

To: Holders (“NGW Shareholders”) of common shares of Next Green Wave Holdings Inc. (“NGW” or the “Company”) in connection with the proposed acquisition of NGW by Planet 13 Holdings Inc. (“Planet 13”), by way of a plan of arrangement among NGW and Planet 13 (the “Arrangement”).

TAX INSTRUCTION LETTER

This tax instruction letter is provided in connection with the proposed Plan of Arrangement pursuant to which Planet 13 will, as part of the Arrangement, acquire all of the common shares of NGW, as described in the Notice of Special Meeting and Management Information Circular with respect to an Arrangement involving NGW and Planet 13, dated January 21, 2022 (the “Circular”).

This tax instruction letter is for use by Eligible Holders (as such term is defined in the Circular) who wish to defer all or a portion of the tax otherwise arising in Canada on the exchange of NGW shares for Planet 13 Shares under the Arrangement by making a joint tax election with Planet 13 under subsection 85(1) of the *Income Tax Act* (Canada) (the “Tax Act”) or, in the case of an Eligible Holder that is a partnership, under subsection 85(2) of the Tax Act (in either case, a “Tax Election”), all as described in the Circular.

Eligible Holders who choose not to make a Tax Election will generally realize a capital gain (or sustain a capital loss) on the disposition of their NGW Shares pursuant to the Arrangement. See *Exchange of NGW Shares for Planet 13 Common Shares and Cash – No Section 85 Election* in the Circular.

Copies of the relevant Canadian federal tax election forms may be obtained by contacting the Canada Revenue Agency (“CRA”) or from their website at <https://www.canada.ca/en/services/taxes.html>. Eligible Holders that are not partnerships must obtain Form T2057 if they wish to make the Tax Election. Eligible Holders that are partnerships must obtain Form T2058 if they wish to make the Tax Election.

Planet 13 will make a Tax Election only with an NGW Shareholder who is an “Eligible Holder”. An Eligible Holder is someone who is not exempt from tax under Part I of the Tax Act, is a beneficial owner of NGW Shares immediately prior to the effective time of the Arrangement, and is (i) resident in Canada for purposes of the Tax Act, or (ii) a partnership any member of which is resident in Canada for the purposes of the Tax Act.

An Eligible Holder that wishes to make a Tax Election with Planet 13 must:

- properly complete and execute two copies of the required tax election forms (two copies of CRA Form T2058 for partnerships or two copies of CRA Form T2057 for all other Eligible Holders, and two copies of any applicable provincial or territorial election forms (the “Tax Election Forms”)); and
- ensure the receipt of the completed Tax Election Forms by Planet 13 on or before 90 days after the effective date of the Arrangement, at:

Planet 13 Holdings Inc.



[240 Richmond Street West](#)

[Toronto, Ontario](#)

[M5V 1V6](#)

[Canada](#)

Attention:  [Dennis Logan](#)

Planet 13 is not required to make a Tax Election with anyone who is not an Eligible Holder.

These instructions are of a general nature only and are not intended to be (nor should they be construed to be) legal or tax advice to any particular NGW Shareholder concerning the Tax Election. Further, apart from providing these materials to NGW Shareholders for their convenience, neither Planet 13 nor NGW will provide NGW Shareholders with any advice on making the Tax Election. Accordingly, NGW Shareholders should consult with their own tax advisors for specific advice in respect of whether to make a Tax Election, making the Tax Election and complying with the Tax Election procedure having regard to their own particular circumstances.

Please consult your tax advisor as to the proper completion and delivery of the required Tax Election Forms in your particular circumstances, and with respect to the applicable filing deadlines. You are also advised to review Information Circular 76-19R3 and Interpretation Bulletin IT-291R3 issued by the CRA for information in respect of the Tax Election.

