

## CONTRIBUTION AND EXCHANGE AGREEMENT

THIS CONTRIBUTION AND EXCHANGE AGREEMENT is made effective the 21st day of April, 2020,

### BY AND BETWEEN:

**DIXIE BRANDS INC.**

a corporation existing under the laws of the Province of Ontario (the "Purchaser"), and

**BR BRANDS, LLC**

a limited liability company existing under the laws of Delaware ("BRB").

### WHEREAS:

- A. BRB is (i) the holder of certain equity and debt interests in each of (a) BRB Mary's Holding Corp., (b) BZL Worldwide, Inc., (c) Eaze Technologies, Inc., (d) Edgewater Foods, Inc. and (e) Lost County, Inc., in each case as set forth on **Schedule A-1** (such equity and convertible debt, collectively, the "**Contributed Interests**") and such entities, the "**BRB Entities**"), (ii) is the owner of certain assets described in greater detail on **Schedule A-2** (collectively, the "**Contributed Assets**"), and (iii) is obligated to pay the liabilities as described in greater detail on **Schedule A-3** (collectively, the "**Contributed Liabilities**");
- B. BRB has agreed to contribute all of (i) the Contributed Interests and (ii) the Contributed Assets, in each case to the Purchaser or a subsidiary of the Purchaser on the terms and conditions set forth in this Agreement in exchange for the issuance of the Payment Shares to BRB (the contribution of the Contributed Interests, Contributed Assets and Contributed Liabilities, shall collectively be referred to herein, in exchange for the Purchased Shares the "**Transaction**"); and
- C. Concurrently with the execution of this Agreement, each of the persons set forth on **Schedule B** have entered into voting and support agreements in respect of the Transaction.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the premises and the respective covenants and agreements herein contained, the parties hereto covenant and agree as follows:

## ARTICLE I INTERPRETATION

### 1.01 Definitions

In this Agreement, unless otherwise defined, capitalized words and terms shall have the following meanings:

- (a) "**Additional SVS**" means such number of additional subordinate voting shares comprised in the Purchaser Shares so as to settle certain third party payables and

restricted stock awards granted to employees in any case not to exceed an aggregate maximum number of 21,087,434 Purchaser Shares;

- (b) **“Agreement”** means this Contribution and Exchange Agreement as the same may be supplemented or amended from time to time;
- (c) **“Alternative Transaction”** means any of the following (and excludes the transactions contemplated by this Agreement): (a) any merger, amalgamation, arrangement, share exchange, take-over bid, tender offer, recapitalization, consolidation or other business combination directly or indirectly involving the Purchaser or BRB, as applicable, or, in the case of BRB, any analogous transaction whereby BRB becomes directly or indirectly publicly listed; (b) any acquisition of all or substantially all of the assets of BRB or the Purchaser, as applicable (or any lease, long-term supply agreement, exchange, mortgage, pledge or other arrangement having a similar economic effect); (c) any acquisition of beneficial ownership of 20% or more of the Purchaser’s or BRB’s equity interests in a single transaction or a series of related transactions; (d) any acquisition by BRB or the Purchaser of any assets or capital stock of another person (other than acquisitions of capital stock or assets of any other person that are not, individually or in the aggregate, material to BRB or the Purchaser, as applicable); or (e) any bona fide proposal to, or public announcement of an intention to, do any of the foregoing on or before the Termination Date;
- (d) **“Applicable Laws”** means all statutes, legislation, rules, policies, notices, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, or any provisions of any of the foregoing, including general principles of common and civil law and equity, binding on or affecting the person referred to in the context in which such word is used; and **“law”** means any one of them;
- (e) **“BCBCA”** means the *Business Corporations Act* (British Columbia);
- (f) **“Board”** means the board of directors of the Purchaser;
- (g) **“Books and Records”** means all technical, business and financial records, financial books and records of account, books, data, reports, files, lists, drawings, plans, logs, briefs, customer and supplier lists, deeds, certificates, contracts, surveys, title opinions or any other documentation and information in any form whatsoever (including written, printed, electronic or computer printout form) relating to a corporation and its business;
- (h) **“BRB Disclosure Letter”** means a letter of even date with this Agreement from BRB to the Purchaser that is described as the ‘BRB Disclosure Letter’;
- (i) **“BRB”** has the meaning set forth on the first page of this Agreement;
- (j) **“BRB Controlled Entities”** has the meaning set forth on **Schedule A-1**;
- (k) **“BRB Entities”** has the meaning set forth on the first page of this Agreement;

- (l) **“BRB Financial Statements”** has the meaning set forth in Section 6.02(j);
- (m) **“Business Day”** means a day which is not a Saturday, Sunday or a statutory holiday in the Province of Ontario;
- (n) **“Closing”** means the completion of the Transaction in accordance with the terms and conditions of this Agreement;
- (o) **“Closing Date”** means the date of Closing, which shall be the fifth (5<sup>th</sup>) Business Day following the satisfaction or waiver of all conditions to the obligations of the parties to consummate the Transaction (other than conditions that are satisfied with respect to actions the respective parties will take at the Closing itself), or such other date as the parties may mutually determine;
- (p) **“Code”** means the Internal Revenue Code of 1986, as amended.
- (q) **“Common Shares”** means the common shares in the share capital of the Purchaser after giving effect to the Continuance;
- (r) **“Continuance”** means the continuance of the Purchaser under the BCBCA prior to the Closing;
- (s) **“Contracts”** (individually, a **“Contract”**) means all written or oral outstanding contracts and agreements, leases (including the real property leases), third-party licenses, insurance policies, deeds, indentures, instruments, entitlements, commitments, undertakings and orders made by or to which a party is bound or under which a party has, or will have, any rights or obligations and includes rights to use, franchises, license and sub-licenses agreements and agreements for the purchase and sale of assets or shares;
- (t) **“Contributed Assets”** has the meaning set forth on the first page of this Agreement;
- (u) **“Contributed Interests”** has the meaning set forth on the first page of this Agreement;
- (v) **“Contributed Liabilities”** has the meaning set forth on the first page of this Agreement;
- (w) **“Corporate Records”** means the corporate records of a corporation or limited liability company, including (i) its articles, notice of articles, certificate of formation or other constating documents, any unanimous shareholders agreement and any amendments thereto; (ii) all minutes of meetings and resolutions of shareholders, members, directors, managers and any committee thereof; (iii) the share or unit certificate books, register of shareholders or members, register of transfers and registers of directors or managers and officers; and (iv) all accounting records;
- (x) **“CSE”** means the Canadian Securities Exchange, operated by the CNSX Markets Inc.;
- (y) **“Debt Contribution and Exchange”** means the contribution and exchange of outstanding secured indebtedness owed (i) by Purchaser to BRB under the Secured BRB Bridge Note, and (ii) by Dixie USA to Rose Capital Fund I and RSG6 pursuant to the

Therabis 2019 Purchase Agreement, in each case for the shares of Purchaser as described in Section 7.04;

- (z) **“Disclosed”** means fairly disclosed (with sufficient details to identify the nature and scope of the matter disclosed) in the applicable Disclosure Letter; provided that with respect to any Purchaser Material Contract, any such Purchaser Material Contract uploaded to the electronic data room as of April 20, 2020 shall also be deemed to be disclosed without specifically identifying such Contract on Section 6.01(t) of the Purchaser Disclosure Letter;
- (aa) **“Disclosure Letter”** means, as the context so requires the BRB Disclosure Letter or the Purchaser Disclosure Letter;
- (bb) **“Dixie Plan”** means Dixie Brands Inc. 2019 Long-Term Incentive Plan.
- (cc) **“Dixie USA”** means Dixie Brands (USA), Inc., a Delaware corporation;
- (dd) **“Escrow Agent”** means National Securities Administrators Ltd., or such other escrow agent as may be agreed to by the Purchaser and BRB, each acting reasonably;
- (ee) **“Exchange Ratio”** means the number of Common Shares as would result in BRB holding 80.0% of the total issued and outstanding shares of the Purchaser on a fully-diluted basis as of the Closing Date, including, without limitation, after giving effect to the Debt Contribution and Exchange and the issuance, if any, of the Additional SVS;
- (ff) **“Exemptions”** has the meaning set forth in Section 2.03(a);
- (gg) **“Federal Cannabis Laws”** means the United States Controlled Substances Act of 1970 and other federal laws and regulations that limit or prohibit the possession, use, purchase, sale, research, cultivation, manufacture, processing, distribution, dispensing or marketing of cannabis or any product or substance derived from cannabis that is otherwise legal under applicable state and local laws and regulations;
- (hh) **“Financing”** means the equity financing to be conducted by the Purchaser, to raise aggregate gross proceeds of up to \$10,000,000 through the issuance of additional Common Shares;
- (ii) **“Fraud”** means a misrepresentation constituting an actual and intentional fraud (as opposed to any type of negligence or recklessness) under Applicable Laws;
- (jj) **“GAAP”** means generally accepted accounting principles in Canada (and, if applicable, includes International Financial Reporting Standards);
- (kk) **“Governmental Authority”** means any (a) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, court, tribunal, commission, board or agency, domestic or foreign, or (b) regulatory authority, including any securities commission, or stock exchange, including the CSE;

- (ll) **“Information Circular”** means the notice of meeting and management information circular of the Purchaser (or such similar document, as may be required by the CSE or Applicable Law), and all documents incorporated therein, to be sent to the Purchaser Shareholders in respect of the Purchaser Shareholder Meeting, prepared in accordance with applicable securities laws and the policies of the CSE, including, without limitation, Staff Notice 51-352 (Revised) *Issuers with U.S. Marijuana-related Activities* of the Canadian Securities Administrators;
- (mm) **“Integrated Transactions”** has the meaning set forth in Section 11.17(b);
- (nn) **“Key Management”** has the meaning set forth in Section 3.02;
- (oo) **“Lien”** means any mortgage, encumbrance, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), charge, title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature or any other arrangement or condition, which, in substance, secures payment, or performance of an obligation;
- (pp) **“Listing”** has the meaning set forth in Section 6.01(e);
- (qq) **“Listing Statement”** means the listing statement of the Purchaser pertaining to the Transaction and in the form prescribed by the CSE;
- (rr) **“Material Adverse Effect”** means (i) any change, effect, fact, circumstance or event which, individually or when taken together with any other changes, effects, facts, circumstances or events, could reasonably be expected to be materially adverse to the assets, liabilities, condition (financial or otherwise), business, properties or results of operation of the Purchaser or any BRB Controlled Entity, as applicable, in each case taken as a whole; or (ii) a material impairment of or delay in the ability of the parties (or any one of them) to perform their obligations hereunder or consummate the Transaction; in each case except any change, effect, fact, circumstance or event resulting from or relating to:
- A. the announcement or pendency of this Agreement or the transactions contemplated by this Agreement, or otherwise contemplated by or resulting from the terms of this Agreement;
  - B. changes in general economic, securities, financial, banking or currency exchange markets;
  - C. changes in political or civil conditions in any jurisdiction in which operations are conducted;
  - D. any generally applicable changes in Applicable Laws or changes in GAAP or other applicable accounting standards;
  - E. any occurrence of lightning, fire, storm, flood, earthquake, accumulation of snow or ice, or other natural disaster, explosion, declared war, armed hostilities, act of terrorism, failure of public

utilities, pestilence, quarantine, civic unrest, labour strike, walk-out, lock-out or unrest, temporary emergency assertion or requirement of any Governmental Authority, pandemic (including, for greater certainty, the existing COVID-19 pandemic), epidemic, destruction of facilities or trade embargos which are beyond the reasonable control of a party;

