields and percentages of theoretical yield must be determined at the conclusion of each appropriate phase of manufacturing, processing, packaging, or labeling of the marijuana product.
ii. Such calculations must be performed by one person and independently verified by a second person; or, if the yield is calculated by automated equipment, be independently verified by one person.
iii. If the percentage of theoretical yield at any process step or at the end of manufacturing falls outside the maximum or minimum percentage of theoretical yield allowed in the MPR, the manufacturing manager must conduct an investigation of the batch and determine, to the extent possible, the source of the discrepancy. The deviation must be documented, justified, and approved by the Chief Agriculture Officer.

z. Process monitoring during manufacturing
i. Process specifications must be established by the Manufacturing Officer for manufacturing process parameters at or during any point, step, or stage where control is necessary to ensure the quality of the batch of marijuana product, and to detect any unanticipated occurrence that may result in contamination, adulteration, or a failure to meet specifications.
ii. The process parameters to be monitored may include, but are not limited to, the following as appropriate: time; temperature; pressure; and speed.
iii. Manufacturing process parameters must be monitored at or during any point, step, or stage where process specifications have been established.
iv. Any deviation from the specified process parameters must be approved by the manufacturing manager, documented, and justified in the Procedure Variance Log.

aa. Labeling procedures
i. The Manufacturing Officer must implement strict controls over labeling operations.
ii. Written, controlled, and supervised procedures must be used for issuance of labels to a manufacturing batch.
iii. Labeling materials issued for a batch must be carefully reviewed prior to use for identity and conformity to the labeling specified in the MPR and BPR. This examination must be documented in the BPR.
iv. All excess labeling bearing batch, lot, or control numbers must be destroyed.
v. Each batch of marijuana product must bear on the label required information as required by regulation.

bb. Manufacturing failures
i. Any unexplained occurrence or discrepancy, and any failure of the product to meet its specifications or requirements, must be documented and investigated. The investigation must extend to any related batches that may have been associated with the same specific failure, discrepancy, or problem; this may include, but is not limited to:
1. Batches of the same marijuana product,

2. Other batches processed on the same equipment or during the same time period, or
3. Other batches produced using the same lots of constituents or packaging constituents.

cc. Sampling requirements

i. A representative sample of each lot or batch of marijuana product must be collected by quality assurance personnel for in-house testing, external testing, and reserve.

ii. In addition to representative samples, other samples should be taken as appropriate. To ensure safe and standardized marijuana products:

1. Monitor the quality of in-process materials during manufacturing.
2. Examine the degree of variability of materials or products.
3. Investigate known or suspected non-conformances.
4. The number of containers and the amount of material or units to be removed from each container as determined by the Quality Assurance Officer must be based on appropriate criteria such as the quantity needed for testing, examination, and reserve; the past quality history of the item; the expected variability of the material or units being sampled; and the degree of confidence and precision required.
5. The containers selected for sampling must be based on rational criteria such as random sampling; directed sampling may be used where appropriate.

dd. Inventory and recordkeeping requirements

i. The Manufacturing Officer must ensure proper inventory management and recordkeeping in accordance with the policies and procedures.

ii. For each shipment of constituents, packaging materials, or other ingredients received from another company for use in manufacturing, a record must be kept of the following:

1. The name, strength, grade, and key features of its form, composition, construction, or functionality, as applicable to the item; and any item code, constituent number, or product number;
2. The quantity as verified by two employees;
3. The manufacturer or supplier from which the shipment was received;
4. The manufacturer's or supplier's lot number, if known;
5. The batch, lot, or other control number assigned to the shipment;
6. The date of receipt;
7. The means by which the shipment is delivered, including where applicable the name of the commercial or private carrier, and

preferably including the name and where applicable the identification number of the delivery person;

8. Inspection, sampling, testing, and examinations performed on the lot, and the conclusions derived;
9. Any treatment, reprocessing, or other deviation performed on the lot prior to use in manufacturing;
10. Disposition of the lot if applicable, including the date and the signature of the person responsible for approving or rejecting the lot and any treatment, reprocessing, or other deviation performed thereon;
11. Record of each use of the lot in manufacturing, including the quantity used, including unit of measure; the name and lot, batch, or other control number of the batch in which the lot is used; and the initials of the employee(s) responsible for removing from storage the necessary quantity for use in the designated batch.
12. A record of any portion of the lot returned from manufacturing to storage, including the quantity returned, including unit of measure; the name and lot, batch, or other control number of the batch from which the portion is returned; and the initials of the employee(s) responsible for verifying the quantity returned.
13. A record of any portion of the lot scrapped from storage, including the quantity, unit of measure, reason, and persons responsible for measuring the quantity.
14. For each batch of marijuana product distributed by the manufacturing operation, a record must be kept of the following:
15. The name, strength, grade, and key features of its form, composition, or functionality, as applicable to the item; and any applicable item code, constituent number, or product number;
16. The manufacturer or packager from which the batch was received, unless it was manufactured or packaged by the operation itself;
17. The batch, lot, or other control number assigned to the batch;
18. The manufacturer's or packager's lot number, if different from the control number of THC Health Inc.;
19. The date of receipt into storage at the manufacturing facility;
20. Where applicable, the means by which the shipment is delivered, including the name of the commercial or private carrier, and preferably including the name and where possible the identification number of the delivery person;

21. Inspection, sampling, testing, and examinations performed on the batch, and the conclusions derived there from, unless such records are contained in manufacturing records for the batch;
22. Any treatment, reprocessing, or other deviation performed on the batch prior to distribution, unless such records are contained in the manufacturing records for the batch;
23. Disposition of the batch by the Manufacturing Officer, including the date and the signature of the person responsible for approving or rejecting the batch for distribution; and the date and the signature of the person responsible for approving or rejecting any treatment, reprocessing, or other deviation performed thereon unless such records are contained in the manufacturing, packaging, labeling or holding operation's manufacturing records for the batch;
24. A record of each distribution of the batch, including the quantity distributed, including unit of measure; the name and address of each company to which, or person to whom, the batch is distributed, unless a system exists to unambiguously cross-reference the name to the corresponding address maintained on file separately; the means by which each shipment is distributed, including where applicable the name of the commercial or private carrier, and preferably including the name and where possible the identification number of the delivery person; and the initials of the persons responsible for removing from storage the necessary quantity for each shipment. Each distribution must be verified by a second person.

ee. Reconciliation and inventory counts

i. The Manufacturing Officer is responsible for maintaining accurate inventory levels and for the reconciliation of the disposition of each batch of manufactured products in accordance with policies and procedures.
ii. The ultimate fate of any scrap, marijuana waste, and any rejected constituents or packaging materials, must be recorded.
iii. Additional department specific inventory measures include, but are not limited to:
    1. After each lot or batch is consumed, a reconciliation must be performed of the quantity received into storage against the quantity used, distributed, and/or scrapped. Such calculations must be performed by one person and independently verified by a second person.

2. Narrow limits must be established, based where possible on historical operating data, for the amount of allowable variation in the reconciliation.
3. When a reconciliation falls outside the allowed limits, the Manufacturing Officer must conduct an investigation of the lot or batch and determine, to the extent possible, the source of the discrepancy. The deviation must be documented, justified, and approved by the Chief Agriculture Officer.
4. Each shipment of marijuana product or waste received at, or distributed by, the operation must be accompanied by an appropriate detail of the chain of custody.

e. Review/Revision

Date	Description of the Revision	Approved

Company Manual		
THC Health Inc.	Policy Name	**Issuance and Operation of a Standard Operating Procedure System**
	Policy Number	**1.27**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

a. Description

a. This Standard Operating Procedure describes the maintenance procedures used by the quality assurance unit.

b. Rationale/Purpose

a. It is corporate policy to operate under a documented system of Standard Operating Procedures (SOPs) designed to assure compliance with all applicable government regulations. This SOP outlines the methods to be followed in writing and implementing this Standard Operating Procedure system.

c. Responsibilities

a. It is the responsibility of all company personnel to follow these procedures as written.
b. It is the responsibility of all company supervisors to be familiar with the written SOPs for their department. They shall ensure their personnel follow these established written procedures. They are also responsible for being aware of any problems, which prevent compliance with these SOPs, and for recommending any required revisions or improvements.
c. It is the responsibility of the Quality Assurance Officer to oversee and ensure all company operations are routinely performed according to these Standard Operating Procedures.

d. Policy and Procedure

a. Procedure
    i. There shall be written Standard Operating Procedures to cover all major steps of any cultivation, manufacturing, packaging, labeling, distribution, dispensing and quality assurance operations.
    ii. SOPs may be written by any company supervisor, manager, director or consultant for areas where there are knowledgeable or have supervisory responsibility.
    iii. All SOPs must be properly approved before taking effect. Approval may be provided by the Quality Assurance Officer responsible for these operations, the Quality Assurance Officer or any other individual authorized in writing by senior company executives.

iv. All SOPs shall be numbered.

Example: SOP # 001 (Initial Version of this SOP)
The numbering of SOPs will be organized in an orderly manner with appropriate suffixes to indicate related procedures.
Example: SOP # 002Receipt and Quarantine of Incoming Materials
SOP # 002A Physical Inspection and Sampling of Unreleased Materials

Revisions may be made in accordance with preceding Paragraphs 2 through 4. Any such revisions will show the effective date of the revision. Revisions shall be numbered to clearly indicate this information.

Material modifications or revisions to Standard Operating Procedures related to the cultivation, processing, manufacturing, distributing or dispensing policies may not be implemented without prior written approval of the appropriate NYS department.
IMPORTANT: This is a NYS regulation. Individual product manufacturing or packaging procedure details may be revised based upon justifiable criteria and production experience, but SOP operating plan requirements cannot be revised without NYS department approval.

v. A current listing of all SOPs will be maintained (see attachment #1) by the Quality Assurance department. This listing will show the current procedure titles, numbers and revision (if any) for all Standard Operating Procedures in effect.
vi. Current copies of the SOPs will be provided to all supervisors for their areas of responsibility. Revisions in a Standard Operating Procedure will be distributed by Quality Assurance to the individual department supervisors along a copy of the current SOP list.
vii. Copies of the SOPs will be made accessible to any employee who is required to follow these procedures and all employees will be advised of the location of these Procedures.
viii. Standard Operating Procedures will utilize a uniform format including the following sections:
    PURPOSE/POLICY
    RESPONSIBILITIES
    PROCEDURE
iv. A current master file of signed, original SOPs shall be maintained by the Quality Assurance department. Obsolete procedures will be clearly marked as outdated and archived.
v. Any necessary variations from these established procedures must be documented by the Director responsible for the operations in question and approved by the Chief Compliance Officer. A written deviation

from any Standard Operating Procedures shall be acceptable for only that single incident. Repeated variances for the same situation from a written procedure shall be addressed by updating the applicable SOP(s).

vi. Any production records or other information required by these SOPs may be documented as either original paper records or other electronic reproductions of the original paper records. Electronic records that can be immediately retrieved from another location by computer or other electronic means shall be considered as meeting these requirements.

e. Review/Revision

Date	Description of the Revision	Approved

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Company Manual		
THC Health Inc.	Policy Name	**Equipment Cleaning Procedures**
	Policy Number	**1.29**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

a. Description

a. This Standard Operating Procedure describes the procedures for cleaning protocols and sterilization used by the Quality Assurance Officer.

b. Rationale/Purpose

a. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow to ensure the proper maintenance of pH meters.
b. This guideline aims to ensure all pH meters are handled in accordance with all company policies and procedures.
c. This protocol describes the method for the operation, three-point calibration, and maintenance of the Oakton 2700 pH meter.

c. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. All THC Health Inc. quality assurance employees will adhere to the policies and SOPs in this manual.
c. It is the responsibility of all employees involved to properly clean assigned equipment and document this equipment cleaning according to these established, written procedures.
d. It is the responsibility of the Director of Manufacturing to assign adequate personnel to clean all production equipment and oversee the proper performance of these written cleaning procedures.
e. It is the responsibility of Quality Assurance to monitor the equipment cleaning and its specified documentation to ensure compliance with this Standard Operating Procedure.

d. Policy and Procedure

a. Procedure
    i. There shall be written procedures established for the cleaning of equipment, including utensils, used in the manufacture, processing, packing or holding of all products. These written procedures, schedules and logbooks shall include:
        1. Assignment of responsibility for cleaning equipment
        2. A description in sufficient detail of the methods and materials used for cleaning and the methods of disassembling and reassembling equipment to assure proper cleaning

3. Removal of all previous batch identification prior to processing the next batch of material
4. Protection of clean equipment from contamination prior to use
5. Inspection of equipment for cleanliness immediately before use
6. All major pieces of equipment will be uniquely identified and have a dedicated equipment cleaning log (see attachment 1).

ii. Based upon the individual equipment design, the following sequence of cleaning operations shall be performed upon the completion of each batch of product. If applicable, a reduced written disassemble and cleaning procedure may be utilized between sequential batches of the identical product brand, strength and dosage form.pH 1.68
    1. Upon the completion of a manufacturing or packaging operation - disassemble or remove all moveable parts so that the equipment can be properly cleaned.
    2. Rinse and/or wipe all exterior machine surfaces with tap water.
    3. Wash the equipment interior with an approved detergent mixed with water and then rinse thoroughly with tap water. Exercise caution to prevent water from entering electrical motors and connections.
    4. Rinse interior and all other product contact surfaces with denatured alcohol and allow to air dry.

iii. The persons performing and double-checking the cleaning shall initial and date the equipment log indicating that the work was performed. All entries in the log shall be in chronological order.
    1. Upon completion, the individual who performed the cleaning shall enter the required information in the equipment cleaning log and inform the Departmental Supervisor to inspect the equipment for completeness of cleaning. If necessary, a flashlight or other source of illumination may be used to facilitate this inspection.
    2. If cleaning has been performed properly, the Departmental Supervisor will check the entry in the cleaning log and sign the cleaning log if he/she approves.
    3. If the Departmental Supervisor does not approve the equipment is clean, the procedure will be repeated. The Department Supervisor will recheck the equipment after it has been recleaned and sign the cleaning log upon approval.

iv. This cleaning, inspection and approval sequence is also performed for all production utensils including mixing paddles, spatulas or measuring devices except the individual utensils are not documented in a cleaning log. Individual cleaning logs are maintained for only the uniquely identified major pieces of equipment.

v. Quality Assurance shall audit or check equipment cleaning and its documentation on a random basis several times a week. Such checks shall include the actual equipment cleanliness (if currently clean) and the timely/accurate cleaning log documentation.
vi. All cleaning records required by this procedure shall be retained for at least five years after distribution of the product manufactured, processed or packaged utilizing that equipment.

e. Review/Revision

Date	Description of the Revision	Approved

Company Manual		
THC Health Inc.	Policy Name	**Equipment Design and Maintenance**
	Policy Number	**1.30**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

a. Description

a. This Standard Operating Procedure describes the maintenance procedures and proper design for all equipment used in operations.
b. The company shall ensure equipment properly maintained and designed to allow for sufficient and efficiency to prevent alteration contamination.

b. Rationale/Purpose

a. It is corporate policy to only utilize equipment for the manufacturing, processing, packaging or holding product of appropriate design, adequate size and suitably located within the facility for its intended use, cleaning and maintenance.

c. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. It is the responsibility of all company personnel to only utilize equipment for its designated manufacturing, processing, packaging or holding purposes.
c. It is the responsibility of each department's assigned personnel product to properly maintain all equipment utilized for the manufacturing, processing, packaging or holding of company products.
d. It is the responsibility of the Manufacturing Officer to oversee and ensure compliance with this Standard Operating Procedure.

d. Policy and Procedure

a. Policy
    i. Equipment shall be constructed so surfaces that contact the components, in-process materials or products shall not be reactive, additive or absorptive and alter the safety, identity, strength, quality or purity of any cannabis product beyond its established specifications.
    ii. Substances required for operation, such as lubricants, shall not come into contact with product components, packaging, in-process materials or finished products and alter the safety, identity, strength, quality or purity of the cannabis product beyond its established specifications.
    iii. Equipment shall be maintained and sanitized at appropriate intervals to prevent malfunctions or contamination that would alter the safety, identity, strength, quality or purity of the cannabis product beyond its established specifications.

iv. Written programs shall be established and followed for the maintenance of equipment used in the manufacture, processing, packing or holding of all products. These written procedures, schedules and logbooks shall include:
    1. Assignment of responsibility for maintaining the equipment
    2. Maintenance schedules, including, where appropriate, sanitizing schedules
    3. A description in sufficient detail of the methods, equipment and materials used in the maintenance operations
    4. All major pieces of equipment will be uniquely identified and have a dedicated equipment maintenance log.
    5. Written records of the equipment maintenance (except for routine in-process adjustments) shall include the date, time and identification of the previous product and lot number processed with that equipment.
    6. The person performing equipment maintenance shall date and sign or initial the log indicating that the work was performed. Entries in the log shall be in chronological order.
    7. Automatic, mechanical or electronic equipment shall be routinely calibrated, inspected or checked according to a written program designed to assure proper performance. Written records of those calibration checks and inspections shall be maintained.

v. Any equipment record that is required to be maintained in compliance with this procedure shall be retained for at least five (5) years after distribution of the product manufactured, processed or packaged utilizing that equipment.

vi. Filters for liquid filtration used in the manufacture, processing or packaging shall be of adequate design for their intended purpose. The use of an asbestos-containing filter is prohibited.

vii. Appropriate controls shall be exercised over computer or related systems to assure that any changes in master production control records or similar documentation are instituted only by authorized personnel. Input to and output from the computer or related system of formulas or other product manufacturing data shall be checked for accuracy. The degree and frequency of input/output verification shall be based on the complexity and reliability of the computer or related systems. Accurate backup files of data entered into computer system shall be maintained.

e. Governing Law or Regulations

a. Title V-A in Article 33 of the Public Health Law

b. Title 10, Chapter XIII, Part 1004 of the Official Compilation of Codes, Rules and Regulations of the State of New York

f. Review/Revision

Date	Description of the Revision	Approved

Company Manual		
THC Health Inc.	Policy Name	**Physical Inspection and Sampling of Unreleased Materials**
	Policy Number	**1.31**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

a. Description

a. This Standard Operating Procedure describes the maintenance procedures and physical inspections and sampling of unreleased materials.

b. Rationale/Purpose

a. It is corporate policy to physically inspect all production materials, packaging components, labeling and manufacturing supplies and to store these materials under quarantine until they are sampled and/or released for use in production.

c. Responsibilities

a. It is the responsibility of all Receiving and Warehouse personnel to properly receive and store all materials as described in this procedure.
b. It is the responsibility of Quality Assurance and designated plant personnel to sample and physically inspect all materials as described in this procedure.

d. Policy and Procedure

a. Policy
    i. All production materials, packaging components, labeling and manufacturing supplies received into the facility are stored in an assigned quarantine area.
    ii. As the shipment is unloaded from the carrier, each container or skid will be inspected for physical damage by the receiving personnel.
    iii. Where extensive damage is found, the material in question should not be permitted into the facility and the receiving or warehouse manager should be immediately notified.
    iv. Any damaged material, which cannot be left on the truck, should be brought to the quarantine area and clearly marked as "DAMAGED" or "REJECTED". This damage must be clearly marked on any shipping documents (bill of lading) BEFORE the driver is permitted to leave the facility.

iv. Where there is slight or moderate physical damage, the material should be more closely inspected in a well-lighted area. The Receiving/Warehouse Manager and/or Quality Assurance will make the decision as whether to accept or return the material.
v. Office supplies, manufacturing equipment, laboratory supplies and other similar items without an assigned Item Number shall be confirmed versus their Purchase Order and delivered directly to the appropriate department.
vi. Quality Assurance shall visually examine each container or grouping of containers for appropriate labeling as to contents, container damage or broken seals and contamination. This visual examination and any sampling shall be documented on the Material Receiving and Inspection Record by the individual performing this inspection.
vii. Unless the material's written specifications specifically state otherwise, a representative sample shall be taken from each shipment and lot of material for testing or examination. The number of containers to be sampled, and the amount of material to be taken from each container, shall be based upon appropriate statistical criteria, supplier history and the quantity needed for examination, analysis or reserve samples.
viii. Appropriate sampling techniques shall be utilized based upon the material being sampled.
    1. The containers shall be cleaned (when necessary), opened, sampled, and resealed in a manner designed to prevent contamination.
    2. Sterile equipment and aseptic sampling techniques shall be used when necessary.
    3. Sample containers shall be identified with the name of the material, item number, vendor lot number, container from which the sample was taken and the name/date of the person who collected the sample.
    4. Containers from which samples have been taken shall be marked to show that samples have been removed from them.
iv. Any materials withdrawn for examination or testing shall be properly stored or destroyed in conformance with its written specification. No sampled materials shall be return to inventory.
v. All unreleased materials will remain in quarantine until Quality Assurance releases the materials for use. See SOP of Quarantined Material.

vi. All information concerning any investigation during the inspection or release process must be documented and kept on file regardless of the decision and final material disposition.
vii. Material Receiving and Inspection Records and associated documentation shall be retained for at least 1 year after the expiration date of the last batch utilizing the material, or in case of general usage materials not applicable to individual production batches for at least five (5) years after its receipt.

e. Review/Revision

Date	Description of the Revision	Approved

Company Manual		
THC Health Inc.	Policy Name	**Drying of Plant Material**
	Policy Number	**1.32**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

a. Description

a. This Standard Operating Procedure describes the protocol for properly curing and drying plant material in accordance to THC Health Inc. policies and pursuant to all New York laws and regulations.

b. Rationale/Purpose

a. It is corporate policy to ensure proper handling of materials throughout the cultivation and manufacturing process while maintaining a safe work environment.

c. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. The Chief Agriculture Officer is responsible for oversight of the Quality Assurance Officer and all staffing procedures and facility requirements.
c. All THC Health Inc. quality assurance employees will adhere to the policies and SOPs in this manual.
d. It is the responsibility of the Cultivation Department to ensure that all raw plant material is dried to before delivering to the Science Department.
e. It is the responsibility of the Cultivation Department to ensure that the plant material is handled appropriately to prevent spoilage and/or molding of materials.
f. It is the responsibility of the Cultivation Department to maintain a sanitary environment for handling plant materials to be used in medicines.
g. It is the responsibility of the Cultivation Department to dispose of any waste materials in accordance with applicable state regulations and written company procedures.
h. It is the responsibility of the Cultivation Officer to assure all department team members properly follow this procedure.

d. Policy and Procedure

a. Procedure
    i. Upon harvest, cultivation specialists shall trim plants and hang them to dry in a secure and sanitary location. Any useable loose plant material shall be placed on hanging mesh trays prior to drying.
    ii. Cultivation specialists shall collect shall any waste or otherwise unusable plant material. Collected waste will be properly labeled and stored in a

limited access area until they can be properly destroyed. See SOP Quarantine and Disposal of Unusable Product

iii. Plant material should be dried until it contains no more than 10% water. Upon completion of drying cultivation specialists shall weigh, label and place the dried raw plant material in airtight containers for use by the Science Department.

b. Policy

i. The Cultivation department shall store all dried plant material in a limited access area.

ii. All dried plant material will be tracked by weight and its labeled identification tag. Any changes in material weight that exceed the currently specified Reconciliation Limit for dried cannabis shall be promptly investigate.

iii. See SOP Inventory Control and Allocation of Released Materials

1. Note: All weights required by this procedure will be confirmed a second member of the Cultivation Department. Automated weighing equipment capable of positively identifying and recording material weights shall be shall be considered as meeting these confirmation requirements.

e. Review/Revision

Date	Description of the Revision	Approved

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Excepted from disclosure in accordance with Public Officers Law § 89(5).

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Manufacturing Manual		
THC Health Inc.	Policy Name	**Environmental Controls for Extraction**
	Policy Number	**1.35**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. The protocols set forth include necessary precautions regarding the operational procedures, manufacturing process, and packaging requirements of marijuana products in order to prevent contamination and mitigate risks while maintaining consistency of product constituents, packaging materials, and infused products.
b. THC Health Inc. protocols regarding extraction environment shall apply to the manufacturing unit.

II. Rationale/Purpose

a. This document is meant to provide a formal outline of the protocols THC Health Inc. shall follow in an effort to maintain a clean, safe, and efficient working environment and extraction facility.
b. Ensures proper procedures are implemented regarding sanitation, quality control, and related safety practices to guarantee consistency and purity of all marijuana-infused products.

III. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for all personnel under his or her supervision.
b. The Quality Assurance Officer must maintain a current protocol for all extraction methods applied.
c. Each manufacturing employee is responsible for following the established protocols unless otherwise directed by the appropriate executive team member.
d. If a condition exists that prohibits the safe and sanitary production of marijuana products, the Quality Assurance Officer may suspend manufacturing operations until resolved.

IV. Policy and Procedure

a. Facility Policies
    i. THC Health Inc. facility areas designated for manufacturing operations will be of suitable size, design, and construction for safe production operations. The Quality Assurance Officer shall not permit any operation in the department that is unsafe or unsuitable.
    ii. THC Health Inc. operations will be designed in such a way as to have sufficient space that enables both safe and orderly processes and prevents constituent mix-ups.

iii. Airborne contamination will be prevented through filtered ventilation systems and the enforcement of employee hygiene and health protocols.
iv. The department containing the CO_2 extraction equipment must be separate from other machinery.
v. The CO_2 extraction facility must contain at least one explosion proof fan connected to the exterior of the building.
vi. Product ingredients and other constituents must be stored in clean and safe conditions according to the item's needs. This storage must be a safe distance away from employee personal effects, cleaning supplies, and other products.

b. Sanitation Procedures
    i. All extraction and production areas must be well maintained. The designated Extraction Technician must observe operation areas daily and inform the Quality Assurance Officer of any repairs necessary to maintain sanitary conditions. The executive team must repair any problems in the facility as soon as possible.
    ii. A daily cleaning and sanitizing of equipment, containers, and other surfaces that comes into contact with marijuana operations must be performed.
    iii. The Director of Manufacturing will implement measures to protect marijuana products against adulteration by plastic, glass, metal, or other foreign materials when at risk due to processing equipment or materials.
    iv. To ensure uniformity, each THC Health Inc. manufacturing employee must adhere to the hygiene and sanitation protocols outlined by the company's Quality Assurance Officer.
    v. Gloves are required for handling product constituents at risk for contamination. The gloves must be of an impermeable material.
        1. In the event of an employee has an allergic reaction to latex, an alternative powder-free, low-allergen (i.e. reduced-protein) glove will be provided.

c. Component materials
    i. Marijuana that contains soil or other contaminants must be mitigated before utilizing these components in extraction operations.
    ii. Chemical, microbiological, or other testing will be performed as often as necessary to prevent contamination of products.
    iii. All constituents, in-process materials, and marijuana products must be stored appropriately to prevent contamination and adulteration.
    iv. The Director of Manufacturing shall enforce strict protocols in order to prevent cross-contamination and mix-ups between contaminated items and clean items.

d. Safety measures

i. The designated Extraction Technician must continuously ensure that there is no detection of any gas leaks. This must be recorded in the daily inspection record.
ii. The CO_2 extraction facility must have proper ventilation systems and a fume hood that will be consistently maintained and updated as needed. The designated Extraction Technician must test the ventilation systems and fume hood during the daily walk-throughs to safeguard proper functionality of both systems.
iii. Each employee is required to take any precaution necessary to maintain the security of facility, to prevent unauthorized access to controlled access areas, and to maintain strict control of all marijuana in storage and products in-process.
iv. Each extraction employee must have a deep understanding and complete know-how of all extraction protocols before they will be granted access to work in the extraction laboratory.

V. Review/Revision

Date	Description of the Revision	Approved

Manufacturing Manual		
THC Health Inc.	Policy Name	**Extraction Safety Controls**
	Policy Number	
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. THC Health Inc. values employee and customer safety above all other operating principles. All policies must be safety focused and similar to personnel safety policies in comparable industries (such as food manufacturers).
b. THC Health Inc. protocols regarding extraction safety shall apply to all of the company's manufacturing units.

II. Rationale/Purpose

a. This document is meant to provide a formal outline of the protocols THC Health Inc. shall follow in an effort to maintain a clean, safe, and efficient working environment and extraction facility.
b. Ensures proper and accurate operational provisions are taken regarding related to safety and to guarantee best practices.
c. Protects the health of all THC Health Inc. employees.
d. Protects the interests of THC Health Inc. in regard to compliance with safety regulations and employer liability.

III. Responsibilities

a. The Quality Assurance Officer is responsible for the implementation of policies and procedures to protect all personnel in all operations.
b. The Quality Assurance Officer must provide all THC Health Inc. employees with adequate safety training to comply with standard operations.
c. The Quality Assurance Officer will consistently ensure all department specific safety protocols are developed and maintained to ensure a safe working environment.

IV. Policy and Procedure

a. Facility requirements
    i. The extraction area must be well ventilated and separate from all other processes. This room will also be independently vented via HVAC and an explosion proof exhaust fan that vents to the exterior of the building.
    ii. The extractor will employ a hood vent over the exit port so that excess CO2 and volatile organic matter is vented properly.
    iii. Volatiles will be vented through a carbon column so that the air emerging is clean and VOC free. The carbon cartridge must be replaced at quarterly intervals.

iv. The processing area will have a CO2 monitor as a safety precaution that will sound when the level of CO2 in the room reaches an unsafe level.
v. The laboratory facility will be equipped with at least one emergency eye flushing station that will be readily accessible to all employees handling dangerous chemicals and materials.
vi. Fire extinguishers will be installed in easily accessible areas throughout the production area.
vii. THC Health Inc. will utilize safety lighting products that will be installed and applied in any area where light bulbs, fixtures, skylights, or other glass-like materials are suspended over exposed product constituents.
viii. For safety purposes, there shall be no visitors permitted into the extraction lab. Visits from state and authorized government officials are permitted pursuant to current state laws and regulations.

b. Equipment safeguards
    i. In the event of a leak, the pressure will no longer be maintained by the Waters system and the pump will shut off. If the pressure exceeds 5000 psi, the system would leak or the limit in the software would shut down the system. The pump is maintained monthly with new seals and all maintenance events are recorded.

c. Equipment safety
    i. The Extraction Officer will follow a general extraction safety checklist to ensure a safe extraction environment for all THC Health Inc. employees.
    ii. THC Health Inc. will provide all employees with the current protective safety equipment required by the Material Safety Data Sheets (MSDS) for handling materials such as solvents and gases.
    iii. Employees will be required to wear all laboratory protective clothing during any activity that exposes employees to any product, hazardous material, and sanitized workspaces. THC Health Inc. will supply all employees with laboratory uniforms, including protective lab coats, gloves, hairnets, facial hairnets, safety goggles, and shoe covers.
    iv. THC Health Inc. uniforms will be designed for durability, sanitation, and shielding defense

d. Training requirements
    i. Employees must be properly trained to carefully assess all possible operation situations before approaching any potential threat.
    ii. The Quality Assurance Officer must map a safe escape route out of the facility in the event of any emergency.
    iii. All employees must be trained how to execute these safe escape routes in the event of any emergency.
    iv. All employees must be trained how to properly disengage all extraction equipment if possible and only if it is safe to do so.
    v. Employees will be required to review all extraction equipment manufacturers' training manuals and comprehend emergency and incident response protocols that detail emergency procedures.

V. Review/Revision

Date	Description of the Revision	Approved

Company Manual		
THC Health Inc.	Policy Name	**Master Production Forms and Issuance of Batch Records**
	Policy Number	**1.37**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. This Standard Operating Procedure describes the maintenance THC Health Inc. Master Production Forms and batch issue records.

II. Rationale/Purpose

a. It is corporate policy to maintain both Master Production Control Forms and individual lot Manufacturing or Packaging Batch Records that accurately document each step in the production of cannabinoid concentrates, bulk in-process product, finished product packaging and its labeling.

III. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. It is the responsibility of the Manufacturing Officer to ensure Master Production Control Forms provide adequate detailed instructions for the reproducible manufacturing, packaging and labeling of all products.
c. It is the responsibility of the Quality Assurance Officer to ensure Master Production Control Forms meet applicable standards and assure adherence to these SOP requirements.
d. It is the responsibility of Quality Assurance to properly maintain the approved Master Production Control Forms and to issue individual Manufacturing or Packaging Batch Records.
e. It is the responsibility of all manufacturing personnel and their managers to perform their manufacturing, packaging or labeling operations as described in the issued Batch Record.
f. All THC Health Inc. quality assurance employees will adhere to the policies and SOPs in this manual.

IV. Policy and Procedure

a. Procedure
    i. Master Production Control Forms will be prepared/signed/dated by manufacturing and approved/signed/dated by compliance for the production of cannabinoid concentrates, in-process materials, bulk unpackaged product, finished product packaging and its labeling.
    ii. Individual Master Production Control Forms will have adequate brand strength specific instructions to reproducibly manufacture cannabinoid

concentrates, in-process or bulk product and finished packaged, labeled product. These forms shall include the following:

1. Product name, strength, dosage form and batch size
2. Space for a unique batch record number and expiry dat
3. Name and measure of each component and a statement of the total dosage units
4. Operation start-up and completion dates
5. Complete manufacturing and control instructions, sampling and testing procedures, specifications, special notations and precautions to be followed
6. Production material, packaging component, labeling or sample accountability
7. Actual yield, percent of theoretical yield and acceptable yield limits
8. Quality Assurance review and approval

iii. Master Production Control Forms for the manufacture of each brand of bulk finished product (prior to packaging) shall be formulated to provide not less than 100 percent of the total Tetrahydrocannabinol (THC) and total Cannabidiol (CBD) concentrations as defined in the brand's established product specifications.

iv. Approved Master Production Control Forms are maintained by Quality Assurance to ensure the accuracy and reproducibility of all manufacturing and packaging operations.

v. Quality Assurance shall issue individual Manufacturing or Packaging Batch Records for each lot of cannabinoid concentrate, in-process, bulk or finished product upon request from production. Individual Batch Record shall be an accurate copy (Xerox) of the current, approved Master Production Control Form. All individual batch record shall be assigned a unique, sequential lot number, signed and dated by Quality Assurance at time of issuance.

vi. Individual batch record lot numbers will be assigned utilizing a 5-digit numbering system based upon the following format:

1. 1st digit - calendar year when the batch record is issued
2. 2nd & 3rd digits - month when the batch record is issued
3. 4th & 5th digit - sequential number in order of issuance for that month and year
4. Example: 50409 = 9th batch record issued in April 2015

vii. Packaging batch records will utilize the same lot number as their final bulk (unpackaged) product and may be further identified by a unique letter (A, B, C, etc.) if this lot of product is subdivided and packaged in different packaging sizes or formats.

b. Policy

i. Quality Assurance shall maintain a Batch Record log for all assigned lot numbers. This log will include the following information:

1. Product name and/or strengths
2. Assigned lot number (see 6 above)
3. Batch or packaging run size
4. Issued by and date
5. Final disposition and date

i. The individual batch records are retained in the applicable manufacturing or packaging area and properly documented by department personnel during all phases of production.

ii. After completion of all indicated operations and reconciliation by manufacturing, individual batch records will be reviewed and approved by the Quality Assurance for compliance with all established written procedures before a batch is released or distributed.

iii. Any unexplained discrepancy (including a percentage of theoretical yield exceeding limits) or the failure of a batch to meet any of its specifications shall be thoroughly investigated.

iv. A written record of the investigation shall be made including any conclusions and follow up.

v. All finished product manufacturing and packaging batch records and any investigations required by this procedure shall be retained for at least at least one (1) year after the expiration date of the individual batch.

vi. Manufacturing batch records for cannabinoid concentrates or other in-process materials shall be retained not less than eight (8) years regardless of their expiry interval.

V. Review/Revision

Date	Description of the Revision	Approved

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Company Manual		
THC Health Inc.	Policy Name	**Product Packaging and Labeling Requirements**
	Policy Number	**1.41**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. This protocol describes the method for the operation protocols pursuant to all laws, regulations, and THC Health Inc. policies required for packaging and labeling.

II. Rationale/Purpose

a. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow to ensure the proper packaging and labeling protocols.
b. It is corporate policy to package all cannabis products in child-resistant, tamper-proof/tamper-evident, light-resistant packaging and fully document all packaging or labeling operations. Multiple dose product containers shall include a re-sealable package design that minimizes oxygen exposure.

III. Responsibilities

a. It is the responsibility of assigned packaging and labeling personnel to follow all requirements of this Standard Operating Procedure
b. It is the responsibility of the Site Operations Manager to ensure all packaging and labeling operations are performed in compliance with this Standard Operating Procedure.
c. It is the responsibility of the Quality Assurance Officer to confirm all selected packaging formats and packaging component specifications meet applicable NYS requirements.
d. All THC Health Inc. quality assurance employees will adhere to the policies and SOPs in this manual.

IV. Policy and Procedure

a. Policy
    i. Product containers and closures shall not be reactive, additive or absorptive so as to alter the safety, strength, quality or purity of the cannabis product beyond its written product specification requirements. Container closure systems shall provide adequate protection against foreseeable external factors in storage and use that can cause deterioration or contamination of the product. Product containers and closures shall be clean and free from particular matter.
    ii. Any labeling or packaging materials meeting its written specifications will be approved and released for use. Any labeling or packaging materials

that do not meet such specifications shall be rejected to prevent their use in operations for which they are unsuitable.

iii. Labels and other labeling materials for each different cannabis product, strength, dosage form or quantity of contents shall be stored separately with suitable identification. Access to the storage area shall be limited to authorized personnel.

iv. Obsolete or outdated labels, labeling and other packaging materials shall be destroyed.

v. Gang-printed labeling for different products or different strengths or net contents of the same product is prohibited unless the labeling from gang-printed sheets is adequately differentiated by size, shape or color.

b. Procedure

i. Whenever possible, the packaging of cannabis products will utilize roll labeling. If cut labeling is used for immediate container labels, individual unit cartons or multiunit cartons containing immediate containers that are not packaged in individual unit cartons; packaging and labeling operations shall include one of the following special controls:

1. Dedication of labeling and packaging lines for each different strength of each different cannabis product
2. Use of appropriate electronic or electromechanical equipment to conduct a 100 percent examination for correct labeling during or after completion of operations
3. Use of visual inspection to conduct a 100 percent examination for correct labeling during or after completion of finishing operations for hand-applied labeling. Such examination shall be performed by one person and independently verified by a second person.
4. Use of an automated technique, including differentiation by labeling size and shape, which physically prevents incorrect labeling from being processed by labeling and packaging equipment.

ii. Printing devices on or associated with packaging lines used to imprint labeling upon the product or case label, batch number or expiry date shall be monitored to assure that all imprinting conforms to the printing specified in the Packaging Batch Record.

iii. See SOP Master Production Forms and Issuance of Batch Records

iv. Strict control shall be exercised over labeling issued for use in product packaging including written descriptions in sufficient detail of the controls employed for issuance of labeling. Labeling materials issued for a batch shall be carefully examined for identity and conformity to the labeling specified in the Packaging Batch Record.

v. Procedures shall be used to reconcile the quantities of labeling issued, used or returned and shall require evaluation of any discrepancies found between the quantity of finished product and the quantity of labeling

issued when such discrepancies are outside narrow preset limits based on historical operating data. Any such discrepancies shall be investigated by production and approved by the Quality Assurance before a batch is released or distributed. Labeling reconciliation is waived for roll labeling if a 100 percent examination for correct labeling is performed in accordance with step 6 (see above).

vi. All excess labeling bearing batch lot or control numbers shall be destroyed. Excess labeling that has not been imprinted with a batch number shall be returned to storage in a manner to prevent mix-ups and provide proper identification.

vii. Packaging and Labeling operations shall be designed to assure that correct packaging materials and labels and are used for each batch of cannabis product. These shall incorporate the following features:
    1. Prevention of mix-ups and cross-contamination by physical or spatial separation of each product operation from other operations on different products or strengths.
    2. Identification of the cannabis product with a batch lot or control number that permits determination of the history of the manufacture and control of the batch.
    3. Examination of packaging and labeling materials for suitability and correctness before packaging operations and documentation of such examination in the Packaging Batch Record.
    4. Inspection of the packaging and labeling facilities immediately before use to assure that all previous products have been removed from the packaging area. Inspection shall also be made to assure that packaging and labeling materials not suitable for subsequent packaging operations have been removed. The results of these inspections shall be documented in the Packaging Batch Record.
    5. Identification and handling of filled cannabis product containers that are set aside and held in unlabeled condition for future labeling operations (i.e. bright inventory) shall be adequate to preclude mislabeling of individual containers, product lots or portions of a product lot. Identification need not be applied to each individual container but shall be sufficient to determine name, strength, quantity of contents and batch number of each container.

viii. Packaged and labeled products shall be examined during finishing operations to provide assurance that containers and packages in the batch have the correct label. A representative sample of units shall be collected at the completion of finishing operations and shall be visually

examined for correct labeling. Results of these examinations shall be recorded in the Packaging Batch Record.

ix. Each packaged cannabis product shall be affixed with a product label that has been approved by the appropriate NYS department. Product labels shall be applied at the manufacturing facility to be easily readable, firmly affixed and include: Dedication of labeling and packaging lines for each different strength of each different cannabis product

1. Company name, address and registration number
2. Cannabis product form and brand designation
3. Product single dose THC and CBD content in milligrams (mg)
4. Product batch unique identifier (lot number and bar code)
5. Quantity included in the package
6. Date packaged
7. Product expiration date
8. Proper storage conditions

V. Review/Revision

Date	Description of the Revision	Approved

Manufacturing Manual		
THC Health Inc.	Policy Name	**Manufactured Product Packaging and Labeling**
	Policy Number	**1.41a**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturin**

I. Description

a. Describes guidelines for manufactured product-specific packaging and labeling of medical marijuana (MMJ) products.