In order to achieve a deferral of tax in some provinces or territories similar to that resulting from the Tax Election, it may be necessary to file a separate copy of the Tax Election or a separate provincial or territorial tax election analogous to the Tax Election with the taxing authority of such province or territory. Planet 13 will also make such a provincial or territorial tax election with an Eligible Holder under the same conditions that it is willing to make the Tax Election. NGW Shareholders are entirely responsible for determining whether any such separate federal, provincial or territorial election is applicable and appropriate in their circumstances and (if so) obtaining, completing and forwarding the related forms to Planet 13 (at the address listed above) for execution by Planet 13.

Planet 13 will assume that any representative that signs the Tax Election Forms on behalf of a corporation, partnership, trust or estate has been duly authorized to do so, and will not take any action to verify the validity of any such authorization. NGW Shareholders that are corporations, partnerships, trusts or estates should consult their own legal advisors in determining whether such authorization has been properly granted.

In order to make a Tax Election, two copies of the applicable Tax Election Forms must be signed and properly completed with the necessary information, including the number of NGW Shares transferred, the consideration received therefor and the applicable elected amounts for the purposes of such elections and must be received by Planet 13 at the address stated above no later than 90 days after the effective date of the Arrangement. Planet 13 will execute all properly completed Tax Election Forms submitted to it by an Eligible Holder and will return such Tax Election Forms to the Eligible Holder for filing with the appropriate tax authorities. **It is the sole responsibility of the Eligible Holder who wishes to take advantage of the Tax Election to attend to the proper completion and filing of the forms required by the Tax Act in that regard. The Eligible Holder will be solely responsible for the payment of any taxes, interest or penalties arising as a result of the failure of such Eligible Holder to properly or timely complete and file such joint election forms in the form and manner prescribed by the Tax Act (or any applicable provincial tax legislation).**

Planet 13 is not required to sign Tax Election Forms received after 90 days after the effective date of the Arrangement. Accordingly, any Eligible Holder who does not ensure that Planet 13 has received the completed Tax Election Forms, each containing an original signature of the Eligible Holder, on or before 90 days after the effective date of the Arrangement may not be able to benefit from the elections.

Procedure for Completing Prescribed Form T2057

The following section illustrates the information required to be provided by an Eligible Holder completing Form T2057. Please consult your advisor on the completion of any additional Prescribed Forms (such as Form T2058 in the case of an Eligible Holder that is a partnership, and any applicable provincial or territorial tax forms). **Do not write the required information on this letter of instructions. The information should be typed or legibly printed on the election forms that the Eligible Holder obtains from the CRA or the CRA's website.**

Page 1 of Form T2057

Complete the information in this first box for the Eligible Holder making the election:

Taxpayer's name (transferor)		Social insurance, trust account or business number
Address		Postal code
Tax year of the taxpayer	Start Year Month Day End Year Month Day	Tax services office

For an Eligible Holder that is an individual (other than certain trusts), the taxation year is January 1, 2022 to December 31, 2022.

Complete the information in the next section if the NGW Shares were held in joint ownership immediately prior to their disposition under the Arrangement; otherwise enter "N/A":

Name of co-owner(s), if any (if more than one, attach schedule giving similar details)		Social insurance number
Address	Postal code	Tax services office

Planet 13 will complete the next section:

Corporation's name (transferee)		Business number
Address		Postal code
Tax year of the corporation	Start Year Month Day End Year Month Day	Tax services office

Complete the next section by filling in the name and telephone number of the Eligible Holder or, if appropriate, the name and telephone number of their tax advisor:

Name of the contact person	Telephone number
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The last section of page 1 of Form T2057 relates to late filed elections and Eligible Holders whose elections will be filed late.