- F. the failure by the Purchaser to meet any internal, third party or public projections, forecasts, guidance or estimates of revenues or earnings or other financial or operating metrics for any period (it being understood that the cause underlying any such failure may be taken into account in determining whether a Material Adverse Effect relating to the Purchaser has occurred, to the extent not otherwise excepted by another clause of this definition);
- G. the announcement or disclosure of this Agreement, including any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of the Purchaser or Dixie USA, or BRB or any BRB Controlled Entity, with any of their respective employees, customers, suppliers, partners and other persons with which such applicable party has business relations;
- H. compliance with this Agreement and any action taken (or omitted to be taken) by a party that is consented to by the other party in writing;
- I. any matter that has been disclosed in a Disclosure Letter;

provided that, with respect to (B), (C) and (E), to the extent that such changes do not disproportionately affect a party to this Agreement relative to comparable companies in the United States marijuana industry;

- (ss) **“Material Contract”** means any Contract to which a person is a party and which is material to such person, including any Contract: (i) the termination of which would have a Material Adverse Effect on such person; (ii) any contract which would result in payments to or from such person or its subsidiaries (if any) in excess of \$50,000, whether payable in one payment or in successive payments; (iii) any agreement or commitment relating to the borrowing of money or to capital expenditures; and (iv) any agreement or commitment not entered into in the ordinary course of business;
- (tt) **“material fact”** shall have the meaning ascribed to it in the *Securities Act* (Ontario);
- (uu) **“misrepresentation”** shall have the meaning ascribed to it in the *Securities Act* (Ontario);
- (vv) **“NPV Shares”** means the 500,000 issued and outstanding non-participating voting shares of Purchaser held by Dixie Brands SPV, LLC, a company controlled by Charles (Chuck) Smith and C.J. Chapman;
- (ww) **“OBCA”** means the *Business Corporations Act* (Ontario);

- (xx) **“Ontario Courts”** has the meaning set forth in Section 11.06;
- (yy) **“Payment Shares”** has the meaning set forth in Section 2.02;
- (zz) **“person”** includes an individual, sole proprietorship, partnership, limited partnership, unincorporated association or organization, unincorporated syndicate, body corporate, trust, trustee, executor, administrator, legal representative of the Crown or any agency or instrumentality thereof;
- (aaa) **“Principal Regulator”** means the Ontario Securities Commission;
- (bbb) **“Purchaser”** has the meaning set forth on the first page of this Agreement;
- (ccc) **“Purchaser Disclosure Letter”** means a letter of even date with this Agreement from the Purchaser to BRB that is described as the ‘Purchaser Disclosure Letter’;
- (ddd) **“Purchaser Entities”** has the meaning set forth in Section 6.01(a);
- (eee) **“Purchaser Financial Statements”** has the meaning set forth in Section 6.01(m);
- (fff) **“Purchaser Material Contracts”** has the meaning set forth in Section 6.01(t);
- (ggg) **“Purchaser Party”** has the meaning set forth in Section 2.01;
- (hhh) **“Purchaser Shareholder Approval”** means the approval by the Purchaser Shareholders of the Purchaser Shareholder Resolutions at the Purchaser Shareholder Meeting;
- (iii) **“Purchaser Shareholder Approval Matters”** has the meaning set forth in Section 2.04(a);
- (jjj) **“Purchaser Shareholder Meeting”** means a special meeting of the shareholders of the Purchaser for the purpose of considering the Purchaser Shareholder Resolutions;
- (kkk) **“Purchaser Shareholder Resolutions”** means the applicable resolutions of the Purchaser Shareholders approving the Purchaser Shareholder Approval Matters;
- (lll) **“Purchaser Shareholders”** means the holders of the Purchaser Shares;
- (mmm) **“Purchaser Shares”** means the shares in the share capital of the Purchaser as constituted on the date hereof and being comprised of subordinate voting shares and non-participating voting shares of the Purchaser;
- (nnn) **“Recommendation”** has the meaning set forth in Section 2.04(b);
- (ooo) **“Regulation D”** means Regulation D under the U.S. Securities Act;
- (ppp) **“Rose Capital Fund I”** means Rose Capital Fund I, L.P., a Delaware limited partnership;
- (qqq) **“RSG6”** means RSG6, LLC, a Delaware limited liability company;

- (rrr) **“Secured BRB Bridge Note”** means the certain Senior Secured Convertible Note, dated as of March 30, 2020 (as the same may be amended, restated or replaced from time to time), issued by Purchaser to BRB in exchange for the aggregate cash proceeds loaned by BRB to Purchaser thereunder;
- (sss) **“Securities Laws”** means the securities legislation having application, the regulations and rules thereunder and all administrative policy statements, instruments, blanket orders, notices, directions and rulings issued or adopted by the applicable securities regulatory authority, all as amended;
- (ttt) **“SEDAR”** means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators;
- (uuu) **“Tax”** means any tax, impost, levy, withholding, duty, fee, premium, assessment and other charge of any kind, however denominated and any instalment or advance payment in respect thereof, including any interest, penalties, fines or other additions that have been, are or will become payable in respect thereof, imposed by any Governmental Authority, including for greater certainty any income, gain or profit tax (including federal, state, provincial and territorial income tax), payroll and employee withholding tax, employment or payroll tax, unemployment insurance, disability tax, social insurance tax, social security contribution, sales and use tax, consumption tax, customs tax, ad valorem tax, excise tax, goods and services tax, harmonized sales tax, franchise tax, gross receipts tax, capital tax, business license tax, alternative minimum tax, estimated tax, abandoned or unclaimed (escheat) tax, occupation tax, real and personal property tax, stamp tax, environmental tax, transfer tax, severance tax, workers’ compensation, Canada and other government pension plan premium or contribution and other governmental charge, and other obligations of the same or of a similar nature to any of the foregoing, together with any interest, penalties or other additions to tax that may become payable in respect of such tax, and any interest in respect of such interest, penalties and additions whether disputed or not, and **“Taxes”** has a corresponding meaning;
- (vvv) **“Tax Act”** means the *Income Tax Act* (Canada);
- (www) **“Tax Return”** means all returns, declarations, designations, forms, schedules, reports, elections, notices, filings, statements (including withholding tax returns and reports and information returns and reports) and other documents of every nature whatsoever filed or required to be filed with any Governmental Authority with respect to any Tax together with all amendments and supplements thereto;
- (xxx) **“Termination Date”** means December 31, 2020, or such later date as may be agreed in writing between the Purchaser and BRB;
- (yyy) **“Therabis 2019 Purchase Agreement”** means that certain Unit Purchase Agreement, dated as of January 2, 2019, by and among (i) Therabis, LLC, a Delaware limited liability company, (ii) RSG6, (iii) Rose Capital Fund I, and (iv) Dixie USA;



- (zzz) “**Therabis Debt Contribution Share Amount**” equals an amount determined by dividing (x) the aggregate outstanding principal and interest owed as of the Closing Date by Dixie USA pursuant to Therabis 2019 Purchase Agreement, by (y) \$0.1203.
- (aaaa) “**Time of Closing**” means 10:00 a.m. (Toronto time) on the Closing Date, or such other time as the parties may mutually determine;
- (bbbb) “**Transaction**” has the meaning set forth in the recitals of this Agreement;
- (cccc) “**United States**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia; and
- (dddd) “**U.S. Securities Act**” means the United States Securities Act of 1933, as amended.

## **1.02 Currency**

All sums of money which are referred to in this Agreement are expressed in lawful money of the United States unless otherwise specified.

## **1.03 Interpretation Not Affected by Headings, etc.**

The division of this Agreement into articles, sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an Article, Section or a Schedule or Exhibit refers to the specified Article or Section of, or Schedule or Exhibit to this Agreement.

## **1.04 Number, etc.**

Unless the subject matter or context requires the contrary, words importing the singular number only shall include the plural and vice versa; words importing the use of any gender shall include all genders and words importing persons shall include natural persons, firms, trusts, partnerships and corporations.

## **1.05 Date for Any Action**

In the event that any date on which any action is required or permitted to be taken hereunder by any person is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

## **1.06 Statutory References**

Any reference in this Agreement to a statute includes all regulations and rules made thereunder, all amendments to such statute in force from time to time and any statute, regulation or rule that supplements or supersedes such statute, regulation or rule.

## **1.07 Accounting Principles**

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be the International Financial Reporting Standards or the Canadian generally accepted accounting principles, as applicable, approved by the International Accounting

Standards Board or the Canadian Institute of Chartered Accountants, as the case may be, or any successor thereto, applicable as at the date on which a calculation is made or required to be made in accordance with generally accepted accounting principles.

### **1.08 Knowledge**

- (a) Any reference herein to “the knowledge of the Purchaser” (or similar expressions) will be deemed to mean the actual knowledge of Charles (Chuck) Smith, Trip McDermott and C.J. Chapman.
- (b) Any reference herein to “the knowledge of BRB” (or similar expressions) will be deemed to mean the actual knowledge of Andrew Schweibold and Satyavrat Joshi.

### **1.09 Schedules**

The schedules to this Agreement, listed below, are an integral part of this Agreement, and must be completed and attached before the Closing Date for this Agreement to be fully-integrated and thereafter enforceable by or against either Party:

<b><u>Schedule</u></b>	<b><u>Description</u></b>
<b><u>Schedule A-1</u></b>	Contributed Interests and BRB Entities
<b><u>Schedule A-2</u></b>	Contributed Assets
<b><u>Schedule A-3</u></b>	Contributed Liabilities
<b><u>Schedule B</u></b>	Voting and Support Agreement Persons

## **ARTICLE II CONTRIBUTION**

### **2.01 Contribution of Contributed Interests, Contributed Assets and Contributed Liabilities**

Subject to the terms and conditions hereof, BRB covenants and agrees to sell, contribute, assign and transfer to the Purchaser or a subsidiary of the Purchaser, as applicable (the “**Purchaser Party**”) and the applicable Purchaser Party covenants and agrees to purchase and accept from BRB, the Contributed Interests, the Contributed Assets and Contributed Liabilities at the Time of Closing. As of the date of this Agreement, the number and type of Contributed Interests which are beneficially owned by BRB is set forth opposite in **Schedule A-1** attached hereto, the Contributed Assets are set forth on **Schedule A-2** attached hereto and the Contributed Liabilities are set forth on **Schedule A-3** attached hereto.