II. Rationale/Purpose

a. It is the policy of THC Health Inc. (THCH) to ensure compliance with packaging and labeling regulations, integrity of the product, patient and user safety, and patient and user convenience.

III. Responsibilities

a. The Quality Assurance Officer shall be responsible for implementation and maintenance of this policy.
b. All packaging and dispensing staff are responsible for compliance with the policies, procedures and protocols dictated by this policy.

IV. Policy, Procedure, and Protocols

a. Policy
    i. MMJ products are packaged and labeled at the manufacturing facility in a manner to ensure compliance with regulations, integrity shelf life of the product, registered user safety, and registered user convenience.
b. Procedure
    i. All MMJ products are packaged in vials or bottles which are child-resistant, tamper-proof/tamper-evident, light-resistant, and resealable to minimize oxygen exposure.
    ii. All MMJ products will be in unit-dose packaging, sealed with an original seal, and labeled at the manufacturing site. Product barcoded labels are produced by the inventory software and barcode system and affixed directly onto the primary product container to ensure the labeling information is not separated from the product.
    iii. The product label must include the following information:
        1. MMJ product lot unique identifier (lot number and barcode)
        2. Name, address, and the organization's registration number
        3. MMJ product form and brand designation
            a. Distinct brand name approved by NYSDOH consisting of only letters and/or numbers
        4. Single dose THC and CBD content for the product in milligrams (mg)
            a. Concentration of total THC and/or total CBD
            b. Ratio of THC to CBD
        5. Concentration of the following cannabinoids (in addition to THC and CBD):

a. Tetrahydrocannabinol acid (THCA)
b. Tetrahydrocannabivarin (THCV)
c. Cannabinadiolic acid (CBDA)
d. Cannabidivarine (CBDV)
e. Cannabinol (CBN)
f. Cannabigerol (CBG)
g. Cannabichromene (CBC)
h. Any other cannabinoid component at > 0.1%

6. Package quantity
7. Package date
8. Expiration date
9. Proper storage conditions
10. Additional language appropriate for MMJ to alert patients and caregivers about special precautions, including:
    a. "Medical marijuana products must be kept in the original container in which they were dispensed and removed from the original container only when ready for use by the certified patient."
    b. "Keep secured at all times"
    c. "May not be resold or transferred to another person"
    d. "This product might impair the ability to drive"
    e. "KEEP THIS PRODUCT AWAY FROM CHILDREN (unless medical marihuana product is being given to the child under a practitioner's care")
    f. "This product is for medicinal use only. Women should not consume during pregnancy or while breastfeeding except on the advice of the certifying practitioner, and in the case of breastfeeding mothers, including the infant's pediatrician."

V. Review/Revision

Date	Description of the Revision	Approved

Company Manual		
THC Health Inc.	Policy Name	**Retained Product Samples**
	Policy Number	**1.42**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. This Standard Operating Procedure describes the protocols and procedures for retained product samples used by the quality assurance unit.

II. Rationale/Purpose

a. It is corporate policy to maintain retained samples of each lot of distributed cannabis product to allow for retesting in the future. All retained samples shall be stored unopened as indicated on the product label and in the original packaging.

III. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. All THC Health Inc. quality assurance employees will adhere to the policies and SOPs in this manual.
c. It is the responsibility of Quality Assurance to retain and visually inspect product samples as specified in this Standard Operating Procedure.
d. It is the responsibility of the Quality Assurance Officer to oversee and ensure compliance with this Standard Operating Procedure.

IV. Policy and Procedure

a. Policy
    i. Retained samples from representative product batches and packaging formats (selected by a statistical acceptable procedure) shall be visually examined at least once a year for evidence of deterioration unless this visual examination would affect the integrity of the retain sample. Any evidence of retain sample deterioration shall be properly investigated to identify likely root cause(s) and need for any potential Corrective or Preventive Actions (CAPA) . Results of the examination shall be recorded and maintained for at least two years beyond the product's labeled expiration date. Retained samples shall not be opened except for investigation by an approved Manufacturing Specialist. Copies of all records shall be made available to the appropriate NYS department upon request.
    ii. Retained samples from each batch and packaging format as specified by this procedure shall be maintained for at least two years beyond the

product's labeled expiration date and be made available to the appropriate NYS department upon request.

b. Procedure
    i. Prior to releasing any cannabis product for distribution, Quality Assurance shall retain and store a portion of each lot of cannabis product for future testing.
    ii. A statistically representative number of samples will be retained from each batch of product for packaging format to allow three times the complete product testing schedule specified in its finished product specification.
    iii. All retained samples shall be shall be stored unopened in the original packaging as indicated on the label. Quality Assurance shall maintain a Retained Product Sample Log with the following, lot specific information:
        1. pH 1.68
        2. Product name and strength
        3. Packaging size
        4. Lot number and expiration date
        5. Number of retained samples
        6. Individual's initials and date retained

V. Review/Revision

Date	Description of the Revision	Approved

Company Manual		
THC Health Inc.	Policy Name	**Quarantine and Disposal of Unusable Product**
	Policy Number	**1.43**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. This Standard Operating Procedure describes the procedures and protocols for quarantine and disposal of unusable product.

II. Rationale/Purpose

a. It is corporate policy to store all rejected or otherwise unusable cannabis and cannabis containing products under quarantine until it is properly destroyed by an authorized waste disposal facility.

III. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. All THC Health Inc. quality assurance employees will adhere to the policies and SOPs in this manual.
c. It is the responsibility of assigned warehouse personnel to properly store and ship rejected products in accordance with this Standard Operating Procedure
d. It is the responsibility of the Director of Manufacturing to oversee and ensure compliance with this Standard Operating Procedure.

IV. Policy and Procedure

a. Policy
    i. All cannabis and cannabinoid containing extracts, concentrates, in-process materials and bulk product that cannot be further processed into approvable packaged product will be held under quarantine in a separate secure storage area(s) until they can be properly destroyed in accordance with this procedure.
    ii. Any packaged product determined to not meet the minimum safety standards and specifications for brand consistency or otherwise been rejected by Quality Assurance will be held under quarantine in a secure storage area separate from any released products until they can be properly destroyed in accordance with this procedure.
    iii. Any products that have been subjected to improper storage conditions including but not limited to extremes in temperature, water damage or smoke due to natural disasters, fires, accidents or equipment failures shall not be salvaged, but held under quarantine in a secure storage area until they can be properly destroyed in accordance with this procedure.

b. Procedure
    i. Upon notification by the appropriate NYS department, any individual lot or all lots of cannabis products will be held under quarantine and not transport, distribute or dispense unless prior approval is obtained from the department. If directed by the appropriate NYS department, any such products will be properly destroyed in accordance with this procedure.
    ii. Prior to transporting any quarantined materials for destruction, a shipping manifest with the material or product name(s), quantities, lot numbers and any other required information will be prepared accurately documenting every cannabis containing product to be included in the shipment. A copy of the completed shipping manifest will transmitted to the authorized waste disposal facility that will receive the materials and to the appropriate NYS department at least two business days prior to transport.
    iii. All quarantined cannabis products will be transported in a locked, safe and secure storage compartment via transporting vehicle that has been approved by the appropriate NYS department for this purpose.
    iv. All shipments from the manufacturing facility shall travel directly to the waste disposal facility and shall not make any unnecessary stops in between. Shipment delivery times shall be randomized.
    v. All transport vehicles will be staffed or accompanied by a minimum of two company employees and at least one company transport team member shall remain with the vehicle at all times that the vehicle contains cannabis products. Transport team members shall have access to a secure form of communication with the manufacturing facility at all times that the vehicle contains cannabis products.
    vi. The transport team shall possess a copy of the shipping manifest at all times when transporting the quarantined products and shall produce it to authorized government representatives or law enforcement officials upon request.
    vii. Copies of all shipping manifests shall be maintained for a period of five (5) years after shipment and will be made available to the appropriate NYS department upon request.

V. Review/Revision

Date	Description of the Revision	Approved

Transportation Manual		
THC Health Inc.	Policy Name	**Preparing Shipments for Delivery**
	Policy Number	**2.1**
	Date this Version Effective	**06/04/2015**
	Responsible for Content	**Chief Operating Officer**

I. Description

a. This policy provides information regarding the proper methods for preparing a shipment to be delivered to THC Health Inc. (THCH) dispensaries.

II. Rationale/Purpose

a. It is the policy of THCH to ensure compliant and secure deliveries of medical marijuana (MMJ) products.
b. All THCH employees are responsible for complying with this policy.

III. Responsibilities

a. The Transportation & Distribution Manager shall be responsible for implementation and maintenance of this policy.
b. All transportation staff is responsible for compliance with the policies, procedures and protocols dictated by this policy.

IV. Policy, Procedure, and Protocols

a. Policy
    i. Transportation associates must perform all job functions in pairs to provide oversight, prevent opportunities for diversion and ensure employee safety. No employee will be alone with MMJ product at any time.
    ii. All MMJ products may only be transported from THCH's manufacturing facility to THCH dispensaries.
    iii. Shipping manifests must be approved by the Chief Operating Officer (COO) at least two business days prior to shipment.
b. Procedure for preparing MMJ for transport
    i. The Transportation & Distribution Manager will create a shipping manifest indicating which products are to be prepared for delivery and must designate two employees to prepare the shipment.
    ii. The designated employees will remove products from the storage safe and move them to the packaging area, making sure to indicate on the Safe Storage Log and in the Inventory Control Tracking Software which products were removed. All products will have a bar code for scanning that will track the package movement from manufacturing inventory to in-transit inventory and finally to dispensary inventory.
    iii. Each employee will scan and count all products on video and then place them into an opaque shipping container or bag.
    iv. Once all products listed on the shipping manifest have been accounted for by both employees, they must seal the shipping container or bag with tamper evident tape and initial across the tape.

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v. The employees must then place the sealed package in the appropriate storage safe, making sure to indicate the addition of product on the Safe Storage Log.
vi. A copy of the shipping manifest will be attached to the shipment package and the original will be delivered back to the Transportation & Distribution Manager who will submit a copy to the COO for approval.
vii. Once approved the COO will send a copy of the shipping manifest to the Department and receiving dispensary.

V. Review/Revision

Date	Description of the Revision	Approved

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Transportation Manual		
THC Health Inc.	Policy Name	**Delivery of Medical Marijuana**
	Policy Number	**2.2**
	Date this Version Effective	**06/04/2015**
	Responsible for Content	**Chief Operating Officer**

I. Description

a. This policy provides information regarding the proper methods for delivering medical marijuana (MMJ) products and paraphernalia to THC Health Inc. (THCH) dispensaries.

II. Rationale/Purpose

a. It is the policy of THCH to ensure compliant and secure deliveries of MMJ.
b. It is the policy of THCH to minimize opportunities for potential diversion of MMJ product during delivery.

III. Responsibilities

a. The Transportation & Distribution Manager shall be responsible for implementation and maintenance of this policy.
b. All transportation staff is responsible for compliance with the policies, procedures and protocols dictated by this policy.

IV. Policy, Procedure, and Protocols

a. Policy
    i. Transportation associates must perform all job functions in pairs to provide oversight, prevent opportunities for diversion and ensure employee safety. No employee will be alone with MMJ product at any time.
    ii. All MMJ products may only be transported from THCH's manufacturing facility to THCH dispensaries.
    iii. Shipping manifests must be approved by the Chief Operating Officer (COO) at least two business days prior to shipment.
    iv. Only authorized unmarked vehicles may be used to transport MMJ products.
    v. No extraneous stops may be made while the vehicle contains MMJ products.
    vi. Transportation routes and delivery times must be kept confidential and only made available to employees as necessary for performance of job function.
    vii. Transportation routes must be planned to avoid areas of high security risk.
    viii. While in transit, Transport Associates may not wear any attire or accessories that indicate the vehicle may contain MMJ products.
b. Procedure for delivering MMJ products
    i. A minimum of two days after submitting the shipping manifest to the Department and receiving dispensary the shipment may occur.
    ii. The Transportation & Distribution Manager will create a travel plan in coordination with the COO and the Security Officer and provide the plan to the two Transport Associates.
    iii. The Transportation & Distribution Manager, along with a Security Staff Associate, will directly supervise the Transportation Associates moving the shipment package into the transportation vehicle.

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iv. The Transportation & Distribution Manager will ensure that the correct shipment package has been loaded and that all portions of the shipment are present. The Transportation & Distribution Manager will then lock the package into the secure attached compartment inside the transportation vehicle. S/he will retain the keys to the secure, locked compartment which will not be unlocked until the shipment is receiving by the Site Operations Manager at the dispensary.
v. The Transport Associates must complete the Transportation Checklist prior to departing the facility (Attachment 2.2a).
vi. Transport Associates must perform a cell phone check-in every hour on the hour (X:00). The Transportation & Dispensing Manager or their designee at the facility shall confirm communication. In the event of a hostage situation, if able, the employee should indicate "Code 0100" if the facility is not previously aware of the hijacking.
vii. Once the transportation team arrives at the receiving dispensary they must remain in the vehicle and use the cell phone to call the appropriate Site Operations Manager to begin receiving procedures. See corresponding SOP.

c. Unexpected Events
   i. Transport Associates must follow the travel plan exactly as it is written. If unexpected circumstances force them to deviate from the travel plan they must call the Transportation & Distribution Manager for authorization of the new intended route.
   ii. If any suspicious activity occurs during transport, the Transport Associate must maintain cell phone communication for the duration of the event.
   iii. If communication fails for any reason, the employee should make contact by land-line as soon as possible
   iv. Upon returning to the manufacturing facility the Transport Associates, in coordination with the Transportation & Distribution Manager, must complete an entry into the Transportation Report Log detailing all deviations from the travel plan or any unusual or suspicious activity.

V. Review/Revision

Date	Description of the Revision	Approved

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Attachment 2.2a

Transport Associates Checklist Example

Transport Associates Checklist			
	Associate 1	Associate 2	Notes
Shipping Manifest			
Cellular Phone (Fully Charged)			
Cell Phone Charger			
GPS (Can be part of cell phone)			
Full Tank of Gas			
No warning/indicator lights illuminated (Check Engine, Low Tire Pressure etc)			

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Transportation Manual		
THC Health Inc.	Policy Name	**Receipt of Medical Marijuana**
	Policy Number	**2.3**
	Date this Version Effective	**06/04/2015**
	Responsible for Content	**Chief Operating Officer**

I. Description

a. This policy provides information regarding the proper methods for receiving medical marijuana (MMJ) products and paraphernalia by THC Health Inc. (THCH) dispensaries.

II. Rationale/Purpose

a. It is the policy of THCH to ensure compliant and secure deliveries of MMJ products.
b. It is the policy of THCH to ensure accurate inventory records of all received MMJ products.

III. Responsibilities

a. The Transportation & Distribution Manager in coordination with the Chief Operating Officer shall be responsible for implementation and maintenance of this policy.
b. All THCH employees are responsible for compliance with the policies, procedures and protocols dictated by this policy.

IV. Policy, Procedure, and Protocols

a. Policy
    i. Employees receiving products into inventory must perform all job functions in pairs and in plain view of cameras to prevent opportunities for diversion and ensure employee safety. No employee will be alone with MMJ products at any time.
    ii. Deliveries can only be received by the Site Operating Manager.
    iii. Deliveries can only be accepted in designated receiving areas.
    iv. Site Operating Managers cannot receive any unexpected deliveries.
    v. Transportation routes and delivery times must be kept confidential and only made available to employees as necessary for performance of job function.
    vi. All received shipments must be fully accounted for and entered into inventory control software before close of business that same day. No product may be left overnight without being properly recorded in inventory.
b. Procedure for receiving medical marijuana products
    i. Once the transportation team arrives at the receiving dispensary, they will remain in the vehicle and use the cell phone to call the appropriate Site Operations Manager and alert him/her of the shipments arrival.
    ii. The Site Operations Manager and a Security Staff Associate will go to the receiving area and unlock the secure storage in the vehicle.
    iii. The shipment must be brought inside the facility to a restricted access area where two employees must be immediately account for all listed product while in plain view cameras. Any discrepancies must be immediately reported to the Chief Operating Officer and the Security Officer.

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iv. All received product must then be entered into THCH's inventory control system before being released for sale.
v. After it has been entered into inventory, the MMJ product must be transferred to the safe by two employees who must register the addition of product on the Safe Product Log.

V. Review/Revision

Date	Description of the Revision	Approved

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Dispensary and Sale Manual		
THC Health Inc.	Policy Name	**Inventory Control**
	Policy Number	**3.1**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Pharmacology Officer**

I. Description

a. This policy will establish standards for maintaining appropriate inventory levels of medical marijuana (MMJ) products and operating supplies for each dispensary location.

II. Rationale/Purpose

a. MMJ product stocks will be kept to a minimum and will be maintained, as close to the point of use as is reasonable, in order to prevent product waste, theft, and diversion.

III. Responsibilities

a. The Quality Assurance Officer shall be responsible for implementation and maintenance of this policy.
b. All dispensary staff is responsible for compliance with the policies, procedures and protocols dictated by this policy.

IV. Policy and Procedure

a. The NYSDOH designated inventory management software system will be used to monitor and track all records relating to patients, inventory of MMJ products, returns, expirations, destruction, and auditing.
b. THCH shall ensure the availability of a one year supply (minimum) of each offered MMJ brand.
c. Dispensing, disaster management, internal control, and financial requirements will be considered when determining stock levels at dispensary locations.
    i. MMJ product stocks. The dispensary's stock of approved MMJ product brands shall only be those product listed on the formulary. Any MMJ product not on the formulary will not be stocked.
    ii. Operating supplies. The dispensary manager will determine the range of operating supplies required to support the dispensary operations and will stock these items.
d. Stocking Locations. Inventory will be assigned to be stocked in a specific area based on the nature of the product.
    i. MMJ products will be stored in a secure, product-specific safe at each dispensary.
    ii. Operating supplies such as paper, printer ink, labels, etc. will be stocked in a separate office supply location at the dispensary.
e. Par levels for each item will be set based on usage and supply information.
f. Inventory will be used based on a first-in first-out method.
g. Internal controls will be established to prevent excessive quantities of MMJ products from being stored in the dispensary. These will include:
    i. A customized, usage-based (by dispensary location) perpetual inventory managed by the inventory management software system.

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ii. A maximum inventory dollar value will be established for each location and category of material and inventories will be taken to ensure stock on hand does not exceed requirements. The established dollar value will bear a logical relationship to usage data for the area of product category.
iii. Excess stock will be identified and noted for order restriction.

h. Discrepancies. The inventory management software system will be utilized to reconcile any discrepancies between the expected inventory and actual inventory. Any discrepancies will require investigation, documentation, and a corrective action plan.
i. Record Retention. THCH will retain detailed records of inventories for five years.

V. Review/Revision

Date	Description of the Revision	Approved

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Dispensary and Sale Manual		
THC Health Inc.	Policy Name	**Inventory Investigation and Audits**
	Policy Number	**3.2**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Pharmacology Officer**

I. Description

a. This policy will establish the THC Health Inc. (THCH) standards for monitoring the inventory levels of medical marijuana (MMJ) products and reconciling the actual quantity on hand to the expected quantity on hand. Additionally, the policy establishes standard procedure to follow when missing inventory is unable to be reconciled.

II. Rationale/Purpose

a. THCH will carefully monitor the inventory levels in order to prevent diversion, theft, and improper use by employees of the dispensary.

III. Responsibilities

a. The Quality Assurance Officer shall be responsible for implementation and maintenance of this policy.
b. All dispensary staff is responsible for compliance with the policies, procedures and protocols dictated by this policy.

IV. Policy

a. The pharmacist will perform a daily count of all MMJ inventory at the end of business. This count will be compared to what is expected in the computer tracking system.
    i. The daily count will be signed by the pharmacist.
    ii. In the event of discrepancies, the pharmacist will notify the dispensary manager and both individuals shall make every attempt to reconcile the reason for the discrepancy.
    iii. If discrepancy is unable to be reconciled, all employees with direct contact and/or access to the MMJ product may be subject to a urine toxicology screening, if deemed necessary.
    iv. Any significant loss will immediately be reported to local law enforcement as well as NYSDOH.
    v. The dispensary manager will report discrepancies to the THCH Compliance Officer.
b. The pharmacist and dispensary manager shall also document and conduct a more detailed audit of the daily inventory once every seven days. This will include bar code scanning of products to compare with inventory management software.
c. Quarterly audits will also be completed and will include income statements, balance sheets, and weekly MMJ product inventory levels.
d. Annually, THCH shall conduct an audit, which in addition to the quarterly audit, will be compiled and certified by a certified public accountant.

V. Review/Revision

Date	Description of the Revision	Approved

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Dispensary and Sale Manual		
THC Health Inc.	Policy Name	**Dispensing**
	Policy Number	**3.3**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Pharmacology Officer**

I. Description

a. This policy describes the process for dispensing medical marijuana (MMJ) products to patients using THC Health Inc. (THCH) dispensing facilities, including checks and balances in the review process for filled MMJ products and patient profiles, and tracking, record keeping, and record retention of MMJ products dispensed.

II. Rationale/Purpose

a. Standard dispensing operating procedures are provided to ensure accurate product dispensing and compliance with regulations for MMJ product processing.

III. Definitions

a. I-STOP/PMP – Internet System for Tracking Over-Prescribing/Prescription Monitoring Program; refers to the database for controlled substances

IV. Responsibilities

a. The Chief Pharmacology Officer shall be responsible for implementation and maintenance of this policy.
b. All dispensary staff is responsible for compliance with the policies, procedures and protocols dictated by this policy.

V. Policy, Procedure, and Protocols

a. Policy
    i. In order to comply with NY State Department of Health's MMJ regulations, THCH will use an inventory management software system to track the sale of MMJ within the company. This system will store private patient information and maintain confidentiality.
    ii. Each dispensary will use consistent procedures for review and verification of completed MMJ products at the time of dispensing and accurate patient profiles necessary to optimize patient safety and proper use of MMJ products.
    iii. The pharmacist oversees the dispensing of all MMJ products to patients or designated caregivers. Technicians support pharmacists in this role by performing order entry, packaging and labeling of MMJ products, and various other tasks necessary to accurately fill the MMJ product order in a timely manner.
    iv. Patients picking up first time MMJ product(s) are counseled by the pharmacist unless the patient declines the offer to counsel. Dispensing and counseling are performed in a thorough and intentional manner to ensure the patient understands all necessary MMJ product information for safe use.
    v. The dispensary will not dispense an amount greater than a thirty (30) day supply to a certified patient or registered caregiver, and not until the patient has exhausted all but a seven day supply provided pursuant to any previously

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dispensed MMJ product by any registered organization.

vi. The pharmacist will provide a patient specific log of all MMJ products (brand, administration form, dosage, dates dispensed, and any return of product) to the patient, the patient's designated caregiver, if applicable, or the patient's practitioner upon request.

b. Procedure

i. An identification check will take place at the entrance in which patients or their designated caregivers must present the MMJ registration card. Only patients or designated caregivers registered with NY State's Department of Health MMJ program will be allowed to enter the dispensary facility.

1. Family members or other individuals accompanying the certified patient or registered caregiver will be directed to a separate waiting area which is separate from the dispensary.

ii. Patients with MMJ registry identification cards will be entered into the MMJ software management system.

1. The patient's registry identification number and registry identification card is the primary means by which the pharmacist and/or technician will ensure that he/she retrieves the correct MMJ product for that patient.

iii. Patient specific MMJ product label(s) will be printed via the MMJ software system to be affixed to the MMJ product(s).

iv. The technician will retrieve the correct MMJ product from the product safe and prepare it for dispensing by verifying the following information:

1. Correct patient name and Registry ID number
2. Correct product type (brand name), dosage form, dose in milligrams (mg), quantity, directions, and any other specific information indicated by the certifying practitioner on the patient's registry ID card.

v. The technician will give the filled product to the pharmacist to be checked for correctness.

vi. Pharmacist verification:

1. The pharmacist checks the patient's software profile and completed MMJ product against the product ordered by the certifying practitioner to ensure all therapeutic problems have been identified and resolved.
2. The pharmacist consults the I-STOP/PMP database prior to dispensing any MMJ product. The pharmacist will enter dispensing data into the I-STOP/PMP database within 24 hours for each patient MMJ is dispensed to.
3. The pharmacist examines each filled MMJ product, MMJ product label, patient software profile, and the patient medication list (if available).
4. The following dispensing information will be checked and verified by the pharmacist:
    a. Assure MMJ product order(s) are accurately entered into the MMJ inventory management software system for record keeping
    b. MMJ-allergy contraindications
    c. MMJ-drug interactions (if current concomitant medications are known or shared by the patient)
    d. Omissions in certifying practitioner order

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e. Re-verification of certified patient or registered caregiver name and current identification card number
f. Accuracy of certified patient/designated caregiver name and registry identification card number on MMJ product label
g. Accuracy of certifying practitioner's name
h. Accuracy of MMJ product name, dosage, dosage form, and strength on patient label
i. Accuracy of maximum of two distinct lots for any 30-day supply dispensed
j. Appropriateness of the MMJ product, dosage, dosage form, and instructions for administration for the given patient
k. Accuracy and completeness of instructions for administration on patient specific label
l. Accuracy of quantity dispensed on patient label
m. Accuracy of discard (expiration) date on patient label
n. Package specific safety insert accompanies the filled MMJ product

5. The pharmacist corrects inaccuracies and resolves all problems discovered before dispensing the MMJ product to the patient.
6. The pharmacist enters notes in the patient's software profile as appropriate to communicate and preserve information important to continuity of care.
7. The pharmacist initials each patient specific label once checked and verified.
8. The completed and checked MMJ product is assembled with the printed package safety insert and computer generated pricing receipt in a plain, unmarked bag such that the contents of the bag are not visible.

vii. The pharmacist counsels the patient per the procedures outlined in the Counseling Policy.

viii. After the pharmacist resolves any issues and completes patient education and counseling session, the following actions will take place:

1. Confirmation of the number of items listed on the computer generated receipt to ensure the number of items being dispensed is accurate
2. Complete the sale transaction on the cash register
3. Give the patient change (if applicable) and cash register receipt
4. The certified patient or registered caregiver signs for receipt of the MMJ product(s)
5. Discard any remaining printed patient information in a bin for shredding/destruction

VI. Review/Revision

Date	Description of the Revision	Approved

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Attachment 3.4a

Patient Specific Dispensing Product Label Example

<table>
<tr><td>Dispensing Facility Name
[Street]
[City], NY [Zip]
(###) ###-####</td><td></td><td rowspan="4">[Insert Barcode and Serial Number]</td></tr>
<tr><td>Product Dispensing # [Insert #]
Certified Patient: Last, First
Designated Caregiver: Last, First (if applicable)
Registry ID Card No. [Insert #]</td><td>Certifying Practitioner: Last, First

Dispense Date: [Insert Date]
Discard Date: [Insert Date]</td></tr>
<tr><td colspan="2">[Insert instructions for dosing and administration. Include recommendation or limitation by the practitioner as to the use of MMJ.]

Filled by: [RPh Last, First]</td></tr>
<tr><td colspan="2">[Insert name of product and THC and CBD content (mg) quantity; include number of capsules or total milliliters extract oil as applicable.]</td></tr>
</table>

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Attachment 3.4b

MMJ Product Package Safety Insert Example

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Redacted pursuant to N.Y. Public Officers Law, Art. 6

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Excepted from disclosure in accordance with Public Officers Law § 89(5).

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Dispensary and Sale Manual		
THC Health Inc.	Policy Name	**Point of Sale Cash Controls**
	Policy Number	**3.6**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Pharmacology Officer**

I. Description

a. This policy provides guidelines and restrictions pursuant to the accurate accounting of cash, at the point of sale.

II. Rationale/Purpose

a. It is the policy of THC Health Inc. (THCH) to mitigate Point of Sale (POS) cash discrepancies and enhance overall cash security by instituting safeguards pursuant to accurate accounting of cash.

III. Definitions

a. Point of Sale (POS) – physical location at which products are sold to customers

IV. Responsibilities

a. The Dispensary Site Finance Manager and the Dispensary Site Operations Manager shall be responsible for implementation and maintenance of this policy.
b. All dispensary staff are responsible for compliance with the policies, procedures and protocols dictated by this policy.

V. Policy, Procedure, and Protocols

a. Policy
    i. THCH intends to minimize the inherent risks in a cash intensive business by a separation of duties and by strict enforcement of the Policies, Procedures and Protocols.
    ii. Every time cash is added or removed from the cash safe, an entry needs to be made in the Dispensary Cash Safe Log (Attachment 3.6a) by the Dispensary Site Finance Manager and the Dispensary Site Operations Manager and a witness.
    iii. The cash drawers for the POS are only to be opened for the following reasons:
        1. Performing a cash count (check-in, check-out, etc.).
        2. Performing a cash transaction for a customer.
    iv. The cash drawer can only be manually opened with the key in the presence of the Dispensary Site Finance Manager and the Dispensary Site Operations Manager. The Dispensary Site Finance Manager and the Dispensary Site Operations Manager will keep the register drawer key on their person during business hours.
    v. When the dispensary is closed for business, the cash drawer will remain locked with the register keys locked in the cash safe.
    vi. Only the Dispensary Site Finance Manager and the Dispensary Site Operations Manager will have access to the cash safe, within which the cash drawer keys, tamper-evident bags, and cash deposits are kept.
    vii. When a cash logistics service provider removes cash from the dispensary cash safe for delivery purposes, the Courier Log (Attachment 3.6b) needs to be filled

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in, accordingly. The Dispensary Site Finance Manager or the Dispensary Site Operations Manager must sign off as a witness in "Employee Signature" field.

viii. All cash received by THCH will be deposited with a Financial Institution that is regulated by the New York State Department of Financial Services.

b. Procedure
    i. POS Dispensary Technician Procedures
        1. The dispensary technician must enter their own, unique log-in/password combination prior to each session. The dispensary technician will be logged out after each session to prevent sharing of "log-in sessions".
        2. The cash drawer at each POS will be counted by two dispensary co-workers (one of whom must be the Dispensary Site Finance Manager or Dispensary Site Operations Manager) at the opening and close of business, at all dispensary locations.
        3. The "Register Check-In" and "Register Check-Out" cash-counting function will be used to facilitate an accurate count.
        4. Once the cash drawer is released, by performing either the Register Check-In/Check-Out function, both dispensary co-workers have the cash till in their control at all times until it is relocated and locked back in its corresponding cash register drawer.
        5. Register Check-In
            a. At the beginning of each shift, the Dispensary Site Finance Manager and the Dispensary Site Operations Manager will open the cash drawer and dispensary technician will count the cash in the cash drawer to ensure that it equals $200 (designated opening amount). The Dispensary Site Finance Manager or Dispensary Site Operations Manager will also count the cash in the drawer and verify that it equals $200.
            b. In the event the cash count does not equal $200 the discrepancy must be logged by the Dispensary Site Finance Manager or Dispensary Site Operations Manager and an investigation will take place to identify the cause of the discrepancy.
            c. Once the opening cash has been counted, the drawer is to be closed and the POS activated.
        6. Receiving cash from customers
            a. All transactions will be logged through the POS system.
            b. Cash received from customers will be counted by the dispensary technician and placed into the cash drawer.
            c. The POS system will alert the dispensary technician when more than $5000 has been received.
                i. The dispensary technician is to alert the Dispensary Site Finance Manager or Dispensary Site Operations Manager.
                ii. The Dispensary Site Finance Manager or Dispensary Site Operations Manager will complete an excess cash slip and will withdraw excess cash from the cash drawer.

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iii. The excess cash slip will be signed by the Dispensary Site Finance Manager or Dispensary Site Operations Manager and by the dispensary technician.
iv. The Dispensary Site Finance Manager or Dispensary Site Operations Manager will place the excess cash in a tamper-evident numbered bag along with a copy of the excess cash slip. An accompanying entry in the Dispensary Cash Safe Log will be made.
v. The Dispensary Site Finance Manager or Dispensary Site Operations Manager will then place the excess cash bag into the cash safe and enter it in the Dispensary Cash Safe Log.

7. Register Check-Out
    a. At the end of the shift, the dispensary technician will run a register summary report which will detail the cash transactions for the dispensary technician's shift.
    b. At the end of each shift, the dispensary technician will complete the daily cash report where they will reconcile the cash in the cash drawer plus the excess cash sheets with the register summary report.
    c. If the amount of removed cash is different from the ending cash sales amount on the register summary report, a suitable explanation for the discrepancy is investigated and noted. Any unresolved cash discrepancy is reported to the Dispensary Site Finance Manager and the Dispensary Site Operations Manager, immediately.
    d. A float of $200 will be left in the cash drawer with the smallest bills available.
    e. The cash drawer is immediately placed back in its corresponding drawer, once reconciled, and locked. Once locked, the cash drawer key is placed and locked in the dispensary site's cash safe by the Dispensary Site Finance Manager and the Dispensary Site Operations Manager.
    f. The register summary report will be signed by the dispensary technician and Dispensary Site Finance Manager and the Dispensary Site Operations Manager.
    g. The removed cash is counted by both the dispensary technician and the Dispensary Site Finance Manager and the Dispensary Site Operations Manager and register summary report is placed in a tamper-evident numbered deposit bag, sealed, placed and locked in the site's cash safe. An accompanying entry in the Dispensary Cash Safe Log will be made.

ii. Dispensary Site Finance Manager
1. Daily Dispensary Deposit
    a. At the start of the business day the Dispensary Site Finance Manager and the Dispensary Site Operations Manager will open the cash safe and give the tamper-evident bags from the previous day to the Dispensary Site Finance Manager. An

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accompanying entry in the Dispensary Cash Safe Log will be made.

b. The Dispensary Site Finance Manager will enter all of the register summary reports into the central accounting system.
c. The Dispensary Site Finance Manager will create a deposit slip that will include all cash takings from the previous day.
d. Once the deposit slip is created the Dispensary Site Finance Manager will place all of the cash received the previous day including the deposit slip into a deposit only tramper-evident numbered bag and place back in the cash safe. An accompanying entry in the Dispensary Cash Safe Log will be made.

iii. Courier

1. Receipt of Deposit
    a. The Dispensary Site Finance Manager or Dispensary Manager will open the cash safe and give the courier the deposit only tamper-evident bag. An accompanying entry in the Dispensary Cash Safe Log will be made.
    b. The Site Finance Manager or Dispensary Manager will complete the Courier Log for all courier pickups of cash.
2. Physical Transportation to Financial Institution
    a. The courier will physically transport the cash deposit to the Financial Institution
3. Deposit Cash at Financial Institution
    a. The courier will deliver the deposit bag to the Financial Institution and will sign the Deposit Log verifying that the deposit has been made.

VI. Review/Revision

Date	Description of the Revision	Approved

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Attachment 3.6a

Dispensary Cash Safe Log Example

Month/Year _____

Date Bag Sealed	Manager Signature (Full Name)	Cash Amount in Bag	Locked Bag Number	Added/ Removed	Date Cash Added or Removed	Witness Signature (Full Name)	Cash Safe Total

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Attachment 3.6b

Courier Log Example

Month/Year _____

Date Bag Picked Up	Pick Up Time	Locked Bag Number	Employee Signature Witness (Full Name)	Courier Signature (Full Name)

Dispensary and Sale Manual		
THC Health Inc.	Policy Name	**Dispensary Employee Training**
	Policy Number	**3.7**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Pharmacology Officer**

I. Description

a. This policy outlines the required training for pharmacists and all other dispensary employees.

II. Rationale/Purpose

a. It is the policy of THC Health Inc. (THCH) to ensure that all dispensary employees are properly trained to dispense medical marijuana (MMJ) products and maintain patient confidentiality.

III. Responsibilities

a. The Quality Assurance Officer shall be responsible for implementation and maintenance of this policy.
b. All dispensary staff is responsible for compliance with information dictated by this policy.

IV. Policy

a. All pharmacists will be required to complete a minimum of two hours of MMJ-specific continuing education per year. This will be completed initially upon hire and annually thereafter.
b. The continuing education will contain necessary information for counseling patients about MMJ product(s) that is aligned and compliant with federal regulations governing pharmacy practices and non-FDA approved product counseling.
c. Pharmacist training will ensure that all pharmacists at THCH are competent and up to date with newly available clinical information regarding MMJ, including but not limited to:
    i. Newly published MMJ medical literature
    ii. Updated pharmacology information
    iii. Dosing recommendations
    iv. Newly available routes of administration and device use
    v. Up to date safety information such as: contraindications, drug interactions, side effects, adverse reactions, overdose preventions , warnings and precautions, and abuse control
d. All non-pharmacist dispensary employees will be required to complete annual training that emphasizes MMJ basic information, patient confidentiality, and reviews the policies and procedures needed for dispensing.

V. Review/Revision

Date	Description of the Revision	Approved

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Dispensary and Sale Manual		
THC Health Inc.	Policy Name	**Devices Offered and Sold**
	Policy Number	**4.1**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Pharmacology Officer**

I. Description

a. This policy provides information regarding the devices that will be offered and sold to be used with medical marijuana (MMJ) products at all THC Health Inc. (THCH) dispensaries.

II. Rationale/Purpose

a. It is the responsibility of THCH to make available devices for patients to purchase for the safe and efficacious use of medical marijuana.
b. All THCH Dispensary employees are responsible for complying with this policy.

III. Definitions

a. Lockbox – a box that locks to decrease accessibility of an MMJ product from individuals other than the patient or registered caregiver, used for storing MMJ product(s)
b. Vaporizer – device that generates a particular substance in the form of vapor, used for medicinal inhalation
c. Metered Dose Inhaler (MDI) – device that delivers a measured amount of medication as a mist the patient can inhale

IV. Policy

a. Policy
    i. ALL devices offered by THCH to aid in MMJ use are contingent upon approval from the Commissioner.
    ii. THCH will have lockboxes available for sale to patients to safely secure purchased MMJ product(s). This will help to prevent theft, diversion, and protection of others, including children, from accidental consumption of the MMJ.
    iii. THCH will make available MMJ liquid extract in a dropper bottle such that drops may be placed sublingually.
    iv. THCH will make available MMJ extracted in a spray bottle such that spray may be administered to the oromucosal membrane.
    v. THCH will make available vaporizers for patients who require inhalation as the route of administration.
    vi. THCH will make available MMJ for use in metered-dose inhalers as a second, more portable option for patients requiring inhalation as the route of administration.

V. Review/Revision

Date	Description of the Revision	Approved

Security and Control Manual		
THC Health Inc.	Policy Name	**Corporate Compliance Program**
	Policy Number	**5.1**
	Date this Version Effective	**06/03/2015**
	Responsible for Content	**Chief Legal Officer**

I. Description

a. This program will establish a Corporate Compliance Program to assist THC Health, Inc. (THCH) prevent, detect, and respond to criminal and other illegal or unethical conduct.

II. Rationale/Purpose

a. Management and employees of THC Health, Inc. and its subsidiaries ("THCH") are dedicated to high ethical standards and recognize THCH's duty to conduct its affairs within the bounds of New York Public Health Law Article 33, Title V-A and/or 10 NYCRR § 1004 *et seq.* (the "NY Medical Marijuana Laws and Regulations") and all applicable law.
b. THCH's operations are subject to numerous federal and state laws and regulations and its products and the laws and regulations governing those who manufacture, transport, and distribute medical marijuana ("MMJ") are increasingly complex.
c. THCH is committed to conducting its business activities in compliance with NY Medical Marijuana Laws and Regulations and all applicable laws, rules and regulations.
d. This Corporate Compliance Program of THCH is designed to assist THCH in preventing, detecting and responding to criminal and other illegal or unethical conduct.
e. THCH's Corporate Compliance Program is to demonstrate to government agencies that steps have been taken to ensure compliance with the requirements the NY Medical Marijuana Laws and Regulations and all other applicable laws, rules and regulations governing the operating units of THCH.
f. The Corporate Compliance Program is designed to serve as a procedural framework for enhancing and monitoring compliance with the substantive compliance programs and policies of THCH, including, but not limited to, the relationship patients as defined by the NY Medical Marijuana Laws and Regulations, and the laws, rules and regulations governing THCH's operating units.
g. In addition, the Corporate Compliance Program is intended to ensure compliance with THCH policies as regards the handling of employee complaints and incident reports.
h. Each operating unit within THCH will continue to be responsible for complying with all THCH policies and procedures with such unit coordinating the reporting of their activity with the Chief Compliance Officer and Compliance Committee as further discussed below.

III. Responsibilities

a. The Chief Legal Officer shall serve as the acting Chief Compliance Officer until another individual can be approved by the board and hired by THCH to serve as Chief Compliance Officer.
b. The Chief Legal Officer shall be responsible for implementation and maintenance of this program.
c. All THCH employees, managers, supervisors, officers, and executives are responsible for compliance with the policies, procedures and protocols dictated by this program.

