

SCHEDULE “K” – PLAN OF DISTRIBUTION

DEFINITIONS:

1. For the purposes of this Plan of Distribution, the definitions set out in the Settlement Agreement apply to and are incorporated into this Plan of Allocation and, in addition, the following definitions apply:
 - (a) **ACB** means the adjusted cost base for the purchase of shares, inclusive of brokerage commissions;
 - (b) **Administration Expenses** has the meaning ascribed to that term in the Settlement Agreement.
 - (c) **Allocation System** means the method of determining the Compensable Loss assigned to a claim to determine the amount of compensation to be awarded for that claim (as set out below). This is based on each Claimant’s estimated losses attributable to misrepresentations in TILT’s public disclosure, taking into account risk adjustments to account for the liability risks for different categories of Authorized Claimants.
 - (d) **Authorized Claimant** means, other than Excluded Persons and Opt-Out Parties, collectively:
 - (ii) **Primary Market Sub-Class**: all persons, wherever they may reside or be domiciled, who acquired TILT’s Securities in the Offering; and
 - (iii) **Secondary Market Sub-Class**: all persons, wherever they may reside or be domiciled, who acquired TILT’s Securities during the Class Period, other than the Primary Market Sub-Class.
 - (e) **Claim Form** means an electronic claim form seeking compensation from the Net Settlement Amount.
 - (f) **Claimant** means any person or entity making a claim as purporting to be an Authorized Claimant or on behalf of a purported Authorized Claimant, with proper authority (as determined by the Claims Administrator).
 - (g) **Claims Administrator** means Kalloghlian Myers LLP.
 - (b) **Class Period** means the period from and including October 12, 2018 to the close of trading on May 1, 2019.
 - (h) **Class Counsel** has the meaning ascribed in the Settlement Agreement.
 - (i) **Class Counsel Fees** means, as defined in the Settlement Agreement, the fees and accrued interest thereon, disbursements, costs, holdbacks, GST/PST/HST and other applicable taxes or charges of Class Counsel, as approved by the Court.
 - (j) **Claim Form** means an electronic claim form established by the Administrator on a dedicated website.

- (k) **Compensable Damages** means the amount of a Claimant's damages for each type of purchase of Securities.
- (l) **Compensable Loss** is the sum of the Claimant's damages after risk adjustments applied for each type of purchase.
- (m) **Defendants** means TILT and the Individual Defendants.
- (n) **Escrow Account** has the meaning ascribed in the Settlement Agreement.
- (o) **Excluded Persons** means the Defendants, their past and present subsidiaries, affiliates, officers, directors, senior employees, legal representatives, heirs, predecessors, successors and assigns, and any member of the families of an Individual Defendant.
- (p) **Excluded Claim** means a claim by or on behalf of an Excluded Person.
- (q) **Individual Defendants** means Alexander Coleman, Mark Herron, Michael Orr, and Todd Halpern.
- (r) **LIFO** means the method the Plaintiffs have selected and will apply to the holdings of Authorized Claimants who made multiple purchases or sales such that sales of securities will be matched, in chronological order, first against securities last purchased.
- (s) **Net Settlement Amount** means the Escrow Settlement Amount remaining after payment of Administration Expenses, Class Counsel Fees and the Third Party Funding Obligations.
- (t) **Offering** means TILT's offering of shares by way of subscription agreement that closed on November 21, 2018;
- (u) **Opt-Out Person** means any and all corporate entities or individual investors who would otherwise be Class Members and who submit a valid Opt-Out Form to Class Counsel by the Opt-Out Deadline.
- (v) **Referee** means an independent referee to determine disputes related to the acceptance or rejection of claims.
- (w) **Risk Adjusted Damages** means the Compensable Damages for each type of purchase of securities, after it has been adjusted by a risk adjustment.
- (x) **Sale Price** means the price at which the Claimant disposed of shares taking into account any commissions paid in respect of the disposition, such that the Sale Price reflects the economic benefit the Claimant received on disposition.
- (y) **Securities** means common shares of TILT.
- (z) **Settlement Amount** has the meaning ascribed to that term in the Settlement Agreement.
- (aa) **Third Party Funding Obligations** means any and all obligations owed by Plaintiff to Augusta Pool 1 Canada Limited, including pursuant to the terms of a litigation funding agreement between Augusta Pool 1 Canada Limited and the Plaintiff.
- (bb) **TILT** means TILT Holdings, Inc.