### **2.02 Purchase Price**

In consideration for the contribution of the Contributed Interests, the Contributed Assets and the Contributed Liabilities, the Purchaser shall issue to BRB such number of newly-issued Common Shares as is equal to the Exchange Ratio, in each case free and clear of any encumbrances (the “**Payment Shares**”). To the extent BRB is to receive a fractional Payment Share, that entitlement shall be rounded down to the nearest whole number and no consideration shall be payable therefore.

### 2.03 Restrictions on Resale

BRB acknowledges and agrees as follows:

- (a) the transfer and contribution of the Contributed Interests and the issuance of the Payment Shares, in exchange therefor, will be made pursuant to appropriate exemptions (the “**Exemptions**”) from the formal takeover bid and registration and prospectus (or equivalent) requirements of the Securities Laws;
- (b) the Payment Shares are subject to restriction on resale under applicable Securities Laws and BRB will not be able to resell any of the Payment Shares until expiration of all applicable seasoning periods other than in accordance with limited exemptions under applicable Securities Laws;
- (c) the CSE, in addition to any restrictions on transfer imposed by applicable Securities Laws, may require certain of the Payment Shares to be held in escrow in accordance with the policies of the CSE;
- (d) no representations or warranties have been made to BRB by the Purchaser or any shareholder, officer, director, employee, agent or representative of the Purchaser, other than as set forth in this Agreement;
- (e) as a consequence of acquiring the Payment Shares pursuant to the Exemptions:
  - (i) BRB will be restricted from using certain of the civil remedies available under the Securities Laws;
  - (ii) BRB may not receive information that might otherwise be required to be provided to BRB, and the Purchaser is relieved from certain obligations that would otherwise apply under Securities Laws if the Exemptions were not being relied upon by the Purchaser;
  - (iii) no securities commission, stock exchange or similar regulatory authority has reviewed or passed on the merits of an investment in the Payment Shares;
  - (iv) there is no government or other insurance covering the Payment Shares; and
  - (v) an investment in the Payment Shares is speculative and of high risk;
- (f) the certificates representing the Payment Shares will bear such legends as required by applicable Securities Laws and the policies of the CSE and it is the responsibility of BRB to find out what those restrictions are and to comply with them before selling the Payment Shares; and
- (g) BRB is knowledgeable of, or has been independently advised as to, the Applicable Laws of that jurisdiction which apply to the sale and contribution of the Contributed Interests and the issuance of the Payment Shares and which may impose restrictions on the resale of such Payment Shares in that jurisdiction and it is the responsibility of BRB to find out what those resale restrictions are, and to comply with them before selling the Payment Shares.

**2.04 Purchaser Shareholder Approval**

- (a) As soon as reasonably practicable, the Purchaser shall convene the Purchaser Shareholder Meeting, in accordance with Purchaser's constating documents and Applicable Law, including the policies of the CSE, for the purpose of obtaining approval by the Purchaser Shareholders of the following matters:
- (i) the Transaction;
  - (ii) the creation of a new control person, if applicable;
  - (iii) the election of the directors identified in Section 3.01 of this Agreement;
  - (iv) an increase in the size of the Board identified in Section 3.01 of this Agreement;
  - (v) the approval of the Continuance identified in Section 4.01(c);
  - (vi) the approval of the Name Change identified in Section 3.05;
  - (vii) and any matters related thereto
- (collectively, the "**Purchaser Shareholder Approval Matters**").
- (b) The Board of the Purchaser shall pass a resolution to recommend that the Purchaser Shareholders vote in favour of the Purchaser Shareholder Resolutions (the "**Recommendation**").

**2.05 Listing Statement and Information Circular**

- (a) Promptly after the execution of this Agreement, the Purchaser and BRB shall jointly prepare and complete the Listing Statement, the Information Circular together with any other documents required by the OBCA, applicable Securities Laws and other Applicable Laws and the rules and policies of the CSE in connection with the Transaction, and the Purchaser shall, as promptly as reasonably practicable after obtaining the approval of the CSE as to the final Listing Statement file such final Listing Statement on SEDAR.
- (b) The Purchaser shall not, except as required for quorum purposes, as required by Applicable Law, or otherwise as permitted under this Agreement, adjourn, postpone or cancel (or propose or permit the adjournment, postponement or cancellation of) the Purchaser Shareholder Meeting without BRB's prior written consent, such consent not to be unreasonably withheld, delayed or conditioned.
- (c) The Purchaser represents and warrants that the Listing Statement and Information Circular will comply in all material respects with all Applicable Laws (including applicable Securities Laws), and, without limiting the generality of the foregoing, that the Listing Statement and Information Circular shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that the Purchaser shall not be responsible for the accuracy of any information relating to BRB or the BRB Entities that is furnished in writing by BRB for

inclusion in the Listing Statement or Information Circular, including by way of revisions made to drafts of the Information Circular by BRB or its counsel).

- (d) BRB represents and warrants that any information or disclosure relating to BRB or the BRB Entities that is furnished in writing by BRB for inclusion in the Listing Statement and Information Circular (including by way of revisions made to drafts of the Information Circular by BRB or its counsel) will comply in all material respects with all Applicable Laws (including applicable Securities Laws), and, without limiting the generality of the foregoing, that the Listing Statement and Information Circular shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that BRB shall not be responsible for the accuracy of any information relating to the Purchaser that is furnished in writing by the Purchaser for inclusion in the Listing Statement or Information Circular).
- (e) BRB, the Purchaser and their respective legal counsel shall be given a reasonable opportunity to review and comment on drafts of the Listing Statement, Information Circular and other documents related thereto, and reasonable consideration shall be given to any comments made by BRB, the Purchaser and their respective counsel, provided that all information relating solely to the Purchaser shall be in form and content satisfactory to the Purchaser, acting reasonably, and all information relating solely to BRB and the BRB Entities shall be in form and content satisfactory to BRB, acting reasonably.
- (f) The Purchaser and BRB shall promptly notify each other if at any time before the date of filing in respect of the Listing Statement or on which the Information Circular is mailed to the Purchaser's Shareholders either party becomes aware that the Listing Statement or Information Circular, respectively, contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Listing Statement or Information Circular, as applicable, and the parties shall cooperate in the preparation of any amendment or supplement to such documents, as the case may be, as required or appropriate.
- (g) The Purchaser shall use commercially reasonable efforts to solicit proxies from the Purchaser Shareholders in favour of the Purchaser Shareholder Resolutions and, other than in compliance with Section 10.02, against any resolution submitted by any person that is inconsistent with, or which seeks (without BRB's consent) to hinder or delay the Purchaser Shareholder Approval and the completion of the transactions contemplated hereby, including, if so requested by BRB, acting reasonably, using the services of dealers and proxy solicitation services and permitting BRB to otherwise assist the Purchaser in such solicitation, and take all other actions that are reasonably necessary or desirable to obtain approval of the Purchaser Shareholder Resolutions.
- (h) The Purchaser will advise BRB from time to time as BRB may reasonably request, and at least on a daily basis on each of the last ten (10) Business Days prior to the date of the Purchaser Shareholder Meeting, as to the aggregate tally of the proxies received by the Purchaser in respect of the Purchaser Shareholder Resolutions.

- (i) The Purchaser shall provide notice to BRB of the Purchaser Shareholder Meeting and allow representatives of BRB to attend the Purchaser Shareholder Meeting.

### **ARTICLE III**

#### **CHANGE IN DIRECTORS AND OFFICERS OF THE PURCHASER, CHANGE IN NAME OF THE PURCHASER**

##### **3.01 New Directors**

- (a) Effective at the Closing, unless previously approved by resolutions of the Purchaser Shareholders at the Purchaser Shareholder Meeting (and such resolutions have not been rescinded as at the Closing), the Purchaser and BRB shall cause the Board to be restructured, through resignations and appointments, so that it shall consist of up to five directors, with Andrew Schweibold, Jonathan Rosenthal, Satyavrat Joshi, Charles Smith and Brian Graham forming the initial Board immediately following Closing. If any of the proposed directors are not acceptable to the CSE or are otherwise unable to act as directors of the Purchaser following Closing, the Purchaser and BRB shall mutually agree to nominate other nominees to the Board following Closing.
- (b) Following the initial election of directors as provided in Section 3.01(a), the Board shall be elected by the majority vote of the outstanding voting shares of Purchaser; provided, however, that for so long as Charles (Chuck) Smith holds the office of Chief Executive Officer: (i) he shall continue to be nominated for election to serve as a director on the Board and (ii) one of the five directors on the Board shall be an independent director, whose nomination for election to serve as a director on the Board must be voted in favour of by Charles (Chuck) Smith.

##### **3.02 New Officers**

Effective at the Closing, the officers of the Purchaser following the Transaction will be determined by the reconstituted Board per Section 3.01, and the Purchaser and BRB agree to take such commercially reasonable action as permitted under Applicable Laws such that the senior officers of the Purchaser after Closing are constituted of the following individuals (the “**Key Management**”):

- (a) Charles (Chuck) Smith, as Chief Executive Officer; and
- (b) C.J. Chapman, General Counsel and Executive Vice President.

The Purchaser and Key Management will operate in good faith to negotiate new employment agreements on mutually agreeable terms, including as regards the transfer of any current change of control or other benefits, if any, that would be triggered by the completion of the Transaction under such new employment agreements.

##### **3.03 Personal Identification Forms**

BRB shall deliver to the Purchaser (for further delivery by the Purchaser to the CSE) a CSE Form 2A - Personal Information/Consent Form duly completed by each of the proposed directors and officers that are affiliated with BRB and identified in Sections 3.01 and 3.02 above, and BRB, as a control person of the Purchaser following the Closing, on or before the Closing Date.

**3.04 Resignations**

At the Closing, the Purchaser shall deliver resignations of all directors and officers of the Purchaser (other than those set forth above), such resignations to include waivers in respect of any liabilities of the Purchaser to them in a form acceptable to BRB, acting reasonably.

**3.05 Name Change**

At the Closing, or at such other time as may be agreed upon by the Purchaser and BRB, the Purchaser shall change its name to "BR Dixie Brands Holdings Inc." or another name selected by the resulting board of directors of the Purchaser at Closing, in its sole discretion; in either case provided such name is acceptable to the British Columbia Registrar of Companies. To the extent required, the Purchaser shall provide its consent to that change of name.