IV. The Program

a. Standards of Conduct

i. THCH's general standards of conduct for director, officer, and employee compliance with applicable laws, rules and regulations are set forth in THCH's Principles of Business Integrity and Employee Handbook, which are provided upon employment and also available upon request.

ii. Employees of THCH shall receive and acknowledge a copy of the Principles of Business Integrity and Employee Handbook upon commencement of employment and annually thereafter. Underlying the Principles of Business Integrity is THCH's commitment to strive to comply with the NY Medical Marijuana Laws and Regulations and all applicable law, regulation, and standards, and the obligation of all personnel to comply with such laws, regulations, and standards.

iii. The Chief Compliance Officer shall be responsible for revising and supplementing the Principles of Business Integrity, as required or advisable from time to time. In addition to the general standards of conduct set forth in the Principles of Business Integrity, policies and procedures regarding compliance with the laws, regulations and policies relating to substantive areas, as described above, are to be set forth in separate respective policies more narrowly addressing those issues, developed jointly by the Legal Department, Compliance Department and Compliance Committee (if applicable) and the appropriate operating unit responsible for implementing and maintaining those policies.

b. Role of the Chief Compliance Officer and Compliance Committee

i. The Chief Compliance Officer shall be responsible for: (1) supervising compliance with the Principles of Business Integrity, the Employee Handbook, and with the compliance procedures established by or under the Compliance Program, and (2) monitoring the proper functioning of the Compliance Program in consultation with the compliance functions of THCH's operating units.

ii. The Chief Compliance Officer shall have the authority to establish a Compliance Committee comprised of representatives from Human Resources, Legal, Risk Management, and each of the other operating units of THCH as identified by the Chief Compliance Officer from time to time (the "Compliance Committee") to assist the Chief Compliance Officer in the implementation and administration of the Compliance Program. The Chief Compliance Officer will serve as the Chair of the Compliance Committee.

iii. The Chief Compliance Officer or designee will monitor developments relating to compliance with applicable laws and standards of conduct, and, will, from time to time, distribute informational materials that explain compliance requirements, report changes in requirements or industry standards, highlight the importance of compliance, or are otherwise relevant to THCH's compliance responsibilities.

iv. The Chief Compliance Officer will review, in consultation with THCH's operating units and the Compliance Committee, THCH's compliance procedures to identify opportunities to enhance compliance with laws, regulations and THCH policies.

v. The Chief Compliance Officer will confer with management and the Compliance Committee about matters relating to the Compliance Program. The Chief

Compliance Officer will: (1) review with management, as deemed necessary and appropriate by the Chief Compliance Officer, any deficiencies identified or improvements required in the Compliance Program, and (2) report to and meet with the Audit Committee as required by Paragraph V.B.

vi. The Chief Compliance Officer will establish and enforce procedures so that all reports of suspected misconduct relating to THCH's operations or practices are promptly, thoroughly and properly investigated and shall, where appropriate, recommend disciplinary sanctions in accordance with this program.

c. Communication of Standards and Procedures to Employees
    i. The Chief Compliance Officer will distribute to directors, officers and employees of THCH the Principles of Business Integrity and Employee Handbook and will make them available upon request.
    ii. The Chief Compliance Officer will design compliance training programs as appropriate for employees whose functions or responsibilities involve the compliance with laws or standards of conduct applicable to the operations or practices of THCH, or monitor existing compliance training programs at operating units.
d. Auditing and Reporting
    i. *Auditing*
        1. The Chief Compliance Officer will be responsible for the design of internal audits to promote compliance with applicable laws and standards of conduct. The Chief Compliance Officer will call upon the other operating units to coordinate, as appropriate, any such audits. Such audits shall be conducted under the supervision of the Corporate Compliance Officer.
        2. If in the conduct of such audits, information becomes available that suggests that a potential violation of law has occurred or that THCH may be exposed to civil or criminal liability, the Chief Compliance Officer shall assume responsibility for the conduct of the audit/investigation as provided in Section VI below.
        3. Copies of all audit reports relating to compliance with laws and standards of conduct will be provided to the Chief Compliance Officer and the Audit Committee. Copies of all financial audits will be provided to the Chief Financial Officer and the Audit Committee.
    ii. *Reporting*
        1. The Chief Compliance Officer will establish and administer a reporting system, in which:
            a. Any employee may report to the Chief Compliance Officer (or a designee of the Chief Compliance Officer) any suspected misconduct relating to THCH's operations or practices of which any employee may have knowledge, including without limitation, concerns regarding accounting, internal auditing controls or auditing matters;
            b. No employee will suffer any penalty, retribution or career disadvantage for good faith reporting of any suspected misconduct;
            c. Any reports of misconduct may be anonymous; and

d. Inquiries as well as the identity of reporting employees will be kept confidential (except in instances where THCH is required to reveal information in order to enforce the Principles of Business Integrity or by applicable law or judicial order).

2. The Chief Compliance Officer will report to management on the functioning of the reporting system.
3. The Chief Compliance Officer will report to management on any reported concerns regarding accounting, internal accounting controls or auditing matters, in accordance with the requirements of the applicable regulatory requirements.

e. Response to Violations
   i. It is the policy of THCH that, if a violation of any applicable law or standard of conduct relating to the business of THCH is detected, THCH will take reasonable steps to respond appropriately to the violation and to prevent further violations, including any modifications to the Compliance Program.
   ii. Whenever the Chief Compliance Officer receives information regarding a possible violation of any applicable law or standard of conduct, the Chief Compliance Office or her designee will take appropriate steps to examine information and conduct the investigation necessary to determine whether an actual violation has occurred and shall take such actions as she deems appropriate to preserve and utilize, if appropriate, the attorney-client privilege, the work product doctrine, or the self-evaluation privilege. The Chief Compliance Officer or her designee will recommend to management an appropriate course of action.
   iii. The Chief Compliance Officer will consider whether the Compliance Program or THCH policies and procedures should be modified to better address the occurrence that resulted in the violation and shall make recommendations to management, as appropriate.

f. Discipline
   i. It is the policy of THCH that the standards of conduct set forth in the Principles of Business Integrity and Employee Handbook will be enforced through appropriate disciplinary mechanisms. Disciplinary actions may include termination of employment and filing of criminal charges, and may extend, as appropriate, to managers responsible for the failure to prevent, detect or respond to an offense.

g. Role of the Audit Committee of the Board of Directors
   i. The Audit Committee of the Board of Directors of THCH ("Audit Committee"), or if no Audit Committee exists then THCH's Chief Executive Officer, shall be responsible for overseeing the development, implementation, administration and enforcement of the Corporate Compliance Program. The Audit Committee will, from time to time:
      1. Meet with the Chief Compliance Officer and management with respect to the Compliance Program generally, and will review:
         a. The dissemination of the Principles of Business Integrity;
         b. The Chief Compliance Officer's review of compliance communications and training sessions generally, including their effectiveness;

c. The results of any audits relating to compliance with laws or standards of conduct;
d. The reporting system required by Paragraph V.B;
e. Any recommendations made by the Chief Compliance Officer to management and implementation actions by management;

2. Provide direction to the Chief Compliance Officer and the Chief Financial Officer regarding any reported concerns regarding accounting, internal accounting controls or auditing matters; and
3. Report to the Board of Directors as needed with respect to the Audit Committee's meetings with the Chief Compliance Officer and management, and with respect to the Compliance Program generally.

h. Compliance Program Revision
   i. THCH is committed to constant improvement of its operations to adapt to changes in the markets and industries in which THCH is active. The governmental and industry standards as well as the laws and regulations applicable to THCH's operations are dynamic and complex. Moreover, THCH's business operations may change and expand in the future. The Corporate Compliance Program is designed to enable THCH to adapt to these changes and maintain compliance with these standards, laws and regulations. Accordingly, the Corporate Compliance Program is subject to regular review and updating as appropriate.
   ii. Any and all changes to the Corporate Compliance Program and its underlying THCH policies and documents will be made at the direction of the Chief Compliance Officer, in consultation with counsel as necessary or appropriate, and approved by the Audit Committee.
   iii. The Corporate Compliance Program will be reviewed annually by counsel in consultation with the Chief Compliance Officer. The fact of the review will be recorded in minutes of the Audit Committee. Any recommended changes will be subject to approval by the Audit Committee or the entire Board of Directors before being adopted by THCH.

V. Review/Revision

Date	Description of the Revision	Approved

Security and Control Manual		
THC Health Inc.	Policy Name	**Incident Response and Management Policy**
	Policy Number	**5.2**
	Date this Version Effective	**06/03/2015**
	Responsible for Content	**Legal Department**

I. Description

a. This Program describes THC Health Inc.'s (THCH) standards for the timely responding, investigating, and reporting, if applicable, all incidents that result in personal injury/illness to employees, patients, visitors, property damage, near miss incidents, and unplanned releases (i.e. large quantities of hazardous chemicals, water, sewer or gases).

II. Definitions

a. Adverse Events: Certain occurrences as defined in THCH's Adverse Events policies and procedures.
b. Incidents: Certain occurrences that result in personal injury/illness to employees, patients, visitors, property damage, near miss incidents, and unplanned releases (i.e. large quantities of hazardous chemicals, water, sewer or gases).

III. Rationale/Purpose

a. Incident and adverse investigations are an integral part of THCH's Compliance Program.
b. THCH's incident response and management program is designed to identify, analyze, interpret, report and reduce liability incidents, adverse events and the recurrence of any incidents or adverse events, including incidents, near-misses, concerns, serious incidents, and unexpected patient events and product-related outcomes.
c. The purpose of performing investigations into incidents and accidents is to document the nature and cause of the occurrences.
d. By monitoring and reporting the types of incidents and adverse events reported, steps can be taken to develop methods for reducing and eliminating occupational accidents, illnesses, and exposures. It is essential that an effective accident prevention program be in place to provide a safe and healthful working environment at THCH.

IV. Policy/Procedures

a. Policy
    i. It is the Policy of THC Health, Inc. ("THCH") to investigate and identity the underlying causes of incidents; log the incident on a secure database; document the incident on a secure database; develop remedial actions to prevent recurrence; monitor follow-up by management to ensure remedial actions are properly implemented
    ii. THCH intends to form a Safety and Incident Review Team to lead the incident response and management program.
    iii. The team will report to the Board, at least on a quarterly basis, all incidents and the corrective measures taken.
    iv. Any incident or adverse event that is required to be reported under the New York Medical Marijuana Laws, Rules, and Regulations shall be reported to the New York Department of Health within 24 hours of initial discovery

b. Procedures
    i. Upon discovery or notification of an incident, the incident will be classified by severity and type (as outlined below) to help guide the nature of our response and subsequent reporting.
        1. Classification of incident by type including but not be limited to: physical violence, sexual assault/incidents, threatening behavior, theft, vandalism, loss, unauthorized use of equipment or property owned by the THCH, employee misconduct, bomb threats, incidents involving law enforcement, fire or security alarms, unlawful activity, arrests, robbery, attempted robbery, threats, suspicious persons, fire, missing property, injuries, hazardous matter leak, explosion, homicide, weapons, intentional sabotage, substance abuse, missing or lost data, trespassing, unethical behavior, and any other events that may adversely affect THCH or its participation in the State's medical marijuana program.
    ii. Following classification, an investigation will be launched to determine how and why staff, equipment, supplies, systems, or other factors failed to behave or function as anticipated. The incident investigation will include, but not be limited to:
        1. Protecting other people and property, preserving the scene as it was after the accident, conducting a visual walk-through of the accident site, identifying and conducting interviews with all witnesses, examining, collecting, and photographing all evidence (contact Security and Local Police for assistance if the incident may be criminal in nature), diagramming the accident site and preparing an accident report.
    iii. THCH will document each incident within a database through an Incident Report (IR), using standardized, searchable forms that permit cross-report analysis.
    iv. In the event of a serious incident, an incident report shall be submitted to the Compliance Department and Legal Department within 14 calendar days of the incident. The report should also include the following:
        1. Detailed description of the accident including answers to the following:
            a. What happened?
            b. Who (individuals and/or companies) was involved?
            c. When did the accident occur?
            d. What injuries/property damage resulted?
            e. Who witnessed the incident?
        2. Whether the NYSDOH was notified and how long after the incident notification occurred.
        3. List of who was notified—outside agencies and when they were notified;
        4. List of who investigated the accident;
        5. Photographs taken;
        6. Diagrams made;
        7. Witnesses' statements;
        8. Conclusions, if supported by the investigation, should be developed regarding the physical cause of the accident, but should not deal with the placement of legal liability upon any party.
    i. Reporting Criminal or Suspicious Incidents
        1. All employees must report criminal incidents or suspicious activities to their department head and the Security Department.

2. All criminal incidents must also be reported to the Legal and Compliance Departments.

V. Review/Revision

Date	Description of the Revision	Approved

Security and Control Manual		
THC Health Inc.	Policy Name	**Criminal Activity Policy**
	Policy Number	**5.3**
	Date this Version Effective	**June 3, 2015**
	Responsible for Content	**Compliance Department**

I. Description

a. This policy describes how THC Health Inc. ("THCH") handles criminal activity.

II. Rationale/Purpose

a. THCH is committed to providing a safe and secure work environment for our employees and the patients that enter our dispensaries.
b. To that end, it is the policy of THCH to require its current employees to report certain criminal activity occurring as defined below during the term of their employment.

III. Definitions:

a. "Conviction" means, but is not limited to, a guilty verdict, guilty plea, prayer for judgment continued, Alford plea, or "no contest" plea.
b. "Entry of a Conviction" occurs, for purposes of this policy, when the court accepts the plea or enters the conviction. A prayer for judgment continued is a conviction as of the date the court grants the defendant the prayer for judgment continued.

IV. Policy

a. Pre-Employment
    i. THCH is responsible for conducting background checks that include criminal activity prior to hire on applicants who have been selected for hire. If an applicant's criminal activity report is positive for convictions, the recency and type of convictions will be reviewed based on the job description to determine the applicant's suitability for employment.

b. Current-Employment
    i. Any current employee who is convicted of a criminal offense other than a minor traffic infraction must notify his/her supervisor within 5 business days of the entry of the criminal conviction.
    ii. Any current employee who routinely operates a THCH vehicle or personal vehicle for business purposes and is convicted of a traffic infraction must also notify his/her supervisor within 5 business days of the entry of the criminal conviction.
    iii. Any employee operating a motor vehicle who is involved in a motor vehicle incident (ticket or accident) while in the performance of work for THCH must immediately notify his/her supervisor. The employee is subject to substance abuse testing.
    iv. Failure to report a conviction as required above is grounds for discipline up to, and including termination of employment.
    v. Investigation and Notifications
        1. The supervisor when notified of 1, 2, or 3 above must immediately notify the Employee Relations Department of the conviction or accident.

2. THCH will then confirm the conviction(s).
3. After verification of the conviction(s), THCH will coordinate with the supervisor any appropriate corrective action to be administered for unacceptable personal conduct in accordance with the Progressive Discipline Policy.

c. Supervisor and Management Responsibilities
    i. Supervisors and managers are responsible for administering this policy according to the guidelines found herein. Failure to appropriately administer this policy will result in corrective action for the leader up to and including dismissal.

V. Review/Revision

Date	Description of the Revision	Approved

Security and Control		
THC Health Inc.	Policy Name	**Discipline Policy**
	Policy Number	**5.4**
	Date this Version Effective	**June 6, 2015**
	Responsible for Content	**Compliance Department**

I. Description

a. THC Health Inc. ("THCH") has adopted a progressive discipline policy to identify and address employee and employment related problems.

II. Rationale

a. Most often, employee conduct that warrants discipline results from unacceptable behavior, poor performance or violation of THCH's policies, practices or procedures. However, discipline may be issued for conduct that falls outside of those identified areas.
b. Equally important, THCH need not resort to progressive discipline, but may take whatever action it deems necessary to address the issue at hand. This may mean that more or less severe discipline is imposed in a given situation. Likewise, some THCH polices like sexual harassment and attendance, contain specific discipline procedures.
c. Of course, no discipline policy can be expected to address each and every situation requiring corrective action that may arise in the workplace. Therefore, THCH takes a comprehensive approach regarding discipline and will attempt to consider all relevant factors before making decisions regarding discipline.

III. Responsibilities

a. Each THCH department is responsible in implementing this policy in coordination with the Compliance Department.
b. This policy applies to any and all employee conduct that THCH, in its sole discretion, determines must be addressed by discipline.

IV. Policy and Procedure

a. Policy.
    i. Progressive discipline may be issued on employees even when the conduct that leads to more serious discipline is not the same that resulted in less sever discipline. That is, violations of different rules shall be considered the same as repeated violations of the same rule for purposes of progressive action.
    ii. Probationary employees are held to the highest standards for behavior and job performance. Progressive discipline is the exception rather than the rule for probationary employees.
    iii. While THCH will generally take disciplinary action in a progressive manner, it reserves the right, in its sole discretion, to decide whether and what disciplinary action will be taken in a given situation. **IN ADDITION, NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS POLICY, EVERY EMPLOYMENT RELATIONSHIP IN WHICH THCH IS INVOLVED AND THAT IS "AT WILL", THCH RETAINS THE DISCRETION TO FOLLOW OR NOT FOLLOW THE DISCIPLINE PROCEDURES DESCRIBED ABOVE AND TERMINATE "AT WILL" EMPLOYEES FOR NO REASON.**
    iv. It is the policy of THCH that whenever an employee is disciplined in accordance with the policy a disciplinary record will be created and placed into the employee's personnel file.
b. Procedure.

v. THCH will normally adhere to the following progressive disciplinary Procedure:
    1. Verbal Caution: An employee will be given a verbal caution when he or she engages in problematic behavior. As the first step in the progressive discipline policy, a verbal caution is meant to alert the employee that a problem may exist or that one has been identified, which must be addressed. Verbal warnings will be documented and maintained by your supervisor or manager.
    2. Verbal Warning: A verbal warning is more serious than a verbal caution. An employee will be given a verbal warning when a problem is identified that justifies a verbal warning or the employee engages in unacceptable behavior during the period a verbal caution is in effect. Verbal warnings are documented and placed in the employee's personnel file.
    3. Written Warning: A written warning is more serious than a verbal warning. A written warning will be given when an employee engages in conduct that justifies a written warning or the employee engages in unacceptable behavior during the period that a verbal warning is in effect. Written warnings are maintained in an employee's personnel file.
    4. Suspension: A suspension without pay is more serious than a written warning. An employee will be suspended when he or she engages in conduct that justifies a suspension or the employee engages in unacceptable behavior during the period that a written warning is in effect. An employee's suspension will be documented.
    5. Decision-Making Leave: Generally following a suspension, an employee will be reprimanded and then sent home for the day on decision-making leave. This is intended to help the employee decide whether they should continue employment with THCH. If the employee returns, they will be expected to work harder than before to follow THCH guidelines and continue their employment without interruption. The other option with this leave is the employee may choose to resign because employment with THCH is not a match.
    6. Termination: An employee will be terminated when he or she engages in conduct that justifies termination or does not correct the matter that resulted in less severe discipline.

Security and Control Manual		
THC Health Inc.	Policy Name	**Robbery**
	Policy Number	**5.5**
	Date this Version Effective	**06/03/2015**
	Responsible for Content	**Legal Department**

I. Description

a. This policy provides information regarding the appropriate action to be taken by employees during a robbery at any THC Health Inc. (THCH) facilities.

II. Rationale/Purpose

a. While it is the policy of THCH to do our utmost to prevent theft, top priority is given to ensuring the safety of all employees, patients, caregivers, and visitors at our facilities.

III. Responsibilities

a. The Security Officer shall be responsible for implementation and maintenance of this policy.
b. All employees are responsible for compliance with the policies, procedures and protocols dictated by this policy.

IV. Policy, Procedure, and Protocols

a. Policy
    i. Employees must comply with all burglar demands and should not attempt to thwart the burglar unless they are a properly trained security officer.
    ii. Employees should attempt to follow this procedure, unless doing so would put them at increased risk for harm or violates instructions being given by the burglar.
    iii. Any instructions issued by security personnel during a robbery situation override this SOP.
b. Procedure
    i. Once the burglar has identified their intent to rob the facility any employees in the area should remain calm and comply with burglars' demands.
        1. If the burglar hands a note to the employee they should try to avoid grabbing it directly. This will allow for fingerprinting or other analysis by law enforcement.
    ii. Employees should use their judgement of the situation to determine if it is safe to deploy silent or audible alarms to law enforcement. If the burglar has previous knowledge of the security system and instructs employees not to employ these devices then they should not attempt to deploy the alarms.
    iii. All product storage areas will have hidden GPS trackers inside decoy packaging identical to the medical marijuana products. These decoys will be stored in a specific location that only employees will know and should be discreetly given to the burglar with the other products. If the burglar has prior knowledge of the GPS trackers and instructs employees not to include them than employees should comply with his/her instructions.

iv. All cash drawers and cash storage areas will contain a sequential bill bundle that employees should give to the burglar to allow police to track the stolen cash. If the burglar has prior knowledge of the sequential bills and instructs employees not to include them than employees should comply with his/her instructions.
v. Once the burglar has exited the facility the external doors must be immediately locked to prevent reentry by the burglar.
vi. Once the door is locked employees must remain away from windows and may not unlock the door except when instructed to do so by law enforcement or security personnel.
vii. The Site Security Manager is responsible for ensuring that law enforcement is contacted as soon as possible, and that the department is notified.

V. Review/Revision

Date	Description of the Revision	Approved

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Quality Assurance Manual		
THC Health Inc.	Policy Name	**Independent Laboratory Testing**
	Policy Number	**7.1**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. The independent laboratory testing policy serves to outline procedures for testing of final products. This policy shall apply to all of the company's manufacturing units and the quality assurance unit in relation to final product testing by an independent laboratory.

II. Rationale/Purpose

a. This document is designed to provide a formal outline of the procedures that the company shall follow to comply with testing requirements to be fulfilled by an independent laboratory.
b. Testing is required to comply with Department regulations and to confirm in-house testing results.
c. Ensure compliance with Department regulations for testing of products by implementing appropriate policies.
d. Detail the recordkeeping requirements for all chain of custody documents and independent laboratory reports.
e. Protect the interests of the company in regard to compliance with regulations and product safety.

III. Responsibilities

a. The Director of Quality Assurance will oversee policy compliance for personnel under his or her supervision.
b. The Chief Agriculture Officer is responsible for oversight of the Director and all quality assurance activities including independent laboratory testing.
c. All company employees will adhere to the policies and SOPs in this manual.

IV. Policy and Procedure

a. Policy
    i. All marijuana that is unable to be dispensed to a patient will be disposed of properly in accordance to the company's protocols. No other materials are to be added to the Incineration Waste Container besides marijuana products.
    ii. The Director of Quality Assurance shall select an approved laboratory with the approval of the Chief Agriculture Officer.
    iii. The company shall utilize the services of the Department of Health's Wadsworth Center until an independent laboratory is approved to provide services.
    iv. Any laboratory utilized by the company must perform the general body of required quality assurance tests to be set forth by the Department.
    v. No company executive, member, or principal stakeholder will have any financial or other interest in a laboratory providing testing services.
    vi. No employee of an independent laboratory providing testing services to the company shall be employed or engaged by the company or receive direct financial compensation from the company in any manner.

vii. From the time that a batch has been homogenized for sample testing and eventual packaging and sale until the independent testing laboratory provides the results from its tests and analysis, the manufacturing unit shall segregate and withhold from use the entire batch, except the samples that have been removed for testing.

b. Procedure
   i. The manufacturing unit shall notify the quality assurance unit when a production batch is finished and ready for sampling.
   ii. The assigned sampling technician shall collect a sufficient amount samples of finished oils and products in accordance with Sample Collection and Retention and Sampling Risk Mitigation SOPs.
   iii. The Director of Quality Assurance is responsible for preparation of testing samples for submission to an independent laboratory.
   iv. All necessary chain of custody documentation and laboratory management system entries must be completed prior to sample transfer to an independent laboratory. Samples must retain barcode and labeling identification from the collection of the sample to the receipt of results.
   v. Any person transporting samples from the company laboratory to an independent testing facility must be approved by the company and the Department for transportation of marijuana products. All transportation must be in accordance with Transportation SOPs.
   vi. The Manufacturing Site Operations Manager in coordination with the Director of Quality Assurance Office must ensure:
      1. The batch is maintained in a secure, cool and dry location so as to prevent the marijuana from becoming contaminated or losing its efficacy.
      2. Under no circumstances may the batch of marijuana or marijuana products be sold testing and analysis is completed, results have been provided in writing and the laboratory has released the batch for sale.
   vii. Contaminant testing shall include analysis for the following contaminants with acceptable limits to be determined by the Department:
      1. E. coli
      2. Klebsiella
      3. Pseudomonas (for products to be vaporized)
      4. Salmonella
      5. Streptococcus
      6. Bile tolerant gram negative bacteria
      7. Aspergillus
      8. Mucor species
      9. Penicillium species
      10. Thermophilic Actinomycetes species
      11. Aflatoxin
      12. Ochratoxin
      13. Antimony
      14. Arsenic
      15. Cadmium
      16. Chromium

17. Copper
18. Lead
19. Nickel
20. Zinc
21. Mercury
22. Any pesticide/herbicide/fungicide used during production of the medical marijuana product
23. Any growth regulator used during production of the MMJ product
24. Any other analyte as required by the commissioner

viii. The Director of Quality Assurance must ensure all required testing is performed in accordance with Department rules. The Director shall require additional testing as necessary to ensure the safety and quality of all marijuana products. Cannabinoid testing shall include the following analytes:
1. Tetrahydrocannabinol (THC)
2. Tetrahydrocannabinol acid (THCA)
3. Tetrahydrocannabivarin (THCV)
4. Cannabidiol (CBD)
5. Cannabinadiolic acid (CBDA)
6. Cannabidivarine (CBDV)
7. Cannabinol (CBN)
8. Cannabigerol (CBG)
9. Cannabichromene (CBC)
10. Any other cannabinoid component at > 0.1%

ix. Reporting of results
1. Upon receipt of test results from the independent laboratory, the quality assurance shall enter the results into the laboratory management system.
2. The quality assurance unit shall transmit the results to the manufacturing unit with a determination of batch status including: approved for labeling and distribution, hold for rework, scrapped for disposal
3. The manufacturing unit shall handle the batch according to the approved status and in accordance with Distribution, Rework, and Disposal SOPs.
4. Any employee discovered falsifying test results or distributing products that have not been released by the laboratory may be terminated immediately by the company.

x. Failed Samples
1. The Director of Quality Assurance may request from the Department an authorization a retest of samples to validate the results of a failed test if he or she believes the results are inaccurate based on internal testing.
2. All product from the batch in question must remain in quarantine until the Department provides a denial or authorization for a retest.
3. Upon denial from the Department, the batch shall be deemed a failure. Upon approval for a retest from the Department, all quarantine policies shall remain in effect until a final determination is made.
4. If a sample provided to laboratory does not pass any test based on the standards of the Department, the Director of Quality Assurance Office

must ensure the manufacturing unit disposes of the entire batch from which the sample was taken.

5. All batch disposals must be properly recorded in the inventory control system and disposed of in accordance with the company's Recordkeeping and Disposal SOPs.

xi. Additional tests required

1. The Department may require additional testing or request samples for Department testing purposes. The Director of Quality Assurance Office must ensure that The company complies with all published Department testing requirements and provides all samples as requested with proper chain of custody documentation.

V. Review/Revision

Date	Description of the Revision	Approved

Quality Assurance Manual		
THC Health Inc.	Policy Name	**Laboratory Non-Conformance Reporting**
	Policy Number	**7.2**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. The laboratory training program plan serves to outline procedures for reporting results may be affected by systematic bias or error or whenever documented procedures are not followed.
b. This Standard Operating Procedure describes the procedures implemented by the quality assurance unit when systematic bias or error is discovered.

II. Rationale/Purpose

a. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow to ensure the proper handling of bias and errors.
b. Ensure all laboratory non-conformance is handled in accordance with all company policies and procedures.

III. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. The Chief Agriculture Officer is responsible for oversight of the Quality Assurance Officer and all staffing procedures and facility requirements.
c. All THC Health Inc. quality assurance employees will adhere to the policies and SOPs in this manual.

IV. Policy and Procedure

a. Policy
    i. The Non-Conformance Reporting System is part of THC Health Inc.'s corrective action plan as outlined in the Quality Manual and is used by the laboratory as a notification system to clients whenever reported results may be affected by systematic bias or error or whenever documented procedures are not followed.
    ii. Non-systematic bias (random error) may also be documented in the Non-Conformance Report if there is sufficient reason to notify the client or document the event.
b. Procedure
    i. Whenever a non-conformance is observed it must be documented on the Non-Conformance Form (Appendix A) and reported to the Quality Assurance Officer. The Quality Assurance Officer will notify the client if results are impacted via email or telephone. Client notification must also be noted on the Non-Conformance Form.
    ii. Non-conformance observations that do not affect reported results may also be documented in the Non-Conformance Reporting System for resolution tracking. Such observations may include external and internal audit deficiencies or similar laboratory non-conformances that do not directly affect reported results.
    iii. Non-conformances that have an immediate resolution need to be documented in the Non-Conformance Reporting System.
    iv. The Quality Assurance Officer issues a unique identification number to all Non-Conformance Forms.
    v. The Quality Assurance Officer tracks all non-conformances until all issues are resolved and the non-conformance is closed.

V. Review/Revision

Date	Description of the Revision	Approved

Quality Assurance Manual		
THC Health Inc.	Policy Name	**Laboratory Standard Operating Procedures**
	Policy Number	**7.3**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. The laboratory SOP plan serves to outline procedures for the maintenance of SOPs.
b. This Standard Operating Procedure describes the procedures for developing, implementing, and maintaining SOPs.

II. Rationale/Purpose

a. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow to ensure personnel both in-house and from outside can refer to while performing various procedures.
b. Ensures the laboratory SOPs are handled in accordance with all company policies and procedures.

III. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. The Chief Agriculture Officer is responsible for oversight of the Director and all staffing procedures and facility requirements.
c. All THC Health Inc. quality assurance employees will adhere to the policies and SOPs in this manual.

IV. Policy and Procedure

a. Policy
    i. A Standard Operating Procedure (SOP) is a "how-to" document that personnel both in-house and from outside can refer to while performing various procedures. It should be clearly and unambiguously written so that both novice and experienced personnel can easily understand and follow the procedure. SOP's provide a basis for uniformity, consistency, and accountability and are invaluable as training vehicles for new personnel. A sound SOP can help minimize the introduction of systematic error in a method by ensuring that all personnel use the same procedure.
    ii. At THC Health Inc., SOP's are written by the Quality Assurance Officer involved in carrying out the procedure. The Chief Agriculture Officer reviews and approves the SOP. The SOP is then placed into the THC Health Inc. laboratory management system and disseminated to appropriate personnel by the Quality Assurance Officer or delegate.
    iii. A draft is prepared by the Quality Assurance Officer or technician detailing the methodology.

iv. The draft is reviewed by the Quality Assurance Officer and/or Chief Scientific Officer as a final SOP.
v. The Chief Agriculture Officer signs off on the SOP and returns the signature page and document to the Quality Assurance Officer of Quality Assurance and Lab Analytics. The Quality Assurance Officer or designee turns the SOP into a PDF and uploads it to the appropriate folder in the THC Health Inc. laboratory management system.

b. Revisions
   i. To revise an existing SOP or implement a new one, the revised or new SOP is submitted to the Quality Assurance Officer of Quality Assurance and Lab Analytics. The Quality Assurance Officer reviews the SOP and submits it to the Chief Agriculture Officer and other designees, indicating whether the change is a minor or major revision. Minor revisions are those which do not involve modifications to the method, while major revisions indicate the method has been altered.
   ii. A change in procedure that produces results that are incomparable with those reported before the method was modified would also justify a major revision. All SOP's must contain a Revision History that shows all significant changes. The Revision History must also include the date the revisions were made and what sections have been edited. The final SOP must be submitted to the Chief Agriculture Officer and/or designee or final approval.
   iii. A new version number will be issued for all revised SOP's. The most recent revisions will be maintained in the testing facility's public network drive.
   iv. Only the version maintained on the laboratory management system will be recognized as the official version. Print-outs bearing the "CONTROLLED DOCUMENT IF IN RED INK" stamp will be considered controlled.
   v. When a revision or new version is issued the Quality Assurance Officer will ensure that the old versions are replaced with the new versions in the laboratory.

c. Preparation and analysis
   i. A separate SOP is written for both sample preparation and sample analysis. Where the methodology does not require extensive preparation and/or analysis, these two SOP's may be combined. In addition, a separate equipment SOP may be written detailing the methods, materials, and schedules used in routine inspection, cleaning, and maintenance, testing, calibration, and standardization of the equipment. The equipment SOP may also specify the actions to take to correct equipment failure or malfunction; alternately such information may be included in preparation and/or analysis SOP's.
   ii. Each draft and official SOP shall contain or reference the following elements (where applicable):
      1. Applicable matrix or matrices
      2. Table of contents (if SOP exceeds 10 pages)
      3. Revision history
      4. Scope and application, including components to be analyzed

5. Summary of the test method
6. Definitions
7. Interferences
8. Safety
9. Equipment and supplies
10. Reagants and standards
11. Sample collection, preservation, shipment, and storage
12. Quality control
13. Calibration and standardization
14. Procedure
15. Calculations
16. Method performance
17. Pollution prevention
18. Data assessment and acceptance criteria for quality control measures
19. Corrective actions for out-of-control data
20. Contingencies for handling out-of-control or unacceptable data
21. Waste management
22. References
23. Tables, diagrams, flowcharts, and validation data
24. Each SOP shall also contain a header and/or footer which includes the following:
    a. Effective date – the date the current version was implemented in the laboratory.
    b. Revision date – the date any major or minor revisions were made to the document.
    c. Author or revision author(s)
    d. ID number and version control number
    e. Page X of Y (where X is the current page and Y is the total number of pages)
    f. Some procedures may not be consistent with this format. However, every effort should be made to follow the outlines as closely as possible.

V. Review/Revision

Date	Description of the Revision	Approved

Quality Assurance Manual		
THC Health Inc.	Policy Name	**Laboratory Training Program**
	Policy Number	**7.4**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. The laboratory training program plan serves to outline procedures for complying with Good Laboratory Practice.
b. This Standard Operating Procedure describes the laboratory training requirements and describes how certification of training is accomplished.
c. This SOP is intended to provide guidance on the intent and use of the laboratory's training system and the means for complying with the requirements of the company and all certifying agencies. THC Health Inc. retains, primarily, electronic records of all analytical tests and employee training records. This document specifies laboratory training requirements and describes how certification of training is accomplished.

II. Rationale/Purpose

a. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow to ensure the proper training of all quality assurance personnel.
b. Ensures the laboratory training is handled in accordance with all company policies and procedures.

III. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. The Chief Agriculture Officer is responsible for oversight of the Quality Assurance Officer and all staffing procedures and facility requirements.
c. All THC Health Inc. quality assurance employees will adhere to the policies and SOPs in this manual.
d. All laboratory staff are required to complete basic training requirements regardless of their duties.

IV. Policy and Procedure

a. Analyst training
    i. All technicians engaged in analytical work are required to complete training in the methodological requirements for assigned analyses. Additionally, analysts generating reportable data are required to (a) successfully complete method proficiency demonstrations prior to reporting any data from an analytical test and (b) demonstrate continuing proficiency on an annual basis.
b. Certification and documentation
    i. Laboratory Staff Documentation – All training for laboratory staff is documented in the Employee Training Records folder in the laboratory management system. Paper documents are stored in employee files maintained by the Quality Assurance Officer.
    ii. The Quality Assurance Officer is responsible for assigning appropriate training and a training due date for staff. After training is assigned, personnel are alerted to training needs by the Quality Assurance Officer. When training is complete they sign the Training Documentation Form (Attachment 7.4a) and have their supervisor sign

as well. This document is then scanned into the appropriate employee's training folder and a hard copy is maintained by the Quality Assurance Officer.

iii. Non-Laboratory Staff Documentation – all training for non-laboratory staff is documented in the Employee Training Records folder in the laboratory management system.

iv. The Quality Assurance Officer is responsible for assigning appropriate training and a training due date for staff. After training is assigned personnel are alerted to their training needs by the Quality Assurance Officer. When training is complete they sign the Training Documentation Form and have their supervisor sign as well. This document is then scanned into the appropriate employee's training folder and the Quality Assurance Officer maintains a hard copy.

c. Basic training

i. Completion of Quality Assurance Manual training means that the employee has read, understood, and is using the latest version of the laboratory's in-house quality documentation, which relates to his/her job responsibilities.

ii. For SOP training, employees sign the Training Documentation Form attesting that they have read, understood, and agree to use the cited version of the method in the laboratory.

d. Method training

i. The pH of media and reagents are to be taken when the media and reagents are at room temperature (25 + 2°C) unless otherwise specified on the media/reagent preparation sheet. For agar-based media, the pH is to be taken on a solidified sample.

ii. Supervisors are responsible for reviewing employee training records and any associated analytical records. If the review is acceptable, supervisors will sign the Training Documentation Form indicating training is complete.

iii. For method proficiency training, a supervisor's authorization attests that:

1. The analyst has met the criteria for the Demonstration of Capability SOP.
2. The test method was performed by the analyst according to the criteria in the respective SOP.
3. A copy of the test method and laboratory specific SOP's are available for all personnel on-site.
4. The data associated with the demonstration of capability are true, accurate, and complete.
5. All raw data (including electronic files) necessary to reconstruct and validate these analyses have been retained at the facility, and that the associated information is well organized and available for review by authorized personnel.
6. Because much of the raw data acquired and retained by the laboratory are in the form of electronic records, the requirement of item (7) above may be met by including references to electronic data records on the Training Documentation Form.

e. Environmental response training

i. All laboratory and non-laboratory personnel must be trained on the Emergency Action Plan and know the proper protocol in the event of an emergency.

ii. Personnel at THC Health Inc. will receive training on the hazards that may be posed to them during the course of their normal job functions. Training is categorized depending on the type of hazards that may be present.

1. Category 1 – training is general awareness training that shall be given to individuals who do not enter the laboratory area. This will include non-laboratory staff, visitors, and vendors. Training may include information on chemical hazards and signs and symptoms of exposure.
2. Category 2 – training is provided to visitors and personnel that could enter the laboratory area. These persons must be 100% escorted. This will include visitors, auditors, maintenance personnel, and janitorial staff. Training may include information on chemical hazards, signs and symptoms of overexposure, alarm systems in place, and evacuation procedures.
3. Category 3 – training is given to personnel working unescorted in the laboratory area. This includes laboratory staff, auditors, and maintenance personnel. Training may include information on chemical hazards, signs and symptoms of overexposure, alarms in the laboratory areas, evacuation procedures, first aid procedures, Personal Protective Equipment (PPE), laboratory hoods, and accountability procedures and emergency procedures.
4. Category 4 – training is given to personnel who may be responding to emergencies including medical emergencies and spill events. This includes laboratory personnel, medical personnel, and off-site responders. Training may include information on chemical hazards, signs and symptoms of overexposure, first aid procedures, PPE, and emergency procedures.

f. Demonstration of capability
   i. Demonstrations of capability are documented electronically as described in the Demonstration of Capability SOP. Initial demonstrations of capability are performed for all analytes and methods. Documentation for only one test method is maintained for similar test methods using the same technology.
   ii. For some methods, it is not feasible or practical to include all analytes in the blind performance samples, laboratory control samples, or authentic samples. If an analyst is demonstrating on-going capability using one of these samples and an analyte was not added or present in the sample, the analyte must still be reported by the analyst. Acceptability of results for analytes not added or present in ongoing capability demonstration samples shall be based on the supervisor's judgment.

V. Review/Revision

Date	Description of the Revision	Approved

Attachment 7.4a

Training Documentation Form Example

Employee Name and Identification Number-:

Date:

Standard Operating Procedure:

Revision Date and Number:

By signing this document it is attested that the employee named above has read and understands the above named SOP. Any applicable data are attached or can be found at the following electronic location:

Employee Signature:

Supervisor Signature*:
*Supervisor signatures are only required for demonstrations of capability of laboratory procedures.

Quality Assurance Manual		
THC Health Inc.	Policy Name	**Laboratory Emergency Action Plan**
	Policy Number	**7.5**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. The laboratory emergency action plan serves to outline procedures for handling of emergency situations.
b. This policy shall apply to all THC Health Inc. quality assurance unit employees working in the laboratory facilities.

II. Rationale/Purpose

a. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow to ensure the safety of all personnel in an emergency.
b. Ensure the safety of all personnel in an emergency situation.

III. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. The Chief Agriculture Officer is responsible for oversight of the Quality Assurance Officer and all staffing procedures and facility requirements.
c. All THC Health Inc. quality assurance employees will adhere to the policies and SOPs in this manual.