2. The Claims Administrator shall distribute the Net Settlement Amount as set out below.

SECTION 1 GOAL

3. The goal is to distribute the Net Settlement Amount among Authorized Claimants who submit valid and timely claims for Securities.

SECTION 2 DEADLINE FOR CLAIMS

4. Any person who wishes to claim compensation shall deliver to or otherwise provide the Claims Administrator a Claim Form by a date to be set by the Court. If the Claims Administrator does not receive a Claim Form from a Claimant by the deadline, then the Claimant shall not be eligible for any compensation whatsoever from the Net Settlement Amount. Notwithstanding the forgoing, the Claims Administrator shall have the discretion to permit otherwise-valid late claims without further order of the Court.

SECTION 3 COMPLETION OF CLAIM FORM

5. If, for any reason, a living Authorized Claimant is unable to complete the Claim Form then it may be completed by the Securities Authorized's personal representative or a member of the Authorized Claimant's family.

SECTION 4 PROCESSING CLAIM FORMS

6. The Claims Administrator shall review each Claim Form and verify that the Claimant is eligible for compensation, as follows:
 - (a) For a Claimant claiming as an Authorized Claimant, the Claims Administrator shall be satisfied that (i) the Claimant is an Authorized Claimant; and (ii) the claim is not an Excluded Claim.
 - (b) For a Claimant claiming on behalf of an Authorized Claimant or an Authorized Claimant's estate, the Claims Administrator shall be satisfied that (i) the Claimant has authority to act on behalf of the Authorized Claimant or the Authorized Claimant's estate in respect of financial affairs; (ii) the person or estate on whose behalf the claim was submitted is an Authorized Claimant; and (iii) the claim is not an Excluded Claim.
7. The Claims Administrator shall review the Claim Forms and assign the Compensable Loss to the claims prescribed by the Allocation System.

8. The Claims Administrator shall take reasonable measures to verify that the Claimants are eligible for compensation and that the information in the Claim Forms is accurate. The Claims Administrator may make inquiries of the Claimants in the event of any concerns, ambiguities or inconsistencies in the Claim Forms.

SECTION 5 IRREGULAR CLAIMS

9. The claims process is intended to be expeditious, cost effective and “user friendly” and to minimize the burden on Authorized Claimants. The Claims Administrator shall, in the absence of reasonable grounds to the contrary, assume the Authorized Claimants to be acting honestly and in good faith.
10. Where a Claim Form contains minor omissions or errors, the Claims Administrator shall correct such omissions or errors if the information necessary to correct the error or omission is readily available to the Claims Administrator.
11. The claims process is also intended to prevent fraud and abuse. If, after reviewing any Claim Form, the Claims Administrator believes that the claim contains unintentional errors which would materially exaggerate the Compensable Loss to be awarded to the Claimant, then the Claims Administrator may disallow the claim in its entirety or make such adjustments so that an appropriate Compensable Loss is awarded to the Claimant. If the Claims Administrator believes that the claim is fraudulent or contains intentional errors which would materially exaggerate the Compensable Loss to be awarded to the Claimant, then the Claims Administrator shall disallow the claim in its entirety and the Claimant shall be barred from subsequent claims arising from any settlement or judgment in this class proceeding.
12. Where the Claims Administrator disallows a claim in its entirety, the Claims Administrator shall send to the Claimant at the Claimant’s email address a notice advising the Claimant that he, she or it may request the Referee to reconsider its decision. For greater certainty, a Claimant is not entitled to a notice or a review where a claim is allowed but the Claimant disputes the determination of Compensable Loss or his, her or its individual compensation.