**ARTICLE IV  
CONDITIONS OF CLOSING**

**4.01 Mutual Conditions of Closing**

The obligations to complete the Transaction are subject to the fulfillment of the following conditions on or before the Time of Closing:

- (a) there shall be no action taken under any Applicable Law by any court or Governmental Authority that makes it illegal or restrains, enjoins or prohibits the Transaction, results in a judgment or assessment of damages relating to the Transaction that is materially adverse to the Purchaser or BRB or that could reasonably be expected to impose any condition or restriction upon the Purchaser or BRB which, after giving effect to the Transaction, would so materially and adversely impact the economic or business benefits of the Transaction as to render inadvisable the consummation of the Transaction;
- (b) all consents or approvals of the CSE necessary to permit the completion of the Transaction shall have been obtained; and
- (c) completion of the Continuance.

The foregoing conditions precedent are for the benefit of all Parties and may be waived by BRB and the Purchaser, in whole or in part, without prejudice to any Party's right to rely on any other condition in favour of any Party.

**4.02 Conditions of Closing in Favour of the Purchaser**

The obligations of the Purchaser to complete the Transaction are subject to the fulfillment of the following conditions on or before the Time of Closing:

- (a) BRB shall have tendered all closing deliveries set forth in Section 5.03, including evidence of delivery of the Contributed Interests, Contributed Assets and the Contributed Liabilities, in such form acceptable to the Purchaser, acting reasonably;

- (b) receipt of evidence of the Purchaser Shareholder Approval;
- (c) BRB shall not have violated Section 10.01;
- (d) there shall not have been after the date of this Agreement any Material Adverse Effect with respect to BRB;
- (e) the representations and warranties of BRB set forth in this Agreement shall have been true and correct as of the date hereof and shall be true and correct at the Time of Closing in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier), except as affected by the transactions contemplated by this Agreement, and a certificate of a senior officer of BRB to this effect shall have been delivered to the Purchaser;
- (f) all of the terms, covenants and conditions of this Agreement to be complied with or performed by BRB at or before the Time of Closing will have been complied with or performed and a certificate of a senior officer of BRB to this effect shall have been delivered to the Purchaser;
- (g) there shall not have been any legal proceedings or regulatory actions or proceeding against BRB at the Closing Date which may have a Material Adverse Effect on BRB;
- (h) all of the principals of BRB identified in Section 3.01 and 3.02 are acceptable to the CSE;
- (i) there shall be no prohibition at law against the completion of the Transaction;
- (j) the completion of the Transaction will qualify as a "Fundamental Change" for the Purchaser, pursuant to the policies of the CSE;
- (k) all of the outstanding NPV Shares shall be extinguished and redeemed from the holders thereof, effective immediately prior to the Time of Closing, by the Purchaser for \$1.00; and
- (l) there shall be no inquiry or investigation (whether formal or informal) in relation to BR or its managers commenced or threatened by any securities commission or official of the CSE or regulatory body having jurisdiction such that the outcome of such inquiry or investigation could have a Material Adverse Effect on BRB or the completion of the Transaction.

The foregoing conditions precedent are for the benefit of the Purchaser and may be waived by the Purchaser, in whole or in part, without prejudice to the Purchaser's right to rely on any other condition in favour of the Purchaser.

#### **4.03 Conditions of Closing in Favour of BRB**

The obligations of BRB to complete the Transaction are subject to the fulfillment of the following conditions on or before the Time of Closing:



- (a) the Purchaser shall have tendered all closing deliveries set forth in Section 5.02, including delivery of the Payment Shares free and clear and any and all encumbrances, Liens, charges and demands of whatsoever nature, if required;
- (b) the Board of Purchaser shall have been restructured in accordance with Section 3.01, and the Key Management shall have been appointed in accordance with Section 3.02, in each case contingent upon the Closing;
- (c) the Purchaser and Key Management shall have agreed upon new forms of employment agreements on mutually agreeable terms;
- (d) there shall not have been after the date of this Agreement any Material Adverse Effect with respect to the Purchaser;
- (e) the Information Circular and Listing Statement shall have complied with all Applicable Law;
- (f) there shall not have been any legal proceedings or regulatory actions or proceeding against the Purchaser at the Closing Date which may have a Material Adverse Effect on the Purchaser;
- (g) there shall be no prohibition at law against the completion of the Transaction;
- (h) there shall be no inquiry or investigation (whether formal or informal) in relation to the Purchaser or its Board or officers commenced or threatened by any securities commission or official of the CSE or regulatory body having jurisdiction such that the outcome of such inquiry or investigation could have a Material Adverse Effect on the Purchaser or the completion of the Transaction;
- (i) the Purchaser shall not have violated Section 10.02;
- (j) the representations and warranties of the Purchaser set forth in this Agreement shall have been true and correct as of the date hereof and shall be true and correct at the Time of Closing in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier), except as affected by the transactions contemplated by this Agreement, and a certificate of a senior officer of the Purchaser to this effect shall have been delivered to BRB;
- (k) all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser at or before the Time of Closing will have been complied with or performed and a certificate of a senior officer of the Purchaser to this effect shall have been delivered to BRB;
- (l) the Payment Shares will have been approved for issuance by the Board of the Purchaser and conditionally approved for listing by the CSE, subject to the Purchaser fulfilling the CSE's listing requirements;

- (m) other than with respect to the Financing, and the Additional SVS the Purchaser shall not have issued any additional securities nor entered into any agreement or understanding with any other parties to issue any securities, without the prior written consent of BRB (such consent not to be unreasonably withheld, delayed or conditioned);
- (n) the Debt Contribution and Exchange shall have been effectuated in accordance with Section 7.04;
- (o) the Purchaser, BRB and Acreage Holdings, Inc. shall have reached mutual agreement regarding repayment timing, conversion and/or restructuring of the Acreage Notes;
- (p) [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] *[commercially sensitive information]*; and
- (q) [REDACTED]  
[REDACTED]  
[REDACTED] *[commercially sensitive information]*.

The foregoing conditions precedent are for the benefit of BRB and may be waived by BRB, in whole or in part, without prejudice to BRB’s right to rely on any other condition in favour of BRB.

**4.04 Notice and Cure Provisions**

Each party will give prompt notice to the other parties hereto of the occurrence, or failure to occur, at any time from the date hereof until the Closing Date, of any event or state of facts which occurrence or failure would or would be likely to:

- (a) cause any of the representations or warranties of such party contained herein to be untrue or inaccurate on the date hereof or at the Closing Date; or
- (b) result in the failure by such party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such party hereunder prior to the Closing Date.

Subject to Article VIII, no party may elect not to complete the Transaction as contemplated herein as a result of the non-fulfillment of the conditions precedent contained in Sections 4.02 or 4.03, as applicable, unless the party intending to rely thereon has delivered a written notice to the other party hereto prior to the Time of Closing specifying, in reasonable detail, all breaches of representations and warranties or covenants or other matters which the party delivering such notice is asserting as the basis for the non-fulfillment of the applicable condition precedent which notice provides such allegedly breaching party with at least five (5) Business Days to cure such breach.

**ARTICLE V**  
**CLOSING AND POST CLOSING ARRANGEMENTS**

**5.01 Time and Place of Closing**

Closing of the Transaction shall take place at the Time of Closing at the offices of McMillan LLP, 1000 Sherbrook O./W., #2700, Montreal, Quebec H3A 3G4.

**5.02 Closing Deliveries of the Purchaser**

At the Time of Closing, the Purchaser will deliver or cause to be delivered:

- (a) share certificates evidencing the Payment Shares registered as directed by BRB, provided, however, that certificates evidencing any Payment Shares required to be held in escrow in accordance with the requirements of the Principal Regulator, the CSE, or otherwise, shall be delivered directly to the Escrow Agent;
- (b) the resignation of all the Purchaser's directors and officers (other than as set out in Section 3.01 and Section 3.02);
- (c) an executed change of name form described in Section 3.05 accompanied with an officer's certificate certifying the directors' resolution that authorized the name change;
- (d) if required, an escrow agreement in a form satisfactory to the CSE, among the Purchaser, the Escrow Agent and such Purchaser Shareholders as may be required by the CSE to be parties thereto, duly executed by the Purchaser;
- (e) evidence of the Purchaser Shareholder Approval;
- (f) a certificate of one of the Purchaser's senior officers, dated as of the Closing Date, certifying: (i) that attached thereto are true and complete copies of the articles of incorporation and bylaws of the Purchaser (and all amendments thereto as in effect as on such date); (ii) all resolutions of the Board of the Purchaser approving the entering into of this Agreement and all ancillary agreements contemplated herein and the completion of the Transaction, including the issuance of the Payment Shares and, if applicable, the giving of the Recommendation, and (iii) as to the incumbency and genuineness of the signature of each officer of the Purchaser executing this Agreement or any of the other agreements or documents contemplated hereby;
- (g) the officer's certificates referred to in Sections 4.03(j) and 4.03(k);
- (h) a certificate of good standing for the Purchaser;
- (i) in the event an opinion is required by the policies of the CSE or as a requirement of any broker/dealer involved with the Financing, a favourable opinion, in form and substance satisfactory to the Purchaser, BRB and their respective counsel, each acting reasonably; and
- (j) favourable legal opinion regarding the issuance of the Additional SVS (other than issuances made pursuant to the Dixie Equity Plan) between the date hereof and Closing

from counsel to the Purchaser, in form and substance satisfactory to BRB and their counsel, each acting reasonably.

### **5.03 Closing Deliveries of BRB**

At the Time of Closing, BRB will deliver or cause to be delivered:

- (a) evidence of valid transfer of the Contributed Interests, the Contributed Assets and Contributed Liabilities to the applicable Purchaser Party, in each case in form and substance satisfactory to the Purchaser, acting reasonably;
- (b) consents to act for proposed directors and personal information forms for the proposed directors and officers described in Sections 3.01 to 3.03;
- (c) a certificate of one of BRB's senior officers, dated as of the Closing Date, certifying: (i) that attached thereto are true and complete copies of the certificate of formation and operating agreement of BRB (and all amendments thereto as in effect as on such date); (ii) all resolutions of the manager of BRB approving the entering into of this Agreement and the completion of the Transaction; and (iii) as to the incumbency and genuineness of the signature of each officer of BRB executing this Agreement or any of the other agreements or documents contemplated hereby;
- (d) the officer's certificates referred to in Sections 4.02(d) and 4.02(f);
- (e) a certificate of good standing for BRB; and
- (f) to the extent not previously delivered, all financial statements of BRB required to be included in the Listing Statement pursuant to applicable Securities Laws and the policies of the CSE.