IV. Policy and Procedure

a. Required signage
    i. The Quality Assurance Officer shall ensure an up to date emergency contact list is visibly posted in key areas throughout the laboratory facility including:
        1. Management contacts
        2. Paramedics
        3. Ambulance
        4. Poison control center
        5. Haz mat response
        6. First aid assistance
        7. Fire department
    ii. Emergency facility maps must be posted in each work area and contain the following information:
        1. Emergency exits – two exits must be identified
        2. Primary and secondary evacuation routes
        3. Location of fire extinguishers – number must be in compliance with Code
        4. Location of eyewash stations – in each work station
        5. Meeting assembly points – two points must be identified

V. Reporting to Authorities

i. Quality assurance employees are required to report the following type of emergencies to management and appropriate first responders immediately:
    1. Medical
    2. Fire
    3. Severe weather
    4. Bomb threat
    5. Chemical spill
    6. Extended power loss

VI. Event Response

i. Medical emergency
    1. Call medical emergency phone number or 911
    2. Provide the following information on the nature of medical emergency, location of emergency (address, building, room number), and your name and phone number
    3. Do not move the victim unless absolutely necessary
    4. Call staff personnel trained in CPR and First Aid to provide assistance prior to arrival of professional medical help
    5. If personnel trained in First Aid are not available, as a minimum, attempt to provide the following assistance: stop the bleeding with firm pressure on the wounds, avoid contact with blood or other bodily fluids, and clear the air passages using the Heimlich Maneuver in case of choking
    6. Personnel rendering medical help should be conscious of being exposed to hazardous materials and should exert caution and utilize all proper protective equipment and consult Material Safety Data Sheets where necessary.
    7. First Aid should only be attempted if trained and qualified.

ii. In the event of a fire
    1. Activate nearest fire alarm (if installed)
    2. Notify the local fire department by calling 911
    3. If no fire alarm is available notify on-site personnel via: voice communication, phone paging, or radio

i. Fight fire ONLY if:
    1. The fire department has been notified
    2. The fire is small and not spreading to other areas
    3. Escaping the area is possible by backing up to the nearest exit
    4. The fire extinguisher is in working condition and personnel are trained to use it

ii. Upon being notified of a fire emergency, occupants must:
    1. Leave the building using designated escape routes
    2. Assemble in the designated area
    3. Remain outside until the competent authority (Designated Official or designee) announces that it is safe to re-enter.

iii. The Quality Assurance Officer shall designate employees as emergency responders who shall:
    1. Disconnect utilities and equipment unless doing so jeopardizes his/her safety
    2. Coordinate an orderly evacuation of personnel
    3. Perform an accurate head count of personnel reported to the designated area
    4. Determine a rescue method to locate missing personnel
    5. Provide fire department personnel with the necessary information about the facility

iv. Precautionary measures taken during extended power loss
    1. Unnecessary electrical equipment and instruments should be turned off in the event that power restoration causes a surge that could damage electronics and sensitive equipment.
    2. A singular desk lamp that is connected to a surge protector should remain on to notify employees and emergency personnel that power has been restored.

v. In the event power loss causes freezing temperatures with the building
    1. Emergency eyewash station should be drained of water to avoid freezing and cracking of pipes
    2. Equipment that contains fluids that can freeze due to long-term exposure should be drained of all such fluids
    3. Propylene-glycol may be added to drains to prevent traps from freezing

vi. Upon restoration of power (and heat)
    1. Electronic equipment should be brought up to ambient temperatures before energizing to prevent condensate from forming in circuitry.
    2. Water pipes should be checked for leaks after heat has been restored to prevent flooding.

VII. Chemical Spill

i. Spill containment and security equipment is located in the spill containment kit
ii. PPE is located on supply shelf
iii. MSDS's are available on-line and printed versions are located on southern wall
iv. When a large chemical spill has occurred (>4L):
    1. Immediately notify the designated official and the emergency coordinator
    2. Wear proper PPE
    3. Contain the spill with available equipment (e.g. pads, booms, absorbent powder, etc.)
    4. Secure the area and alert other personnel on site
    5. Do not attempt to clean the spill up unless otherwise trained to do so
    6. If anyone is injured alert medically trained staff and call 911, if necessary
    7. Call local spill clean-up company or fire department to perform clean-up on spill or for hazardous chemicals such as mercury.

8. Evacuate building as necessary.
9. In the event the spill is greater than 4L the fire department or local spill clean-up company should be notified immediately.
10. Dispose of all marijuana waste in a manner that is in accordance with the MSDS and Disposal SOPs.

VIII. Bomb Threat

i. Be calm and listen
ii. While on the phone or handling the person deploy the silent alarm button nearest your position.
iii. If the threat is made by phone, signal personnel to evacuate the facility immediately.
iv. As soon as possible call 911 and all company emergency contacts.
v. If the threat is made by phone, do not interrupt the caller
vi. Record the following
    1. Your name:
    2. Time:
    3. Date:
    4. Sex (Male or female) of caller
    5. Adult or juvenile of caller
    6. Origin of call (local, long distance, telephone booth)
    7. Voice characteristics of caller: loud/soft, high pitch/deep, raspy/pleasant, intoxicated, other
    8. Accent of caller: local/not local, foreign/regional, race
    9. Speech of caller: fast/slow, distinct/distorted, stutter/slurred/nasal
    10. Manner of caller: calm/angry, rational/irrational, coherent/incoherent, deliberate/emotional, righteous/laughing
    11. Language of caller: excellent, good, fair, poor, foul
    12. Background noises of caller: factory, trains, machines, animals, music, quiet, office, voices, airplanes, street, party, traffic, atmosphere
    13. Bomb facts (if told) such as: when will it go off, where is it located, what kind of bomb, what kind of package

IX. Tornado

i. When a warning is issued by the sirens or other means, seek inside shelter.
ii. Consider the following:
    1. Small interior rooms on the lowest floor and without windows
    2. Hallways on the lowest floor away from doors and windows
    3. Rooms constructed with reinforced concrete, brick, or block with no windows
    4. Stay away from outside walls and windows
    5. Use arms to protect head and neck
    6. Remain sheltered until the tornado threat is announced to be over

X. Earthquake

i. Stay calm and await instructions from designate emergency personnel or first responders
ii. Keep away from overhead fixtures, windows, filing cabinets, and electrical power
iii. Assist people with disabilities in finding a safe place
iv. Evacuate as instructed by the emergency coordinator and/or designated official

XI. Flood

i. Stay calm and await instructions from designate emergency personnel or first responders
ii. Shut down all utilities and equipment if it is safe to do so
iii. Follow the recommended primary or secondary evacuation routes

XII. Blizzard

i. Stay calm and await instructions from designate emergency personnel or first responders
ii. Stay indoors
iii. If there is no heat:
    1. Close off unneeded rooms or areas
    2. Stuff towels or rags in cracks under doors
    3. Cover windows
    4. Eat and drink. Food provides the body with energy and heat. Fluids prevent dehydration.
    5. Wear layers of loose-fitting, light-weight warm clothing, if available.

XIII. Recovery

i. The Quality Assurance Officer is responsible for the return of all laboratory functions as soon as practical.

XIV. Recordkeeping

i. The Quality Assurance Officer shall document all emergencies and response and recovery actions as soon as practical and provide such report to THC Health Inc. management.
ii. THC Health Inc. management shall notify insurance providers if applicable as soon as official reports are available from any responding agencies.

XV. Required Equipment

i. Spill containment kit

XVI. Review/Revision

Date	Description of the Revision	Approved

Quality Assurance Manual		
THC Health Inc.	Policy Name	**Laboratory Health and Safety**
	Policy Number	**7.6**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. The laboratory health and safety plan serves to outline procedures for the health and safety needs of THC Health Inc.'s quality assurance personnel.
b. This policy shall apply to the THC Health Inc. quality assurance unit.

II. Rationale/Purpose

a. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow to ensure health and safety of all quality assurance personnel in the performance of their duties.
b. This document intends to cover basic laboratory safety requirements and to provide laboratory personnel with instructions for the safe operation of commonly used laboratory equipment.
c. Ensure the appropriate health and safety precautions are employed for laboratory functions.

III. Responsibilities

a. The Quality Assurance Officer is responsible for this SOP and employees adherence to its policies.
b. The Quality Assurance Officer or designee is responsible for monthly and annual audits of the laboratory to ensure all activities are performed in a safe manner.
c. A safe and healthy environment is a shared responsibility of all staff, vendors, and visitors.
d. All employees are responsible to comply with the safety regulations and are encouraged to recommend further action the laboratory could take to maintain a safe and healthy environment.
e. All visitors are responsible to comply with all posted regulations and guidelines put forth by the company.

IV. Policy and Procedure

a. Policy
    i. It is the policy of THC Health Inc. to provide a safe and healthy environment to all staff and visitors. The company commits to strive for progress with consideration to environmental sustainability.
    ii. To maintain the good image of the laboratory, employees are reminded that they must be properly attired in a manner befitting of the laboratory while they are on the premises. Employees are not allowed to wear the following while in the laboratory:
        a. Sleeveless t-shirts
        b. Shorts
        c. Attire printed with offensive or obscene workings
        d. Revealing attire or mini-skirts
        e. Slippers or sandals that do not cover the heel

f. The Quality Assurance Officer may take disciplinary action against employees who do not comply with the above guidelines.

b. Inspections
    i. General safety inspections (Appendix A) are performed on a monthly basis by the Quality Assurance Officer or designee in accordance with Internal Laboratory Audit SOPs.
    ii. In-depth safety inspections (Appendix B) are performed on an annual basis by the Quality Assurance Officer or designee in accordance with Internal Laboratory Audit SOPs.

c. General laboratory safety rules
    i. Observe all warning notices
    ii. Do not use defective glassware, tools, or instrumentation. Check before use.
    iii. Damaged glassware should be removed from the general supply. If broken beyond repair it should be disposed of in glassware waste boxes. If it can be repaired it should be placed in the glassware repair bin.
    iv. Damaged equipment should be marked as such to prevent any employees from using until it has been properly repaired.
    v. Employees should not handle any equipment without permission and proper training and supervision.
    vi. Know where emergency exits, fire extinguishers, eye wash stations, and first aid kits are located.
    vii. Appropriate shoes and clothing should be worn at all times while in the laboratory.
    viii. Some equipment has moving parts; loose clothing and ties should be avoided as these can get trapped in the moving parts and cause injury. Long hair should also be tied up so as to avoid this type of injury as well.
    ix. Disposable masks should be worn when performing dusty work.
    x. Safety goggles must be worn at all times in the laboratory.
    xi. Smoking is strictly prohibited in the laboratory to ensure fire safety.
    xii. Materials not being used should be stored properly so as to not obstruct any passageways.
    xiii. At least two people must be present during lifting or shifting of large/heavy objects in the laboratory.
    xiv. Working alone is not advised and should be prevented whenever possible.
    xv. Good house-keeping helps prevent accidents.

d. Additional safety guidelines
    i. Keep laboratory areas tidy and organized. Keep unnecessary items out of the laboratory. Clean areas immediately after experiments are concluded. Follow all waste disposal instructions.
    ii. Put on proper personal protective equipment (PPE). Always wear eye protection. Wear appropriate clothing including laboratory coats. Gloves appropriate to the task being performed should always be worn.
    iii. Conduct experiments in good frame of mind. Lack of seriousness can lead to failure and accidents.
    iv. Carry out tests in good condition. Employees should not perform experiments when unwell.
    v. Required emergency drills led by the Quality Assurance Officer through random implementation will help employees be prepared during an actual emergency.

e. Safety education and training

i. The Quality Assurance Officer must ensure quality assurance personnel be provided with adequate and comprehensive education and training on health, safety and environment at initial hire and yearly thereafter.

f. Emergency equipment list
   i. The chemistry area contains a first aid kit, spill kit, fire sprinkler system, fire extinguisher, and emergency eye wash station.
   ii. The microbiological area contains a first aid kit, spill kit, fire sprinkler system, and fire extinguisher.

g. Risk management
   i. The goal of risk management is to identify all hazards associated with the tasks performed in the laboratory and applying adequate control measures to reduce these risks.
   ii. Hazard identification shall be carried out systematically by the Quality Assurance Officer through the recording of potential hazards during each activity.
   iii. Risk evaluation shall be carried out by assessing the severity of the potential hazards and the likelihood of occurrence of the event causing safety, ill-health, or unforeseen events.
   iv. Appropriate control measures shall be identified for all unacceptable risks. This risk evaluation shall be used as a basis for prioritizing actions to control identified hazards and minimize risk.
   v. The control hazards and reduction of risks can be accomplished by following the hierarchy of controls. Two or more controls can be implemented together to reduce the risk impact.
   vi. Conduct a breakdown of the process involved in the operation.
   vii. Identify the hazards associated with the materials and the process. Hazards associated with waste disposal, spill, and other emergency procedures should also be considered.
   viii. Assessment of the frequency of occurrence and the severity of each hazard should be identified.
   ix. Communicate the risk to others via standard operating procedures, signs posted through the laboratory, and other means such as email.
   x.

h. Chemical safety
   i. The laboratory utilizes some chemicals on-site that are considered hazardous.
   ii. All hazardous chemicals must be stored appropriately. Flammable solvents are stored in a flammable solvent cabinet.
   iii. The Material Safety Data Sheet (MSDS) for each chemical is available electronically in the laboratory management system and should be read and understood before using any chemical.
   iv. PPE must be worn according to the MSDS for each chemical.

i. First aid
   i. The laboratory is equipped with first aid kits. Each kit is easily accessible within the laboratory. Each kit is checked monthly by the Quality Assurance Officer or designee to ensure that it is fully equipped and that all items in the box are within the date of expiration.

j. Workplace incident reporting and investigation
   i. THC Health Inc. keeps a log of all accidents, whether minor or major, including near misses. Reporting of incidents is done by filling out the Incident Report Form (Appendix C) and submitting it to the Quality Assurance Officer.

ii. Forms are reviewed by the Quality Assurance Officer and action (if any) will be taken to prevent a similar occurrence.
iii. Incident Report Forms can also be used to report any unsafe practices or situations that may result in an accident.
iv. Reporting serves two main purposes:
    1. It seeks to protect the injured person should complications subsequently arise. For example, if at a later stage a cut finger becomes infected, the report will provide evidence of the injury and also additional protection when claiming insurance compensation.
    2. It enables problem areas and operations to be identified so that corrective measures can be taken before a serious accident occurs.
v. Steps to follow when reporting an incident:
    1. Contact the Quality Assurance Officer or Chief Agriculture Officer immediately.
    2. The manager will determine the next step such as calling in paramedics or hazard materials experts.
vi. If the accident occurs after hours or during weekends, the injured person should exercise common sense and discretion on the seriousness of the injury. Proceed to seek professional medical treatment if necessary and inform laboratory personnel as soon as possible.

k. Use of personal protective equipment
    i. All activities that require Personal Protective Equipment (PPE) must have a risk assessment completed prior to the commencement of the work. The risk assessment should stipulate what personal protective equipment should be employed. This should be outlined in the standard operating procedure for the particular activity.
    ii. Employees should be aware of any hazards involved in the work they are performing.
        1. Foot Protection – no open-toed shoes should be worn in the laboratory.
        2. Hand Protection – appropriate gloves must be worn when working with: hot objects, sharp or abrasive materials, or chemicals.
        3. Head Protection – long hair should be tied back when working within the laboratory.
        4. Hearing Protection – earplugs or earmuffs must be worn when working with equipment that produces loud noises.
        5. Eye Protection – appropriate eye protection must be worn when working with high pressure or chemicals.
        6. Hearing Protection – earplugs or earmuffs must be worn when working with equipment that produces loud noises.
        7. Eye Protection – appropriate eye protection must be worn when working with high pressure or chemicals.

l. Fire safety
    i. Laboratory fires can be caused by hot plates, electrical heating units, failure of unattended or defective equipment, or overloaded electrical circuits. Employees

and visitors should be familiar with the location of all emergency exits. Employees should familiarize themselves with the operation of fire extinguishers.

ii. Fire cannot occur without an ignition source, fuel, and an oxidizing atmosphere (usually air). Fire will not be initiated if any of these elements is not present.

iii. Employees should learn the potential fire hazards in their area.

iv. Fire extinguishers are rated as A, B, C, or D (or combinations thereof) for use against the different classes of fires. Employees should familiarize themselves with the ratings of the extinguishers located in the various laboratory areas so that they may know what types of fires can be extinguished with them.

v. Attempt to fight small fires only, and only if there is an escape route behind you.

vi. Extinguishers should be inspected monthly. It should be ensured that:

1. The extinguisher is not blocked by equipment, coats, or other objects that could interfere with access in an emergency.
2. The pressure is at the recommended level.
3. The nozzle or other parts are not obstructed.
4. The pin and tamper seal (if present) is intact.
5. There are no dents, leaks, rust, chemical deposits and other signs of abuse/wear. Wipe off any corrosive chemicals, oil, gunk, etc. that may have landed on the extinguisher.
6. Fire extinguishers should be pressure tested after 5 years to ensure that the cylinder is safe to use.

vii. If the extinguisher is damaged or needs recharging get it replaced immediately. If the extinguisher is used it should be recharged immediately, regardless of how much was used.

m. Evacuations

i. In the event that the alarm is sounded, follow the evacuation routes established for your area. Do not use elevators. Once outside the building move away from the door to allow others to exit.

n. Electrical safety

ii. The major hazards associated with electricity are electrical shock and fire. Electrical shock occurs when the body becomes part of the electrical circuit, either when an individual comes in contact with both wires of an electrical circuit, one wire of an energized circuit and the ground, or a metallic part that has become energized by contact with an electrical conductor.

iii. The severity and effects of an electrical shock depend on a number of factors, such as the pathway through the body, the amount of current, the length of time of the exposure, and whether the skin is wet or dry. Water is a great conductor or electricity, allowing current to flow more easily in wet conditions and through wet skin. The effect of the shock may range from slight tingle to severe burns to cardiac arrest. In addition to electrical shock hazards, sparks from electrical equipment can serve as an ignition source for flammable or explosive vapors or combustible materials.

iv. Preventing electrical hazards:

1. There are various ways of protecting people from the hazards caused by electricity, including insulation, guarding, grounding, and electrical protective devices. Laboratory personnel can significantly reduce electrical hazards by following some basic precautions:
2. Inspect wiring of equipment before each use. Replace damaged or frayed electrical cords immediately.

3. Know the location and how to operate shut-off switches and/or circuit breaker panels. Use these devices to shut off equipment in the event of a fire or electrocution.
4. Limit the use of extension cords. Use only for temporary operations and then only for short periods of time. In all other cases, request installation of a new electrical outlet.
5. Multi-plug adapters must have circuit breakers or fuses.
6. Place exposed electrical conductors (such as those sometimes used with electrophoresis devices) behind shields.
7. Minimize the potential for water or chemical spills on or near electrical equipment.

v. Preventing electrical fires:
1. Do not use extension socket as a permanent wiring, especially in the laboratory. Extension sockets are not to be used outdoors.
2. Use extension sockets for low current appliances; the total rated current for such extension should not exceed 13A.
3. Do not use extension sockets if the rated current of the appliances is more than 13A.
4. Check the equipment and appliance regularly by service agent. If the equipment had not been used for some time, have them checked before using.
5. Conduct regular safety inspections of work areas and offices to include sockets, connecting wires, and extension sockets.
6. Check equipment, if there are frequent electrical trips; do not turn on the equipment until it has been checked.
7. Maintain good housekeeping. Keep all combustible and flammable materials well away from all electrical outlets and connections.
8. Do not attempt to repair any sockets and equipment unless you are trained. Electrical work must be done by a licensed electrician.
9. Switch off any equipment when not in use; preferably at the socket. They should be done at the end of the working day. Avoid putting equipment on 'stand-by' or 'on' mode.
10. Never pull out a plug when the current is flowing. Switch it off first.

vi. Insulation required:
1. All electrical cords should have sufficient insulation to prevent direct contact with wires. In a laboratory, it is particularly important to check all cords before each use, since corrosive chemicals or solvents may erode the insulation.
2. Damaged cords should be repaired or taken out of service immediately, especially in wet environments such as cold rooms and near water baths.

vii. Guarding, grounding, and circuit protection:
1. Only equipment with three-prong plugs should be used in the laboratory. The third prong provides a path to ground for internal electrical short circuits, thereby protecting the user from a potential electrical shock.
2. Live parts of electric equipment operating at 50 volts or more (i.e. electrophoresis devices) must be guarded against accidental conduct. Plexiglas shields may be used to protect against exposed live parts.
3. Circuit protection devices are designed to automatically limit or shut off the flow of electricity in the event of a ground-fault, overload, or short circuit in

the wiring system. Earth leakage circuit breakers and fuses are well-known examples of such devices.

4. Fuses and circuit breakers prevent over-heating of wires and components that might otherwise create fire hazards. They disconnect the circuit when it becomes overloaded. This overload protection is very useful for equipment that is left on for extended periods of time, such as stirrers, drying ovens, vacuum pumps, and other electrical equipment.

o. General safety instructions for after office hours
   i. Be conscious of safety at all times and avoid taking unnecessary risk.
   ii. Be considerate and always think of other users in the laboratory.
   iii. Appropriate shoes and clothing must be worn when working in the laboratory or operating equipment.
   iv. No wearing of slippers/sandals exposing the toes is allowed.
   v. Smoking is strictly prohibited in the laboratory.
   vi. Eating, cooking, and storing of food are strictly prohibited in the lab working area at all times.
   vii. Gloves, safety goggles, and other protective equipment must be worn as required.
   viii. Safety shoes should be worn when moving heavy objects or dealing with heavy equipment.
   ix. Appropriate face mask should be donned when performing dusty work.
   x. Long hair should be tied up to avoid being entangled while machinery is running.
   xi. Always inspect all tools and equipment before use. Do not use defective tools and equipment.
   xii. Any damage to instrument/equipment must be reported immediately so as to facilitate fast repair for future users.
   xiii. Never handle or operate any unfamiliar equipment without permission and proper supervision from the Quality Assurance Officer.
   xiv. Know where emergency stop controls are located when using high capacity equipment.
   xv. Barricades or guard rails must be installed around any hazard zones, e.g. floor openings or hot surfaces and warning signs must be displayed.
   xvi. Never run or leave electrical cables across passage-ways.
   xvii. Never lift or shift any large/heavy objects alone. Ask for assistance.
   xviii. Experiments or equipment involving the use of high compressed air should not be carried out without proper supervision.

p. Safety instructions for chemical handling
   i. Chemical handling
      1. Material Safety Data Sheets for all chemicals and materials being used must be thoroughly read and strictly adhered to. Any hazard must be identified before use.
      2. Waste chemicals should be disposed of into proper waste containers at the designated location. No chemical or sample should be discharged into the sink.
      3. Spilled chemicals should be cleaned up immediately and disposed of properly.
      4. Before lighting a flame remove all flammable substances from the surrounding area. All lids must be tightly closed and all unused flammable substances, e.g. ethanol, must be stored in the proper safety cabinet.
   ii. Housekeeping

1. Work areas should be cleaned after the completion of any operation or at the end of the day.
2. All samples must be clearly labeled and stored properly in the safe.
3. Walkways, emergency exits, and equipment should never be blocked.
4. Unused samples, glassware, and chemicals should not be left on the lab bench.

iii. Security
1. Never work alone.
2. No outsiders or unauthorized personnel are allowed to enter the laboratory.
3. Make sure all doors are securely locked and lights switched off before you leave the laboratory.
4. Always inform staff if an experiment will be continued after office hours

q. Precautions for common laboratory equipment
i. High pressure operations should be performed only in pressure equipment appropriately selected for the operation, properly labeled and installed, and protected by pressure relief and necessary control valves.
ii. Equipment must be strong enough to withstand the stresses encountered at the intended operating pressures and must not corrode.
iii. Safety operation procedures should be developed by the laboratory to manage the use and operation of the equipment. All persons involved in the use or operation of pressure equipment must be trained prior to its use.
iv. Training should include awareness of hazards associated with high pressure, safe operating procedures, emergency procedures, and the appropriate control measures required to ensure protection of personnel, equipment, and the environment.
v. Only materials and equipment designed to withstand high pressure shall be in use.
vi. Safety valves and other methods of pressure relief should be functional and operated such that their operation cannot injure people or damage the equipment.
vii. Regular inspections must be certified.
viii. Operators must be provided with and use the appropriate personal protective equipment.
ix. Ensure that individuals working with pressure equipment are adequately trained to understand the hazards associated with high air pressure and good laboratory practices.
x. Vacuum work can result in an implosion and the possible hazards of flying glass, splattering chemicals, and fire. All vacuum operations must be set up and operated with careful consideration of the potential risks.
xi. Equipment at reduced pressure is especially prone to rapid pressurization. Such conditions can force liquids though an apparatus, sometimes with undesirable consequences.
xii. Personal protective equipment such as safety glasses, goggles, or face shields should be used to protect against the hazards of vacuum procedures.
xiii. Do not allow water, solvents, and corrosive gases to be drawn into vacuum systems. Avoid putting pressure on a vacuum line to prevent stopcocks from popping out or glass apparatus from exploding.
xiv. When using a vacuum source, it is important to place a trap between the experimental apparatus and the vacuum source. The vacuum trap protects the pump and the piping from the potentially damaging effects of material, protects

people who work on the vacuum lines or system and also prevents vapors and related odors from being emitted back into the laboratory or system exhaust.

xv. To prevent contamination, all lines leading from experimental apparatus to the vacuum source should be equipped with filtration or other trapping as appropriate.

r. Equipment
   i. Disposable masks
   ii. Disposable gloves
   iii. Chemical gloves
   iv. Safety goggles
   v. Facial shields
   vi. Blast shields
   vii. Respirators
   viii. Hearing protection
   ix. First aid kits
   x. Spill kits
   xi. Fire extinguishers
   xii. Emergency eye wash stations
   xiii. Flammable solvent cabinet
   xiv. Solvent waste containers

V. Review/Revision

Date	Description of the Revision	Approved

Appendix A
Monthly Safety Inspection Checklist

Laboratory Supervisor: _____
Designated Inspector: _____ Date:_____

ITEM	YES	NO	ACTION TAKEN
1. Personal protective equipment available and used			
2. Good housekeeping; food and drink absent			
3. Aisles and exits clear and free of tripping hazards			
4. Water hoses wired or clamped			
5. Gas cylinders clamped			
6. Fume hoods neat and functioning			
7. Flammable solvents <25L in open lab			
8. Peroxidizable compounds dated upon opening			
9. Proper labeling of chemicals; labels clear and legible			
10. Free of electrical hazards			
11. Sink traps, eye wash stations flushed			
12. First aid kit stocked			

Appendix B
Annual Safety Inspection Checklist

Laboratory Supervisor: _____
Designated Inspector: _____ Date: _____
The following inspection report identifies deficiencies found by the inspection team.

ITEM	YES	NO	ACTION TAKEN
EMERGENCY AND INFORMATION MATERIAL			
1. Emergency procedures posted and legible			
2. MSDS information posted			
3. Chemical safety manual available			
4. Chemical inventory, current (<1year)			
5. Monthly inspections posted and up to date			
6. Shower available and accessible			
7. Eye wash available and accessible			
8. Eye wash tested regularly			
9. Fire extinguisher present and accessible			
10. Fire extinguisher seal intact; date tested			
11. Spill kit available and stocked			
FIRST AID			
12. First aid kit available and stocked			
13. First aid kit inventory available			
14. Treatment record sheet available			
PERSONAL PROTECTION			
15. Safety glasses available and worn			
16. Laboratory coats available and worn			
17. No bare legs			
18. Substantial footwear worn			
19. Facial shields available and in good condition			
20. Blast shields available and in good condition			
21. Respirator(s) available			
22. Respirator user(s) trained and fit-tested			
23. Vacuum ballasts/Dewar flasks taped			
HOUSEKEEPING			
24. Bench tops and sink areas tidy			
25. Tripping hazards absent, passageways clear			
26. Laboratory exits clear and doors unlocked			
27. Food and drink absent			
28. Chipped or broken glassware not in use			
29. Friable asbestos absent			
30. Step-ladder available for out-of-reach items			
31. “No eating/drinking/smoking” signs posted			
WASTE CONTAINERS			
32. “Glass” refuse containers labeled			
33. “Glass” segregated from general refuse			
34. “Sharps” refuse containers labeled			
35. “Sharps” segregated from general refuse			
36. Bulk solvent waste containers closed and labeled			

37. Halogenated and non-halogenated segregated
38. Bulk solvent waste stored in flammable cabinet
39. Recyclable solvents segregated
40. Interim solvent waste containers closed and <1L
41. Ethidium bromide waste segregated
42. Photographic chemical waste procedures followed

COMPRESSED GAS CYLINDERS

43. Individually secured to wall or bench with belt or chain
44. Lecture bottles stored upright or slanted/secure

FUME HOODS

45. Sash at recommended height and air flow on
46. Area within and under hood tidy
47. Carcinogens permitted

ELECTRICAL APPARATUS

48. Vacuum pumps stored safety and belts guarded
49. Refrigerator spark-proof (or No Flammables sign)
50. Frayed or cracked electrical cords absent
51. Make-shift wiring absent

RUBBER OR PLASTIC TUBING

52. Cracked/brittle/pinched tubing absent
53. Water hoses wired at all connectors
54. Water taps safeguarded against “suck-back”

CHEMICAL LABORATORIES

55. Solvent storage cabinet available and closed
56. Solvent containers closed and labeled
57. Solvent containers outside cabinet <25L
58. Solvent-still contents labeled
59. Reagant chemicals stored securely
60. Peroxide forming chemicals stored out of light
61. Containers display opening date
62. Labels compliant with WHMIS
63. Chemical labels intact, legible, not overwritten
64. Cleaning baths labeled
65. Carcinogens/corrosives/flammables labeled
66. Incompatible materials separated
67. Perchloric acid absent/used in special hood

PERSONNEL RESPONBILE FOR CORRECTIONS:

_____

PLEASE ENSURE CORRECTIONS MADE BY: _____

INSPECTOR: (sign after corrections made): _____

DATE: _____

APPENDIX C
Workplace Incident Reporting Form

Date:

Employee Name:

Date of Injury or Event:

Describe the Injury or Event (list any parts of the body that were affected or any equipment that may have been affected as a result of the injury or event):

Was the employee's supervisor notified of the injury or event:

Outcome (days missed, equipment removed for service, etc.):

Supervisor's Name: Signature: Date:

_____ _____

Quality Assurance Manual		
THC Health Inc.	Policy Name	**Laboratory Staffing and Facilities**
	Policy Number	**7.7**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. The laboratory staffing and facilities plan serves to outline procedures for staffing THC Health Inc.'s laboratory functions and the required facilities for operations.
b. This policy shall apply to the THC Health Inc. quality assurance unit.

II. Rationale/Purpose

a. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow to ensure the appropriate staff is employed and the necessary facilities are provided to comply with in-house laboratory testing policies.
b. Ensures the appropriate facilities and personnel are employed for laboratory functions.

III. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. The Quality Assurance Officer is responsible for this SOP and employees adherence to its policies.
c. The Chief Agriculture Officer is responsible for oversight of the Quality Assurance Officer and all staffing procedures and facility requirements.
d. All THC Health Inc. quality assurance employees will adhere to the policies and SOPs in this manual.

IV. Policy and Procedure

a. Policy
    i. This SOP documents the laboratory's general organizational structure and describes the facilities and instrumentation at the time of this version.
    ii. It is intended as an introduction for employees and regulators.
    iii. Both the personnel and the facility are organized so that work flows through the lab in the most efficient manner possible.
    iv. The laboratory is housed inside THC Health Inc.'s registered production facility.
    v. THC Health Inc. will acquire sufficient equipment and personnel in order to process all samples necessary to ensure the identity and purity of all products.
    vi. The following instruments shall be deployed in THC Health Inc.'s laboratory operations in order to sufficiently handle daily sample loads:
        1. Cannabinoid profiling
            a. UPLC/HPLC validated to ICH standards
            b. 1 instrument per 300 samples per day
            c. 1 technician per 75 samples per day
        2. Terpene identification
            a. GC/MS, GC/FID validated to ICH standards
            b. 1 instrument per 300 samples per day
            c. 1 technician per 75 samples per day
        3. Residual solvent analysis:
            a. GC/FID validated to ICH standards
            b. 1 instrument per 150 samples per day
            c. 1 technician per 50 samples per day
        4. Pesticide detection
            a. UPLC/MS/MS validated to a hybrid of ICH and FDA standards
            b. 1 instrument per 150 samples per day
            c. 1 technician per 50 samples per day
        5. Microbiological analysis

a. qPCR and plating validated to a hybrid of FDA, AOAC, USP, and USDA standards
b. 1 instrument per 300 samples per day
c. 1 technician per 100 samples per day

6. Aflatoxin analysis
    a. UPLC, qPCR, and Flourometer validated to a hybrid of ICH and USP standards
    b. 1 instrument per 300 samples per day
    c. 1 technician per 100 samples per day
7. Heavy metals analysis
    a. ICP-MS and MDE validated ICH standards
    b. 1 instrument per 150 samples per day
    c. 1 technician per 50 samples per day

b. Quality Assurance Officer
    i. Requires a minimum of a BA or BS in chemistry or related scientific field and at least eight years of laboratory experience. Management experience is highly desirable.
    ii. The Quality Assurance Officer is ultimately responsible for the entire laboratory and the implementation and maintenance of the quality assurance program.
    iii. The Quality Assurance Officer shall certify that personnel with appropriate educational and/or technical background shall perform all tests for which the laboratory is accredited and/or licensed. Such information shall be documented.
    iv. The Quality Assurance Officer is responsible for the health and safety of quality assurance personnel.
    v. The Quality Assurance Officer is responsible to ensure that all recognizable hazards are promptly addressed.

V. Review/Revision

Date	Description of the Revision	Approved

Quality Assurance Manual		
THC Health Inc.	Policy Name	**Laboratory Demonstration of Capability**
	Policy Number	**7.8**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

a. Description

a. This Standard Operating Procedure describes the procedures implemented by the quality assurance unit to adopt alternative methods, analytes, new equipment, and other procedural changes.
b. This guideline aims to ensure all laboratory validation is handled in accordance with all company policies and procedures.

b. Rationale/Purpose

a. The laboratory demonstration of capability plan serves to outline procedures for the validation of methods, analytes, new equipment, and alternative methods.
b. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow to ensure the proper validation of new systems.
c. This SOP is intended to be used only by experienced senior analysts.

c. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. The Chief Agriculture Officer is responsible for oversight of the Director and all staffing procedures and facility requirements.
c. All THC Health Inc. quality assurance employees will adhere to the policies and SOPs in this manual.

d. Policy and Procedure

a. Validation Procedure
    i. New Methods: For situations listed in section 1.a, 1.b, and 1.c follow the Method Validation SOP.
    ii. New or Alternative Methods: When encountering situations listed in section 1.d and 1.e, follow the method validation requirements for partial method validation as directed by the "Guidance of Bioanalytical Method Validation" as published by the Food and Drug Administration.
    iii. New Instruments: When encountering the situation listed in section 1.f, first bring instrument and software up to factory specifications.
    iv. Sensitivity study. Conduct instrument detection limit determination. The instrument detection limit must be equal to or lower than the established MDL. The instrument detection limit is determined in the same manner as the MDL but without any sample processing steps included.
    v. Stability study. Prepare a continuing calibration verification (CCV) standard to perform 4 to 7 replicate analyses. The %RSD (relative standard deviation) and chromatographic retention time window (if applicable) must be equal or better than the established method requirements.
    vi. Perform method calibration procedure. Compare the correlation coefficient and % RSD data for each analyte to the established laboratory calibration data. The new data must be equal to or better than the existing values.

vii. When only the upgraded software is being validated and the old analytical data files are compatible with the new software, subject an old analytical data set into the new software for computation. The result files must be equivalent between new and old sets. Sections 3, 4, and 5 are not required to be performed in this case.

b. Initial Demonstrations of Capability: For situations involving an initial demonstration of capability listed in section 1.g, several approaches may be taken.
   i. For methods involving extraction techniques the Quality Assurance Officer may prepare several matrix spike samples that the analyst must extract with a deviation no greater than 15% of the expected outcome.
   ii. The Quality Assurance Officer, at his/her discretion may also assign the new laboratory technician to extract duplicate samples that have been previously extracted by an analyst who has already demonstrated ongoing capability, for a length of time deemed appropriate.
   iii. For methods involving data review the Quality Assurance Officer will lead the new technician through the data review procedures for that particular method for a length of time deemed appropriate. Once the technician has an understanding of the steps involved they will begin reviewing data. The data is then reviewed by the Quality Assurance Officer, or designee, for accuracy and will continue until the Quality Assurance Officer, or designee, signs the Training Documentation form in the Laboratory Training SOP.
   iv. The Director may also elect to have the technician perform steps similar to those outlined in the method validation.
   v. Continuing Demonstrations of Capability: For situations involving continuous or ongoing demonstrations or capability listed in section 1.g, several options are available.
   vi. For routine analyses that are frequently performed by seasoned lab analysts, the lab's normal laboratory management system for reviewing data before it is reported to the customer serves this purpose well. Lab analysts generate reports after completing an analytical run that are reviewed by their supervisors. The data typically include raw instrument data including control data and is reviewed by the supervisor for QC failures or other deviations from method requirements. The procedure for the review of analytical data is documented in the respective SOP.
   vii. Analytical supervisors will review data from all analytical runs using the protocols described above. The supervisor will look for systemic failures of initial calibration verification samples, continuing calibration verification samples, laboratory control samples, method blanks, surrogates and other quality control checks that might be appropriate. Systemic failures are those quality control failures having more than the allowed number of marginal exceedances or failures for which there is no obvious explanation (such as missed autosampler injections, etc.). Analysts will repeat analyses for samples associated with systemic failures; if the analyst is unable to correct the problem on subsequent analyses, the analyst will be re-trained and assigned completion of an Initial Demonstration of Capability (IDOC) before further analytical work on client samples can be submitted for approval.
   viii. This review of routine QC data by lab supervisors is an active, ongoing process that evaluates the capability of the analyst on a continuing basis. When the supervisor finishes the review, she/he signs off the analyst's bench sheets and lab report and authorizes the data in the Laboratory management system. The sign-off and authorization signify that that the analyst has met all QC requirements for that method and has demonstrated the capability to perform the analysis.

ix. Routine QC data from analytical runs including laboratory control sample recoveries, matrix spike recoveries, blank values, etc. are recorded and are part of the data review and reporting process. This data can be readily retrieved as it is stored in the batch data electronically as well as available as a report in the Laboratory management system.

x. Alternatively, for analyses that are performed infrequently or analysts that rarely perform the analyses (less than once per quarter), or analyses that do not have available routine QC such as some microbiology tests, the analyst must perform or satisfy one of the following four options every 12 months:

1. Analysis of a single blind sample. The blind sample could be prepared by a supervisor or the lab director or be purchased from a certified standards vendor. The results must fall within laboratory established accuracy and precision limits for the analytical procedure of concern if the blind sample is prepared in house. Otherwise, the results must pass all acceptable limits provided by the vendor.
2. An initial method demonstration of capability in accordance with this SOP.
3. Analysis of at least four consecutive laboratory control samples (LCS) or laboratory fortified blanks. The results must fall within laboratory established accuracy and precision limits.
4. Successful analysis of authentic samples with results statistically indistinguishable from those obtained by another trained analyst.
5. If an analyst fails to demonstrate on-going capability using the criteria listed above, then the analyst must complete a successful initial DOC to demonstrate capability. The analyst will be suspended from reporting data until the successful completion of the initial DOC.

c. Method detection limit

i. The derived detection limits must meet method-prescribed detection levels if they are included. If the derived detection limits cannot achieve the department's objective, the analyst and supervisor must evaluate and propose options on practical considerations for lowering the detection levels. Modifications may include increasing sample volume, decreasing extract size, adding sample cleanup steps, and improving instrument sensitivity, etc.

d. Precision and accuracy

i. The analyst and supervisor shall ensure that the validated method can achieve the listed acceptance ranges for precision and accuracy in the method, if available. If unavailable, for organic methods, the general acceptable in-house targets for accuracy should be 70% to 130% for all matrices; for precision targets shall be 25%. For inorganic methods, the acceptable targets for accuracy should be 80% to 120% (chemical analyses) and 85% to 115% (biological analyses) for liquid matrices and 75% to 125% for solid matrices and 20% for precision. If initial testing indicates that these criteria cannot be achieved, break down the procedure into smaller steps to determine where the dominant variations are. Attempt different procedural options to reduce the variance, which in turn will allow a better understanding of the method's limitations. The analyst and supervisor shall present the laboratory findings to the manager to determine acceptable ranges and/or other analytical options.

e. Method detection limit and laboratory background interferences

i. After 20 to 30 batches of analytical runs, evaluate laboratory background interferences against the Initial Established Method Detection Limits (IEMDL) using available method blanks. If interferences or method blank contamination appear to be clearly higher than the IEMDL, both the analyst and supervisor need to locate the source of interference or

contamination and attempt to eliminate or reduce it. If it is deemed not feasible under the current laboratory environment, re-adjust the method detection limit to a level equal to twice the highest detected interferences or contaminant level, excluding outliers. Inform affected clients regarding MDL adjustments.

ii. During on-going practice of a method, if laboratory background interferences, at any time, are observed to be persistently higher than usual, corrected actions need to be taken as described in this SOP.

f. Precision and accuracy
   i. After 20 to 30 batches of analytical runs, evaluate precision and accuracy using available laboratory fortified blank data against the initial established acceptable ranges. If statistically significant out of limits are observed, analyst and supervisor need to identify and eliminate/reduce the dominant source of the problem. If it is deemed not possible, the analyst and supervisor will present the case to the Quality Assurance Officer to either re-adjust the QC limits, and/or discuss analytical options.
   ii. If at any time during routine laboratory operations, a method precision and accuracy assessment consistently produces out of control data, corrective actions described in this SOP will be instituted. Re-validation of the method should be considered if corrective actions are not successful.

g. Documentation storage
   i. All validation documents must be stored at a common designated storage place. The Quality Assurance Officer will be the custodian of the paper documentation.

h. Potency demonstration of capability
   i. The Quality Assurance Officer will spike 5 blank sand samples with known values of cannabinoid standards. The analyst must have a recovery of at least 20% at the lower end of the calibration curve and 15% at the middle and upper points of the calibration curve.
   ii. The Quality Assurance Officer will establish a ground flower matrix using samples previously dried in the oven. The analyst will extract 5 duplicate samples and the standard deviation of all extracts must be <10 due to the variable nature of flower samples and the nonhomogeneous nature of the matrix. This will also establish the analyst's ability to perform the 1:10 dilution required of most flower samples.
   iii. Using a sample previously analyzed by a technician (or a spiked blank matrix sample if no previously tested sample exists) a concentrate sample will be extracted 5 times and the concentration results compared to the results obtained during the original analysis.
   iv. Using an oral sample previously analyzed by a technician (or a spiked blank matrix sample if no previously tested sample exists) the sample will be extracted 5 times and the concentration results compared to the results obtained during the original analysis.
   v. This process will be repeated for multiple matrix types. Where 5 replicate extractions are not available, multiple analyses of the same sample from different analysts may be compared to each other.

e. Review/Revision

Date	Description of the Revision	Approved

Manufacturing Manual		
THC Health Inc.	Policy Name	**Laboratory Notebook Creation and Maintenance**
	Policy Number	**7.9**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Pharmacology Officer**

I. Description

a. The laboratory notebook creation and maintenance document serves to outline procedures for the handling of laboratory notebooks.
b. This Standard Operating Procedure describes the procedures for use and maintenance of laboratory notebooks and daily activity binders for laboratory activities.