13. Any request for reconsideration must be received by the Referee within 21 days of the date of the notice advising of the disallowance. If no request is received within this time period, the Claimant shall be deemed to have accepted the Claims Administrator's determination and the determination shall be final and not subject to further review by any court or other tribunal.
14. Where a Claimant files a request for reconsideration with the Referee, the Referee shall advise Class Counsel of the request and conduct an administrative review of the Claimant's complaint.
15. Following its determination in an administrative review, the Referee shall advise the Claimant of its determination. In the event the Referee reverses a disallowance, the Referee shall send the Claimant at the Claimant's email a notice specifying the revision to the Claims Administrator's disallowance.
16. The determination of the Referee in an administrative review is final and is not subject to further review by any court or other tribunal.

SECTION 6 ALLOCATION SYSTEM AND PAYMENT OF NET SETTLEMENT AMOUNT

17. As soon as possible after (i) all timely Claim Forms have been processed; (ii) the time to request a reconsideration for disallowed claims under paragraph 12 has expired; and (iii) all administrative reviews under paragraphs 13 to 15 have concluded, the Claims Administrator shall determine each Claimant's Compensable Loss as follows:
 - (a) The ACB for each security purchased is determined using LIFO on a per security, per account, basis.
 - (b) the Securities purchased are divided into the types of securities described in the chart at paragraph 17(e).
 - (c) For each type of purchase of Securities, the damages for those purchases are calculated as follows:

| Time of Sale of Securities | Damages |
|--|--|
| Sold before May 1, 2019 | No damages |
| Sold from May 1, 2019 to May 15, 2019 to November 25, 2015 | (#of Securities sold) X (ACB - Sale Price) |
| Sold after November 25, 2015 | Lesser of: (i) (#of shares sold) X (ACB per share – Sale Price); or (ii) (#of shares sold) X (ACB per share – CAD\$0.85) |
| Still held: | (#of shares held) X (ACB per share - CAD\$0.85) |

- (d) The damages for each type of purchase are reduced by subtracting the Claimant's Offset Profits for those purchases to obtain the Compensable Damages.
- (e) The Compensable Damages for each type of purchase are multiplied by the risk adjustment in the following chart to obtain the Risk Adjusted Damages:

| Type of Purchase | Risk Adjustment |
|---------------------------------------|------------------------|
| <u>(a) Primary Market Sub-Class</u> | 0.10 |
| <u>(b) Secondary Market Sub-Class</u> | 1 |

- (f) The Compensable Loss is equal to the sum of the Risk Adjusted Damages for each type of purchase.
18. The Claims Administrator shall make payments to the eligible Claimants based on the allocation under paragraph 17, subject to the following:
- (a) Payments will be made in Canadian currency.
- (b) The Claims Administrator shall not make payments to Claimants whose allocation is less than \$50.00. Such amount shall instead be allocated *pro rata* to the other eligible Claimants.
- (c) The Claims Administrator shall make payment to a Claimant by either bank transfer or by cheque to the Claimant at the address provided by the Claimant or the last known postal address for the Claimant. If, for any reason, a Claimant does not cash a cheque within 90 days after the date of the cheque, the Claimant shall forfeit the right to compensation and the funds shall be distributed in accordance with paragraph 19.

SECTION 7 REMAINING AMOUNTS

19. If the Escrow Account is in a positive balance (whether by reason of tax refunds, un-cashed cheques or otherwise) after one hundred and eighty (180) days from the date of distribution of the Net Settlement Amount to Claimants, the Claims Administrator shall, if feasible, allocate the remaining funds on a *pro rata* basis among the Claimants, and shall cause any remaining funds to be distributed *cy pres* to the Osgoode Investor Protection Clinic.

ADDITIONAL RULES

20. Any matter not referred to above shall be determined by analogy by the Claims Administrator in consultation with Class Counsel.