## **ARTICLE VI REPRESENTATIONS AND WARRANTIES**

### **6.01 Representations and Warranties of the Purchaser**

The Purchaser represents and warrants, except as Disclosed on the Purchaser Disclosure Letter, to and in favour of BRB as follows and acknowledges that BRB is relying upon such representations and warranties in connection with the transactions contemplated herein:

- (a) the Purchaser is a corporation validly existing and in good standing under the laws of the Province of Ontario and is duly registered, licensed or qualified to carry on business as an extra-provincial or foreign corporation under the laws of the jurisdictions in which the nature of its business makes such registration, licensing or qualification necessary; each of the Purchaser's direct and indirect subsidiaries (each, individually, including the Purchaser, a "**Purchaser Entity**," and, together, the "**Purchaser Entities**") is a corporation or limited liability company, as applicable, validly existing and in good standing under the laws of the state of its incorporation/formation and is duly registered, licensed or qualified to carry on business as an extra-provincial or foreign entity under the laws of the jurisdictions in which the nature of its business makes such

registration, licensing or qualification necessary, except for the Federal Cannabis Laws and except in each case, where such failure to be licensed or otherwise qualify would not have a Material Adverse Effect;

- (b) the Purchaser is a “**reporting issuer**” in the provinces of British Columbia and Ontario and is not in material default of the Securities Laws;
- (c) the Purchaser has the corporate power and capacity to enter into this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, to perform its obligations hereunder and thereunder, to own and lease its property, and to carry on its businesses as now being conducted;
- (d) this Agreement has been, and each additional agreement or instrument to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed and delivered by the Purchaser and each is, or will be at the Time of Closing, a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms;
- (e) the subordinate voting shares comprising the Purchaser Shares are listed for trading (the “**Listing**”) on the CSE and the Purchaser is not in material default of any of the listing requirements of the CSE;
- (f) the execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of the articles of the Purchaser or of any resolutions of the directors or shareholders of the Purchaser, (ii) conflict with, result in a breach of, constitute a default under or accelerate the performance required by or result in the suspension, cancellation, material alteration or creation of an encumbrance upon any material agreement (including any Purchaser Material Contract), licence or permit to which any Purchaser Entity is a party or by which any Purchaser Entity is bound or to which any material assets or property of any Purchaser Entity is subject, or (iii) violate any provision of any applicable law or regulation or any judicial or administrative order, award, judgment or decree applicable to any Purchaser Entity;
- (g) the authorized capital of the Purchaser consists of an unlimited number of subordinate voting shares with no par value, 500,000 non-participating voting shares with no par value of which, as of the date of this Agreement, 126,492,728 subordinate voting shares and 500,000 non-participating voting shares are issued and outstanding as fully paid and non-assessable and nil preferred shares are issued and outstanding;
- (h) the only outstanding securities convertible, exchangeable or exercisable into Purchaser Shares of the Purchaser, are (i) 43,572,340 common share purchase warrants to acquire up to 43,572,340 subordinate voting shares, (ii) 18,723,376 stock options to acquire up to 18,723,376 subordinate voting shares, and (iii) convertible promissory notes in the aggregate principal amount of \$2,000,000 executed and delivered by Dixie USA in favour of Acreage Holdings, Inc. or an affiliate thereof (the “**Acreage Notes**”), and other than as set out herein, there are no other Purchaser Shares or securities convertible, exercisable or exchangeable into Purchaser Shares or preferred shares, or any securities of any Purchased Entity issued or outstanding;

- (i) no Purchaser Entity owns, and has not at any time owned, and does not have any agreements of any nature to acquire, directly or indirectly, any shares in the capital of or other equity or proprietary interests in any person, and no Purchaser Entity has any agreements to acquire or lease any material assets or properties or any other business operations;
- (j) except as otherwise set out in this Agreement, no person (other than BRB pursuant to this Agreement) has any agreement, option, right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, options, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any unissued shares or other securities of any Purchaser Entity;
- (k) when issued in accordance with the terms hereof, the Payment Shares will be validly issued as fully paid and non-assessable Common Shares;
- (l) all disclosure documents of the Purchaser Entities filed under the Securities Laws of the Provinces of British Columbia and Ontario since November 26, 2018, but not limited to, financial statements, prospectuses, offering memorandums, information circulars, material change reports and shareholder communications contain no untrue statement of a material fact as at the date thereof nor do they omit to state a material fact which, at the date thereof, was required to have been stated or was necessary to prevent a statement that was made from being false or misleading in the circumstances in which it was made;
- (m) the audited financial statements of the Purchaser Entities for the year ended December 31, 2018, and the unaudited interim financial statements for the nine month period ended September 30, 2019 (collectively, the "**Purchaser Financial Statements**"), copies of which have been filed publicly with the British Columbia and Ontario Securities Commissions and are available on SEDAR, are true and correct in every material respect and present fairly and accurately the financial position and results of the operations of the Purchaser Entities for the periods then ended and the Purchaser Financial Statements have been prepared in accordance with GAAP applied on a consistent basis;
- (n) to the knowledge of the Purchaser, no information has come to the attention of the Purchaser since the last date of the most recently issued Purchaser Financial Statements that would or would reasonably be expected to require any restatement or revisions of any such financial statements;
- (o) the Purchaser's auditors who audited the Purchaser Financial Statements (as applicable) are independent public accountants;
- (p) except as disclosed in the Purchaser Financial Statements, there are no related-party transactions or off-balance sheet structures or transactions with respect to any Purchaser Entity;
- (q) except as disclosed in the Purchaser Financial Statements, neither the Purchaser nor any Purchaser Entity is a party to, or bound by, any agreement of guarantee,

indemnification, assumption or endorsement or any like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person;

- (r) since October 1, 2019, there has been no material adverse change in the condition (financial or otherwise), assets, liabilities, operations, earnings or business of the Purchaser Entities;
- (s) except for the Federal Cannabis Laws, the Purchaser Entities have conducted and are conducting their business in compliance in all material respects with all applicable laws, regulations, by-laws, ordinances, regulations, rules, judgments, decrees and orders of each jurisdiction in which their business is carried on;
- (t) the Contracts listed in Schedule 6.01(t) (the “**Purchaser Material Contracts**”) constitute all the Material Contracts of the Purchaser Entities. Each of the Purchaser Material Contracts is in full force and effect, unamended, and there exists no default, warranty claim or other obligation or liability or event, occurrence, condition or act (including the purchase and sale of the Contributed Interests, Contributed Assets and Contributed Liabilities hereunder and the other transactions contemplated hereunder, including, without limitation, the Financing, and the issuance of the Payment Shares) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default, or give rise to a warranty claim or other obligation or liability thereunder. The Purchaser Entities have not violated or breached, in any material respect, any of the terms or conditions of any Purchaser Material Contract and all the covenants to be performed by any other party thereto have, to the knowledge of the Purchaser, been performed in all material respects;
- (u) there are no waivers, consents, notices or approvals required to be given or obtained by any Purchaser Entity in connection with Transaction and the other transactions contemplated by this Agreement under any Contract to which any Purchaser Entity is a party;
- (v) no consent, approval, order or authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over any Purchaser Entity is required to be obtained by the Purchaser Entities in connection with the execution and delivery of this Agreement or the consummation of the Transaction, including, without limitation, the Financing or the issuance of the Payment Shares, except for those consents, orders, authorizations, declarations, registrations or approvals which are contemplated by this Agreement or those consents, orders, authorizations, declarations, registrations or approvals that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent or materially delay the Purchaser from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on the Purchaser or any Purchaser Entity;
- (w) there is no suit, action or proceeding or, to the knowledge of the Purchaser, pending or threatened against any Purchaser Entity that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on the Purchaser or any Purchaser Entity, and there is no judgment, decree, injunction, rule or order of any Governmental Authority outstanding against any Purchaser Entity causing, or which

could reasonably be expected to cause, a Material Adverse Effect on the Purchaser or any Purchaser Entity;

- (x) no bankruptcy, insolvency or receivership proceedings have been instituted by any Purchaser Entity or, to the knowledge of the Purchaser, are pending against any Purchaser Entity;
- (y) each Purchaser Entity has good and marketable title to its properties and assets (other than property or an asset as to which such Purchaser Entity is a lessee, in which case it has a valid leasehold interest), except for such defects in title that individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the Purchaser or any Purchaser Entity;
- (z) no person has any written or oral agreement, option, understanding or commitment for the purchase from any Purchaser Entity of any of its material assets or property, other than purchases of inventory in the ordinary course;
- (aa) each Purchaser Entity has all permits, licences, certificates of authority, orders and approvals of, and has made all filings, applications and registrations with, applicable Governmental Authorities that are required in order to permit it to carry on its business as presently conducted, except for such permits, licences, certificates, orders, filings, applications and registrations, the failure to have or make, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the Purchaser or any Purchaser Entity, and all such all permits, licences, certificates of authority, orders and approvals are in good standing in all material respects;
- (bb) the Purchaser Entities currently conduct cannabis-related business activities in states in the United States which have legalized cannabis for medical or adult use. The Purchaser Entities conduct their operations in those states in compliance in all material respects with all applicable state laws, regulations, by-laws, ordinances, regulations, rules, judgments, decrees and orders of those states; provided, however, such related activities in those states may constitute a violation of the Federal Cannabis Laws;
- (cc) each Purchaser Entity has filed in the prescribed manner and within the prescribed times all Tax Returns required to be filed by each Purchaser Entity in all applicable jurisdictions as of the date hereof and all Tax Returns that have been filed by, or with respect to, each Purchaser Entity are true, complete and correct, report all income and all other amounts and information required to be reported thereon and disclose any Tax required to be paid for the periods covered thereby. Each Purchaser Entity has duly and timely paid any Tax due and payable by it, including all instalments on account of Tax that are due and payable before the date hereof, whether or not assessed by the appropriate Governmental Authority, and has duly and timely paid all assessments and reassessments it has received in respect of any Tax. No Purchaser Entity has any liability for Taxes in excess of the amount reserved or provided for in its financial statements and has made adequate provisions on its balance sheet for all accrued Taxes not yet due and payable;
- (dd) there are no audits, reassessments or other proceedings in progress or, to the knowledge of the Purchaser, threatened against any Purchaser Entity, in respect of any



Tax and, in particular, there are no currently outstanding reassessments or written enquiries which have been issued or raised by any Governmental Authority relating to any Tax, and the Purchaser is not aware of any contingent liability of any Purchaser Entity for Tax or any grounds that could prompt an assessment or reassessment for any Tax, and neither the Purchaser nor any Purchaser Entity has received any indication from any Governmental Authority that any assessment or reassessment of any Purchaser Entity is proposed;