II. Rationale/Purpose

a. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow to ensure notebooks and binders are maintained for quality control purposes.
b. Ensure laboratory notebooks and binders are handled in accordance with all company policies and procedures.

III. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. The Chief Scientific Officer is responsible for oversight of the Director and all staffing procedures and facility requirements.
c. All THC Health Inc. quality assurance employees will adhere to the policies and SOPs in this manual.

IV. Definitions

a. GLP – Good Laboratory Practice
b. SOP – Standard Operating Procedure

V. Policy and Procedure

a. Policy
    i. The purpose of this SOP is to provide guidance on the use and maintenance of laboratory notebooks and daily activity binders for laboratory activities. For the purpose of this SOP, "Laboratory Notebook" is defined as a bound collection of serially numbered pages used to record the planning and progress of scientific investigation. A "Daily Activity Binder" is defined as a loose-leaf collection of dated hand-written and/or computer-generated documents and forms, graphs, tables, notes, and data.
b. Interferences
    i. Lack of cross-referencing between a notebook and binder or between two analysts' notebooks or binders could make interpretation of information difficult.

c. Personnel qualifications
    i. Laboratory personnel are required to be knowledgeable of the procedures in this SOP. Documentation of training and familiarization with this SOP can be found in the training file for each employee.
d. Procedure
    i. The laboratory notebook and/or project binder may be the primary record of planning, purpose, and experimental work. It also represents a daily record and is a permissible way to document laboratory work indicating daily purpose and conclusions as well as data and observations.
    ii. The main purposes of maintaining a laboratory notebook and/or daily activity binder are to preserve experimental information including, but not limited to, planning, protocol, data and

Excepted from disclosure in accordance with Public Officers Law § 89(5).

observations. This is done so the testing results of individual samples are understood and can be reconstructed, repeated, and defended.

iii. Quality control activities and practices related to equipment maintenance and calibration are recorded on the appropriate forms and maintained in log books. It is not necessary to record these activities in the laboratory notebook though these forms should be referred to and cross-referenced in the laboratory notebook or binder data sheets.

iv. A laboratory notebook or binder contains information relating to a single project or daily activity. If an activity crosses over between notebooks and/or binders they should be referenced so that the data may be easily located.

v. Laboratory notebooks, project binders, their contents, and any materials associated with them are the property of THC Health Inc. They should be kept in a secure area. As notebooks are filled they are archived following Document Control SOPs. A log of all active and archived notebooks is maintained by the Quality Assurance Officer. Daily activity project binders are emptied monthly or annually. The contents are then stored following the Data Back Up and Archiving SOP.

e. Laboratory notebook and daily log activity binder format:

i. Maintain the Notebook Signature Log (Attachment 7.9a) affixed to the first page of the Table of Contents section of the laboratory notebook and is initialed and dated across the top of the page where it is affixed to the notebook. All persons making entries into the notebook must sign and initial the signature log so that it all activities may be traced to the analyst performing or approving the work.

ii. Table of Contents – the Table of Contents should be filled out according to the work that is performed and recorded in the notebook.

iii. Page Numbering – each page of the laboratory notebook is numbered sequentially and should be referenced in the Table of Contents. If the bottom of a page is not used the empty space should be lined out diagonally and initialed and dated. Pages should not be skipped. If a page is skipped it should be lined out diagonally and initialed and dated so that it is not used.

iv. The following are general guidelines for documenting work associated with testing, method development, performing lab work, and recording data.

v. All entries should be initialed and dated. If a form, table, graph, or other data is pasted (not stapled) into a notebook it should be initialed and dated across the affixation line. Daily activities recorded on forms and stored in binders should be initialed and dated.

vi. Writing should be legible, grammatically correct, and factually complete. Notebooks should not be used for scratch work or personal information.

vii. Daily activities binders and notebooks are available for all projects that are ongoing in the laboratory. When a new notebook is needed one is requested from the Quality Assurance Officer. Each notebook is sequentially numbered and should be used in that order. The Quality Assurance Officer records the notebook number, the person or activity it was assigned to, and the date it was released. When a notebook is full it is returned to the Quality Assurance Officer for archival. The Quality Assurance Officer records the date that it was returned and the archival location.

viii. Notebooks and binders should be stored in a secure location when not in use. Notebooks and binders should never be removed from the laboratory except in instances such as data being needed for testimony or evidentiary hearings.

ix. All entries should be made in blue or black permanent ink and should be as complete as possible.

x. Any notes or observations that are recorded should be clear, concise, detailed, and as complete as possible. In the event a verbal description is not clear, photographs should be taken, such as in the case of microbiological testing plates, and either affixed into the notebook or stored in the project folder on the laboratory management system in the appropriate folder.

xi. Any deviations to SOP's should be documented within the notebook or binder. The approval for deviation should be referenced, and initialed and dated by the person approving the deviation. A non-conformance should be issued if deviations occur that represent a change to a sample that is outside of the normal scope of sample activity, following the guidelines established in the Non-Conformances and Corrective Actions SOP.

Excepted from disclosure in accordance with Public Officers Law § 89(5).

xii. The contents of the laboratory notebook or activity binder should be frequently peer-reviewed to ensure that the correct protocols are being conformed to. The peer reviewer should sign and date each portion that is reviewed. A final review should be done before any notebook or binder is archived.
xiii. All abbreviations, code names, or product codes should be clearly defined. Commonly used abbreviations need only be defined the first time used.
xiv. Draw a line through all errors followed by a date, initials, and a brief explanation for the correction. The following codes are commonly used:
    1. EE – entry error
    2. EO – entry omission
    3. WO – write over
xv. If large sections need to be corrected, the section should be blocked and struck out with one diagonal line from corner to corner followed by a date, signature, and short explanation for the strike out. The original uncorrected section should still be visible.
xvi. If an experiment takes more than one page, indicate the continuation at the bottom of the first page and any subsequent pages.
xvii. If a long term experiment is interrupted by other daily entries, indicate that the experiment is continued on the appropriate page number.
xviii. Avoid writing too near the binding as this area may not photocopy well.

f. Data and records management
    i. Active notebooks and binders should be kept by the analysts in a secure location. After completion of a project, retired notebooks and retired binder pages are archived. Only authorized personnel have access to the archived files.

g. Quality control
    i. THC Health Inc. conforms to 40 CFR 160, Good Laboratory Practice Standards, and ISO 17025, General requirements for the competence of testing and calibration laboratories. Appropriate quality control measures are integrated into each SOP.
    ii. For quality control purposes, the required information is documented in the laboratory notebook or on the appropriate forms.

h. Nonconformance and corrective action
    i. Any instances of non-compliance with this SOP will be corrected upon discovery.

VI. Governing Law or Regulations

a. Title V-A in Article 33 of the Public Health Law
b. Title 10, Chapter XIII, Part 1004 of the Official Compilation of Codes, Rules and Regulations of the State of New York

VII. Review/Revision

Date	Description of the Revision	Approved

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Attachment 7.9a

Notebook Signature Log Example

Name	Date	Signature	Activity

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Quality Assurance Manual		
THC Health Inc.	Policy Name	**Laboratory Errors and Resolution**
	Policy Number	**7.10**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. The laboratory errors and resolution plan serves to outline procedures for identifying and resolving laboratory errors.
b. This Standard Operating Procedure describes the procedures for handling of laboratory errors.

II. Rationale/Purpose

a. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow to ensure errors are identified, documented, and necessary corrective actions are implemented.
b. This guideline aims to ensure the laboratory errors are handled in accordance with all company policies and procedures.
c. This SOP describes procedures for handling and documenting responses to internal laboratory errors.

III. Responsibilities

a. The Quality Assurance Officer is responsible for this SOP and employees adherence to its policies.
b. It is the responsibility of all quality assurance personnel to respond to internal complaints and to complete actions required to correct deficiencies.

IV. Definitions

a. Internal feedback – use of systematic methods for assessing the information from the operation regarding the quality of THC Health Inc.'s testing capabilities.
b. Complaint – negative comments (written or verbal) about the quality assurance unit's activities, work product, or service received from internal customers.
c. Corrective action – action taken to eliminate the causes of a detected non-conformance, defect or other undesirable situation in order to prevent recurrence.
d. Preventive action – an action taken to prevent the occurrence of a non-conformance.

V. Policy and Procedure

a. Policy
    i. Internal complaints and feedback can provide valuable insight into the quality and timelines of quality assurance protocols and are used to improve the organization, management system, testing activities, and overall operations.
    ii. This SOP establishes the process to investigate, document, resolve, and communicate in response to feedback. If corrective and/or preventive actions are necessary, the Non-conformances and Corrective Actions SOP must be is followed.
    iii. Negative feedback and complaints must be analyzed thoroughly.
    iv. Records shall be maintained of all complaints, investigations, and follow-up corrective actions taken by the laboratory.
    v. Incomplete documentation can impede the work process.
    vi. The staff must be familiar with how to refer and investigate feedback/complaints from the customers. Familiarity with the current version of the SOP must be documented and maintained in the personnel training records.

b. Procedure and analysis
    i. THC Health Inc. is responsible for generating safety and potency data for cultivation and manufacturing operations. In the course of conducting these operations, the quality assurance unit generates standardized reports (deliverables) following a specific format including resulting data and conclusions. These documents are provided to the internal client once the testing is completed.
    ii. The laboratory is interested in obtaining feedback on the sample testing, reliability of the data generated, the reporting format, whether the data meets the client's needs, and if the data are provided in a timely fashion. This feedback provides a foundation for modifying laboratory practices and procedures to improve services provided by the laboratory. A standard form (Appendix A) is available for internal clients to provide customer feedback.
    iii. The feedback or complaints may be provided in writing or by other means including email, telephone, or through the use of a standardized form.
    iv. External complaints and feedback may originate from agencies, private laboratories, stakeholders, and patients.
    v. The complaint/feedback form must include the name of the person who lodged the complaint, the affiliated organization, date the complaint was received, and the nature of the complaint.
    vi. The complaint or feedback is documented by the recipient and all feedback (positive and negative) is directed to the Quality Assurance Officer. The Quality Assurance Officer makes an assignment to a designee for review and resolution.
    vii. The Quality Assurance Officer and Chief Agriculture Officer will meet to discuss the complaint/feedback and any resulting action that is recommended.
    viii. Data and records related to the sample or the issue in question are pulled from file and reviewed. If specific information is provided in the feedback form or complaint, it is compared to the file.
    ix. The source of the feedback may be contacted if further explanation or details of the issue are required.
    x. If the complaint and feedback is a non-conformance, it will be handled as a corrective action. The Quality Assurance Officer will be notified and a correction action will be initiated using the Corrective Action Form in the Non Conformance Reporting SOP.
    xi. The extent of the problem is investigated by examination of internal and external observations, situations, previous findings, if any, and causes with supporting evidence.
    xii. The Quality Assurance Officer and Chief Agriculture Officer are consulted and kept informed. The Quality Assurance Officer serves as the focal point for data quality, instrument problems, feedback, and corrective actions.
        1. If a correction action(s) is/are identified: corrective action at the technical level is initiated by a quality assurance staff member, in consultation with other staff.
        2. Systematic problems are handled by the Chief Agriculture Officer in consultation with the Quality Assurance Officer.
    xiii. All records associated with the feedback are to be filed and maintained including the substance of the feedback and its resolution. A copy is filed electronically in the laboratory management system.
    xiv. Customer complaints are shared with quality assurance staff at team meetings and the customer is notified in writing of the resolution of the complaint.
    xv. The Quality Assurance Officer and senior management should be notified about positive feedback received from internal customers.
    xiv. Documentation pertaining to the feedback is filed and maintained in official records.
    xvi. Completed feedback forms are archived and stored electronically in the Customer Feedback folder of the laboratory management system and a hard copy (if paper form is filled out) is archived in secure filing cabinets.

xv. Archived data are subject to THC Health Inc. official retention schedule contained in the Data Back Up and Archiving SOP.

xvii. THC Health Inc. conforms to 40 CFR 160, Good Laboratory Practices, and ISO 17025, as well as the regulations set forth by the state of New York for independent laboratories and any other states it operates in. Appropriate quality control measures are integrated into each SOP.

xviii. Any non-conformance will be documented and the appropriate corrective action will be implemented.

xvi. Internal customer feedback shall be recorded on the Internal Customer Feedback form (Appendix A).

VI. Review/Revision

Date	Description of the Revision	Approved

Appendix A

Internal Customer Feedback Form Example

Name and Identification Number:

Unit Employee is Assigned To:

Phone Number:

Email Address:

Date of Feedback:

Quality Assurance Employee Taking the Feedback if Verbal:

Type of Service Received:
___ Potency ___ Residual Solvent ____ Microbiological ___ Pesticide

Quality of the work performed:

Knowledge of quality assurance staff:

Helpfulness of quality assurance staff:

Was the service delivered according to our standards:

Did the test report meet your needs and requirements:

Did you encounter any issues:

Additional comments:

Do you wish to be contacted about this evaluation: ___ Yes ___ No

Routed to the Quality Assurance Officer.
Date:

Signature:

Corrective actions required:

Correction actions assigned to:

Date corrective actions are due:

Quality Assurance Manual		
THC Health Inc.	Policy Name	**Internal Laboratory Audits**
	Policy Number	**7.11**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. The laboratory staffing and facilities plan serves to outline procedures for internal audits of THC Health Inc.'s laboratory functions.
b. This Standard Operating Procedure describes the procedures for the examination, verification, and validation of THC Health Inc.'s laboratory operations.

II. Rationale/Purpose

a. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow to ensure the compliance with in-house laboratory policies.
b. This guideline aims to ensure the operations of the laboratory are performed in accordance with all company policies and procedures.

III. Responsibilities

a. The Quality Assurance Officer is responsible for this SOP and employees adherence to its policies.
b. Verification and documentation are accomplished by the Quality Assurance Officer or designee. THC Health Inc. will provide external auditors reports of internal audits and responses to internal audits.
c. It is the responsibility of the Quality Assurance Officer to prepare and review the internal audit schedules (Appendix A) and to ensure that scheduled audits are conducted.
d. It is the responsibility of the Quality Assurance Officer or designee to examine and verify THC Health Inc. laboratory operations and documentation and to report their findings to the Chief Agriculture Officer in a timely manner.
e. It is the responsibility of assigned personnel to respond to internal audit reports in a timely manner and to complete action required to correct deficiencies.

IV. Policy and Procedure

a. Policy
    i. All analytical procedures, activities, and documentation are subject to surveillance to ensure compliance with written procedures. These activities include, but are not limited to:
        1. Sample receiving, tracking, storage, and disposal.
        2. Sample preparation, analysis, and documentation.
        3. Standards preparation, documentation, handling, and storage.
        4. Instrument operation and maintenance.
        5. Data collection, handling, reporting, and storage.
        6. Records pertinent to the quality of analytical data reported.
        7. Analyst training records.
        8. Monthly and yearly safety inspections.
b. Technical audits
    i. Each method and work area is audited (Appendix C) for analyst compliance with the quality system and the relevant SOPs.
    ii. Technical audits generally consist of observations (by the auditor) of the laboratory procedures and comparison of the observation with criteria documents. Documents, reports, data packages, laboratory logbooks, and training files are audited.
    iii. Criteria documents can consist of SOP's, analytical methods, project documents, contractual documents, or published government regulations.
    iv. Review recent Non-Conformance/Corrective Action Reports. Determine if the corrective action was implemented and is effective.

v. Sample reports are reviewed for compliance with laboratory requirements. The sample reports are traced throughout the entire analytical process, beginning with sample receipt and ending with reporting.

c. Audit frequency, documentation, and reporting
   i. Internal audits (Appendix A) shall be scheduled so that each audit is completed annually.
   ii. Internal audits of a specific procedure or system can be requested by an analyst or manager at any time. The audit is scheduled through the Quality Assurance Officer. Other areas of interest might be included in the audit at the discretion of the internal auditor. THC Health Inc. written responses to external audits shall receive an internal audit to ensure that corrective action has been completed as stated in the response.
   iii. Internal audits can be announced or unannounced, at the discretion of the Quality Assurance Officer.
   iv. Forms used in the internal audit shall become part of the audit report file maintained by the Quality Assurance Officer.
   v. The final internal audit report shall be addressed to the Chief Agriculture Officer. An audit corrective action plan will be prepared by the Quality Assurance Officer and designated staff within thirty days of the final audit report. Corrective actions will be assigned to laboratory personnel by the Quality Assurance Officer.
   vi. Copies of the final report shall be distributed to all participants in the audit.
   vii. All reports are reviewed by the Chief Agriculture Officer.
   viii. It is the responsibility of the Quality Assurance Officer or designee to determine compliance with this internal audit schedule.

d. Safety audits
   i. Safety audits shall be scheduled so that they are completed monthly (Appendix C) and annually (Appendix D).

e. Training
   i. Personnel training is not required for this SOP. Training requirements for each work process are detailed in each SOP.

V. Review/Revision

Date	Description of the Revision	Approved

Appendix A

Internal Audit Schedule

Method/Function	Period
Sample Receipt, Handling, Storage, and Disposal	Q1
Receipt and Tracking of Standards and Chemicals	Q1
Solvent and Chemical Lot Checks	Q1
pH Meter Calibration and Maintenance	Q1
Calibration of Volumetric Pipettes and Balances	Q2
Maintenance of High Quality Water System	Q2
Oven Maintenance	Q2
Thermometer calibration	Q2
Glassware Cleaning and Washing	Q3
Percent Moisture Determination	Q3
Potency Extraction	Q3
Potency Analysis	Q3
Microbiological Testing	Q4
Residual Solvent Testing	Q4
Pesticide Extraction	Q4
Pesticide Analysis	Q4
Safety Audits	Q4

Appendix B

Internal Audit Checklist

Laboratory Area/Method:

Auditor:

Date:

Personnel Interviewed:

1. Are controlled copies of SOP's readily available?
2. Examine the training files to ensure that they are complete and current. Verify that the analyst has documented training for the procedure currently being observed.
3. Has the analyst read and signed off on the current version of the SOP?
4. Examine notebooks (e.g. preparation notebooks, sample logs, run logs, instrument logs, maintenance logs). Are notebooks accurate, up-to-date, and properly signed?
5. Are any cross-outs correctly initialed and dated?
6. Does the signature log have all analysts identified?
7. Verify that samples, extracts, and digestates are stored properly.
8. Is access to the facility and storage controlled?
9. Are calibrated thermometers and balances available? Verify the calibration of balances and thermometers.
10. Verify that all reagents and solutions are properly labeled and stored and that they have not expired. Trace a working standard to its source in the Standard/Reagent Logbook.
11. Examine records of instruments and equipment to verify SOP compliance for maintenance. Can the location and serial number be verified?
12. Verify that daily temperatures for incubators, refrigerators, and freezers are recorded and are within acceptable ranges.
13. Observe techniques to minimize contamination in the analytical or preparatory process.
14. Observe procedures used to perform the method. Does the observed procedure reflect the procedure in the SOP?
15. Is the SOP consistent and in compliance with the referenced method?
16. Confirm that quantitation is performed from an acceptable calibration. Is the initial calibration curve performed at the required interval?
17. Discuss the most recent non-conformance/corrective action or audit findings for this method or operational area. Is the analyst familiar with the implemented corrective action and is it effective?

Notes:

Appendix C

Monthly Safety Inspection Checklist

Laboratory Supervisor:
Designated Inspector:
Date:

ITEM	YES	NO	ACTION TAKEN
1. Personal protective equipment available and used			
2. Good housekeeping; food and drink absent			
3. Aisles and exits clear and free of tripping hazards			
4. Water hoses wired or clamped			
5. Gas cylinders clamped			
6. Fume hoods neat and functioning			
7. Flammable solvents <25L in open lab			
8. Peroxidizable compounds dated upon opening			
9. Proper labeling of chemicals; labels clear and legible			
10. Free of electrical hazards			
11. Sink traps, eye wash stations flushed			
12. First aid kit stocked			

Appendix D

Annual Safety Inspection Checklist

Laboratory Supervisor:
Designated Inspector:
Date:
The following inspection report identifies deficiencies found by the inspection team.

ITEM	YES	NO	ACTION TAKEN
EMERGENCY AND INFORMATION MATERIAL			
1. Emergency procedures posted and legible			
2. MSDS information posted			
3. Chemical safety manual available			
4. Chemical inventory, current (<1year)			
5. Monthly inspections posted and up to date			
6. Shower available and accessible			
7. Eye wash available and accessible			
8. Eye wash tested regularly			
9. Fire extinguisher present and accessible			
10. Fire extinguisher seal intact; date tested			
11. Spill kit available and stocked			
FIRST AID			
12. First aid kit available and stocked			
13. First aid kit inventory available			
14. Treatment record sheet available			
PERSONAL PROTECTION			
15. Safety glasses available and worn			
16. Laboratory coats available and worn			
17. No bare legs			
18. Substantial footwear worn			
19. Facial shields available and in good condition			
20. Blast shields available and in good condition			
21. Respirator(s) available			
22. Respirator user(s) trained and fit-tested			
23. Vacuum ballasts/Dewar flasks taped			
HOUSEKEEPING			
24. Bench tops and sink areas tidy			
25. Tripping hazards absent, passageways clear			
26. Laboratory exits clear and doors unlocked			
27. Food and drink absent			
28. Chipped or broken glassware not in use			
29. Friable asbestos absent			
30. Step-ladder available for out-of-reach items			
31. “No eating/drinking/smoking” signs posted			
WASTE CONTAINERS			
32. “Glass” refuse containers labeled			
33. “Glass” segregated from general refuse			
34. “Sharps” refuse containers labeled			

35. “Sharps” segregated from general refuse
36. Bulk solvent waste containers closed and labeled
37. Halogenated and non-halogenated segregated
38. Bulk solvent waste stored in flammable cabinet
39. Recyclable solvents segregated
40. Interim solvent waste containers closed and <1L
41. Ethidium bromide waste segregated
42. Photographic chemical waste procedures followed

COMPRESSED GAS CYLINDERS
43. Individually secured to wall or bench with belt or chain
44. Lecture bottles stored upright or slanted/secure

FUME HOODS
45. Sash at recommended height and air flow on
46. Area within and under hood tidy
47. Carcinogens permitted

ELECTRICAL APPARATUS
48. Vacuum pumps stored safety and belts guarded
49. Refrigerator spark-proof (or No Flammables sign)
50. Frayed or cracked electrical cords absent
51. Make-shift wiring absent

RUBBER OR PLASTIC TUBING
52. Cracked/brittle/pinched tubing absent
53. Water hoses wired at all connectors
54. Water taps safeguarded against “suck-back”

CHEMICAL LABORATORIES
55. Solvent storage cabinet available and closed
56. Solvent containers closed and labeled
57. Solvent containers outside cabinet <25L
58. Solvent-still contents labeled
59. Reagent chemicals stored securely
60. Peroxide forming chemicals stored out of light
61. Containers display opening date
62. Labels compliant with WHMIS
63. Chemical labels intact, legible, not overwritten
64. Cleaning baths labeled
65. Carcinogens/corrosives/flammables labeled
66. Incompatible materials separated
67. Perchloric acid absent/used in special hood

PERSONNEL RESPONBILE FOR CORRECTIONS:

_____

PLEASE ENSURE CORRECTIONS MADE BY: _____

INSPECTOR: (sign after corrections made): _____

DATE: _____

Quality Assurance Manual		
THC Health Inc.	Policy Name	**Laboratory Document Control**
	Policy Number	**7.12**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. The laboratory document control plan serves to outline procedures for documenting laboratory operations.
b. This Standard Operating Procedure describes the procedures for handling of laboratory documentation.

II. Rationale/Purpose

a. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow to ensure documents are able to be located, reviewed periodically and revised, approved, available as the current revision at the locations needed, and removed when obsolete and archived.
b. This guideline aims to ensure the laboratory documents are handled in accordance with all company policies and procedures.
c. Document control ensures documents are able to be located, reviewed periodically and revised, approved, available as the current revision at the locations needed, and removed when obsolete and archived.
d. The purpose of the SOP is to introduce and establish a unified, electronic system of document control for THC Health Inc. It describes procedures and responsibilities for creation and modification of controlled documents.

III. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. The Chief Agriculture Officer is responsible for oversight of the Quality Assurance Officer and all staffing procedures and facility requirements.
c. All THC Health Inc. quality assurance employees will adhere to the policies and SOPs in this manual.

IV. Policy and Procedure

a. Procedure
    i. This procedure applies to controlled documents across THC Health Inc. Typically, controlled documents are those used on an ongoing basis, reviewed and revised regularly, and approved for release. Controlled documents may include manuals, plans, policies, guidance, quality assurance project plans, SOP's, forms, and any other documents used to implement the management system.
    ii. The electronic documents are located on the THC Health Inc. laboratory management system and are accessible to all THC Health Inc. employees as portable document format (PDF) files. Write access for entering, editing, and archiving controlled documents is limited to the Quality Assurance Officer and designees.
    iii. A master list of controlled documents including the current status is available from the Quality Assurance Officer.
b. Database structure and organization
    i. Documents are listed in the laboratory management system under SOP and organized by laboratory operation

c. Operations
    i. Potency
    ii. Terpenes
    iii. Residual Solvent
    iv. Microbiological
    v. Pesticides
    vi. Heavy Metals
    vii. Administration
    viii. Quality
    ix. Audits
d. Effective date
    i. Each controlled document must have the effective date of that revision. The effective date is the last management approval date unless otherwise specified.
e. PDF files
    i. To ensure that one, and only one, version is maintained, controlled documents are entered in the document control database as PDF files. Documents may be converted to PDF files by scanning using the printer/scanner in the laboratory. Scanning of a document allows inclusion of an approval signature page and other non-text elements in the controlled electronic version.
f. Control
    i. Currently the Quality Assurance Officer or designee is responsible for entering, editing, and archiving controlled documents.
g. Location and control of documents
    i. The current version of each controlled document resides in the electronic document control system. Printed copies of controlled documents may be maintained at workstations and other appropriate areas for easy access. Printed copies are controlled if they bear the "CONTROLLED DOCUMENT IF IN RED INK" stamp. Photocopies are considered uncontrolled.
h. Archives
    i. When a new version of a document becomes effective, the Quality Assurance Officer replaces the old version with the new one in the document control database. The status of the previous version is changed from "approved" to "archived" in the Controlled Documents Master List in the laboratory management system.

V. Review/Revision

Date	Description of the Revision	Approved

Quality Assurance Manual		
THC Health Inc.	Policy Name	**Laboratory Data Backup, Archival, and Retrieval**
	Policy Number	**7.13**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. This Standard Operating Procedure describes the procedures implemented by the quality assurance unit to preserve all laboratory data.
b. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow to ensure the proper handling of all laboratory data and backup systems.

II. Rationale/Purpose

a. The laboratory data backup, archival, and retrieval plan serves to outline procedures for the performance of backup, recovery, archival, and retrieval of computer systems and any requirements related to the retention of data.
b. This guideline aims to ensure all laboratory data is handled in accordance with all company policies and procedures.
c. This SOP describes how the laboratory will perform backup/recovery and archival/retrieval of computer systems and any requirements related to the retention of data.

III. Responsibilities

a. It is the responsibility of management and laboratory personnel to ensure that this procedure is followed.
b. As required by GLP, all records (paper and electronic) generated by THC Health Inc. are stored for a minimum of five years. After five years records, both electronic and paper, are deleted or shredded.

IV. Policy and Procedure

a. Electronic records
    i. Most of the data generated by the laboratory during the analytical testing process is in the form of electronic records. Those data consist of raw data files generated by analytical instrumentation, chromatography acquisition software, etc., as well as process and final database records residing in the laboratory management system.
    ii. All raw data files, including processed chromatography data and instrument files are backed up on the THC Health Inc. network drive. Those files are organized by instrument name and back up date with subfolders organized by batch name, which is representative of the date and type of test.
    iii. Electronic copies of the final test reports are made available to internal clients and delivered when test results are approved.
b. Software applications
    i. Incremental Backup – on a daily basis, all changes made to programs and data files made on the given day will be backed up.
    ii. Full Backup – on a monthly basis all programs and files will be backed up.
c. Operating system
    i. The operating system will be backed up after an upgrade to the system is made or a configuration change is made.
    ii. Operating system software from the vendor must be maintained along with any updates to the operating system.
d. Paper records
    i. Copies of pertinent raw and processed data may be maintained in electronic and paper format. Additionally, the laboratory maintains paper copies of all sample prep sheets and all forms that are not electronic in nature. Those records are maintained in the laboratory and archived as needed, generally on an annual basis.

ii. The laboratory maintains a document control system for tracking the archival of paper records and laboratory logbooks. The document control system is an electronic database that resides on the THC Health Inc. network drive.

e. Restoration of backup data
   i. If a given application requires restoration due to operational problems, the group responsible for the development of the application will provide appropriate personnel with instructions and authorization. If restoration of the operating system or utilities is required, appropriate personnel will utilize the backed up files to ensure that the current version of the operating system software and other required software are re-established.

f. Archival
   i. Data files will be archived after one year. They will then be accessible only to authorized personnel.
   ii. Paper files will be stored in the surveillance room, which is secured with a numbered keypad lock, located inside the laboratory.

g. Retrieval
   i. Retrieval procedures should be followed according to the specific software guidelines stated in the operating manual of the respective software.
   ii. Paper files may be retrieved only with permission from the Quality Assurance Officer or designee.

h. Storage
   i. Backed up media will be stored in its respective folder on the THC Health Inc. network drive.
   ii. Archived paper files will be stored in the media storage room and are accessible to authorized personnel only.

V. Review/Revision

Date	Description of the Revision	Approved

Quality Assurance Manual		
THC Health Inc.	Policy Name	**Sample Collection and Retention**
	Policy Number	**7.14**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. The sample collection and retention policy serves to outline procedures for sample collection of marijuana and marijuana products. Proper sampling is crucial to the reliability of analytical test results.
b. This policy shall apply to all THC Health Inc. cultivation and manufacturing units in relation to sample collection.

II. Rationale/Purpose

a. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow in an effort to consistently collect representative samples for testing and sample retention purposes.
b. Ensures accuracy of internal and external testing of products by implementing appropriate sampling policies.
c. Provides a logging mechanism for all collected samples.
d. Protects the interests of THC Health Inc. in regard to compliance with regulations and product safety.

III. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. The Chief Agriculture Officer is responsible for oversight of the Quality Assurance Officer and all staffing procedures and facility requirements.
c. All THC Health Inc. quality assurance employees will adhere to the policies and SOPs in this manual.

IV. Policy and Procedure

a. Policy
    i. Any employee selecting the sample of cannabis must be independent from the unit providing the sample. Samples for testing may only be collected by members of the quality control unit including the Quality Assurance Officer Testing and Analytics Technicians.
    ii. The Analytics Technician shall receive training administered by the regulatory agency as available to ensure a basic knowledge set on sampling protocols. A relevant certification should be attained when available to ensure that sampling technicians have the knowledge required.
    iii. The cultivation or manufacturing unit will notify the quality assurance unit that samples are ready to be collected by the laboratory via email or phone. The following information will be obtained prior to the technician collecting the sample(s):
        1. Name/location of the unit
        2. Contact person at location who will allow entry by laboratory technician
        3. Number of strains harvested/weight of harvest or number of production batches and number of units
        4. Number of tests required/requested
    iv. Prior to leaving the laboratory the technician will gather the required materials and ensure all necessary components are sterilized.
        1. Sterile gloves
        2. Lab coat or disposable painting suit and booties
        3. Isopropanol or ethanol for cleaning gloves and equipment
        4. Small balance (calibration check performed prior to leaving)
        5. Weighing dishes (1 per strain/product per test, sterile)
        6. Scissors (sterile)
        7. Tweezers (sterile)
        8. Scoop (sterile)
        9. Syringes (sterile)
        10. Coliwasas (sterile)
        11. Sample containers (1 per strain per test, sterile)

12. Sample barcode stickers

v. The sampling technician must validate the population being sampled is complete and intact. The cultivation employee or manufacturing employee overseeing the sample collection must make an assertion to the technician that the entire harvested batch or production batch is present for sampling. The technician must document this positive assertion in the sample collection log (Appendix A), and describe the population each time a sample is taken.

vi. Representative samples shall be collected from each batch. A representative sample is defined as 2% of the total batch.
    1. A harvest batch is defined as all cannabis flower from the same strain, treated with the same crop applications, harvested in the same shift.
    2. A production batch is defined as all production runs utilizing cannabis material from the same harvest batch, ran in the same work shift, utilizing the same lot of CO2.
    3. A manufacturing batch is defined as all identical products manufactured from the same production batch in the same shift.

vii. Cannabis flowers should be sampled after the curing process, since during the curing process there is additional risk of contamination and mold growth. Samples should be taken as close to the last moment before they are put on the shelf to accurately account for contamination risks after the harvest.

viii. Cannabis inflorescence (fruiting tops or flowers) or "trim" is sampled when testing for potency and/or macrobiotics. The "fan leaves" of the plant are used for pesticide testing. Broad leaf should be collected from each plant in the lot. This sampling may be done at another time prior to harvest.

ix. A test specimen will be comprised of inflorescence taken from a harvest batch, and a representative sample of 10 grams per kilogram (or 2% of the total lot) or trim from the flowers (10 grams per kilogram or 2%).

x. For oils and concentrates, these products can sometimes settle and stratify. A test to ensure homogeneity of the concentrate should be performed, with a sample taken a variable depths using a coliwasa if necessary (e.g. bottom, middle, and top third of the liquid).

xi. The sampling technician must adequately homogenize each batch of oil and take representative samples from three separate areas of the container. In the case of resinous material, it may need to be warmed on a heater/stirring device. This is now a "pooled" sample.

xii. If a product is coming off a production run, and the number of products is relatively small and sequential, a random number generator can be used to select one of the sequenced products for testing. If the run is larger, then variance in potency or contaminants may be introduced between the beginning, middle, and end of the production run. At that point, the sample selector should take one sample from each of these strata, with a random number generator providing the sequential number to be taken from each strata in the population.

xiii. Due to the variation in production methods, hard rules may not be possible to establish and there should be flexibility afforded to the sampling technician to determine the proper sample selection process for any given situation. Documentation of the method of selecting the samples is mandatory.

xiv. As it relates to testing for contaminants, the sample selector should use overriding professional judgment to select a sample that upon visual inspection, appears likely to have been contaminated. This should be a rare occurrence, and this is the one case where a random sample need not be taken.

b. Reserve samples
    i. Additionally, reserve samples of three times the quantity needed for testing must be prepared from the representative sample of each batch.

c. Sample collection
    i. At every point where the sampling technician is handling cannabis product, great care should be taken to avoid introducing contaminants to the sample. The following steps should be taken:
        1. The technician shall maintain a minimum level of reasonable personal hygiene and cleanliness, including showering each day, and hand washing.
        2. For each sample selected by hand, the sample selector should wear a pair of sterile gloves. After each sample is handled, the glove should be replaced with a new glove.

3. If an instrument is used to physically select the sample, such as tweezers, the instrument should be sterilized before each sample is taken by spraying it with ethyl or isopropyl alcohol.
4. For samples of oil or concentrates, a sterile syringe should be used.

ii. Product containers must be opened, sampled, and resealed in a manner designed to prevent contamination of their contents.

iii. Using scissors, tweezers, or sterile scoop the sample collection container should be placed on a tared balance whose calibration has been checked and verified. The sample(s) should then be weighed into the container. These should be separated by test type as well, i.e. each volume for potency, pesticides, microbiological and all required/requested tests should have its own container.

d. Sample storage and transport
   i. The samples must be placed into tamper proof sealed, sterilized containers.
   ii. The sample containers shall be placed in a temperature controlled environment during transport to discourage microbial growth. Bacteria growth is greatly inhibited under 40° Fahrenheit (~4° Celsius).

e. Record keeping and storage
   i. After each sample container is closed a barcode identification sticker should be affixed to the container and the contents logged into the laboratory management system including all information required (Appendix A). The unit providing the sample shall log the sample out of their inventory control system.
   ii. Samples shall be checked into the laboratory management system and separated in holding containers based on the final destination: internal testing, external testing, or sample storage. Samples shall be routed by the quality assurance staff.
   iii. Samples retained for quality assurance and regulatory purposes shall be stored in an environmentally controlled safe. Storage bins shall be separated for each month of each year. Samples shall be maintained for a minimum of two years after the expiration date of the sampled product. Reserve samples should:
      1. Be stored using an appropriate container-closure to protect against contamination or deterioration during storage;
      2. Be stored under conditions consistent with the typical storage conditions for the constituent or product.
      3. Be retained for the greater of two years or one year past the expiration date of the last batch of marijuana product manufactured or packaged from the lot, for use in appropriate investigations.

f. Sample disposal
   i. When the storage period has expired, the samples are ready for disposal. Samples shall be logged out of the laboratory management system as disposed utilizing the barcode identifier. Samples shall then be placed in the respective secure waste container for disposal by the laboratory's approved chemical waste disposal service.

g. Equipment required
   i. Sterile gloves
   ii. Lab coat or disposable painting suit and booties
   iii. Isopropanol or ethanol for cleaning gloves and equipment
   iv. Small balance (calibration check performed prior to leaving)
   v. Weighing dishes (1 per strain/product per test, sterile)
   vi. Scissors (sterile)
   vii. Tweezers (sterile)
   viii. Scoop (sterile)
   ix. Coliwasa tank sampler (1 per batch, sterile)
   x. Sample containers (1 per strain per test, sterile)
   xi. Sample barcode stickers
   xii. Environmentally controlled transportation container

xiii. Environmentally controlled safe for storage
xiv. Secure laboratory waste containers

V. Review/Revision

Date	Description of the Revision	Approved

Quality Assurance Manual		
THC Health Inc.	Policy Name	**Laboratory Sample Receipt, Handling, Storage, and Disposal**
	Policy Number	**7.15**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. The laboratory sample receipt, handling, storage, and disposal plan serves to outline procedures for the treatment of samples collected by and received into the laboratory.
b. This Standard Operating Procedure describes the treatment of samples by the quality assurance unit.

II. Rationale/Purpose

a. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow to ensure the proper handling of all samples.
b. Ensures all samples are handled in accordance with all company policies and procedures.

III. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. The Chief Agriculture Officer is responsible for oversight of the Quality Assurance Officer and all staffing procedures and facility requirements.
c. All THC Health Inc. quality assurance employees will adhere to the policies and SOPs in this manual.

IV. Policy and Procedure

a. Policy
    i. The THC Health Inc. quality assurance unit is responsible for receiving samples delivered by personnel that collect samples throughout the operation. The condition of the samples, upon receipt by the laboratory, is checked and documented and then the samples are logged into the laboratory management system. The samples are then stored at the appropriate temperature in the laboratory. The laboratory technicians have access to the storage areas in order to obtain the samples for analysis.
    ii. Samples arrive at the sample receiving area. Upon receipt, the condition of the samples is assessed and documented by the receiving technician in the laboratory management system. Each sample is logged in according to sample type and test requested.
    iii. Steps for assessing sample conditions:
        1. Ensure correct weight/volume of sample is submitted for testing.
        2. Potency:
            a. Flower – Minimum of 0.5g
            b. Concentrate – Minimum of 0.5g
            c. Product – Minimum of 2 units
            d. Tincture – Minimum of 1 fl.oz.
            e. Capsules – Minimum of 2 dosed capsules, 1 empty capsule
        3. Residual Solvent:
            i. Concentrate – Minimum of 0.5g
        4. Microbiological:
            a. Flower – Minimum of 0.5-1.0g

b. Concentrate – Minimum of 0.5g
c. Products – Minimum of 2 units
d. Tincture – Minimum of 1 fl.oz.
e. Capsules – Minimum of 2 dosed capsules, 1 empty capsule

iv. Ensure samples are submitted in correct containers, note in the laboratory management system the container type.
1. Flower – static bag
2. Concentrate – 1.5mL snap cap
3. Product – retail package
4. Tincture – retail package
5. Capsule – retail package

v. Laboratory management system
1. Log-in to Laboratory management system using designated log-in and password. Note: You should never do any work under someone else's log in and password in any system.

vi. Create a new sample record. Enter the following information:
a. Customer
b. Account Manager
c. Sample Name
d. Sample Type
e. Batch Number
f. Test Requested
g. Barcode
h. Due date

vii. Note in laboratory management system if samples require refrigeration or special storage conditions under "Special Instructions".

viii. Affix a barcode to the sample and log respective number into the laboratory management system.

ix. If samples are manifested compare number of samples on manifest to number of samples received.

x. Transition samples into laboratory and notify technicians if samples are expedited.

b. Sample handling and storage
i. Samples are brought into the laboratory and placed in the daily sample bin according to test requested and desired turn-around time.
ii. If special storage conditions are required place sample in appropriate area
iii. Upon completion of testing, or if samples will not be tested that day, they are then stored in their appropriate storage area.
1. Flower – safe
2. Concentrate – safe
3. Product – safe or refrigerator
4. Tincture – safe
5. Capsule – safe

iv. Inside the safe the sample storage rack is designated by day of the month the testing was done on. All samples for that day should be stored in their respective bin.
v. At the end of the month all samples are combined into a larger bin, marked with the month that is being stored in that bin. Multiple bins may be used where necessary.

c. Sample disposal
vi. Two years after the sample's expiration date, samples are ready for disposal.

vii. The laboratory management system must change sample status to disposed and be placed in the respective waste stream.

d. Sample security

viii. The laboratory is secured by cameras covering all areas where samples may be received, extracted, stored, and disposed. All samples are tracked from initial receipt through disposal.

ix. Samples must be secured safe. During the working day the safe is unlocked.

x. Sample extracts must be locked refrigeration unit, doors remain secure at all times. Sample extracts are stored in 1.5mL microcentrifuge tubes, in freezer boxes labeled by date, for one week after extraction; after which they are disposed of in the flammable waste stream. This area is also monitored by surveillance camera.

e. Equipment

xi. 1.5 mL microcentrifuge tubes

xii. Secured safe

xiii. Secured refrigerator

xiv. Static bags

xi. Review/Revision

Date	Description of the Revision	Approved

Quality Assurance Manual		
THC Health Inc.	Policy Name	**Sampling Risk Mitigation**
	Policy Number	**7.16**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. The sampling risk policy serves to mitigate sampling risk by outlining procedures to address and prevent the most common sampling problems.
b. This policy shall apply to all THC Health Inc. cultivation and manufacturing units.