Page 2 of Form T2057

Eligible Holders may complete the answers to the first five questions as follows:

- 1. Is there a written agreement relating to this transfer? Yes No
- 2. Does a price adjustment clause apply to any of the properties? (See Income Tax Folio S4-F3-C1 for details.) Yes No
- 3. Do any persons other than the taxpayer own or control directly or indirectly any shares of any class of the transferee? Yes No
- 4. Does a non-arm's length rollover exist between 2 or more corporations? Yes No
 If yes to question 4, have all or substantially all (90% or more) of all the properties of the corporation(s) been transferred to the transferee corporation? Yes No
- 5. Is the taxpayer a non-resident of Canada? Yes No

Eligible Holders should answer the following questions based on their particular circumstances:

- 6. Are any of the properties transferred capital properties? Yes No

Whether the NGW Shares are capital properties to a particular Eligible Holder is a question of fact and law that must be determined by each Eligible Holder based on a consideration of all the relevant facts and circumstances. Eligible Holders should consult their own tax advisors in this regard.

If Yes,

- 6. Are any of the properties transferred capital properties? Yes No
 If yes, a) have they been owned continuously since Valuation Day (V-Day is defined in section 24 of the Income Tax Applications Rules)? Yes No
 b) have they been acquired after V-Day in a transaction considered not to be at arm's length? Yes No
 c) since V-Day, has the taxpayer or any person from whom shares were acquired in a non-arm's length transaction received any subsection 83(1) dividends for transferred shares? (If yes, attach a schedule, provide details of amounts and dates received.) Yes No

Eligible Holders who hold their NGW Shares as capital property and acquired their NGW Shares in an arm's length transaction should check "No" in answer to question 6(b).

Eligible Holders may complete questions 7 and 8 as follows:

- 7. Is the agreed amount of any of the transferred properties based on an estimate of FMV on V-Day? Yes No
 If yes to question 7, does a formal documented V-Day value report exist? Yes No
- 8. Has an election under subsection 26(7) of the Income Tax Application Rules (Form T2076) been filed by or on behalf of the taxpayer? Yes No

The final part of this section may be left blank as follows:

Corporation's name	
Business number	Paid-up capital of shares transferred
R C	

Eligible Holders must complete the information in the two blank boxes in the next section, as follows:

Description of shares received					
Number of shares transferor received	Class of shares	Redemption value per share	Paid-up capital	Voting or non-voting	Are shares redeemable at the holder's option?
↓	Common Shares	N/A	↓	Voting	Yes <input type="checkbox"/> No <input type="checkbox"/>

Enter the number you get in computing (7) on page 6.

The amount added to paid-up capital will generally be equal to the "agreed amount" (discussed below).

In the last box on page 2 of the Form T2057, the Eligible Holder must sign in the last box as indicated:

Election and certification	
The taxpayer and the corporation jointly elect under subsection 85(1) in respect of the property specified, and certify that the information given in this election and in any attached documents is correct and complete.	
_____ Signature of Transferor, Authorized Officer or Authorized Person*	_____ Signature of Authorized Officer of Transferee
* Attach a copy of the authorizing agreement. <i>Eligible Holder should sign here</i>	<i>Leave this space blank for the authorized signature of Planet 13</i>

Page 3 of Form T2057

Planet 13 will insert the date on which it acquired the NGW Shares in the box “Date of sale or transfer of all properties listed below” in the following section:

Information on the eligible property disposed of and consideration received							Protected B when completed
	Date of sale or transfer of all properties listed below:	Year	Month	Day	Note: For properties sold or transferred on different dates, use a separate Form T2057.		
	Property disposed of	Elected amount limits (see note 1)		B Agreed amount (cannot be zero)	Amount to be reported B – A (if greater than 0, see note 5)	Consideration received	
		Fair market value	A			Non-share Description	Share Number and class
Capital property excluding depreciable property	(brief legal)		(see note 2)				
Depreciable property	(description and prescribed class)		(see note 3)				
Eligible capital property	(kind)		(see note 4)				
Inventory excluding real property	(kind)		(cost amount)				
Resource property	(brief legal)		nil				
Security or debt obligation property	(description)		(cost amount)				
Specified Debt Obligation (for financial institutions only)			(cost amount)				
Capital property that is real property owned by a non-resident person	(description)						
AgriInvest fund no. 2 (see note 6)			(cost amount)				
Note 1: Read Interpretation Bulletin IT-291 for more information on eligible property and an explanation of the limits. Note 2: Adjusted cost base (subject to adjustment under section 53). Note 3: The lesser of undepreciated capital cost of all property of the class and the cost of the property. Note 4: The lesser of 4/3 of the cumulative eligible capital and the cost of the property. Note 5: This amount is to be reported either as a capital gain or as income, whichever applies. Also, in the case of depreciable property and eligible capital property, a portion of the amount may have to be reported as a capital gain while another portion of the amount may have to be reported as income. Note 6: Contributions made in a tax year ending after 2007, and amounts earned on those contributions, are only eligible if that property is owned by an individual.							