- (ee) there is no waiver or extension of the application of any statute of limitations of any jurisdiction in effect regarding the assessment or collection of any Tax with respect to any Purchaser Entity;
- (ff) each Purchaser Entity has deducted, withheld or collected and remitted in a timely manner to the relevant Governmental Authority each Tax or other amount required to be deducted, withheld or collected and remitted by such Purchaser Entity and has complied in all respects with all information reporting and backup withholding provisions of applicable law;
- (gg) no Liens for Taxes exist with respect to any of the assets of any Purchaser Entity, except for statutory Liens for Taxes not yet due and payable;
- (hh) no Purchaser Entity has participated in any reportable transaction, as defined in Treasury Regulation Section 1.6011-4(b)(1) and has disclosed on its U.S. federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of U.S. federal income Tax within the meaning of Section 6662 of the Code;
- (ii) no Purchaser Entity has been part of a “plan (or series of related transactions)” within the meaning of Section 355(e) of the Code of which the transactions contemplated in this Agreement are also a part, a “distributing corporation” or a “controlled corporation” (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock intending to qualify for Tax-free treatment under Section 355 of the Code;
- (jj) no Purchaser Entity has taken, expects to take, nor has agreed to take any action or is aware of any fact or circumstance that would prevent or impede, or could reasonably be expected to prevent or impede, the Transaction from qualifying as a tax-free contribution pursuant to Section 351(a) of the Code;
- (kk) the Purchaser is an inverted corporation that is treated as a domestic corporation for U.S. federal income Tax purposes within the meaning of Section 7874(b) of the Code;
- (ll) the number of Payment Shares to be issued to BRB in exchange for the Contributed Interests and the Contributed Assets is sufficient to constitute “control” of the Purchaser within the meaning of Section 368(c) of the Code, and the Purchaser is not aware of any action or transaction that would cause such amount of Payment Shares to be insufficient to constitute “control” within the meaning of Section 368(c) of the Code;
- (mm) no Purchaser Entity has been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental

Authority notified such Purchaser Entity in writing of such Governmental Authority's intention to commence or to conduct any investigation, that could be reasonably likely to have a Material Adverse Effect on the Purchaser;

- (nn) the Disclosure Letter sets forth a list of employees of each Purchaser Entity, and except as set forth therein, each Purchaser Entity is not a party to any employment, management or consulting agreement of any kind whatsoever;
- (oo) no current or former employee, officer or director of any Purchaser Entity is entitled to a severance, termination or other similar payment as a result of the Transaction;
- (pp) the Corporate Records of the Purchaser are complete and accurate in all material respects and all corporate proceedings and actions reflected therein have been conducted or taken in compliance with all Applicable Laws and with the constating documents of the Purchaser, and without limiting the generality of the foregoing: (i) the minute books contain complete and accurate minutes of all meetings of the directors (and any committee thereof) and shareholders of the Purchaser; (ii) such minute books contain all written resolutions passed by the directors (and any committee thereof) and shareholders of the Purchaser; (iii) the share certificate books, if any, the central securities register and register of transfers, and branch registers, of the Purchaser are complete and accurate, and all transfers of shares of the Purchaser reflected therein have been duly completed and approved; and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers of the Purchaser were duly elected or appointed as the case may be;
- (qq) all Books and Records of the Purchaser have been accurately kept and, where required, completed in accordance with generally accepted accounting principles, and there are no material inaccuracies or discrepancies of any kind contained or reflected therein; and
- (rr) other than in connection with the Financing (in respect of which the extent to which any person has been authorized by the Purchaser to act as a broker or finder or in any other capacity or that may or will impose liability on the Purchaser or BRB has been disclosed to BRB), the Purchaser has not authorized any person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement that in any manner may or will impose liability on BRB.

## **6.02 Representations and Warranties of BRB**

BRB represents and warrants, except as Disclosed on the BRB Disclosure Letter, to the Purchaser as follows and acknowledges that the Purchaser is relying on such representations and warranties in connection with the transactions contemplated herein:

- (a) BRB and each BRB Entity is validly existing and in good standing under the laws of its incorporation or formation and is duly registered, licensed or qualified to carry on business under the laws of the jurisdictions in which the nature of its business makes such registration, licensing or qualification necessary, except for the Federal Cannabis Laws and except in each case, where such failure to be licensed or otherwise qualify would not have a Material Adverse Effect;

- (b) BRB has the limited liability company power and capacity to enter into this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, to perform its obligations hereunder and thereunder to own and lease its property, and to carry on its businesses as now being conducted;
- (c) this Agreement has been, and each additional agreement or instrument to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed and delivered by BRB and each is, or will be at the Time of Closing, a legal, valid and binding obligation of BRB, enforceable against BRB in accordance with its terms;
- (d) the execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of the operating agreement of BRB or of any resolutions of the board of managers of BRB, (ii) conflict with, result in a breach of, constitute a default under or accelerate the performance required by or result in the suspension, cancellation, material alteration or creation of an encumbrance upon any material agreement, license or permit to which BRB or any BRB Controlled Entity is a party or by which BRB or any BRB Controlled Entity is bound or to which any material assets or property of BRB any BRB Controlled Entity is subject, or (iii) violate any provision of any applicable law or regulation or any judicial or administrative order, award, judgment or decree applicable to BRB or any BRB Controlled Entity;
- (e) the Disclosure Letter sets forth the authorized capital of each BRB Controlled Entity;
- (f) BRB owns the Contributed Interests and the Contributed Assets free and clear of any Liens, mortgages and encumbrances of any kind;
- (g) there are no outstanding securities convertible, exchangeable or exercisable into equity securities of any BRB Controlled Entity; and other than as set out herein, there are no other securities convertible, exercisable or exchangeable into securities of any BRB Controlled Entity issued or outstanding;
- (h) neither BRB nor any BRB Controlled Entity owns, and has not at any time owned, and does not have any agreements of any nature to acquire, directly or indirectly, any shares in the capital of or other equity or proprietary interests in any person, and neither BRB nor any BRB Controlled Entity has any agreements to acquire or lease any material assets or properties or any other business operations;
- (i) no person has any agreement, option, right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, options, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any unissued shares or other securities of any BRB Controlled Entity;
- (j) prior to the Closing, BRB will deliver (or cause to be delivered) the audited financial statements of BRB Mary's Holding Corp. for the fiscal years ended December 31, 2019 and 2018, together with such other financial statements of BRB or the BRB Entities as may be required under Applicable Laws or the policies of the CSE (collectively, the "**BRB Financial Statements**"), that will have been prepared in accordance with GAAP. The

BRB Financial Statements will be true, correct and complete and present fairly the consolidated assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of BRB Mary's Holding Corp. as at the date thereof and consolidated results of operations of BRB Mary's Holding Corp. for the period then ended. From January 1, 2020 and continuing until the Closing, there will be no material alteration in the manner of keeping the books, accounts or records of BRB Mary's Holding Corp. or in its accounting policies or practices;

- (k) the auditors who will audit the BRB Financial Statements will be independent public accountants;
- (l) except as disclosed on the BRB Financial Statements, there are no related-party transactions or off-balance sheet structures or transactions with respect to BRB or any BRB Controlled Entity;
- (m) except as disclosed in the BRB Financial Statements, neither BRB nor any BRB Controlled Entity will be a party to, or bound by, any agreement of guarantee, indemnification, assumption or endorsement or any like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person;
- (n) except for the Federal Cannabis Laws, BRB and each BRB Controlled Entity has conducted and is conducting its business in compliance in all material respects with all applicable laws, regulations, by-laws, ordinances, regulations, rules, judgments, decrees and orders of each jurisdiction in which its business is carried on;
- (o) there are no waivers, consents, notices or approvals required to be given or obtained by BRB or any BRB Controlled Entity in connection with the Transaction and the other transactions contemplated by this Agreement under any Contract to which BRB or any BRB Controlled Entity is a party;
- (p) no consent, approval, order or authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over BRB or any BRB Controlled Entity is required to be obtained in connection with the execution and delivery of this Agreement, except for those consents, orders, authorizations, declarations, registrations or approvals which are contemplated by this Agreement or those consents, orders, authorizations, declarations, registrations or approvals that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent or materially delay BRB from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on BRB or any BRB Controlled Entity;
- (q) there is no suit, action or proceeding or, to the knowledge of BRB, pending or threatened against BRB or any BRB Controlled Entity that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on BRB or any BRB Controlled Entity, and there is no judgment, decree, injunction, rule or order of any Governmental Authority outstanding against BRB or any BRB Controlled Entity causing, or which could reasonably be expected to cause, a Material Adverse Effect on BRB or any BRB Controlled Entity;

- (r) no bankruptcy, insolvency or receivership proceedings have been instituted by BRB or any BRB Controlled Entity or, to the knowledge of BRB, are pending against BRB or any BRB Controlled Entity;
- (s) BRB and each BRB Controlled Entity has good and marketable title to its properties and assets (other than property or an asset as to which BRB or such BRB Controlled Entity is a lessee, in which case it has a valid leasehold interest), except for such defects in title that individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on BRB or any BRB Controlled Entity;
- (t) no person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming an agreement, option, understanding or commitment for the purchase from BRB or any BRB Controlled Entity of any of their respective material assets or property, other than purchases of inventory in the ordinary course;
- (u) BRB and each BRB Controlled Entity has all permits, licences, certificates of authority, orders and approvals of, and has made all filings, applications and registrations with, applicable Governmental Authorities and other persons that are required in order to permit it to carry on its business as presently conducted, except for such permits, licences, certificates, orders, filings, applications and registrations, the failure to have or make, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on BRB or any BRB Controlled Entity, and all such permits, licenses, certificates of authority, orders and approvals are in good standing and fully complied with in all material respects;
- (v) BRB and the BRB Entities currently conduct cannabis-related business activities in states in the United States which have legalized cannabis for medical or adult use. BRB and the applicable BRB Entities conduct their respective operations in those states in compliance in all material respects with all applicable state laws, regulations, by-laws, ordinances, regulations, rules, judgments, decrees and orders of those states; provided, however, such related activities in those states may constitute a violation of the Federal Cannabis Laws;
- (w) BRB and each BRB Controlled Entity has filed in the prescribed manner and within the prescribed times all Tax Returns required to be filed by such entity in all applicable jurisdictions as of the date hereof and all Tax Returns that have been filed by, or with respect to, BRB and each BRB Controlled Entity are true, complete and correct, report all income and all other amounts and information required to be reported thereon and disclose any Tax required to be paid for the periods covered thereby. BRB and each BRB Controlled Entity has duly and timely paid any Tax due and payable by it, including all instalments on account of Tax that are due and payable before the date hereof, whether or not assessed by the appropriate Governmental Authority, and has duly and timely paid all assessments and reassessments it has received in respect of any Tax;
- (x) there are no audits, reassessments or other proceedings in progress or, to the knowledge of BRB, threatened against BRB or any BRB Controlled Entity, in respect of any Tax and, in particular, there are no currently outstanding reassessments or written enquiries which have been issued or raised by any Governmental Authority relating to

any Tax, and BRB is not aware of any contingent liability of any BRB Controlled Entity for Tax or any grounds that could prompt an assessment or reassessment for any Tax, and neither BRB nor any BRB Controlled Entity has received any indication from any Governmental Authority that any assessment or reassessment is proposed;