II. Rationale/Purpose

a. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow in an effort to proactively avoid or minimize sampling risk.
b. Ensures accuracy of internal and external testing of products by reducing selection bias, increasing sampling accuracy, reducing contamination and documentation risk.
c. Provides a monitoring mechanism for all reported sampling errors.
d. Protects the interests of THC Health Inc. with regard to product liability.

III. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. All THC Health Inc. quality assurance employees will adhere to the policies and SOPs in this manual.

IV. Policy and Procedure

a. Policy
    i. The employee selecting the sample of cannabis must be independent from the unit providing the sample. Samples for testing may only be collected by members of the quality control unit including the Quality Assurance Officer Testing and Analytics Technicians.
    ii. Sampling shall be performed using a methodology including an element of randomness in sample selection.
    iii. Sample selectors must have a minimum level of training in audit, statistics, horticulture, or other related field.
    iv. Sterilized gloves and instruments must be used in sample selection. Sample selectors must maintain a minimum level a personal hygiene.
    v. Samples must be transported in sterile, sealed containers that are temperature controlled.
    vi. Chain of custody records must be maintained for all samples for both internal and external testing.
    vii. An incident report shall be completed in the event of a sampling error or other notable unusual incident. An incident report is a record of an unintended event that describes the details of what is/was correct and what actually happened. Form attached in Appendix A.
        1. The report shall identify the nature of the incident, involvement of the employee(s) or third-party, and witness accounts if applicable.
        2. The report shall be submitted to the Quality Assurance Officer immediately. The Quality Assurance Officer shall determine, implement, and document corrective actions taken to address the error.
        3. The incident log shall be securely maintained by the Quality Assurance Officer and accessible to authorized personnel only.

V. Review/Revision

Date	Description of the Revision	Approved

Appendix A

Sample Incident Log

Date Received:

Date of Initial Occurrence:

Time of Initial Occurrence (if known): _____ a.m. / p.m.

Name and Identification Number of Employee Reporting the Incident:

Describe the Incident:

Note all lot and batch identification numbers involved in the Incident:

Remediation Efforts

Corrective action(s) taken:

Recommendations for preventive actions:

Additional comments:

Reporting employee (print): _____ Reporting employee (signature):

Date:

Quality Assurance Manual		
THC Health Inc.	Policy Name	**Receipt and Tracking of Chemicals and Standards**
	Policy Number	**7.17**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. The receipt and tracking of chemicals and standards policies serve to outline procedures for the receipt of chemicals and standards from manufacturers and suppliers.
b. This Standard Operating Procedure describes the process for receiving chemicals and standards in order to ensure proper documentation and trace-back capabilities.

II. Rationale/Purpose

a. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow to ensure the accurate tracking of chemicals and standards received.
b. Ensures the proper accounting of all chemicals and standards in accordance with company policies and procedures.

III. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. The Chief Agriculture Officer is responsible for oversight of the Quality Assurance Officer and all staffing procedures and facility requirements.
c. All THC Health Inc. quality assurance employees will adhere to the policies and SOPs in this manual.

IV. Policy and Procedure

a. Policy
    i. The THC Health Inc. laboratory staff is trained to receive chemicals and standards ordered from manufacturers and suppliers. The condition of the chemicals and standards, upon receipt by the laboratory, is checked and documented.
    ii. Standards and chemicals arrive at the laboratory facility. Upon receipt, the condition of the materials is assessed to ensure that there are no broken vials or containers and that the order received matches the shipping documents. They are then transferred into the laboratory management system.
b. Laboratory management system
    i. All standards and chemicals are tracked in the laboratory management software tracking feature.
    ii. Log into the system using your assigned user name and password. Never do work using someone else's log in and password.
    iii. Record the chemicals and standards into the system.
    iv. Attach a barcode label to each unit. Note: For standards received in small vials, affix the barcode to the outside of the packaging or box.
    v. Fill in the following information in their respective fields:
        1. Volume received
        2. Barcode
        3. Date of receipt
        4. Expiration date. If no expiration date is present, set the expiration date for 2 years from the received date.
        5. Chemical Name

6. Manufacturer
7. Part number
8. CAS number
9. Add the link to the Material Safety Data Sheet (MSDS) that can be found online from the manufacturer.

vi. Place the chemical/standards in the appropriate locations, as defined by the manufacturer. Flammable solvents should be placed into the red flammables cabinet. Items requiring refrigeration should be placed in the refrigerator at 4-8oC. Items requiring freezing should be placed into the -18-22oC freezer.

c. Solvent and standard lot checks
   i. Solvent and standard lot checks are performed on chemicals received that are from a new lot #.

d. Cannabinoid reference standards
   i. Each reference standard of a new lot is analyzed to ensure it meets what is indicated in the certificate of analysis. Each certificate of analysis is stored either electronically in the "COA" folder in the network drive by name or in the "Certificates of Analysis" binder. The COA's are archived after one year and disposed of after five years.
   ii. Each standard is also analyzed on the Ultra High Pressure Liquid Chromatograph for accuracy; the location of the file is recorded in the media prep notebook. The results must be within 15% of the expected value.
   iii. Chemicals used during potency analysis
      1. Each new lot of solvent used in the extraction or dilution of samples for cannabinoid analysis is checked for purity during the extraction or dilution. A blank matrix sample is analyzed with each batch of samples. Any impurities in the chemicals will be observed in the blank matrix sample. The pure reference standards are diluted to the lower end of the calibration curve at which time the solvents used in the dilution of samples will be observed for impurities.

V. Disposal
   i. When a solvent or standard has been consumed completely, it must be disposed of.
   ii. Log into the laboratory management systems.
   iii. Select the chemical according to the barcode identification sticker. Select the correct date of disposal.
   iv. Change the status of the chemical or standard to disposed.
   v. Glass containers are then placed into the recycling bin for disposal.
   vi. When a solvent or standard has expired, it must be disposed of.
   vii. Flammable solvents should be emptied into the flammable waste stream.
   viii. Under no circumstances should any solvents be disposed of down the sink drain.
   ix. Glass bottles should be placed into the recycling bin or glass disposal bin after they have been emptied.

2. In-house prepared solutions
   i. Solvent and standard lot checks are performed on chemicals received that are from a new lot #.
   ii. Solutions and media that are prepared in-house are tracked in the "Media Prep" logbook. Each page in the logbook is dedicated to a specific process or specific media type. The following should be recorded:
      1. Date
      2. Initials of preparer
      3. Solution name
      4. Chemical name, lot #, and expiration date
      5. Volume made
      6. Storage conditions

7. All solutions and media should be prepared inside of the fume hood.
8. Each bottle is labeled with an HMIS rating safety sticker, utilizing the highest rating from each of the solvents used. The solution name is written on this label as well as the expiration date. The expiration date is determined by the earliest occurring expiration date from all components of the solution. Where no expiration dates exist, the expiration date will be set to 1 year from the date it was made on. The lot number assigned to the media is the date that it was prepared on and the initials of the preparer.

VI. Review/Revision

Date	Description of the Revision	Approved

Quality Assurance Manual		
THC Health Inc.	Policy Name	**Laboratory Calibration and Maintenance of pH Meters**
	Policy Number	**7.18**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. The laboratory calibration and maintenance of pH meters plan serves to outline procedures for the treatment of pH meters used in the laboratory.
b. This Standard Operating Procedure describes the maintenance procedures for pH meters used by the quality assurance unit.

II. Rationale/Purpose

a. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow to ensure the proper maintenance of pH meters.
b. This guideline aims to ensure all pH meters are handled in accordance with all company policies and procedures.
c. This protocol describes the method for the operation, three-point calibration, and maintenance of the Oakton 2700 pH meter.

III. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. The Chief Agriculture Officer is responsible for oversight of the Quality Assurance Officer and all staffing procedures and facility requirements.
c. All THC Health Inc. quality assurance employees will adhere to the policies and SOPs in this manual.

IV. Definitions

a. A three-point calibration involves calibrating the pH meter with three different buffers of known pH.
b. Ceramic junction – holds the fill solution in the electrode
c. Fill hold plug – small hole on the side of the electrode that is covered by a plastic ring when not in use. The fill hole plug is placed in the open position during calibration and maintenance of the electrode or when fill solution is being added to the inside of the electrode.
d. Fill solution – acts as an electrical conductor between the reference inside the electrode and the solution under test.
e. Wetting bottle – the bottle that covers and protects the tip of the electrode. This should be on when the electrode is not in use.

V. Policy and Procedure

a. Policy
    i. Personal protective equipment including safety glasses, lab coats, and gloves should be used.
    ii. Do not allow fill solution to run dry. Add fill solution whenever the level falls more than 25mm below the fill hole. Replace solution at least once per month.
    iii. Always remove the wetting bottle and the fill hole plug during calibration and measurements. Replace fill hole plug when meter is not in use.
    iv. Do not leave the electrode in organic solvents as the tip and body may be damaged.
    v. Discard used buffer solutions daily. Do not reuse.

vi. The pH meter electrode should be rinsed thoroughly with de-ionized water and blotted dry with Kimwipes (wiping can produce a static charge) before proceeding to the next solution.
vii. Electrode should be stored in electrode storage solution. Electrode can be stored for up to one week in pH 4.0 or pH 7.0 buffers. Never store the electrode in distilled water.
viii. For long-term storage fill the wetting bottle with KCl solution and push onto electrode.
ix. Laboratory personnel are required to be knowledgeable of the procedures in this SOP as well as the operation troubleshooting and maintenance sections of the pH meter's instruction manual.

b. Special apparatus materials
   i. Oakton pH Meter Model 2700 (Serial No. 2034406)
   ii. pH Electrode 35804-04 (Serial No. 93X218819)
   iii. ATC Temperature Probe 35613-13 (Serial No. 93X052911)
   iv. Calibration Buffers:
      1. pH 1.68
      2. pH 4.01
      3. pH 7.00
      4. pH 10.01
   v. Filling Solution: 3M KCl
   vi. Storage Solution: 3M KCl in wetting bottle or pH 4.0 or pH 7.0 buffer
c. Instrument or method calibration
   i. As described in Procedure and Analysis section
d. Sample handling and storage
   i. The pH of media and reagents are to be taken when the media and reagents are at room temperature (25 + 2oC) unless otherwise specified on the media/reagent preparation sheet. For agar-based media, the pH is to be taken on a solidified sample.
   ii. The buffers and reagents are stored in secondary containers in the chemical storage cabinet.
e. Loss on drying
   i. Milled material (0.500 gram) is stored for 24h at 40°C in vacuum in the presence of phorphorpentoxide as a dessicant.
   ii. Maximum loss of weight, as a result of drying, should not exceed 10.0%.
   iii. The method is adopted from EP monograph "Loss on drying" (2.3.32) method C and the AHP Cannabis monograph.
f. Procedural analysis
   i. The pH meter is calibrated at least once per day of use. Standard buffers used are pH 4.0, pH 7.0, and pH 1.68. A small amount of buffer is dispensed into a smaller container (i.e. beaker) for calibration. Per manufacturers recommendations the standard pH buffers should be used for calibration only one time and disposed after calibration has been finalized.
   ii. Selection of buffers for 3-point calibration:
      1. Standard buffers of pH 7.00, 4.01, and 1.68 are used.
      2. If the final pH of the reagent or media is higher than 7.0, the 3-point calibration curve should be done using pH 7.00, 10.01 and 4.01 buffers.
      3. If the final pH of the reagent or media is lower than 4.01, the 3-point calibration curve should be done using pH 7.00, 4.01, and 1.68 buffers.
   iii. Record the buffers, lot number, and expiration date on the pH Meter Calibration Form (Appendix A).
g. Three point calibration

i. Check the level of the 3M KCl (potassium chloride) electrode filling solution to ensure that it is within 25mm of the filling hole. Bring to level needed. Record in "Notes" section of pH Calibration Log Book.
ii. To calibrate, rinse the probe tip with de-ionized water and blot dry with Kimwipes, then place the tip of the electrode (and ATC probe) into the pH 7.0 buffer solution and press "CAL".
iii. The primary display is the un-calibrated measured value. The meter will automatically select the appropriate buffer value from the buffer group on the display. Meter will display "STABLE" once ready. Record value on pH Meter Calibration Form and press "ENTER".
iv. Rinse probe tip again with de-ionized water and blot dry, then place probe tip into next buffer. Wait for "STABLE", record value, and press "ENTER".
v. Repeat 10.3.4 for the third buffer. Press "ESC" to save calibration. Record the % slope. Slope must be between 95-105% to be considered valid. If slope is outside of this range refer to Oakton pH 2700 Meter instruction manual.
vi. Reading the pH of a liquid sample:
    1. The pH of the liquid sample should be taken at room temperature. Place the tip of the rinsed and dried electrode and ATC probe in the media or reagent and press "ENTER" to read. Record both the pH and temperature in laboratory notebook.
    2. If the pH of the liquid falls outside of the calibrated range, re-calibrate meter to desired pH range.
    3. Adjust the pH of the media to the desired pH following the specific media/reagent preparation SOP.

h. Cleaning and maintenance of the electrode
i. Cleaning should be done when the slope falls outside of the acceptable range of 95-105%.
ii. Test the flow of the junction by letting the electrode hang in the air for 1-2hrs. A proper flowing junction will have KCl salt crystals forming on it. If none appear, review the following suggestions for cleaning.
iii. For protein contamination: Soak the tip of the electrode in deproteinizing solution for 1-2 hours. Rinse the electrode with de-ionized water and soak in pH 7.0 buffer until stable.
iv. For oil contamination: Carefully clean the tip of the electrode using a cotton swab soaked with alcohol or acetone. Rinse the electrode with de-ionized water and soak in pH 7.0 buffer until stable.
v. If cleaning does not improve junction flow the junction may need to be replaced. To replace, pull out the clogged junction, rinse the electrode barrel with de-ionized water and replace with a clean junction. Then refill electrode with appropriate solution up to the fill hole plug.
vi. After cleaning and maintenance check the calibration of the meter and record on pH Meter Calibration Form.
vii. Record cleaning and maintenance activities in pH Meter Calibration Form.

i. Data management/records management
i. Calibration data will be recorded promptly, legibly, and in indelible blue or black ink on the pH Meter Calibration Form. Completed forms are archived on a monthly basis into binders and scanned into a single document for computer storage. Only authorized personnel have access to the secured files. Archived data is retained according to the Archives and Records Management SOP.

j. Quality control
    i. The pH meter is cleaned when the slope falls outside of the 95-105% range.
k. Non-conformance and corrective action
    i. In order to pass calibration the pH meter must display a slope between 95-105%. If the slope is outside of this range the first corrective action is to change the standard buffers and recalibrate. The second step is to change the KCl solution or bring up to volume, then re-calibrate. The final corrective action step is to clean the electrode with deproteinizing solution (per manufacturer's instructions). Any corrective actions taken in-house must be recorded in the "Notes" section of the pH Meter Calibration Form. If the pH meter is not functioning as required, consult the technical manual to determine the problem and perform corrective action. If the problem cannot be determined or corrected, call for service, and notify relevant staff that the meter is out of service.
l. References
    i. Oakton 2700 Series Benchtop Meters Quick Guide
    ii. Oakton 2700 Series Benchtop Meters Instruction Manual

VI. Review/Revision

Date	Description of the Revision	Approved

Appendix A
pH Meter Calibration Form

Meter:

Standard Buffer	Lot Number
pH 1.68	
pH 4.01	
pH 7.00	

Date	Initials	Temperature of Calibration	Slope (%)	Buffers Used For Calibration	Re-Check pH 7.0
Notes:					
Notes:					
Notes:					
Notes:					
Notes:					
Notes:					
Notes:					
Notes:					
Notes:					
Notes:					
Notes:					
Notes:					
Notes:					
Notes:					
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Notes:					

Quality Assurance Manual		
THC Health Inc.	Policy Name	**Laboratory Method Validation**
	Policy Number	**7.19**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. The laboratory method validation plan serves to outline procedures for the validation of methods used by the laboratory.
b. This Standard Operating Procedure describes the procedures for validating laboratory sample preparation, sample extraction, and analytical methods that are evaluated and approved for use.

II. Rationale/Purpose

a. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow to ensure the accuracy of all methods used by the laboratory.
b. Ensure the laboratory methods are handled in accordance with all company policies and procedures.

III. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. The Chief Agriculture Officer is responsible for oversight of the Quality Assurance Officer and all staffing procedures and facility requirements.
c. All THC Health Inc. quality assurance employees will adhere to the policies and SOPs in this manual.

IV. Definitions

a. Accuracy – a measure of the degree of conformity of a value generated by a specific procedure to the assumed or accepted true value, and includes precision and bias.
b. Analytical Batch – an analytical batch consists of samples, which are analyzed together with the same method sequence and same lots of reagents and with the manipulations common to each sample within the same time period or in continuous sequential time periods. A set of measurements or test results taken under conditions that do not vary, although no longer than 24 hours.
c. Analyte – specific component of a test sample measured
d. Applicability – the validated analytical method provides data that can resolve a particular scientific issue in a specified matrix
e. Bias – the difference between the expectation of the test results and an accepted reference value.
    i. Note: Bias is the total systematic error as contrasted to random error. There may be one or more systematic error components contributing to the bias. A larger systematic error difference from the accepted reference value is reflected by a larger bias value.
f. Calibration – the set of operations which establish, under specific conditions, the relationship between values of quantities by a measuring instrument or measuring system, or values represented by a material measure or a reference material, and the corresponding values realized by standards.
g. Certified Reference Material (CRM) – reference material, accompanied by a certificate, one or more of whose property values are certified by a procedure which establishes metrological traceability to an accurate realization of the unit in which the property values are expressed, and for which each certified value is accompanied by an uncertainty at a stated level of confidence.
h. Note: The term “Standard Reference Material” (SRM) is the name of a certified reference material (CRM), which is the trademark name of a certified reference material that has been certified and is distributed by the National Institute of Standards and Technology (NIST).
i. Control Chart – a graphical representation of data taken from a repetitive measurement or process. Control charts may be developed for various characteristics (e.g. mean, standard deviation, range, etc.) of the data. A control chart has two basic uses: as a tool to judge if a process was in control and as an aid in achieving and maintaining statistical control.
j. Detection Limit – a detection limit is the lowest amount of analyte in a sample, which can be detected but not necessarily quantified as an exact value. It is often called the limit of detection (LOD) which is the

lowest concentration that can be determined statistically different from a blank at a specified level of confidence. It is determined from the analysis of sample blanks and samples at levels near the expected LOD.

k. Laboratory – an entity that performs tests and/or calibrations. When a laboratory is part of an organization that carries out activities additional to sample preparation, testing and calibration, the term laboratory refers only to those parts of that organization that are involved in the sample preparation, testing, and calibration process.
l. Limit of Quantification (LOQ) – the lowest amount or concentration of analyte that can be quantitatively determined with an acceptable level of uncertainty, also referred to as the limit of determination.
m. Linearity – defines the ability of the method to obtain test results proportional to the concentration.
n. Matrix – all the constituents of the test sample with the exception of the analyte.
o. Matrix Blank – a quality control sample of a specified amount of matrix that does not contain the analyte of interest.
p. Matrix Spike – an aliquot of a sample prepared by adding a known quantity of target analytes to a specified amount of matrix and subjected to the entire analytical procedure to establish if the method or procedure is appropriate for the analysis of a particular matrix.
q. Method Blank – quality control sample that does not contain the analytes of interest but is subjected to all sample processing operations including all reagants used to treat the samples.
r. Method Detection Limit (MDL) – lowest amount or concentration of analyte that a specific method can statistically differentiate from analyte-free sample matrix. This is dependent on sensitivity, instrumental noise, blank variability, sample matrix variability, and dilution factor.
s. Minimum Detectable Concentration (MDC) – an estimate of the minimum true concentration of analyte that must be present in a sample to ensure a specified high probability (usually 95%) that the measured response will exceed the detection threshold (i.e. critical value), leading one to conclude correctly that the analyte is present.
t. Minimum Quantifiable Concentration (MQC) – the smallest concentration of analyte whose presence in a laboratory sample ensures the relative standard deviation of the measurement does not exceed a specified value, usually 10%.
u. Precision – degree of agreement of measurements under specified conditions. The precision is described by statistical methods such as a standard deviation or confidence limit. See also Random Error. Repeatability expresses the precision under the same operating conditions over a short period of time. Intermediate precision expresses within-laboratory variations, such as different days, different analysts, and different equipment. Reproducibility expresses the precision between laboratories.
v. Qualitative Method – a method that identifies analyte(s) based on chemical, biological, or physical properties. Most qualitative methods are or can be made at least “semi-quantitative” to provide rough estimates of amount present.
w. Quantitative Method – a method that provides an estimate of the amount of analyte present in the test sample, expressed as a numerical value in appropriate units, with trueness and precision which are fit for the purpose.
x. Random Error – the irreproducibility in making replicate measurements resulting from random changes in experimental conditions that affects the precision of a result. The distribution of random errors usually follows a Gaussian-shaped “bell” curve. See also precision.
y. Range – The interval of concentration over which the method provides suitable precision and accuracy.
z. Recovery – proportion of incurred or added analyte which is extracted and measured from the analytical portion of the test sample.
aa. Reference Material – a material or substance, one or more of whose property values are sufficiently homogeneous and well established to be used for the calibration of an apparatus, the assessment of a measurement method, or for assigning values to materials.
bb. Reference Standard – a standard, generally having the highest metrological quality available at a given location in a give organization, from which measurements are made or derived.
    i. Note – generally, this refers to recognized national or international traceable standards provided by a standards producing body such as the National Institute of Standards and Technology (NIST).

cc. Repeatability – the closeness of the agreement between the results of successive measurements of the same value carried out under the same conditions of measurement.
dd. Ruggedness or Robustness – the ability of a method to resist changes in test results when subjected to minor deviations in experimental conditions of the procedure. Ruggedness testing examines the behavior of an analytical process when subtle small changes in the environment and/or operating conditions are made, akin to those likely to arise in different test environments.
ee. Screening Method – a method intended to detect the presence of an analyte in a sample at or above some specified concentration (target level).
ff. Selectivity – the capability of a method to discriminate between the analyte of and other components of the sample including matrix components.
gg. Sensitivity – the lowest concentration that can be distinguished from background noise or the smallest amount of a substance or organism that can accurately be measured by a method or test system is the analytical sensitivity. However, sensitivity is commonly defined as the slope of the calibration curve at a level near the LOQ.
hh. Source – the origin of a test sample. A sample matrix may have variability due to its source. For example, a water sample may have variable characteristics, and therefore, may show method results variability, depending on whether the sample source is drinking water, ground water, surface water, or waste water.
ii. Specificity – analytical specificity is the ability of a method to measure one particular analyte in the presence of components which may be expected to be present.
jj. Standard Reference Material (SRM) – a certified reference material issued by the National Institutes of Standards and Technology (NIST) in the United States. An SRM is certified by NIST for specific chemical or physical properties and is issued with a certificate that reports the results of the characterization and indicates the intended use of the material.
kk. Systematic Error – a form of measurement error, where error is constant across trials. This may also be referred to as Bias.
ll. Target Level – the level at which an analyte can be reliably identified or quantified in a sample.
mm. Trueness – the degree of agreement of the expected value from a measurement with the true value or accepted reference value. This is related to systematic error (bias).
nn. Uncertainty – the parameter associated with the result of a measurement that characterizes the dispersion of the values that could reasonably be attributed to the measurand.
oo. Validation – the confirmation by examination and the provision of objective evidence that the particular requirements for a specific use are fulfilled.
pp. Verification – the confirmation by examination and provision of the objective evidence that specified requirements have been fulfilled.

V. Policy and Procedure

a. Policy
    i. This document establishes minimal guidelines for THC Health Inc. to validate methods which will be used by the laboratory. Additional requirements and/or independent guidance appropriate to the laboratory operation, assay method, intended use, and sample types may be added as necessary.
    ii. These guidelines provide procedures that should be considered when validating laboratory sample preparation, sample extraction, and analytical methods that are evaluated and approved for use. Methods submitted to the Chief Agriculture Officer for evaluation and approval should fill an unmet need or an improvement over the currently available methods. Alternative approaches to achieving the intent of these guidelines may be used.
b. Outline of validation procedure
    i. Method validation is a process by which the laboratory confirms by examination and the provision of objective evidence that the particular requirements for specific use are fulfilled. It serves to demonstrate that:
        a. The method can detect, identify, and potentially measure the amount of (quantify) an analyte in all matrices or be analyzed or with a demonstrated sensitivity, specificity,

accuracy, trueness, reproducibility, ruggedness, and precision to ensure that all results are meaningful and appropriate

c. The method will function reliably for its intended purpose as defined by the laboratory.

1. The method developer validates a method by conducting experiments to determine or verify a number of specific performance characteristics that serve to define and quantify method performance.
    c. Prior to submitting methods to the Chief Agriculture Officer:
        i. The intended use of the method should be defined
        ii. The intended use should be aligned with laboratory capabilities
        iii. A study plan for method validation should be submitted for approval to the Chief Agriculture Officer before starting the validation.
    d. A written procedure which includes all of the following elements must be prepared:
        i. Intended use and criteria for use
        ii. Assay principle and safety precautions
        iii. Acceptable sample types, sample collection method, preparation, preservation, storage and transportation conditions
        iv. Description of reactions supplied or directions for preparation and QC
        v. Description of quality controls to be used
        vi. Detailed instructions on how to perform the method
        vii. Detailed instructions on how to interpret and report the result
        viii. Any limits of the method that are known or suspected
        ix. A summary of the performance characteristics of the method
        x. A statement on the target uncertainty of measurements for each analyte (analytical goal for accuracy) in order for the values to be fit for their intended purpose
    e. Methods should be validated whenever any of the following occur:
        i. Submission of a new method to the laboratory for inclusion as an official laboratory method
        ii. Expansion of the scope of an existing laboratory method to include additional analytes or new matrices
        iii. Modification of a laboratory method's range beyond validated levels
        iv. Modification of a laboratory method that may alter its performance specifications.
        1. 1. This includes: changes to the fundamental science of an existing method, equivalence issues such as substitutions of reagants/apparatus, or changes to some instrumental parameters. Since it is difficult to predict the results of any change, all but the most trivial of changes should be evaluated for effects on method performance.
    f. Performance specifications required to validate a method:
        i. Performance specifications that should be determined to validate a method will vary depending on the intended use, the type of method being validated, and the degree to which it has previously been validated. All methods submitted must have all the proper controls and the parameters for calibrating and operating the method instrumentation included in the written procedure.
    g. Typical validation characteristics which should be considered are the following:
        i. Method uncertainty
        ii. Minimum quantifiable concentration
        iii. Detection limit
        iv. Applicable analyte concentration range
        v. Accuracy
        vi. Trueness
        vii. Precision
        viii. Analytical specificity
        ix. Linearity
        x. Ruggedness/robustness
    h. Characteristics for qualitative methods should be considered:
        i. Should be evaluated for reliable identification of an analyte at or below some target level
        ii. Sensitivity

iii. Specificity
iv. Limit of detection
v. Ruggedness/robustness

i. Validation tools
    i. The following tools should be used to demonstrate the ability to meet method specifications of performance:
        1. Blanks: Use of various types of blanks enables assessment of how much of the result is attributable to the analyte in relation to other causes
        2. Reference materials and certified reference materials with typical interferences expected. Use of known materials can be incorporated to assess the accuracy of the method, as well as for obtaining information on interferences.
        3. Fortified (spiked) materials and solutions: Recovery determinations can be estimated from fortification or spiking with a known amount of analyte. (Note: Understand that spiked recovery may not be truly representative of recovery from naturally incurred analytes.)
        4. Repeatability: Replicate analyses provide a means of checking for changes in precision in an analytical process which could adversely affect the results.
        5. Statistics: Statistical techniques are employed to evaluate accuracy, trueness (or bias) precision, linear range, and limits of detection and quantification, and measurement uncertainty.

j. General validation protocols that should be used to determine method performance characteristic
    i. Quantitative measurements, e.g. determine limit of quantification (LOQ), linear response. Minimally need LOD.
    ii. Prepare and analyze spiked blanks, matrix samples of known concentration utilizing one to three different concentration levels: low, medium, high based on the intended use of the method. These samples are carried through the complete sample preparation procedure, extraction, and analytical steps of a particular method. Matrix effects can also be assessed with these samples. Accuracy or bias and precision are calculated from these results; data will also evaluate robustness of the method resulting from changes in the sample matrix. (Note: proper certified reference materials and reference standards are used when available.)
    iii. Assure that adequate sample replicates are performed and that results from replicate measurements of each analyte are compared.
    iv. Analyze blanks (reagant and matrix) and compare these results to the reported limit of detection.
    v. Evaluate interferences: spectral, physical, or chemical by analyzing samples containing various suspected interferences in the presence of the measured analyte.

k. Validation of methods (original, new, modified) should include but not be limited to matrix extensions and platform changes
    i. In cases where the sample preparation and/or the extraction procedure/analytical method is modified from the existing test procedure and protocol, the new method should demonstrate that the modifications do not adversely affect the precision and accuracy or bias of the data obtained.
    ii. In order to implement the modified method, the standard or existing method is first performed. The modified method is then verified against the original method validation protocol.
    iii. For original or new methods the developer(s) should pick a validation level that is suitable for their situation.
    iv. Statistical methods are employed to verify performance between the original validated and new method sample means and to determine the degree of accuracy.

l. Chromatographic conditions
    i. The following represent USP and/or AHP compliant methodology what will be used to validate and improve efficiency of the methodology as needed.

ii. Apparatus: Validation was will be performed on a Shimadzu ADVP module (Kyoto, Japan) equipped with a SIL-10 autoinjector with sample cooler and LC-10 in-line vacuum degassing solvent delivery unit
iii. Phase column (Waters, Australia) coupled with a 1-mm Opti-Guard C18 pre-column (Optimize Technologies, Alpha Resources, Thornleigh, Australia).
iv. Column temperature: 30 °C.
v. Injection volume: 30 µL.
i. Mobile phase: A) 50 mM ammonium formic acid (adjusted to pH 3.75 with 10% acetonitrile)
ii. B) 90% acetonitrile.
iii. Time (min) B in A (%) 0 70 15 90 30 90
iv. 31 70 Flow rate: 1 mL/min. Detection (diode array detector):
v. Full spectra monitoring from 190-370 nm will be utilized. Non-acidic cannabinoids are typically detected at approximately 228 nm and acidic cannabinoids at approximately 270 nm. Note: validation was performed using a photo-diode array detector. For routine use, a standard UV detector is suitable.
vi. Run time: 30 min.
vii. Post-run time: 6 min.

VI. Review/Revision

Date	Description of the Revision	Approved

Quality Assurance Manual		
THC Health Inc.	Policy Name	**Appearance, Foreign Material, Fineness, Loss on Drying, and Microscopic Analysis**
	Policy Number	**7.20**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. This Standard Operating Procedure describes the methods for the analysis of appearance, foreign material, fineness, and microscopic properties of marijuana.
b. This protocol describes the methods of analysis to be utilized by the quality assurance unit on component marijuana prior to extraction.

II. Rationale/Purpose

a. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow to ensure the proper analysis of marijuana prior to utilization in extraction processes.
b. This guideline aims to ensure the methods utilized for the analysis of raw marijuana is performed in accordance with all company policies and procedures.

III. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. The Chief Agriculture Officer is responsible for oversight of the Quality Assurance Officer and all laboratory functions.
c. All THC Health Inc. quality assurance employees will adhere to the policies and SOPs in this manual.

IV. Policy and Procedure

a. Policy
    i. Personal protective equipment including safety glasses, lab coats, and gloves should be used.
    ii. All personnel are required to have knowledge of the procedures in the SOP.
    iii. Laboratory personnel are required to read, understand, and pass all analyst qualifications prior to performing any analyses on samples.
    iv. The sample is milled to a particle size of about 5 mm in a blender, and well homogenized.
b. Appearance analysis
    i. Each sample must be visually inspected by an experience technician for characteristics such as: off-green dense sticky bundle of flowers (flowertop) of 1.5 to 5 cm length, with a characteristic smell.
c. Foreign material
    i. The sample is visually inspected to ensure it is essentially free of individual stems (>1.5 cm), hair, insects and other solids.
d. Fitness
    i. The sample is visually and microscopically inspected to ensure proper removal of leaves and stems, and to ensure proper grind-size.
    ii. Upon microscopic inspection no leaves are detected sticking out more than 20% of the length of the flower. Stems are cut off directly under the lower flowers; finely granulated flowers with an absence of individual stems larger than 1.0 cm.
e. Loss on drying
    i. Milled material (0.500 gram) is stored for 24h at 40°C in vacuum in the presence of phorphorpentoxide as a dessicant.

ii. Maximum loss of weight, as a result of drying, should not exceed 10.0%.
iii. The method is adopted from EP monograph "Loss on drying" (2.3.32) method C and the AHP Cannabis monograph.

f. Identifying glandular hairs
   i. Regent applied is a chloral hydrate solution: solution of 80 grams chloral hydrate in 20 ml water.
   ii. Transfer a few particles of milled plant material into a glass tube, and add a few drops of chloral hydrate. Heat over a flame until the liquid boils. Under a microscope the glandular hairs should be clearly visible. The chloral hydrate is a clearing agent, bleaching and improving the transparency of various dark-colored microscopic materials.

g. Identifying of cannabinoids
   iii. Regent applied:
      1. petroleumether (40-60)
      2. ether R
      3. ethanol R
      4. methanol R
      5. Fast blue B dye
      6. Δ9- THC reference standard
      7. THCA reference standard
      8. CBD reference standard
      9. CBDA reference standard

h. Method
   i. TLC-plate: Slicagel F254 (Merck art.nr. 5715) 20x20 cm
   ii. Eluent: Petroleum ether : ether (4:1 v/v)
   iii. Development height: 10 cm
   iv. Spray reagent: Solution of 1 gr/L fast blue B dye in 50% ethanol in water

i. Sample solution A:
   i. Use sample solution 1a (see section 10) of the test on cannabinoid content. (unheated cannabis extract)

j. Sample solution B:
   i. Use sample solution 2a (see section 10) of the test on cannabinoid content. (heated cannabis extract)

k. Reference standard solution A:
   i. Prepare a solution of 0.1 mg/ml Δ9-THC in ethanol

l. Reference standard solution B:
   i. T Prepare a solution of 0.1 mg/ml THCA in ethanol

m. CBD Varieties:
   i. Reference standard solution C:
      1. Prepare a solution of 0.1 mg/ml CBD in ethanol
   ii. Reference standard solution D:
      1. Prepare a solution of 0.1 mg/ml CBDA in ethanol
      2. Spot 5 µl of all sample solutions and all reference standard solutions onto the TLC plate as a band of max. 5 mm wide. Place the plate in the TLC development chamber with eluent and let develop for 10 cm. Remove the plate and allow to dry by evaporation. Visualize chromatographic spots by spraying with the fast blue B dye solution. Evaluate the result by visual inspection.

n. Evaluation of result

i. Schematic presentation of a typical plate:

Top of the plate		
red spot (CBDA) orange spot (CBD) red-violet spot (Δ9- THC) red-orange spot (THCA)	red spot (CBDA) * red-orange spot (THCA)	orange spot (CBD) * red-violet spot (Δ9- THC)
reference standard solutions	sample solution A	sample solution B

o. Sample solution A

i. The main spot visible in sample solution A has a red-orange color and has an Rf-value equal to that of reference standard solution B (THCA). Also a red-violet minor spot may be visible equal to standard solution A (Δ9-THC).

ii. Besides the spots mentioned above, a second major spot is clearly visible, which is equal to reference standard solution D (CBDA).

p. Sample solution B

i. The main spot visible in sample solution B has a red-violet color and has an Rf-value equal to that of reference standard solution A (Δ9-THC). Also a red-orange minor spot may be visible equal to standard solution B (THCA).

ii. Besides the spots mentioned above, a second major spot is clearly visible, which is equal to reference standard solution C (CBD).

V. Review/Revision

Date	Description of the Revision	Approved

Quality Assurance Manual		
THC Health Inc.	Policy Name	**Laboratory Moisture Determination**
	Policy Number	**7.21**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. The laboratory moisture determination policies serve to outline procedures for the analysis of cannabis flower samples.
b. This guideline aims to ensure the analysis of moisture is performed in accordance with all company policies and procedures.

II. Rationale/Purpose

a. This Standard Operating Procedure describes the procedures for the analysis of moisture content in cannabis flower samples.
b. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow to ensure the proper quantification of moisture.

III. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. The Chief Agriculture Officer is responsible for oversight of the Quality Assurance Officer and all staffing procedures and facility requirements.
c. All THC Health Inc. quality assurance employees will adhere to the policies and SOPs in this manual.

IV. Policy and Procedure

a. Policy
    i. Do not allow fill solution to run dry. Add fill solution whenever the level This Standard Operating Procedure applies to THC Health Inc. staff performing analysis on flower samples.
b. Procedure
    i. Oakton pH Meter Model 2700 (Serial No. 2034406)
    ii. Moisture content is determined concurrently with potency determination of flower samples.
    iii. Samples are batched in the laboratory management system following the procedure outlined in the Potency Sample Preparation SOP.
    iv. Place an empty weigh dish on the balance and record the weight in the sample prep sheet under “Pan”.
    v. Add 200 + 20mg sample to the weigh dish and record the weight in the sample prep sheet under “Pan + Sample”.
    vi. Place in drying oven at 58-62oC overnight.
    vii. Record weight the following day in the sample prep sheet under “Pan + Dry Sample”
c. Laboratory management system
    i. As described in Procedure and Analysis section
    ii. Log into the moisture content section.
    iii. Enter weights in appropriate columns from sample prep sheet.
d. Disposal
    i. Discard dried flower weight in sample disposal bin.

e. Temperature monitoring
    i. The temperature of the drying oven is monitored on each workday. A NIST traceable thermometer is used in addition to the temperature gauge on the front of the instrument.
    ii. Each workday the temperature is recorded on CLF013 – Temperature Monitoring form. The acceptable range is 58-62oC.
    iii. If the temperature falls outside of this range, ensure the oven door was not recently opened. Wait at least one hour, without opening the door, to see if the temperature goes back into range. If it does, re-record the temperature to show that it has gone back into range, and the deviation was a result of the door being recently opened. If the temperature does not go back into range, check the instruction manual for troubleshooting tips or contact the manufacturer to schedule a repair to the system.

f. Calculations
    i. $\% \, Moisture = 100[\frac{((pan+sample)-(pan))-((pan+dried)-(pan))}{((pan+sample)-(pan))}]$

g. Equipment
    i. NIST traceable thermometer

V. Review/Revision

Date	Description of the Revision	Approved

Quality Assurance Manual		
THC Health Inc.	Policy Name	**Laboratory Oven Operation and Maintenance**
	Policy Number	**7.22**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. The laboratory oven operation and maintenance plan serves to outline procedures for the use of the Quincy Labs (QL) Oven.
b. This Standard Operating Procedure describes the operating and maintenance procedures for the QL Oven used by the quality assurance unit.

II. Rationale/Purpose

a. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow to ensure the proper operation and maintenance of the QL Oven.
b. Ensure the QL Oven is operated and maintained in accordance with all company policies and procedures.

III. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. The Chief Agriculture Officer is responsible for oversight of the Quality Assurance Officer and all staffing procedures and facility requirements.
c. All THC Health Inc. quality assurance employees will adhere to the policies and SOPs in this manual.

IV. Policy and Procedure

a. Policy
    i. This Standard Operating Procedure applies to CannLabs staff using the Quincy Lab (QL) Oven. The purpose of this SOP is to describe the procedure for operation and maintenance of the QL Oven.
b. Operation
    i. Press the power button to turn the unit on.
    ii. Press the * key to view the current set temperature.
    iii. To change the temperature hold the * key down while pressing the up or down arrows to set to desired temperature.
c. Loading
    i. Avoid placing anything next to the walls of the oven if possible.
    ii. Space items out so that oven maintains uniform heating
    iii. Avoid over-packing the oven.
d. Maintenance
    i. Record the temperature of the oven during each work day on the temperature monitoring sheet located on the front of the oven.
    ii. When a log sheet is filled up, file in the “Temperature Monitoring” notebook. This notebook is archived annually.
    iii. Periodically wipe oven inside and out with a damp rag; avoid use of commercial oven cleaners and harsh solvents.
    iv. Check intake and exit fans monthly to ensure they are free of dust and dirt.
    v. Check the oven temperature annually to ensure consistent operation. Calibrate as necessary following manufacturer’s instructions.
e. Technical support
    i. Contact QL directly for technical support.