Complete the remaining information in this section according to the following instructions:

Property Disposed of			Agreed Amount (Cannot be zero) B	Amount to be reported B-A (If greater than 0 see note 4)	Consideration Received		
Elected Amount Limits		Description			Non-share	Share	Fair Market Value of Total Consideration
Description	Fair Market Value				A	Number and Class	
(Brief Legal)							
Capital Property Excluding Depreciable Property (1) _____ Common Shares of Next Green Wave Holdings Inc.	\$ (2)	\$ (3)	\$ (4)	\$ (5)	\$ (6)	(7) _____ Common Shares of Planet 13 Holdings Inc. \$ (8)	

Complete this section as follows:

- (1) Enter the number of NGW Shares sold and their description as “Common Shares of Next Green Wave Holdings Inc.”.
- (2) Enter the total fair market value of NGW Shares sold, at the time of sale. The determination of fair market value is a question of fact. Consequently, NGW Shareholders should seek independent advice regarding the value of the consideration received by them pursuant to the Arrangement.
- (3) Enter the adjusted cost base (or cost amount in the case of inventory) of the NGW Shares.
- (4) See the rules described below with respect to calculation of the agreed amount.
- (5) Enter the result of B – A, this is the amount of your capital gain.
- (6) Enter the product of \$0.0001 x the number of NGW Shares sold, plus the amount of any cash received in lieu of the issuance of a fractional Planet 13 Share, rounded to the nearest \$0.01.
- (7) **Important: This entry may not be what you expect, please read this carefully.** Enter the number of Planet 13 Shares you received under the Arrangement. The number of Planet 13 Shares you received is the number of NGW Shares you had (see (1) above), multiplied by the Exchange Ratio (as defined in the Circular) and rounded down to the nearest whole Planet 13 Share.
- (8) Enter the total fair market value, as at the effective date of the Arrangement, of the Planet 13 Shares received plus the amount of cash consideration received under the Arrangement. The amount entered here should equal the amount entered in (2) above.

Rules with Respect to Calculation of Agreed Amount

The *agreed amount* must be determined in accordance with the following rules:

- (1) The *agreed amount* may not be less than the lesser of the adjusted cost base (or cost amount, if the NGW Shares are inventory) to the Eligible Holder of the Eligible Holder's NGW Shares sold, determined immediately before the time of the sale, and the fair market value of the NGW Shares at that time.
- (2) The *agreed amount* may not exceed the fair market value of the NGW Shares at the time of the sale.

An *agreed amount* that does not otherwise comply with the foregoing limitations will automatically be adjusted under the Tax Act so that it is in compliance with such limitations.

Eligible Holders should consult their tax advisors regarding the selection of the agreed amount in respect of their NGW Shares.

Completion of Form T2058 and/or any applicable provincial or territorial tax forms.

Eligible Holders completing Form T2058 and/or any applicable provincial or territorial tax forms (such as TP-518V or TP-529V) may refer to the instructions set out above, although the order of presentation of the information on the other forms may differ from that of Form T2057 and some of the required information may be different.

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Document 2 ID	iManage://wildlaw.imatege.work/WildDOCS/3747977/7
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Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

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Moved to	0
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Format changed	0
Total changes	9