- (y) there is no waiver or extension of the application of any statute of limitations of any jurisdiction in effect regarding the assessment or collection of any Tax with respect to BRB or any BRB Controlled Entity;
- (z) BRB and each BRB Controlled Entity has deducted, withheld or collected and remitted in a timely manner to the relevant Governmental Authority each Tax or other amount required to be deducted, withheld or collected and remitted by BRB and each BRB Controlled Entity and has complied in all respects with all information reporting and backup withholding provisions of applicable law;
- (aa) no Liens for Taxes exist with respect to any of the assets of BRB or any BRB Controlled Entity, except for statutory Liens for Taxes not yet due and payable;
- (bb) neither BRB nor any BRB Controlled Entity has participated in any reportable transaction, as defined in Treasury Regulation Section 1.6011-4(b)(1), and each of the foregoing has disclosed on its U.S. federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of U.S. federal income Tax within the meaning of Section 6662 of the Code;
- (cc) neither BRB nor any BRB Controlled Entity has been part of a “plan (or series of related transactions)” within the meaning of Section 355(e) of the Code of which the transactions contemplated in this Agreement are also a part, a “distributing corporation” or a “controlled corporation” (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock intending to qualify for Tax-free treatment under Section 355 of the Code;
- (dd) neither BRB nor any BRB Controlled Entity has been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental Authority notified BRB or such BRB Controlled Entity of such Governmental Authority’s intention to commence or to conduct any investigation that could be reasonably likely to have a Material Adverse Effect on BRB;
- (ee) no current or former employee, officer, manager or director of BRB or any BRB Controlled Entity is entitled to a severance, termination or other similar payment as a result of the Transaction;
- (ff) neither BRB nor any BRB Controlled Entity is a ‘reporting issuer’ or equivalent in any jurisdiction nor are any shares of BRB or any BRB Controlled Entity listed or quoted on any stock exchange or electronic quotation system; and
- (gg) neither BRB nor any BRB Entity has authorized any person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement, that in any manner may or will impose liability on the Purchaser.

**ARTICLE VII  
COVENANTS**

**7.01 Mutual Covenants**

Each of the parties hereby covenants and agrees as follows:

- (a) to use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder which are reasonably under its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under applicable laws and regulations, except the Federal Cannabis Laws, to complete the Transaction in accordance with the terms of this Agreement. Without limiting the generality of the foregoing, in the event that any person, including without limitation, any securities regulatory authority, seeks to prevent, delay or hinder implementation of all or any portion of the Transaction or seeks to invalidate all or any portion of this Agreement, each of the parties shall use commercially reasonable efforts to resist such proceedings and to lift or rescind any injunction or restraining order or other order or action seeking to stop or otherwise adversely affecting the ability of the parties to complete the Transaction;
- (b) to use commercially reasonable efforts to obtain, before the Closing Date, all authorizations, waivers, exemptions, consents, orders and other approvals from domestic or foreign courts, Governmental Authorities, shareholders and third parties as are necessary for the consummation of the transactions contemplated herein;
- (c) to use commercially reasonable efforts to defend or cause to be defended any lawsuits or other legal proceedings brought against it challenging this Agreement or the completion of the Transaction; no party will settle or compromise any claim brought against it in connection with the transactions contemplated by this Agreement prior to the Closing Date without the prior written consent of the other party, such consent not to be unreasonably withheld, delayed or conditioned;
- (d) to promptly notify the other party if any representation or warranty made by it in this Agreement ceases to be true and correct in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier) and of any failure to comply in any material respect with any of its obligations under this Agreement;
- (e) to co-operate with the other party in good faith in order to ensure the timely completion of the Transaction; and
- (f) to use commercially reasonable efforts to co-operate with the other party in connection with the performance by the other of its obligations under this Agreement.

**7.02 Covenants of the Purchaser**

The Purchaser covenants and agrees with BRB that, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VIII, subject to Section 10.02, it will:

- (a) in a timely and expeditious manner:
  - (i) prepare, in consultation with BRB, the Listing Statement and Information Circular in prescribed form and in form and content acceptable to BRB, acting reasonably, and file the Listing Statement with the CSE in accordance with all Applicable Laws and the policies of the CSE;
  - (ii) provide the Recommendation and obtain the Purchaser Shareholder Approval in a timely manner;
  - (iii) cause its officers and directors to execute customary voting support agreements in a form acceptable to BRB, acting reasonably, agreeing that such directors and officers will support the proposed Transaction and vote in favour of the proposed Transaction, unless and until this Agreement has been terminated in accordance with the provisions herein;
  - (iv) file and/or deliver any document or documents as may be required in order for the Transaction as contemplated herein to be effective; and
  - (v) file and/or deliver any document or documents required pursuant to applicable laws and/or the rules and policies of the CSE in connection with the Transaction as contemplated herein after the Closing;
- (b) ensure that the Listing Statement and Information Circular does not contain a misrepresentation as it relates to the Purchaser, including in respect of its assets, liabilities, operations, business and properties;
- (c) to make available and afford BRB and its authorized representatives and, if requested by BRB, provide a copy of all title documents, contracts, financial statements, minute books, share certificate books, if any, share registers, plans, reports, licences, orders, permits, books of account, accounting records, Tax Returns, constating documents and all other documents, information and data relating to the Purchaser. The Purchaser will afford BRB and its authorized representatives every reasonable opportunity to have free and unrestricted access to the property, assets, undertaking, records and documents of the Purchaser Entities. At the request of BRB, the Purchaser will execute or cause to be executed such consents, authorizations and directions as may be necessary to permit any inspection of any Purchaser Entity's business and any of its property or to enable BRB or its authorized representatives to obtain full access to all files and records relating to any of the assets of any Purchaser Entity maintained by governmental or other public authorities. The obligations in this Section 7.02(c) are subject to any access or disclosure contemplated herein not being otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained, provided that in such circumstance the Purchaser or the applicable Purchaser Entity will be required to



disclose that information has been withheld on this basis. The exercise of any rights of inspection by or on behalf of BRB under this Section 7.02(c) will not mitigate or otherwise affect the representations and warranties of the Purchaser hereunder;

- (d) make application to the CSE and diligently pursue the approval of the Transaction (including the obligation of the Purchaser to issue the Payment Shares), the Financing, and the Listing of the Payment Shares;
- (e) preserve and protect the Listing;
- (f) except for non-substantive communications, and provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained (provided that in such circumstance the Purchaser or the applicable Purchaser Entity will be required to disclose that information has been withheld on this basis), furnish promptly to BRB a copy of each notice, report, schedule or other document or communication delivered, filed or received by each Purchaser Entity in connection with or related to the Transaction, any filings under Applicable Laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein;
- (g) use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws, except the Federal Cannabis Laws, to complete the Transaction as contemplated herein, including using commercially reasonable efforts to:
  - (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases, licenses, agreements and other Contracts, as applicable;
  - (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Transaction and participate and appear in any proceedings of the Purchaser or any applicable Purchaser Entity or BRB before any Governmental Authority to the extent permitted by such authorities; and
  - (iii) fulfill all conditions and satisfy all provisions of this Agreement and the Transaction;
- (h) subject to Applicable Laws, except the Federal Cannabis Laws, not take any action, refrain from taking any action, or permit any action to be taken or not taken inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction;
- (i) conduct and operate its business and affairs only in the ordinary course consistent with past practice and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other persons and, for greater certainty, other than in respect of the Financing, it will not enter into any

material transaction out of the ordinary course of business consistent with past practice without the prior consent of BRB, and the Purchaser will keep BRB fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business, provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver could not be obtained;

- (j) except as may be necessary or desirable in order to effect the Transaction as contemplated hereunder, not alter or amend its notice of articles or bylaws as the same exist at the date of this Agreement;
- (k) not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization or arrangement with, or transfer its undertaking or assets as an entirety or substantially as an entirety to, any other person or perform any act which would render inaccurate in any material way any of its representations and warranties set forth herein as if such representations and warranties were made at a date subsequent to such act and all references to the date of this Agreement were deemed to be such later date, except as contemplated in this Agreement, and without limiting the generality of the foregoing, it will not, without BRB's prior written consent (which consent will not be unreasonably withheld, delayed or conditioned):
  - (i) make any distribution by way of dividend, distribution of property or assets, return of capital or otherwise to or for the benefit of its shareholders;
  - (ii) increase or decrease its paid-up capital or purchase or redeem any shares except: (A) pursuant to the Financing; or (B) upon the exercise of share purchase warrants or options or conversion of convertible securities of the Purchaser outstanding as of the date hereof; or
  - (iii) issue or enter into any commitment to issue any of its shares or securities convertible into, or rights, warrants or options to acquire, any such shares, except: (A) pursuant to the Financing; (B) upon the exercise of share purchase warrants or options or conversion of convertible securities of the Purchaser outstanding as of the date hereof; or (C) the issuance of the Additional SVS.
- (l) take all necessary corporate action and proceedings to approve and authorize the issuance of the Payment Shares to BRB;
- (m) take all necessary corporate action and proceedings to approve and authorize the Financing and the issuance of the securities under the Financing;
- (n) not to borrow money or incur any indebtedness for money borrowed in excess of \$500,000 in the aggregate; provided that, subject to obtaining BRB's prior written consent to the terms of such borrowing, Purchaser may borrow up to [REDACTED] [*commercially sensitive information*] in the aggregate from a third party financing source which Purchaser is currently engaged in discussions with;

- (o) not to make loans or advances to any director or officer of the Purchaser, excluding routine advances for expenses incurred in the ordinary course, or as is agreed to by BRB in writing; and
- (p) prepare and file with all applicable securities commissions such notifications and fees necessary to permit, or that are required in connection with, the issuance of the Payment Shares to BRB on a basis exempt from the prospectus and registration requirements of the applicable Securities Law.