V. Review/Revision

Date	Description of the Revision	Approved

Quality Assurance Manual		
THC Health Inc.	Policy Name	**Stability and Shelf-Life Testing**
	Policy Number	**7.23**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Director of Manufacturing**

I. Description

a. The stability and shelf life testing plan serves to outline procedures for the internal testing of product stability and shelf life dating.
b. This Standard Operating Procedure describes the testing procedures for product stability. NOTE: Any results obtained from internal testing DO NOT supersede results required from an independent laboratory.

II. Rationale/Purpose

a. This document is designed to provide a formal outline of the procedures THC Health Inc. shall follow to ensure the stability of its products and to validate required results provided from impendent laboratories.

III. Responsibilities

a. The Quality Assurance Officer will oversee policy compliance for personnel under his or her supervision.
b. The Chief Agriculture Officer is responsible for oversight of the Quality Assurance Officer and all staffing procedures and facility requirements.
c. All THC Health Inc. quality assurance employees will adhere to the policies and SOPs in this manual.
d. It is the responsibility of the Chief Agriculture Officer to oversee the development of adequate product specific stability programs to be used in determining appropriate storage conditions and expiration dates.
e. It is the responsibility of the Quality Assurance Officer to maintain adequate stability records, select product to be included in the stability program and obtain all required sample evaluations at the indicated testing intervals.

IV. Policy and Procedure

a. Policy
    i. It is company policy to policy to assess and routinely evaluate the stability of its cannabinoid concentrates and packaged marijuana products utilizing appropriate written testing protocols.
    ii. The stability of each brand in each dosage form and packaging format of distributed product shall be confirmed by testing at an approved independent laboratory to assure all products meet the brand's written specifications throughout their labeled shelf life.
    iii. All marijuana product distributed in multiple dose re-sealable containers shall be stable for a minimum of 60 days after being opened as specified in the label directions and storage conditions of light, temperature and humidity.
b. Procedures
    i. Prior to distribution, marijuana products shall be placed on a comprehensive stability-testing program. This shall consist of acceleration stability @ 40ºC 75% RH for up to 6 months and long term room temperature stability @ 25ºC 60% RH for 3, 6, 9, 12, 15, until the date of expiration and yearly thereafter. Based upon the product or cannabinoid concentrate characteristics alternate storage conditions, including ICH (International Conference on Harmonization) guidelines may be utilized.
    ii. Stability testing requirements will be defined in a written protocol and shall include:
        1. Sample size and test intervals based on statistical criteria for each attribute examined to assure valid product stability and expiration dating
        2. Storage conditions for samples retained for testing;
        3. Reliable, meaningful and specific test methods
        4. Product testing in the same container-closure system as the product is distributed
    iii. An adequate number of batches of each product brand, dosage form and packaging format shall be tested to determine an appropriate expiration date. Initial testing protocols are detailed in Appendix A.
c. Accelerated studies

i. Accelerated studies, combined with basic stability information on the product composition and container-closure system, may be used to support tentative expiration dates provided full shelf life studies are not available and are being conducted.
ii. Where data from accelerated studies are used to project a tentative expiration date that is beyond a date supported by actual shelf life studies, long term room temperature testing at appropriate intervals will be performed until the tentative expiration date is verified or a more appropriate expiration date is determined.
iii. Accelerated stability samples will be in the same packaging material as the final distributed product. In the event that a product is not stable under accelerated conditions, but is stable under room temperature conditions, then the room temperature stability data shall be utilized to establish the product's expiration dating.

d. Packaging and storage
i. Long term room temperature stability samples will be in the final distributed packages. Package sizes shall include the largest and smallest of any distributed product. Blister packaged samples will be counted as individual units and this stability shall be applicable to all distributed product regardless of the final package count.
ii. The first three batches of all distributed products will be placed into a long term room temperature stability program to confirm and eventually extend any expiration date previously assigned utilizing accelerated stability data.

e. Shelf-life determination
i. Milled material (0.500 gram) is stored for 24h at 40°C in vacuum in the presence of phorphorpentoxide as a desiccant.
ii. Maximum loss of weight, as a result of drying, should not exceed 10.0%.
iii. The method is adopted from EP monograph "Loss on drying" (2.3.32) method C and the AHP Cannabis monograph.

f. Procedural analysis
i. At least one batch per year of all distributed packaged marijuana products shall be placed into a long-term room temperature stability program. The shelf life of these marijuana products shall be independently validated by ongoing stability testing according to a schedule determined by the Department.
ii. Product shelf-life specifications shall include all required storage conditions including storage at the manufacturing facility once the package is sealed, during transport, at the dispensing facility, in the patient's home and samples retained for future testing.

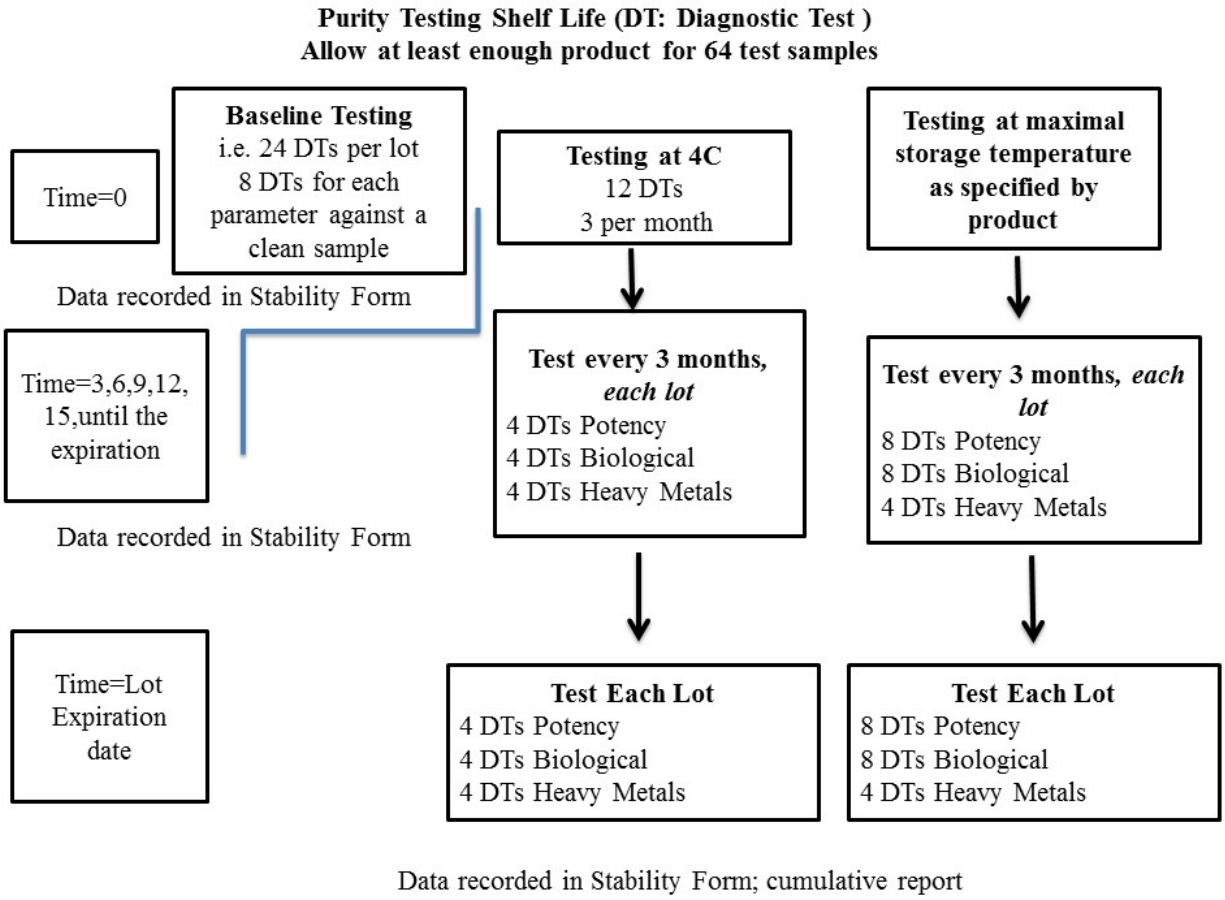
g. Analysis
i. All stability results shall be promptly evaluated upon completing of each testing interval. Results will be tabulated as part of this evaluation and reviewed for adverse trends. The Decision Tree for Data Evaluation is detailed in Appendix B.
ii. Stability failures shall be promptly investigated. This written investigation including any necessary corrective actions shall be determined by the Quality Assurance Officer.
iii. Appropriate stability studies may be dropped from this stability program based upon the deletion of products from the product mix, revisions in product formula and packaging or other justifiable reasons as determined by Quality Assurance Officer and approved by the Chief Agriculture Officer.

h. Recordkeeping
i. All stability protocols, reports and associated testing results required by this procedure shall be retained for at least five years after completion of the last testing interval for that product

V. Review/Revision

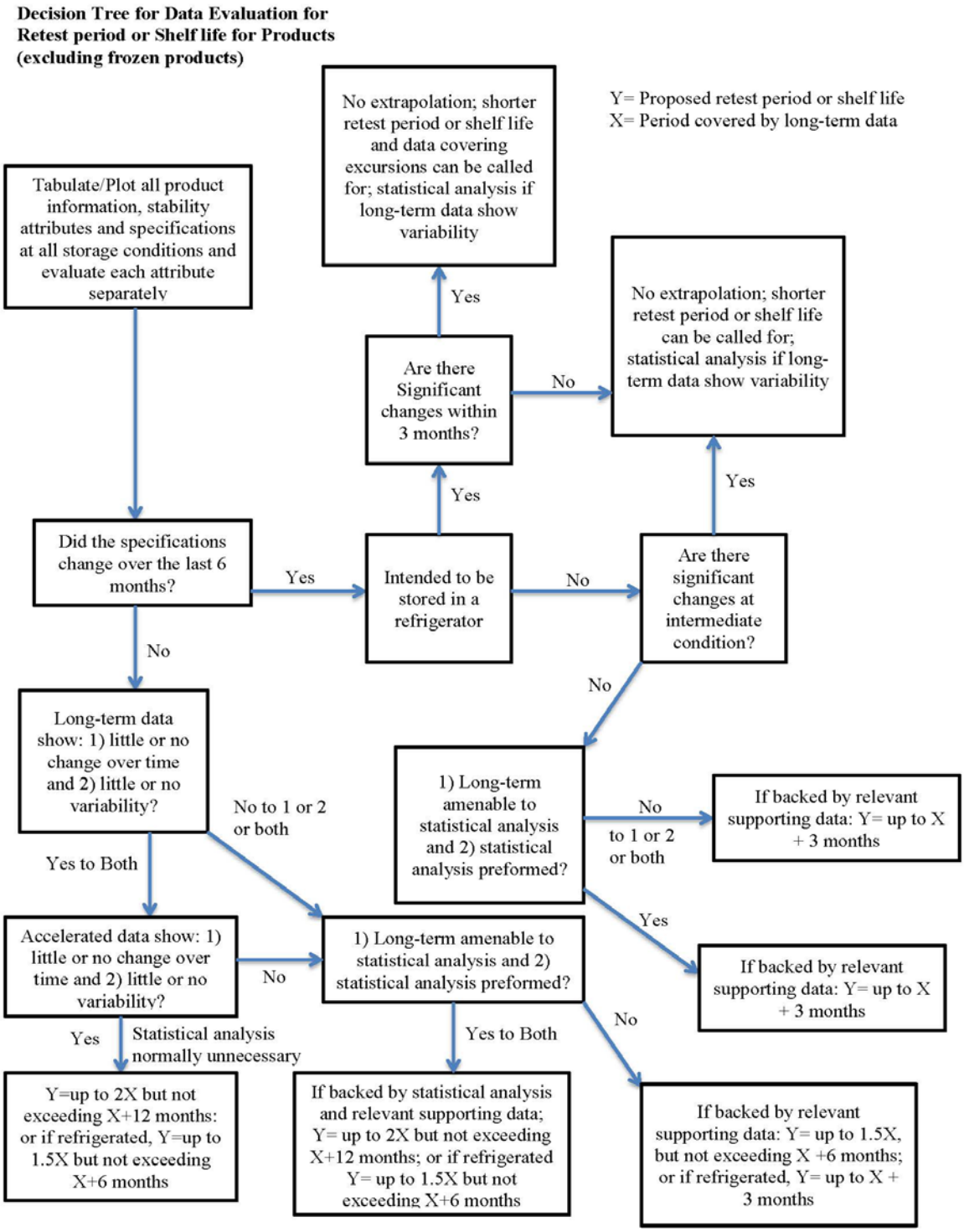
Date	Description of the Revision	Approved

Shelf-Life Testing



Appendix B

Decision Tree



Dispensary and Sale Manual		
THC Health Inc.	Policy Name	**Returns, Expirations, Quarantine, and Disposal**
	Policy Number	**8.1**
	Date this Version Effective	**06/03/2015**
	Responsible for Content	**Chief Pharmacology Officer**

I. Description

a. This policy provides information regarding processing of returned product and proper disposal of returned, expired, or otherwise unusable medical marijuana (MMJ) products at THC Health Inc. (THCH) dispensaries.

II. Rationale/Purpose

a. It is the policy of THCH to ensure proper quarantine and disposal of unusable MMJ due to patient return or expiration of product.

III. Responsibilities

a. The Quality Assurance Officer shall be responsible for implementation and maintenance of this policy.
b. All dispensary staff is responsible for compliance with the policies, procedures and protocols dictated by this policy.

IV. Policy and Procedure

a. Policy
    i. All MMJ that is unable to be dispensed to a patient will be incinerated. No other materials are to be added to the Incineration Waste Container besides MMJ products.
    ii. All additions of MMJ products to the locked Incineration Waste Container will be tracked via the inventory management software system and the MMJ Product Disposal Log (Attachment 8.1) which will be kept on file for five years.
    iii. The Dispensary Site Operations Manager and a second dispensary employee witness will place the MMJ product into the Incineration Waste Container and will complete and sign MMJ Product Disposal Log.
b. Procedure
    i. Product Expiration
        1. The pharmacist will record the expired product in the inventory management system and in the MMJ Product Disposal Log.
        2. All MMJ that is expired or will be expiring within 30 days will be rendered unusable and will be incinerated.
        3. All MMJ that is to be incinerated will be stored in a locked bin accessible to only the Dispensary Site Operations Manager and will remain on the premises for not more than one week.
        4. Placement of expired MMJ into the locked Incineration Waste Container will be documented by the Dispensary Site Operations Manager and a second witness who will each sign the MMJ Product Disposal Log.

Excepted from disclosure in accordance with Public Officers Law § 89(5).

ii. Returned Product

1. All returned MMJ is assumed to be adulterated and will be incinerated, regardless of reason for return or if the original manufacturing seal has been broken.
2. THCH will accept full responsibility for laboratory analysis for returns and proper disposal of all returned products.
3. A refund of 50% of the original purchase price OR dispensary credit of 100% of the original purchase price will be given to the purchaser if the product is returned within 15 days of purchase and contains greater than 50% of the product remaining.
4. No refund will be given for products returned outside of 15 days.
5. The pharmacist will record the returned product in the patient's profile and in the MMJ Product Disposal Log.
6. Returned product will be quarantined and sent to a laboratory for analysis to identify potential reasons for the return. Re-testing of returned MMJ products will be performed by the New York State Department's Wadsworth Center or a Department issued permitted laboratory, through the Wadsworth Center Environment Laboratory Approval Program.
7. Following laboratory analysis, placement of returned MMJ into the Incineration Waste Container will be documented by the Dispensary Site Operations Manager and a second witness who will each sign the MMJ Product Disposal Log.
8. If the laboratory analysis indicates the product is defective and fault lies with THCH, the incident will be investigated further and warrants a 100% refund to the patient or replacement product at no cost.

V. Review/Revision

Date	Description of the Revision	Approved

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Attachment 8.1a

THC Health Inc.
MMJ PRODUCT DISPOSAL LOG EXAMPLE

Registered Organization Name: _____

Registered Organization Registration Number: _____

MMJ Product Lot #	Brand Name	Quantity Disposed	Reason for Disposal	Expiration Date (if applicable)	Return Date (if applicable)	Date MMJ Added to Incineration Waste Container	Signature of Dispensary Site Operations Manager	Signature of Second Witness

Dispensary and Sale Manual		
THC Health Inc.	Policy Name	**Allergy and Adverse Event Reporting**
	Policy Number	**8.2**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Pharmacology Officer**

I. Description

a. This policy contains the procedure for documenting and reporting incidents having or which may have an adverse impact on patient safety.

II. Rationale

a. Accurate identification and correct interpretation of complaints, allergies, and adverse events to MMJ products is critical to prevent serious patient harm. THCH will standardize definitions and processes for documentation of patient allergies or adverse events to MMJ products which is necessary to ensure patient safety.

III. Responsibilities

a. The Quality Assurance Officer shall be responsible for implementation and maintenance of this policy.
b. All dispensary staff is responsible for compliance with the policies, procedures and protocols dictated by this policy.

IV. Policy/Procedure

a. Patients will be interviewed by the pharmacist upon initial claim of allergy or adverse event regarding the details of the reaction that took place.
b. A complete history of allergies or adverse events or reactions to other medications and/or substances will be obtained documented in the patient's chart by the dispensary pharmacist.
c. Determination if the adverse event is considered to be a serious adverse event.
d. The Allergy and Adverse Event Reporting Form (See Forms) will be completed and kept on record for a minimum of five years.
e. THCH will report any known adverse events that occur as a result of MMJ to the NYSDOH within 24 hours.
f. THCH will report any known allergies or adverse events to the patient's authorizing practitioner.
g. The pharmacist, patient, and authorizing practitioner will devise a plan examining benefits versus risks which will be individualized for the patient to determine the next steps of action (e.g. discontinue MMJ use, adjust MMJ dose or instructions for use, etc.) to ensure patient safety and address therapy management.

V. Review/Revision

Date	Description of the Revision	Approved

Excepted from disclosure in accordance with Public Officers Law § 89(5).

THC Health Inc. Registration #_____

MMJ ALLERGY/ADVERSE EVENT REPORT FORM EXAMPLE

This document is subject to confidentiality requirements and should be handled accordingly.

Please Print All Information Clearly and Use One Form for Each Occurrence Report Date (mm/dd/yy): _____

1. Dispensary Information

Dispensary Name:_____

Dispensary Address and Phone:_____

Individual Completing this Report:_____

2. Patient Information

Registered User Name:_____

Registered User Address:_____

Identification Card #:_____ Phone Number:_____

Date of Birth (mm/dd/yy):_____ Pregnant: ☐ Yes ☐ No ☐ Not applicable

Name of MMJ Product:_____ Date of Occurrence (mm/dd/yy):_____

Dispensing Date of MMJ Product (mm/dd/yy):_____ Dose:_____

Number of Times Given:_____ Route of MMJ Product:_____

Duration of Event:_____ Time:_____ Location of Occurrence:_____

Discontinuation of MMJ product because of event:_____

3. Adverse Event

Serious Adverse Event ☐ Yes ☐ No

Description/Reason for Reporting (Choose all that apply):

- ☐ Requires hospitalization
- ☐ Life threatening
- ☐ Permanent disability or incapacitating
- ☐ Death
- ☐ Other (Please Specify):_____
- ☐ Organ toxicity
- ☐ Causes birth defect
- ☐ Overdose

4. Allergic Reaction

Description/Nature of Allergic Reaction (Choose all that apply):

- ☐ Rash
- ☐ Hives
- ☐ Shortness of Breath
- ☐ Anaphylaxis
- ☐ Other (Please Specify):_____

Description of Incident and Required Medical Care: _____

Immediate Action/Intervention: _____

Notification: ☐ Certifying Physician Name (Must be notified):_____

☐ Family/Guardian Name: _____

Dispensary and Sale Manual		
THC Health Inc.	Policy Name	**Voluntary and Involuntary Recalls**
	Policy Number	**8.3**
	Date this Version Effective	**06/01/2015**
	Responsible for Content	**Chief Pharmacology Officer**

I. Description

a. This policy provides guidelines for the dispensary to respond to MMJ voluntary and involuntary product recalls.

II. Rationale/Purpose

a. THCH strives to ensure patient safety and documentation of action to remove recalled MMJ products from dispensary stock and/or retrieval of dispensed products from patients.

III. Definitions

a. Recall – removal of product from channels of distribution and consumption of any product deemed potentially hazardous or defective
b. Adulterated – product contains a deleterious substance
c. Misbranded – product labeling is false, misleading, or contents are not fully identified in the statement of ingredients

IV. Responsibilities

a. The Quality Assurance Officer shall be responsible for implementation and maintenance of this policy.
b. All dispensary staff is responsible for compliance with the policies, procedures and protocols dictated by this policy.

V. Policy, Procedure, and Protocols

a. Policy
    i. In the event an MMJ product is identified as defective (adulterated or misbranded), the product will be recalled.
    ii. When notification of an MMJ product recall is received, action is taken to remove the affected product lot from stock in the dispensary and notify the NYSDOH within 24 hours. If the reason for the recall poses a clinically significant risk to patients, action is taken to notify all patients and/or designated caregivers of the recall and retrieve the affected product or lot dispensed to them. All recalled products are returned to the dispensary to be processed.
b. Procedure
    i. The Dispensary Manager and Pharmacist receive the notice of recall. The NYDOH is notified of the recall within 24 hours. The recall notice is forwarded to all dispensary staff at each dispensary location and manufacturing facility.
    ii. The Dispensary Manager and Pharmacist determine if the basis for the recall requires retrieving MMJ products from patients (e.g. if the recall occurs before an affected MMJ product is dispensed to a patient).
    iii. The Dispensary Manager at each dispensary is responsible for examining stock to identify and retrieve recalled MMJ products.

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1. Examination of stock occurs in a timely manner given the nature of the recall.
2. All materials linked to the recall are pulled from stock to be processed and quarantined per instructions in the recall notice.

iv. The staff in each dispensary documents the following information on the MMJ Voluntary and Involuntary Recall Form (See Forms). This documentation is kept on file for five years.
1. Registered organization name
2. Registered organization registration number
3. Recall notice date
4. Recall internal reference number
5. Recall type (voluntary or involuntary)
6. Description of reason for recall
7. Dispensary name, phone number, address
8. Date and time recalled product removed from stock
9. Quantity of product removed from stock
10. Description of product removed from stock
11. Employee removing product from stock
12. Employee completing Voluntary and Involuntary Recall Form
13. If patient notification is required
14. Specific patient information for each affected patient (see below).

v. Recall of MMJ products from patients
1. When it is determined that patients must be notified of a recall, the Dispensary Manager and Pharmacist will identify patients that may have received the recalled MMJ product(s) by performing an electronic search of records in the inventory management software. This search must be completed within two days of the recall notice.
2. Patients will be notified by phone and letter (Attachment 8.3a) of the recall as appropriate. This notification will include instructions for returning the product, receiving a refund or replacement product.
3. Documentation of patient notification will include the following information. A copy of the notification letter sent to each patient will be kept on file for five years.
    a. Name and registry identification number of patient
    b. Patient's address
    c. Patient's phone number
    d. Patient's date of birth
    e. Name of MMJ product, dose route, and number of times dispensed
4. Information to include in the notification letter includes:
    a. Date patient notified by phone or letter
    b. Employee making the notification
    c. MMJ product name, container size, and lot number
    d. Quantity of MMJ product expected to be returned by patient
    e. Who to contact for follow-up
    f. Indication of a refund (credit) or replacement product provided

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vi. All recalled products will be quarantined in the dispensary and prepared for laboratory analysis and re-testing to assess product verification and decomposition.
    1. Re-testing of recalled MMJ products will be performed by the New York State Department's Wadsworth Center or a Department issued permitted laboratory, through the Wadsworth Center Environment Laboratory Approval Program.
    2. Any remaining recalled material will be destroyed per the Returns, Quarantine, and Disposal policy.
vii. A product safety investigation will take place, consisting of an internal trace of the recalled product(s) origin and history.

II. Review/Revision

Date	Description of the Revision	Approved

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Attachment 8.3a

Recall Communication Letter Example

Date: [MM/DD/YYYY]

Customer Name:
Address:
Phone Number:

Attn: Customer Name

THC Health Inc., Street, City, State, Zip Code, is voluntarily recalling [MMJ product name], [container size], [lot number] etc. Enclosed is a copy of the original customer invoice, listing the quantity of product sold to you on [date] and the product label.

The voluntary recall is being initiated following the discovery of [Insert Issue], (e.g. detection of an unregistered pesticide, by our pesticide residue analysis-testing program; a potentially pathogenic microorganism, by our microbial screening program) in our [Insert MMJ Product Brand Name, Strength, and Description]. Our concern is that you may have received a contaminated MMJ product. Consumption of this product by consumers represents a potential health hazard.

THC Health, Inc. requests you to discontinue use of this product. Please contact [Insert Dispensary Name] at telephone [Insert Telephone #] for instructions regarding returning any remaining material of the recalled MMJ product(s) you have to the dispensary where it was purchased and for information regarding a refund or replacement product.

We apologize for this inconvenience. Thank you for your cooperation in this matter.

Sincerely,

Excepted from disclosure in accordance with Public Officers Law § 89(5).

THC Health Inc. Registration #_____

MMJ VOLUNTARY and INVOLUNTARY RECALL FORM EXAMPLE

This document is subject to confidentiality requirements and should be handled accordingly.

Please Print All Information Clearly and Use One Form for Each Occurrence Report Date (mm/dd/yy): _____

1. Recall Information

Registered Organization Name: _____

Registered Organization Registration Number: _____

Recall Notice Date: _____

Recall Reference Number: _____

Recall Product Lot Number(s): _____

Recall Type: ☐ Voluntary ☐ Involuntary

Reason for Product Recall (Describe): _____

2. Dispensary Information

Dispensary Name: _____

Dispensary Address and Phone: _____

Date Recalled Product Retrieved from Stock (mm/dd/yy): _____ Time: _____

Quantity of MMJ Product Retrieved From Stock: _____

Description: _____

Individual Retrieving Product from Stock: _____ Title: _____

Signature: _____

Individual Completing this Report: _____ Title: _____

Signature: _____

Patient Notification Required: ☐ Yes ☐ No

If yes, include the following information on this form for each affected patient.

3. Patient Information

Registered User Name: _____

Registered User Address : _____

Identification Card #: _____ Phone Number: _____

Date of Birth (mm/dd/yy): _____

Name of MMJ Product: _____

Dispensing Date of MMJ Product (mm/dd/yy): _____ Dose: _____

Number of Times Given: _____ Route of MMJ Product : _____

4. Notification

Notification: ☐ Certifying Physician Name (Must be notified): _____

☐ Family/Guardian Name: _____

☐ Other (Please specify): _____

SECTION 10 – RECORDKEEPING § 1004.5(b)(4)(vii)

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10.1 Introduction

THC Health Inc. (THCH) has developed and adopted procedures for maintaining records that conform to state medical marijuana regulations and best practice for the cannabis and pharmaceutical sectors. Title 10, Chapter XIII, Part 1004.5(b)(4)(vii) of the Official Compilation of Codes, Rules and Regulations of the State of New York requires: detailed description of plans, procedures and systems adopted and maintained for tracking, record keeping, record retention and surveillance systems, relating to all medical marijuana at every stage including cultivating, possessing of marijuana, and manufacturing, delivery, transporting, distributing, sale and dispensing by the proposed registered organization and shall maintain records required for a period of five years and make these records available to the department upon request.

THCH will ensure compliance with all laws and regulations pertaining to its operation as a registered organization including recordkeeping. However, the operational needs of THCH necessitates records in excess of the mandated requirements. THCH's recordkeeping policies and procedures as detailed in this

section and throughout the Standard Operating Procedures in Section 6 demonstrate not only compliance with legal and regulatory requirements, but a commitment to full documentation and transparency in all of THCH's operations. THCH maintains strict control over records in order to:

- Provide operating data to management,
- Provide information to advisors and board members,
- Document operations for third-party certifiers and auditors, and
- To maintain a record of operations in case of any insurance claims, legal, or administrative investigation.

10.2 Responsibilities

The Chief Operating Officer shall oversee all record retention protocols of THCH. The Chief Executive Officer is responsible for oversight of the Chief Operating Officer and all record maintenance activities. Each Director in THCH must supervise the recordkeeping activities in their operating unit to ensure compliance with company policies and procedures.

10.3 Compliance with Regulations

THCH is committed to compliance with all laws and regulations pertaining to its operation as a registered organization. THCH will make its books, records and manufacturing and dispensing facilities records available to the Department or its authorized representatives upon request for monitoring, on-site inspection, and audit purposes. Several regulations apply to the recordkeeping functions of THCH. THCH's recordkeeping policies and procedures demonstrate not only compliance with the following requirements, but a commitment to full documentation of THCH's operations. The regulations call for the recordkeeping provisions listed below.

10.4 General Company Recordkeeping

General Requirements

The Chief Operating Officer is responsible for recordkeeping, data retention and back-ups to ensure THCH maintains true, complete, and accurate records. The Chief Operating Officer is also responsible for the proper integration of those requirements into policies and procedures. Back-up of all records must be maintained for a minimum of five years. All employees must adhere to recordkeeping policies and procedures unique to their operating unit as a condition of employment. The Chief Operating Officer must authorize the release of any records to a third-party and must report the disclosure of records to the Chief Executive Officer to determine if legal counsel should be notified. THCH shall maintain, at a minimum, the following categories of records:

1. Standard operating procedures;
2. Inventory records including seed to sale tracking;
3. Confidential patient and caregiver records including:
    a. Inventory management system patient profiles and dispensing history
    b. All dispensed medical marijuana products and periods of no-fill (zero report)
    c. Dispensing errors
    d. Allergy and adverse event reporting
    e. Medical marijuana product recalls
4. Personnel records and policies;
5. Waste disposal records;

6. Maintenance records; and
7. Business records including:
    a. THCH's assets and liabilities,
    b. Fixed asset schedules,
    c. Insurance and escrow requirements;
    d. All monetary transactions;
    e. Books of accounts including journals, ledgers, and supporting documents, agreements, checks, invoices, vouchers, monthly and quarterly reports, and annual audits;
    f. Sales records;
    g. Salary and wages paid to each employee, stipend paid to each executive manager, and any executive compensation, bonus, benefit, or item of value paid to any individual affiliated with THCH, including Members of THCH, if any;
    h. All licensing documentation and other correspondence with the Department; and
    i. All other corporate documents required by law including but not limited to meeting minutes, annual reports, stock or membership agreements.

Recordkeeping Policies
THCH has developed strict protocols for the maintenance of records and documents. In addition to THCH's legal obligation to protect patient information, THCH has a responsibility to its members to accurately document the activities of the business. True and correct records maintained in a timely and organized manner also provides real-time operating information to management necessary to make quick and informed decisions in the normal course of business. The following sections detail the recordkeeping policies in each area of the operation.

Organization Closure
In the event of closure, THCH proposed to the Department the procedures and actions the registered organization shall take to maintain and make available to the department all records required to be maintained under this part for a period of five years.

Pricing Records
The department or the department's authorized representative has the right to examine records that formed the basis for the proposed price, including the registered organization's books, records, documents and other types of factual information that will permit an adequate evaluation of the proposed price. The registered organization shall provide reasonable access to the department of its facilities, books and records.

10.5 Recordkeeping Systems Equipment

THCH will acquire multiple information inventory management systems requiring hardware and software. Whenever possible, THCH will elect cloud based software system that allow the use of standard hardware and that provide sufficient back-up capabilities. THCH will utilize the inventory management system designated by the NYSDOH, and their recommended hardware, data storage, and software for all operating functions so long as they retain the contract to provide services to the Department. Additional organizational hardware and software needs may be fulfilled by the Director requesting the capability.

Hardware configurations are reviewed with each software application in order to determine what equipment will best meet the needs of the end user. THCH makes every effort to provide the most

suitable desktop or laptop while maintaining company cost effectiveness. Employees will be given access to appropriate network printers. Employees needing computer hardware beyond that which is typically provided must request such hardware from their unit Director. In some limited cases, employees may be given local printers if deemed necessary by the unit Director in consultation with the Chief Operating Officer.

All software acquired or developed by THCH is and at all times shall remain company property and must be serviced by a real-time off-site back-up system. All such software must be used in compliance with applicable licenses, notices, contracts, and agreements. All purchasing of company software shall be centralized by the Chief Operating Officer to ensure that all applications conform to regulatory and company software standards and are purchased at the best possible price. All requests for software must be submitted to the unit Director for approval.

10.6 Employee Records

Organizational Charts and Job Descriptions

The Chief Operating Officer or designee must maintain a current organizational chart and job descriptions for each employee and volunteer position.

General Employee Records

The Chief Operating Officer or designee must maintain accurate personnel records for each employee. Such records must be maintained for at least seven years and include:

1. All materials submitted to the Department;
2. A copy of their Department issued licensing;
3. Documentation of verification of references;
4. The job description or employment contract that includes a description of duties, authority, responsibilities, qualifications, and supervision;
5. Documentation of all training received by the employee and the signed statement of the employee indicating the date, time, and place the training was received and the topics discussed, including the name and title of presenters;
6. Documentation of periodic performance evaluations; and
7. A record of any disciplinary action taken.

Compensation Records

The Chief Operating Officer or designee must maintain records documenting the salary and wages paid to each employee, stipend paid to each executive manager, and any executive compensation, bonus, benefit, or item of value paid to any individual affiliated with THCH, including executive managers. These confidential records must be maintained for a period of at least seven years.

10.7 Security Records

Redacted pursuant to N.Y. Public Officers Law, Art. 6

Redacted pursuant to N.Y. Public Officers Law, Art. 6

10.8 Maintenance Records

Each unit Director or designee must maintain records of any maintenance, cleaning, sanitizing and inspection in any company facility. The Chief Operating Officer is responsible for oversight and maintenance of such records.

10.9 Cultivation Records

The Director of Cultivation must monitor the daily operations of the cultivation facility. Recordkeeping is accomplished through multiple control system. Paper logs are used throughout the cultivation operations to record crop applications and handling. Paper logs maintained by cultivation employees must be retained for sixty months. THCH will utilize a crop management system which complies with GAP recordkeeping requirements. The Director of Cultivation will maintain a separate crop management system as needed to supplement the Department's prescribed inventory control system. Cultivation records maintained must, at a minimum:

- Fully disclose all activities and transactions of the cultivation operation in sufficient detail as to be readily understood and audited;
- Be maintained for no less than five years;
- Be sufficient to demonstrate compliance with applicable regulations; and
- Be made available for inspection and copying during normal business hours by authorized representatives of the business, law enforcement, and the Department.

Cultivation Operations
THCH's policies and procedures detailed throughout the Manufacturing Plan in Section 1 and the Standard Operating Procedures in Section 6 require, at a minimum cultivation operations documentation including:

- Facility related. Field/facility history, previous land use records, previous facility use records. Document the date, location, and identity of all materials applied to the land or in the facility for each cultivation facility during the past thirty-six months in order to establish the date of the last application of prohibited materials. Include all fertilizer and pest-management materials applied.
- Activity logs. All cultivation activities must be recorded in the inventory management system or log maintained in the cloud record system. Activities that must be recorded include, but are not limited to:
    1. Planting/propagation;
    2. Material applications including formulas and quantities if manure is applied;
    3. Pruning;
    4. Pest monitoring and actions taken;
    5. Harvest records and yields;
    6. Crop destruction;
    7. Procedure variances;
    8. Storage and transfer records; and
    9. Any unusual activities.
- Compost production records. For in-house composting, record the required information in the crop management system, including materials and quantities added, the estimated C/N ratio of the mixture, date and temperature, and the employee name each time the compost is turned.
- Propagation materials. The identity and source of all propagation material, with sufficient specificity to ensure that the material conforms to all established standards and can be traced to its source. Make such records whether material is obtained from an off-site source or produced on-site.
- Seed/planting stock records. Document any seed, cuttings, or planting stock used and document its origin. Record any seed treatments, coatings, or inoculants used.
- Fertilizer records. All fertilizers used on each agricultural crop and, if applicable, steps taken to monitor manure- or compost-based fertilizers for undesirable microbial pathogens and to monitor water quality from sites where composts are produced or stored.
- Irrigation records. Information about water sources and equipment used in irrigation systems, as well as records of all tests performed to monitor water supplies used in irrigation and any records that establish conformity to applicable irrigation regulations.
- Crop maintenance. Steps taken to protect and maintain crops, including, at a minimum, a record of all pesticides, herbicides, insecticides, or fungicides used on each crop.
- Harvest records. The harvest records of each crop must be recorded in the inventory management system including the harvest date, crop identification, strain name, initial yield, final yield, storage location, and batch identification.
- Processing records. Consisting of, at a minimum, the quantity of the harvest; dates of planting and of harvest; processing details, a precise description of the agricultural site; the life-stage of the crop at the time of harvest; and other relevant crop conditions throughout its cultivation.
- Crop disposition records. Record all crops removed from cultivation and processed as waste as outlined in the inventory and waste SOPs.
- Transfer records. Any transfer of crops from a production or storage location must be recorded in the inventory management system including date of transfer, responsible employee, second employee verification, batch identification, quantity, receiving location in accordance with the inventory and waste SOPs.

- Equipment maintenance records. Record the date, equipment description, materials used, description of the cleaning or maintenance performed, and the responsible employee in the crop management system.

Plant Inventory Records

Inventory records must include the quantity of marijuana at the cultivation facility including the number of plants being cultivated on a daily basis as outlined in THCH's inventory policies and procedures. Each plant is tracked throughout the cultivation, processing, storage, and distribution to manufacturing lifecycle stages. Plant material weights recorded include:

- Pruning waste,
- Batch harvest and disposal weights,
- Batch curing weights,
- Batch waste weights,
- Final batch yields,
- Quantities in storage,
- Quantities transferred to manufacturing, and
- Quantities removed for QA/QC testing and sample retention purposes.

This real-time inventory data will be documented by cultivation employees and overseen by the Director of Cultivation. A crop management system will be implemented for this purpose if the Department prescribed system does not provide in-process crop weight and waste recording capabilities.

Waste Disposal

Disposal records must include the disposal method used for any marijuana that was cultivated or acquired but not sold, including evidence of the disposal of the marijuana in accordance with waste disposal policies and procedures. Daily plant care operations also produce plant waste from pruning operations. Pruning waste is accumulated daily, weighed, and recorded in the inventory management system on a daily basis and disposed of in accordance with THCH's waste disposal policies and procedures.

Other Cultivation Records

The cultivation operation shall also maintain records under the supervision of the Director of Cultivation including, but not limited to:

- SOPs and training
- Procedure variances
- Energy consumption
- Water consumption
- Cost of production
- Facility sanitation and maintenance

10.10 Process and Production Records

The Director of Cultivation and the Director of Manufacturing must ensure that records are maintained for the results of all production activities as required by the quality control procedures. Each Director is responsible for the maintenance of written production and process control procedures used to govern the production and process control functions of their unit. The Director must ensure procedures are

documented when performed through production records, transaction records or other logs required in their unit of operation. Any deviation from the written procedures must be documented by the Director and reported to the Chief Agriculture Officer. The Chief Agriculture Officer must approve the written justification for the deviation in the internal Procedure Variance Log.

Production Records

THCH must maintain records required for a period of five years and make such records available to the department upon request. Such records shall include documentation, including lot numbers where applicable, of all materials used in the manufacturing of the approved medical marijuana product to allow tracking of the materials including but not limited to:

- soil,
- soil amendment,
- nutrients,
- hydroponic materials,
- fertilizers,
- growth promoters,
- pesticides, fungicides, and herbicides;
- cultivation, manufacturing, packaging and labeling production records; and
- laboratory testing results.

Lot and Container Records

Each unit Director, under the oversight of the Chief Operating Officer, must ensure that each container or group of containers for components and marijuana products is identified with a distinctive code for each lot in the shipment received. The code must be used in all transactions pertaining to the lot including processing, sales, transfers, disposals or any other transaction impacting quantities recorded for the lot. Each lot must be properly identified by the Director both with container labeling and in the inventory management system as to the lot's status as quarantined, approved or rejected.

Salvage Records

Any salvage of marijuana or marijuana products must be approved by the quality assurance unit and Chief Operating Officer. All salvage procedures must be properly documented and records must be maintained for a minimum of five years.

10.11 Manufacturing Records

General Requirements

All manufacturing data must be recorded properly, accurately, and completely entered in the data management system. The Director of Manufacturing must ensure that if the their data system is not functional for any reason that all data are properly recorded manually into approved lab note books and entered into the system as soon as it is available.

All data maintained in the manufacturing Data Management System must be kept for at least for manufacturing two years after termination of the batch release. The Director of Manufacturing must oversee the accuracy and maintenance of all records.

Data collection must be compliant with all company policies and procedures according in accordance with company policies must include for Department and internal tracking purposes the names, initials, or employee identification numbers of the individuals who processed, extracted packaged, labeled the medical marijuana.

Inventory Management System

The inventory management systems provide additional opportunities to increase control over medical marijuana products. The Director of Security shall review transactions in accordance with the following schedule:

1. All inventory movement in every ten days.
2. Targeted inventory levels for forms that have passed lab testing, inspection and approval should be set for a 30-day re-supply value, or the amount of inventory needed to cover consumption over a period of 30 days.
3. Targeted inventory levels shall be built, stored and managed to build a year's worth of inventory.
4. This inventory amount target shall be based on the first 90 days of sales plus 30%.
5. Projections shall be based on sales totals based from the secure web-based ordering control system.

Reporting Requirements

The Director of Manufacturing shall ensure that inventory control systems provide reports that detail:

1. A "total inventory in storage" by lot and batch number for each form. An "all events" report must provide detail on all user activity and transaction types within a time frame, and must be able to be tailored to specific data requirements, such as individual items or users.
2. A "controlled substances vault compare" report must allow administrators to cross-reference the inventory that leaves the holding area and arrives at the dispensing facility, or any other location to the inventory at that location. Transactions that do not match show up on this report by location, item, quantity, date, time, and user.
3. A "review send" report must provide detailed information regarding the removal of medical marijuana products from the storage area, specifying the user, time, date, item, quantity, and intended destination.
4. A "dispensing" report must provide detailed information regarding the transaction of medical marijuana at the dispensing facility, indicating the user, time, date, item, quantity, and inventory movement at the dispensing facility.
5. A "purchase history" report helps to trend the receipt of medical marijuana into inventory and monitor purchase patterns.
6. A "proactive controlled substances diversion" report isolates above-average consumption of controlled substances, as determined by standard deviation.

In the event the Department prescribed software does not provide all the need capabilities, the Director of Manufacturing shall procure additional manufacturing control software to track operational data as needed.

Quality Control Reporting

The quality control unit must be granted access to review all production records created in the manufacturing unit to assure that no errors have occurred, or that if any errors have occurred, they have been fully investigated and resolved.

10.12 Transportation Records

At any time marijuana, marijuana waste, or marijuana products are transported out of a company facility for any reason, the following policies must be adhered to:

1. All deliveries must be accompanied by a trip plan.
2. The trip plan must be verified as accurate by the Transportation and Distribution Manager and provided by the Transportation and Distribution Manager or transporting employee to the receiving location.
3. The transporting employee must record the end time of each trip and any variances occurring to the trip plan in the Transportation Event Log.
4. Any vehicle accidents must be reported by the transporting employee to the transportation manager or unit manager immediately.
5. Any loss or theft of cannabis products must be reported by the transporting employee immediately to the transportation manager or unit manager.
6. Any manager receiving a loss or theft report from a transporting employee must notify the Chief Operating Officer immediately.
7. The Chief Operating Officer must report the occurrence to the appropriate law enforcement agency and the Department immediately.
8. The Chief Operating Officer must ensure transportation records are maintained in accordance with regulations and provided to the Department upon request.

10.13 Dispensary Records

A New York State licensed pharmacist, is responsible for the maintenance of all dispensing records including patient and sales records in the point of sale system. Dispensary associates are responsible for the input of patient and sales data into the point of sale systems. All dispensing employees must receive training on company and Department recordkeeping requirements prior to working in any operating unit of THCH.

Certified Patient and Designated Caregiver Records

Information held by THCH about certified patients, designated caregivers, is confidential and will not be disclosed without the written consent of the individual to whom the information applies, or as required under law or pursuant to an order from a court of competent jurisdiction. However, the Department may access this information to carry out official duties.

The dispensing facilities will maintain a transparent and fully accountable set of dispensing facility-related records for internal and external audits, as well as review by the Department. All physical documents, such as patient files, transaction records, inventory records, security records, audit records, business records, and financial records will be stored electronically in redundant and geographically dispersed Class 5 data centers to provide the maximum level of security and compliance with all state

and federal document storage and confidentiality rules, including HIPAA regulations. This method of storage ensures that all records are adequately protected from loss, damage, or unauthorized use.

Inventory Records

The Dispensary Site Operations Manager and pharmacist shall oversee daily paper and electronic entry of all inventory transactions. Each day, the pharmacist responsible for opening the facility will record beginning inventory. Ending inventory for each shift will also be logged.

Each dispensing facility will maintain an inventory log to record:

1. The date of each inventory process;
2. A summary of the inventory findings; and
3. The names, signatures, and titles of the individuals who conducted the inventory.

Cycle Counts Required

Each dispensing facility will maintain an inventory log overseen by the Dispensary Site Operations Manager and pharmacist:

- Shift counts – medical marijuana products in sales area, as well as cash drawer count and detailed report on cashless ATMs.
- Daily counts – medical marijuana products in sales area.
- Weekly counts – medical marijuana products in storage.
- Quarterly counts – complete inventory.
- Annual counts – complete inventory and with second count witnessed by the Director of Patient Resource Centers.

Inventory Management System

THCH will use the point of sale system selected by the Department. The following items are internal requirements for recordkeeping. Should the system lack the capability, the manager shall select an additional system to meet the needs.

- A “total inventory in storage” by location and batch report that records user, date, time, item, quantity, and storage access in chronological order.
- An “all events” report that provides detail on all user activity and transaction types within a time frame, and tailored to specific data requirements, such as individual items or users.
- A “controlled substances vault compare” report that allows administrators to cross-reference the inventory that leaves the storage area and arrives at the shelf, dispensing facility, or any other location to the inventory at that location. Transactions that do not match show up on this report by location, item, quantity, date, time, and user.
- A “review send” report that provides detailed information regarding the removal of medical marijuana products from the storage area, specifying the user, time, date, item, quantity, and intended destination.
- A “dispensing” report that provides detailed information regarding the transaction of medical marijuana products at the dispensing facility, indicating the user, time, date, item, quantity, and inventory movement at the dispensing facility.
- A “purchase history” report that helps trend the receipt of medical marijuana products into inventory and monitor purchase patterns.

- A “proactive controlled substances diversion” report that isolates above-average consumption of controlled substances, as determined by standard deviation.

10.14 Product Disposal Records

All waste composed of or containing medical marijuana products at each dispensary, will be stored, secured, and prepared for incineration in accordance with applicable state and local laws and regulations. All waste disposed of will be recorded in an MMJ Product Disposal Log, including:

1. The date of disposal;
2. The type and quantity disposed of;
3. The manner of disposal;
4. The reason for disposal; and
5. The name of the certified patient or designated caregiver who supplied the waste, if applicable.

Dispensing and Sales Records

All sales will be recorded properly, accurately, and completely entered in the point of sale system. The Dispensary Site Operations Manager and Dispensary Site Finance Manager will ensure that if the point of sale system is not functional for any reason that all transactions are properly recorded manually and entered into the system as soon as it is available, if allowed by the Department. Sales records and invoices must be created and maintained in the point of sale system for at least five years after termination of operations.

Dispensing facility requirements includes maintaining individual certified patient-specific dispensing records for each medical marijuana product they receive, applicable lot number(s), dates dispensed, and product expiry dating. These dispensing records will be monitored electronically for compliance with all Department requirements.

Sales records will be compliant with all company recordkeeping policies and procedures, local and state laws and regulations, and will include for Department and internal tracking purposes:

1. A serial bar coded number that will be generated by the dispensing facility for each approved medical marijuana product dispensed to the certified patient or designated caregiver;
2. A dispensary identification number that will be populated by a number provided by the Department;
3. The patient name, date of birth, and gender;
4. The patient address, including street, city, state, and zip code;
5. The patient’s registry identification card number;
6. If applicable, designated caregiver’s name and registry identification card number;
7. The date the approved medical marijuana product was filled by the dispensing facility;
8. The metric quantity for the approved medical marijuana product;
9. The medical marijuana product drug code number that will be populated by a number provided by the Department, to represent the approved medical marijuana product brand that was dispensed to the certified patient or designated caregiver, as applicable;
10. The number of days’ supply dispensed;
11. The registered practitioner’s Drug Enforcement Administration number;
12. The date the written certification was issued by the certifying practitioner; and
13. The payment method.

A record of all approved medical marijuana products that have been dispensed must be filed electronically with the Department, utilizing a transmission format acceptable to the Department, not later than 24 hours after the medical marijuana product was dispensed to the certified patient or designated caregiver.

When applicable, THCH will file a zero report with the Department, in a format acceptable to the Department. A zero report confirms that no approved medical marijuana product was dispensed by THCH during the relevant period of time. A zero report will be submitted no later than 14 days following the most recent previously reported dispensing of an approved medical marijuana product or the submission of a prior zero report.

Receipts

The employee conducting the sale of medical marijuana product shall provide to patient or designated caregiver a receipt, which shall state: the name, address, and Department assigned identification number for the facility; the name and registry identification number of the certified patient and the designated caregiver (if any); the date the marijuana was sold; any recommendation or limitation by the practitioner as to the form or forms of medical marijuana or dosage for the certified patient; the form and the quantity of medical marijuana sold; the price and tax assessed and form of payment. THCH will retain a copy of the registry identification card and the receipt for five years in the point of sale system with back-ups.

Price Records

The Dispensary Site Operations Manager, pharmacist, and Dispensary Site Finance Manager are responsible for true and accurate records entered and maintained in the inventory management and point of sale system. All sales records must record the price of all products sold and comply with all recordkeeping policies and procedures, as well as Department regulations.

THCH will grant the Department or the Department's authorized representative the right to examine records that formed the basis for the proposed price, including books, records, documents, and other types of factual information that inform an adequate evaluation of the proposed price.

Taxes and Sales Accounting

All sales transaction will be subject to applicable sales tax rates. The proper sales tax rates will be programmed into each point of sale system to ensure sales tax is being collected. It is the responsibility of the Finance Director to ensure the proper collection of sales tax on all taxable products, sold in the dispensing facility for the jurisdiction.

Security and Access Records

If an unforeseen circumstance requires the presence of a visitor and makes it impractical for the dispensing facility to obtain prior authorization from the Department, the dispensing facility shall record in the visitor log, the name of the visitor, date, time, purpose of the visit and the facts upon which the access was granted.

Incident Reporting

Incident reporting must be documented by the Patient Resource Manager, in coordination with the Director of Patient Resource Centers and/or the Director of Security, in accordance with company reporting and notifications policies and procedures. Anyone with knowledge or a reasonable suspicion of an Incident is instructed to make an immediate report to the Patient Center Manager and record the

Incident in the Incident Log. All Incident activities, from receipt of the initial report through post-Incident review, are to be documented. The Director of Security is responsible for ensuring all events are recorded, assembling these records in preparation and performance of the post-incident review, and ensuring all records are preserved for review.

Reporting of Records Incidents

Any loss or unauthorized alteration of records at the dispensing facility related to medical marijuana products, certified patients, designated caregivers, or employees will be reported to the Patient Resource Center Manager immediately. The Patient Resource Center Manager will report any such incident to the Director of Patient Resource Centers and the Department and law enforcement.

10.15 Quality Assurance Records

Internal Laboratory Reports

Each employee must ensure that no laboratory record presented by THCH is falsified in any manner. Any employee who knowingly falsifies a laboratory report will be terminated immediately. Any employee who suspects that a laboratory record may have been falsified must report to the Chief Operating Officer and quality control manager immediately as a condition of employment.

The internal laboratory is required to maintain records for the following QA/QC/laboratory activities:

1. Sample receiving, tracking, storage, and disposal.
2. Sample preparation, analysis, and documentation.
3. Standards preparation, documentation, handling, and storage.
4. Standards and chemical receiving, tracking, storage, and disposal.
5. Instrument and equipment operation and maintenance.
6. Data collection, handling, reporting, and storage.
7. Records pertinent to the quality of analytical data reported.
8. Analyst training records.
9. Monthly and yearly safety inspections and emergency responses.

10.16 Records Incidents

Any loss or unauthorized alteration of company records discovered or suspected by any employee must be reported to the Chief Operating Officer immediately. The Chief Operating Officer must report such incidents to the Department and law enforcement as necessary. Upon discovery of a records security breach, the Chief Operating Officer must review all recordkeeping and security policies to identify deficiencies and necessary corrective measures. The Chief Operating Officer must engage the service of a third-party data security expert as needed.

10.17 Electronic Records

THCH shall maintain all company records in an electronic format. A cloud based back-up system will provide a second location for a duplicate copy of all records. The laboratory management system is the primary database for all internal laboratory records. Independent laboratory records shall be maintained in THCH's inventory control system and attached to the batch for which the report was issued.

10.18 Paper Records

The laboratory maintains laboratory notebooks and worksheets. Additionally, quality assurance employee records may contain paper documents including training documentation forms. All human resources records will be maintained by administrative management and securely stored in accordance with all employment laws. All paper records related to laboratory operations or personnel will be scanned and maintained in the laboratory management system. Laboratory notebooks and logs will be maintained in secure filing cabinets accessible by the Director of Quality Assurance and his or her designees.

10.19 Record Maintenance

In accordance with regulations, all electronic company records will be maintained for a minimum of five years. It is company policy to retain records in perpetuity unless a member of senior management determines the electronic record should be deleted or destroyed. Laboratory notebooks and other paper documents will be maintained for no less than five years. The Director of Quality Assurance shall determine the need to destroy paper records. The Director shall maintain a log of documents destroyed in the laboratory management system and ensure all document destruction performed by shredding.

“Section H”

THC Health Inc. does not need any legal disclosures. This section does not apply.

_____

Christian Cespedes

President & Chief Executive Officer

NEW YORK STATE | Department of Health

Medical Marijuana Program
Application for Registration as a Registered Organization

Section A: Business Entity Information

1. Business Name: THC Health Inc

2. Organization Type (choose one):
- [x] For-profit
- [ ] Non-profit

3. Business Type (choose one):
- [x] Corporation
- [ ] Limited Liability Company
- [ ] Sole Proprietorship
- [ ] General Partnership
- [ ] Limited Partnership
- [ ] Other:

4. Phone: (516) 642-3953

5. Fax: (631) 727-2023

6. Email [redacted]

7. Business Address: 4-74 48th Avenue

8. City: Long Island City

9. State: NY

10. ZIP Code: 11109

11. Mailing Address (if different than Business Address):

12. City:

13. State:

14. ZIP Code:

Section B: Primary Contact Information

15. Name: Christian Cespedes

16. Title: President & Chief Executive Officer

17. Phone: (516) 642-3953

18. Fax: (631) 727-2023

19. Email [redacted]

20. Mailing Address: [redacted]

21. City: [redacted]

22. State [redacted]

23. ZIP Code: [redacted]

Section C: Proposed Manufacturing Facility Information

24. Proposed Facility Name: THC Cultivation

25. Proposed Facility Address: 1675 Edwards Avenue

26. City: Baiting Hollow

27. State: **NY**

28. ZIP Code: 11933

29. County:
Suffolk

30. Property Status (choose one):
- [ ] Owned by the applicant
- [ ] Leased by the applicant
- [ ] Other:

If you checked "Other" above, describe the property status in the field provided.

31. Proposed Hours of Operation:

Monday:	6 am to 6 pm	Friday:	6 am to 6 pm
Tuesday:	6 am to 6 pm	Saturday:	6 am to 6 pm
Wednesday:	6 am to 6 pm	Sunday:	6 am to 6 pm
Thursday:	6 am to 6 pm		

An additional entry is included below for applicants who are proposing to use more than one manufacturing facility (responsible for cultivation, harvesting, extraction or other processing, packaging and labeling).

32. Proposed Facility Name:		
33. Proposed Facility Address:		
34. City:	35. State: **NY**	36. ZIP Code:
37. County:	38. Property Status (choose one): ☐ Owned by the applicant ☐ Leased by the applicant ☐ Other: **If you checked "Other" above, describe the property status in the field provided.**	

39. Proposed Hours of Operation:

Monday:		to	Friday:		to
Tuesday:		to	Saturday:		to
Wednesday:		to	Sunday:		to
Thursday:		to			

Section D: Proposed Dispensing Facility #1 Information

40. Proposed Facility Name: Goshen THC Dispensary		
41. Proposed Facility Address: 27 Matthew Street		
42. City: Goshen	43. State: **NY**	44. ZIP Code: 10924
45. County: Orange	46. Property Status (choose one): ☐ Owned by the applicant ☐ Leased by the applicant ☐ Other: **If you checked "Other" above, describe the property status in the field provided.**	

47. Proposed Hours of Operation:

Monday:	9 am	to 9 pm	Friday:	9 am	to 5 pm
Tuesday:	9 am	to 5 pm	Saturday:	9 am	to 3 pm
Wednesday:	9 am	to 5 pm	Sunday:	Closed	to Closed
Thursday:	9 am	to 9 pm			

Section E: Proposed Dispensing Facility #2 Information

48. Proposed Facility Name: Hauppauge THC Dispensing		
49. Proposed Facility Address: 1383-8 Veterans Memorial Highway		
50. City: Hauppauge	51. State: **NY**	52. ZIP Code: 11788
53. County: Suffolk	54. Property Status (choose one): ☐ Owned by the applicant ☐ Leased by the applicant ☐ Other: **If you checked "Other" above, describe the property status in the field provided.**	

55. Proposed Hours of Operation:

Monday:	9 am to 9 pm	Friday:	9 am to 5 pm
Tuesday:	9 am to 5 pm	Saturday:	9 am to 3 pm
Wednesday:	9 am to 5 pm	Sunday:	Closed to Closed
Thursday:	9 am to 9 pm		

Section F: Proposed Dispensing Facility #3 Information

56. Proposed Facility Name:

57. Proposed Facility Address:

58. City:	59. State: **NY**	60. ZIP Code:

61. County:

62. Property Status (choose one):
- ☐ Owned by the applicant
- ☐ Leased by the applicant
- ☐ Other:

If you checked "Other" above, describe the property status in the field provided.

63. Proposed Hours of Operation:

Monday:	to	Friday:	to
Tuesday:	to	Saturday:	to
Wednesday:	to	Sunday:	to
Thursday:	to		

Section G: Proposed Dispensing Facility #4 Information

64. Proposed Facility Name:

65. Proposed Facility Address:

66. City:	67. State: **NY**	68. ZIP Code:

69. County:

70. Property Status (choose one):
- ☐ Owned by the applicant
- ☐ Leased by the applicant
- ☐ Other:

If you checked "Other" above, describe the property status in the field provided.

71. Proposed Hours of Operation:

Monday:	to	Friday:	to
Tuesday:	to	Saturday:	to
Wednesday:	to	Sunday:	to
Thursday:	to		

Section H: Legal Disclosures

72. Has the applicant, any controlling person of the applicant, any manager, any principal stakeholder, any sole proprietor applicant, any general partner of a partnership applicant, any officer or member of the board of directors of a corporate applicant, or corporate general partner had a prior discharge in bankruptcy or been found insolvent in any court action? ☐ **Yes** ☑ **No**

If the answer to this question is "Yes," a statement providing details of such bankruptcy or insolvency must be included with this application.

73. Does any controlling person of the applicant, any manager, any principal stakeholder, any sole proprietor applicant, any general partner of a partnership applicant, any officer or member of the board of directors of a corporate applicant, or corporate general partner, or a combination of such persons collectively, maintain a ten percent interest or greater in any firm, association, foundation, trust, partnership, corporation or other entity, and such entity will or may provide goods, leases, or services to the registered organization, the value of which is or would be five hundred dollars or more within any one year?

OR

Does any entity maintain a ten percent interest or greater in the applicant, and such entity will or may provide goods, leases, or services to the registered organization, the value of which is or would be five hundred dollars or more within any one year?

☐ **Yes** ☑ **No**

If the answer to either of these questions is "Yes," a statement with the name and address of the entity together with a description of the goods, leases, or services and the probable or anticipated cost to the registered organization, must be included with this application.

74.

A. Is the applicant a corporate subsidiary or affiliate of another corporation? ☐ **Yes** ☑ **No**

If the answer to this question is "Yes," a statement setting forth the name and address of the parent or affiliate, the primary activities of the parent or affiliate, the interest in the applicant held by the parent or affiliate, and the extent to which the parent will be involved in the activities of the applicant, and responsible for the financial and contractual obligations of the subsidiary must be included with this application. The organizational and operational documents of the corporate subsidiary or affiliate must also be submitted, including but not limited to, as applicable: the certificate of incorporation, bylaws, articles of organization, partnership agreement, operating agreement, and all amendments thereto, and other applicable documents and agreements including in relation to the subsidiary or affiliate's financial or contractual obligations with respect to the applicant.

B. Is any owner, partner or member of the applicant not a natural person? ☐ **Yes** ☑ **No**

If the answer to this question is "Yes," a statement must be included with this application setting forth the name and address of the entity, the primary activities of the entity, the interest in the applicant held by the entity, and the extent to which the entity will be involved in the activities of the applicant, and responsible for the financial and contractual obligations of the applicant. The organizational and operational documents of the entity must also be submitted, including but not limited to, as applicable: the certificate of incorporation, bylaws, articles of organization, partnership agreement, operating agreement, and all amendments thereto, and other applicable documents and agreements including in relation to the entity's financial or contractual obligations with respect to the applicant, and the identification of all those holding an interest or ownership in the entity and the percentage of interest or ownership held in the entity. If an interest or ownership in the entity is not held by a natural person, the information and documentation requested herein must be provided going back to the level of ownership by a natural person (Principal Stakeholder).

75. Has construction, lease, rental, or purchase of the manufacturing facility been completed? ☐ **Yes** ☐ **No**

If the answer to this question is "No," a statement indicating the anticipated source and application of the funds to be used in such purchase, lease, rental or construction, as well as anticipated date that construction, lease, rental or purchase will be completed must be included with this application.

76. Has construction, lease, rental, or purchase of the dispensing facilities been completed? ☐ **Yes** ☐ **No**

If the answer to this question is "No," a statement indicating the anticipated source and application of the funds to be used in such purchase, lease, rental or construction, as well as anticipated date that construction, lease, rental or purchase will be completed must be included with this application.

Section I: Required Attachments

Applications received without the required attachments will not be eligible for consideration until the required attachments are received. All such attachments must be postmarked by the Deadline for Submission of Applications.

77. ☑ The applicant has enclosed a non-refundable application fee in the amount of $10,000.
Applications received without the $10,000 application fee will not be considered.

78. ☑ The applicant has enclosed a conditionally refundable registration fee in the amount of $200,000.
Applications received without the $200,000 registration fee will not be considered.
The $200,000 registration fee will be refunded to applicants that are not selected as registered organizations.

79. ☑ The applicant has attached all required statements from Section H: Legal Disclosures, if applicable.

80. ☑ The applicant has attached identification of all real property, buildings, and facilities that will be used in manufacturing and dispensing activities, pursuant to PHL § 3365 and 10 NYCRR § 1004.5(b)(2), and labeled this attachment as "**Attachment A.**"

81. ☑ The applicant has attached identification of all equipment that will be used to carry out the manufacturing, processing, transportation, distributing, sale, and dispensing activities described in the application and operating plan, pursuant to PHL § 3365 and 10 NYCRR § 1004.5(b)(3), and labeled this attachment as "**Attachment B.**"

82. ☑ The applicant has attached copies of all applicable executed and proposed deeds, leases, and rental agreements or executed option contracts related to the organization's real property interests, showing that the applicant possesses or has the right to use sufficient land, buildings, other premises, and equipment, and contains the language required in 10 NYCRR § 1004.5(b)(9), if applicable, or, in the alternative, the applicant attached proof that it has posted a bond of not less than $2,000,000, pursuant to PHL § 3365 and 10 NYCRR § 1004.5(b)(9), and labeled this attachment as "**Attachment C.**"

83. ☑ The applicant has attached an operating plan that includes a detailed description of the applicant's manufacturing processes, transporting, distributing, sale and dispensing policies or procedures, and contains the components set forth in 10 NYCRR § 1004.5(b)(4), and labeled the operating plan as "**Attachment D – Operating Plan**" with the information clearly labeled and divided into the following sections:

    Section 1 - Manufacturing (§ 1004.5(b)(4))
    Section 2 - Transport and Distribution (§ 1004.5(b)(4))
    Section 3 - Dispensing and Sale (§ 1004.5(b)(4))
    Section 4 - Devices (§ 1004.5(b)(4)(i))
    Section 5 - Security and Control (§ 1004.5(b)(4)(ii))
    Section 6 - Standard Operating Procedure (§ 1004.5(b)(4)(iii))
    Section 7 - Quality Assurance Plans (§ 1004.5(b)(4)(iv))
    Section 8 - Returns, Complaints, Adverse Events and Recalls (§ 1004.5(b)(4)(v))
    Section 9 - Product Quality Assurance (§ 1004.5(b)(4)(vi))
    Section 10- Recordkeeping (§ 1004.5(b)(4)(vii))

84. ☑ The applicant has attached copies of the organizational and operational documents of the applicant, pursuant 10 NYCRR § 1004.5(b)(5), which must include the identification of all those holding an interest or ownership in the applicant and the percentage of interest or ownership held, and labeled this attachment as "**Attachment E.**"

85. ☑ "**Appendix A: Affidavit for Board Members, Officers, Managers, Owners, Partners, Principal Stakeholders, Directors, and Members**" has been completed for each of the board members, officers, managers, owners, partners, principal stakeholders, directors, and any person or entity that is a member of the applicant setting forth the information required in PHL § 3365(1)(a)(iv) and 10 NYCRR § 1004.5(b)(6).

86. ☑ The applicant has attached documentation that the applicant has entered into a labor peace agreement with a bona fide labor organization that is actively engaged in representing or attempting to represent the applicant's employees, pursuant to PHL § 3365(1)(a)(iii) and 10 NYCRR § 1004.5(b)(7), and labeled this attachment as "**Attachment F.**"

87. ☑ The applicant has attached a financial statement setting forth all elements and details of any business transactions connected with the application, including but not limited to all agreements and contracts for consultation and/or arranging for the assistance in preparing the application, pursuant to 10 NYCRR § 1004.5(b)(10), and labeled this attachment as "**Attachment G.**"

88. ☑ The applicant has completed **"Appendix B – Architectural Program"** and included the components set forth in 10 NYCRR § 1004.5(b)(11) and -(12).

89. ☑ The applicant has attached the security plan of the applicant's proposed manufacturing and dispensing facilities indicating how the applicant will comply with the requirements of Article 33 of the Public Health Law, 10 NYCRR Part 1004, and any other applicable state or local law, rule, or regulation, and labeled this attachment as "**Attachment H.**"

90. ☑ The applicant has attached the most recent financial statement of the applicant prepared in accordance with generally accepted accounting principles (GAAP) applied on a consistent basis and certified by an independent certified public accountant, in accordance with the requirements of 10 NYCRR § 1004.5(b)(16), and labeled this attachment as "**Attachment I.**"

91. ☑ The applicant has attached a staffing plan for staff to be involved in activities related to the cultivation of marijuana, the manufacturing and/or dispensing of approved medical marijuana products, and/or staff with oversight responsibilities for such activities that includes the requirements set forth in 10 NYCRR § 1004.5(b)(18) of the regulations and labeled this attachment as "**Attachment J.**"

92. ☑ The applicant has attached proof from the local internet service provider(s) that all of the applicant's manufacturing and dispensing facilities are located in an area with internet connectivity and labeled this attachment as "**Attachment K.**" Internet connectivity will be required to support the use of a Seed-to-Sale Solution approved by the Department to record the registered organization's permitted activities.
93. ☑ The applicant has attached a timeline demonstrating the estimated timeframe from growing marijuana to production of a final approved product, and labeled this attachment as "**Attachment L.**"
94. ☑ The applicant has attached a statement and/or documentation showing that the applicant is able to comply with all applicable state and local laws and regulations relating to the activities in which it intends to engage under the registration, pursuant to 10 NYCRR § 1004.5(b)(8), and labeled this attachment as "**Attachment M.**"

Section J: Attestation and Signature

As the chief executive officer duly authorized by the board of a corporate applicant, or a general partner or owner of a proprietary applicant, I hereby authorize the release of any and all applicant information of a confidential or privileged nature to the Department and its agents. If granted a registration, I hereby agree to ensure the registered organization uses the Seed-to-Sale Solution approved by the Department to record the registered organization's permitted activities. I hereby certify that the information provided in this application, including in any statement or attachments submitted herewith, is truthful and accurate. I understand that any material omissions, material errors, false statements, misrepresentations, or failure to provide any requested information may result in the denial of the application or other action as may be allowed by law.

95. Signature: ►

96. Date Signed:

97. Print Name:

The application must include a handwritten signature by the chief executive officer duly authorized by the board of a corporate applicant, or a general partner or owner of a proprietary applicant, and must be notarized.

Notary Name:	Notary Registration Number:
Notary (Notary Must Affix Stamp or Seal)	Date:

“Attachment A”

Identification of

The list of sites below serves as identification of all real property, buildings, and facilities that will be used in manufacturing and dispensing activities, pursuant to PHL § 3365 and 10 NYCRR § 1004.5(b)(2).”

Manufacturing

- 1675 Edwards Avenue, Baiting Hollow, NY 11933

Dispensing

- 27 Matthew Street, Goshen, NY 10924
- 1383-8 Veterans Memorial Highway, Hauppauge, NY 11788

Excepted from disclosure in accordance with Public Officers Law § 89(5).

Medical Marijuana

THC Health Inc.

Governor Andrew Cuomo on July 7th, 2014 signed the Compassionate Care Act, making New York the 23rd state to legalize medical marijuana.

- "There is no doubt medical marijuana can help people," Cuomo said at the New York Academy of Medicine on the Upper East side, where he was surrounded by legislators, advocates and patients who might benefit from the drug.
- "We want to help people," he said. "However, you want to make sure you do it right. What made this complicated was that it deals with marijuana, and on the one hand it's a great substance for medical advancements, and on the other, it is illegal for distribution. It is considered a gateway drug. We are dealing with a heroin epidemic that is frightening. It's complicated and it required a nuanced approach and government isn't good at nuance. The complexity and nuance are often more than government can deal with. In this situation, government legislated with nuance and balance."

As reported by Dan Goldberg in the Capital New York, 7-Jul-2014

The Case for Change

Although research examining the beneficial effects of marijuana remains in it's infancy the support for its use as a medical treatment continues to increase...

76%

of physicians would approve the use of marijuana for medical purposes

-New England Journal of Medicine, May 2013

6%

Leading neurosurgeon Sanjay Gupta was quoted saying only of studies on marijuana investigated benefits

-Business Insider, August 2013

10

Diseases, including HIV/AIDS, Arthritis, Cancer & Chron's, exhibit reduced symptoms & may require patients to take less medications

-CNN report, April 2015

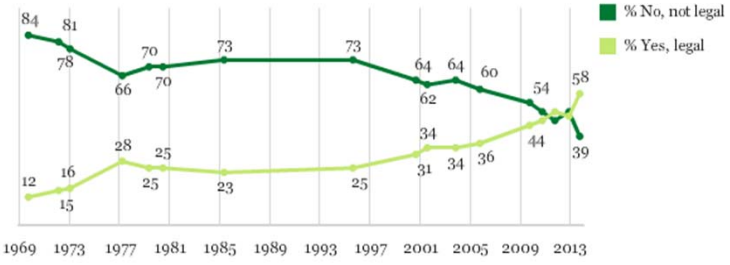
Public Support & Acceptance

In 2013, for the first time, the majority of Americans favored legalizing marijuana

Growth will be driven and supported by science and rational acceptance.

Americans' Views on Legalizing Marijuana

Do you think the use of marijuana should be made legal, or not?



GALLUP

Our Purpose

Our Understanding

As a licensed manufacturer and retailer of medical marijuana we believe our purpose should be to focused on:

- Supporting the regulations pursuant to the Compassionate Care Act
- Ensuring we take a 'patient-focused' approach
- Providing a trusted, reliable source for medical marijuana
- Ensuring we have the highest measures of security possible
- Provide patient counseling to ensure risks/implications are conveyed

Maintaining Our Focus

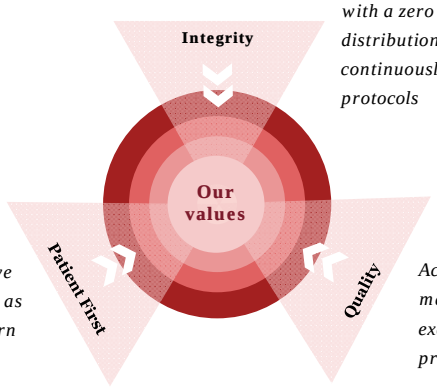
What are we NOT here to do?

- Validate the need for marijuana as a medical treatment
- Evaluate a patient's medical condition or need for medical marijuana
- Interpret NYS regulations in any way other than what was intended

Our Values

Being a licensed manufacturer & retailer of medical marijuana we need to focus on our Core Values and align with the State of New York:

Guarantee that we maintain integrity with a zero tolerance for illicit distribution or use of marijuana and continuously improve security protocols



Ensure that we have the patient's health as our primary concern

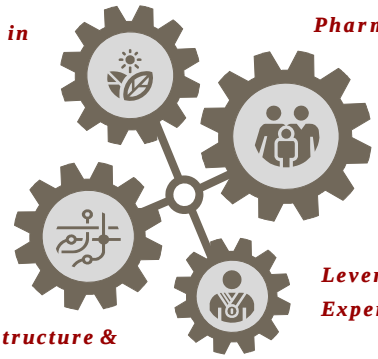
Actively seek methods to maintain, improve and exceed the highest quality product & delivery

Our Approach

THC Health will be leveraging industry experts, employing top tier management team and utilizing a PharmD approach. This affords us with a unique perspective through which we can deliver 'best-in-class' care to patients and ensure NYS Dept of Health regulations & standards are maintained

Maintain a customer-focused PharmD approach

Engage Experts in Horticulture



Leverage Industry Expertise

Invest in Infrastructure & Integrated Processes

Our Competitive Advantage

Why do we believe the 'customer-focused PharmD approach' is best-in-class?

Although physicians identify conditions and assign treatment, therapy begins with the pharmacist-patient relationship. Pharmacists are the primary avenue for patient's medication education & counseling, and they should continuously work to improve awareness, remove barriers and reduce medication errors to ensure 'best-in-class' outcomes are realized for their patients. This includes:

Building Trusted Relationships

- Many patients only meet with their primary physician annually, but have access to their pharmacist monthly, with on-demand services becoming more and more common...**driving patient accessibility!**
- Trusted relationships enable pharmacists to better understand a patient's culture, beliefs, and medical practices, thus providing a more comfortable environment for them to connect with patients

Driving Education

- Medication education delivered by a trusted pharmacist drives improved compliance and reduces possible medication errors
- Education of employees ensures that THC Health employees maintain the patient first focus within the business, helping everyone at THC Health feel closer to the patient...**outcomes matter!**

Providing Counseling & Removing Barriers

- Primary avenue for medication counseling is at the time of medication dispensing, however on-demand counseling services are becoming more common as pharmacists build better relationships
- Different patients may learn in different ways. Connecting with our patients enables us to determine the best educational methods to ensure patients are knowledgeable

Our Competitive Advantage

In addition to our PharmD Approach, we are…

Leveraging Industry Expertise to accelerate our strategy

- THC Health has engaged Canna Advisors to provide expertise accelerators to help us navigate the quickly evolving medical marijuana regulatory environment
- Canna Advisors will be with us every step of the way to ensure we can quickly and effectively operationalize our proposal

Designing Infrastructure & Processes to operate within a regulated industry

- As a provider of goods within a highly regulated industry we understand that security must be the backbone for our processes, systems and operating model
- As such, we have employed Security-driven facilities & technology design to ensure we remain compliant, and improve our ability to flexibly & quickly respond to changes in regulatory requirements

Corporate Compliance & Ethics

- We commit to being a highly disciplined operation, with well defined employee Standards & Ethics SOPs driving compliance with NYS DOH MMJ program regulations
- Employee education and periodic compliance training will ensure that we remain educated & ethical not just as a firm, but as a group of individuals as well

Our Competitive Advantage

Partnering with IvyAcres, Leader in Horticulture Business

- Ivy Acres has over **4 decades of growing experience**, focused on dozens of angiospermae species providing us with the necessary expertise
- With **300 employees**, leveraging **150 acres** of growing facilities delivering over **100 products** to **Fortune 500 customers** – they are positioned to help us quickly operationalize and deliver products to patients
- Ivy Acres is **invested in New York** with headquarters in Long Island and a tri-state focused business
- Award winning leadership, **focused on serving local community**

Running a 21st century horticulture business

- Ivy Acres employs an industry leading **Vendor Managed Inventory** model and distribution to deliver over **1 million** plants per day to customers
- Driving industry leading **consistency and reliability,** with proven experience in growth conditioning to improve plant yields & quality
- Proud to serve our clients as an **'eco-friendly'** business

Our Competitive Advantage

Commitment to Customer Focus Through a Biomedical Illustrator

Medical Educational Content:

- Animation: The Science of Cannabis
- Step by Step Guide: Your Body and Healing
- Brochure: How to Find a Registered Doctor
- Brochure: Case Studies
- Fact Sheet: THC Health's product standards
- Fact Sheet: THC Health's drug discovery process
- Fact Sheet: Pros & Cons of Medical Marijuana
- Fact Sheet: Patient Responsibility

Website Home Page

Patient Portal

Employee Portal

How will we achieve this?

Management Team Summary

- **Christian Cespedes**
  - Formerly of PwC Health Industry Advisory and Merck & Co., Inc.
  - MBA, Columbia Business School
- **Dwight Mamanteo**
  - Portfolio Manager, Wynnefield Capital
  - MBA, Columbia Business School
- **Kurt Van de Wetering**
  - Ivy Acres
  - Award Winner – Top 40 under 40 Grower
  - Board of Director
    - Cornell Research Farm LIHREC
    - Long Island Farm Bureau
- **Collin Davidson**
  - Management Consultant
  - MBA, Duke University, The Fuqua School of Business
  - PhD, Neuroscience , Pennsylvania State University College of Medicine
- **Mark Haugen**
  - Certified Financial Analyst
  - Financial Transactions and Reports Analysis Centre of Canada (FINTRAC)
- **Kate Bender**
  - Clinical Development Fellow
  - PharmD, The Eshelman School of Pharmacy, University of North Carolina
  - Medicinal Chemist – Merck Research Laboratories
- **Tyrel Hooker**
  - Associate Attorney
  - JD, Wake Forest University School of Law
- **Ryan Meister**
  - Partner, Barry-Wehmiller Design Group
  - BS, Mechanical Engineering, Cornell University
- **Renee Ortiz**
  - Former Chief Deputy Clerk, Suffolk County Legislature
- **Dan Dhanraj**
  - VP Corporate Financial Planning & Analysis, Global Life Sciences Corporation
  - MBA, New York University Stern School of Business

Operating Model

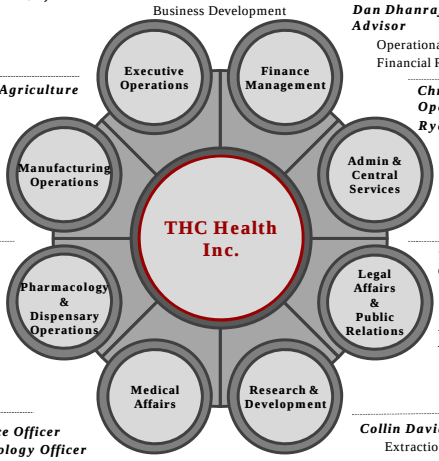
Dwight Mamanteo, Chairman
Board of Directors
Business Development

Christian Cespedes, Vice Chairman, Chief Executive Officer
Board of Directors
Executive Management

Kurt Van de Wetering, Chief Agriculture Officer
Board of Directors
Cultivation
Harvesting & Extraction
Processing & Formulary
Batch Testing
Packaging

Kate Bender, Chief Pharmacology Officer
Quality Assurance & Quality Control
Formulary
Marketing
Product Information
Dispensary Operations

Collin Davidson, Chief Science Officer
Kate Bender, Chief Pharmacology Officer
Clinical Research Collaborations
Outcomes Data Collection



Mark Haugen, Chief Financial Officer
Dan Dhanraj, Finance Management Advisor
Operational Finance
Financial Reporting

Christian Cespedes, Interim Chief Operations Officer
Ryan Meister, Operations Advisor
Security Operations Management
Transportation & Distribution
Dispatch Control
Enterprise IT Management
Shared Support Services

Tyrel Hooker, Chief Legal Officer
Corporate Compliance
Corporate Communications
Renee Ortiz, Government & Labor Relations Advisor
Public Relations
Political Strategy
Labor Relations

Collin Davidson, Chief Science Officer
Extraction Optimization Data Analysis
Best Practices Development

A Future with THC Health

Our unique patient-focused PharmD approach enables us to better ***connect with our patients*** and ensure compliance

Our Pharmaceutical industry experienced board affords us the ***knowledge and experience*** of working within highly regulated industries

Our leveraging of industry experts will enable us to quickly operationalize our proposal and set up a ***successful and compliant*** operation

Our ***focus on security, compliance & ethics*** ensures that THC Health will represent the best interests of patients and the NYS Board of Health

Application for Registration as a Registered Organization

Attachment M

Section H: Legal Disclosures

Attachment A

Attachment B

Attachment C

Attachment E

Appendix A

Attachment F

Attachment G

Appendix B – Architectural Program

Attachment H

Attachment I

Attachment J

Attachment J

Attachment K

Attachment L

"Attachment M"

Howard A. Zucker, MD, JD
Acting Commissioner
New York State Department of Health

June 2, 2015

Dr. Zucker,

Please accept this documentation as my attestation as President and Chief Executive Officer to the ability of my company, THC Health Inc., is able to comply with all applicable state and local laws and regulations relating to the activities in which it intends to engage under the registration, pursuant to 10 NYCRR§1004.5(b)(8). We have adopted a strict set of Principles of Integrity to ensure core values are aligned with compliance with the applicable laws and regulations associated with the New York State Department of Health Medical Marijuana program. We look forward to an opportunity to help the success of the program by embracing the highly regulated environment, which we believe to be vital to the success of the program.

Kind regards,

Christian Cespedes
President, Chief Executive Officer
THC Health Inc.

Witness Kate Bender
Kate Bender

Notary

Sworn to and subscribed
before me this
2nd day of June, 20 15

MARIA TERESA NIEVA
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires 1/30/2020