### **7.03 Covenants of BRB**

BRB covenants and agrees with the Purchaser that, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VIII, subject to Section 10.01, it will:

- (a) in a timely and expeditious manner, assist the Purchaser in the preparation of the Listing Statement and Information Circular with respect to the Transaction, including providing such information in relation to the business, affairs, assets and properties of BRB and the BRB Entities as may be necessary to comply with applicable Securities Laws and the policies of the CSE;
- (b) ensure that the Listing Statement and Information Circular does not contain a misrepresentation as it relates to BRB and the BRB Entities, including in respect of the Contributed Interests, the Contributed Assets, the Contributed Liabilities, and the assets, liabilities, operations, business and properties of the BRB Entities;
- (c) to make available and afford the Purchaser and its authorized representatives and, if requested by the Purchaser, provide a copy of all title documents, contracts, financial statements, minute books, share certificate books, if any, share registers, plans, reports, licences, orders, permits, books of account, accounting records, formation documents and all other documents, information and data relating to the BRB Entities. BRB will afford the Purchaser and its authorized representatives every reasonable opportunity to have free and unrestricted access to the property, assets, undertaking, records and documents of the BRB Entities. At the request of the Purchaser, BRB will execute or cause to be executed such consents, authorizations and directions as may be necessary to permit any inspection of any BRB Entity's business and any of its property or to enable the Purchaser or its authorized representatives to obtain full access to all files and records relating to any of the assets of any BRB Entity maintained by governmental or other public authorities. The obligations in this Section 7.03(c) are subject to any access or disclosure contemplated herein not being otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained, provided that in such circumstance BRB or the applicable BRB Entity will be required to disclose that information has been withheld on this basis. The exercise of any rights of inspection by or on behalf of the Purchaser under this Section 7.03(c) will not mitigate or otherwise affect the representations and warranties of BRB hereunder;
- (d) except for non-substantive communications, and provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained (provided that in such circumstance BRB or the

applicable BRB Entity will be required to disclose that information has been withheld on this basis), furnish promptly to the Purchaser a copy of each notice, report, schedule or other document or communication delivered, filed or received by each BRB Entity in connection with or related to the Transaction, any filings under applicable laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein (other than in respect of an Alternative Transaction, in which case a summary of the material terms may be provided);

- (e) conduct and operate its business and affairs only in the ordinary course consistent with past practice and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other persons; provided that the Purchaser acknowledges that prior to the Closing Date, BRB may engage in a debt financing not to exceed \$25.0 million in net proceeds to BRB, provided that such debt financing shall not create any dilution to the Purchaser's capital structure and shall not increase result in any increase in the number of Payment Shares issuable to BRB under the Transaction;
- (f) use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws, except the Federal Cannabis Laws, to complete the Transaction, including using commercially reasonable efforts to:
  - (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases, licenses, agreements and other Contracts;
  - (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Transaction and participate and appear in any proceedings of BRB or any applicable BRB Entity or the Purchaser before any Governmental Authority to the extent permitted by such authorities; and
  - (iii) fulfill all conditions and satisfy all provisions of this Agreement and the Transaction;
- (g) subject to Applicable Laws, except the Federal Cannabis Laws, or as authorized by this Agreement, not take any action, refrain from taking any action, or permit any action to be taken or not taken inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction; and
- (h) take all necessary limited liability company action and proceedings to approve and authorize the valid and effective transfer of the Contributed Interests, the Contributed Assets and the Contributed Liabilities to the applicable Purchaser Party.

**7.04 Debt Contribution and Exchange.**

Effective immediately prior to the Closing, each of BRB and the Purchaser covenants and agrees to cause the following transactions to occur in the following order:

- (a) first, in full satisfaction of all amounts owed by the Purchaser pursuant to the Secured BRB Bridge Note, the Purchaser shall issue to BRB such number of fully paid and nonassessable shares of the Purchaser's subordinate voting shares at the conversion price as set forth in the Secured BRB Bridge Note, and
- (b) second, in full satisfaction of all amounts owed by Dixie USA pursuant to the Therabis 2019 Purchase Agreement, the Purchaser shall issue (i) to Rose Capital Fund I, such number of fully paid and nonassessable subordinate voting shares as is equal to 50% multiplied by the Therabis Debt Contribution Share Amount, and (ii) to RSG6, such number of fully paid and nonassessable subordinate voting shares as is equal to 50% multiplied by the Therabis Debt Contribution Share Amount.

**ARTICLE VIII  
TERMINATION**

**8.01 Termination**

This Agreement may be terminated at any time prior to the Closing:

- (a) by mutual written consent of BRB and the Purchaser;
- (b) by either BRB or the Purchaser if the Closing shall not have been consummated on or prior to the Termination Date, without liability to the terminating party on account of such termination; provided that the right to terminate this Agreement pursuant to this Section 8.01(b) shall not be available to a party whose breach or violation of any representation, warranty, covenant, obligation or agreement under this Agreement has been the cause of or has resulted in the failure of the Closing to occur on or before such date;
- (c) by the Purchaser, if there has been a material breach by BRB of any representation, warranty, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby which breach would result in the failure to satisfy one or more of the conditions set forth in Section 4.02 which BRB fails to cure within ten (10) Business Days after written notice thereof is given by the Purchaser;
- (d) by BRB if there has been a material breach by the Purchaser of any representation, warranty, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby which breach would result in the failure to satisfy one or more of the conditions set forth in Section 4.03 which the Purchaser fails to cure within ten (10) Business Days after written notice thereof is given by BRB;
- (e) by the Purchaser, if BRB completes an Alternative Transaction or enters into a definitive and binding agreement to effect an Alternative Transaction; and

- (f) by the Purchaser or BRB, if any permanent injunction or other order of a court or other competent authority preventing the Closing shall have become final and non-appealable; provided, however, that no party shall be entitled to terminate this Agreement if such party's material breach of this Agreement or any of the documents contemplated hereby has resulted in such permanent injunction or order.

## **8.02 Effect of Termination/Termination Fees**

Upon termination of this Agreement in accordance with the terms hereof, the parties hereto shall have no further obligations under this Agreement, other than the obligations contained in Sections 11.02 and 11.07, and each party shall pay their own respective fees, costs and expenses incurred in connection with the Transaction, except as follows:

- (a) if the Closing does not take place for any reason other than a breach of this Agreement by BRB, the Purchaser shall (i) reimburse BRB for all reasonable fees, disbursements and taxes incurred by BRB in connection with the Transaction, (ii) pay a termination fee in the amount of \$6,500,000 to BRB, and (iii) then the Secured BRB Bridge Note shall convert (or otherwise be repaid at the election of BRB pursuant to Sections 3(b)(ii) or 3(c)(ii) of the Secured BRB Bridge Note) in accordance with the terms and conditions of the Secured BRB Bridge Note pursuant to which such funds were advanced in full and final settlement of the Purchaser's obligations under the Secured BRB Bridge Note. The fees costs and expenses and break fee payable under clauses (i) and (ii) of the preceding sentence shall be paid by the Purchaser to BRB on the day which is three (3) Business Days following receipt by the Purchaser of itemized invoices for such fees as expenses; and
- (b) if the Closing does not take place as a result of a breach of this Agreement by BRB, BRB shall not be entitled to any expense reimbursement or termination fee as provided in Section 8.02(a) and the Secured BRB Bridge Note shall convert in accordance with the terms and conditions of the Secured BRB Bridge Note pursuant to which such funds were advanced in full and final settlement of the Purchaser's obligations under the Secured BRB Bridge Note.

## **ARTICLE IX SURVIVAL PERIODS**

Except in the case of Fraud, each of the representations and warranties and the covenants and agreements (to the extent such covenant or agreement contemplates or requires performance by such party at or prior to the Closing) of the parties hereto set forth in this Agreement will terminate effective immediately as of the Closing. Each covenant and agreement requiring performance at or after the Closing will, in each case, expressly survive the Closing in accordance with its terms, and if no term is specified, then five (5) years following the Time of Closing, and nothing in this Article IX will be deemed to limit any rights or remedies of any party for breach of any such surviving covenant or agreement (with it being understood that nothing herein will limit or affect the Purchaser's liability for the failure to pay consideration or deliver shares as provided for in connection with the Integrated Transactions as and when required by this Agreement).

**ARTICLE X  
EXCLUSIVITY AND ACCESS**

**10.01 Obligations of BRB**

Prior to the Closing or the earlier termination of this Agreement, BRB shall not, directly or indirectly, negotiate or deal with any party other than the Purchaser relating to an Alternative Transaction involving BRB or any the Contributed Interests, the Contributed Assets, the Contributed Liabilities or the acquisition by BRB of all or any part of the outstanding shares or assets or property of any other person, or solicit enquiries or provide information with respect to same, provided that nothing herein shall prevent the board of managers of BRB from responding to an unsolicited offer in accordance with their fiduciary duties as managers; provided that BRB shall notify the Purchaser as soon as practicable (and in any event within one business day following receipt) of such offer or inquiry and provide the Purchaser with such details as it may request.

**10.02 Obligations of the Purchaser**

Prior to the Closing or the earlier termination of this Agreement, neither the Purchaser nor its officers or directors shall, directly or indirectly, negotiate or deal with any party other than with BRB relating to the sale or disposition of any part of the Purchaser Shares or assets, in whole or in part, of the Purchaser, or solicit enquiries or provide information with respect to same. Notwithstanding the foregoing, nothing contained in this Agreement shall be interpreted to extend to the acts or omissions of any person acting in his or her capacity as a director or officer of the Purchaser or otherwise to fetter the proper exercise of discretion of such person. In addition, nothing contained in this Agreement will prohibit, prevent or restrict the Purchaser from furnishing or providing information in respect of or otherwise responding to or engaging in discussions or negotiations in respect of, an unsolicited Alternative Transaction not resulting from a breach of this Section 10.02, or the directors of the Purchaser, in the fulfilment of their fiduciary duties, from supporting or facilitating any such unsolicited Alternative Transaction, or the Purchaser from completing any such Alternative Transaction, or entering into a definitive and binding agreement to effect such an Alternative Transaction, if directors of the Purchaser determine in good faith, after consultation, to the extent considered appropriate by the directors, with its financial and legal advisors, that such unsolicited Alternative Transaction constitutes a transaction that would, if consummated in accordance with its terms, be more favourable to the Purchaser or the Purchaser Shareholders than the Transaction provided, however, that prior to taking such action, the directors of the Purchaser shall have concluded, after considering applicable laws, and receiving advice of outside counsel, that such action would be a proper exercise of its fiduciary duties, or is otherwise required, under applicable laws, that it is appropriate that the directors take such action in order to properly discharge their fiduciary duties or that such action is otherwise required under applicable laws. In such event, the Purchaser shall notify BRB as soon as practicable (and in any event within one business day following receipt) of such offer or inquiry and provide BRB with such details as it may request.

**ARTICLE XI  
GENERAL**

**11.01 Notices**

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement (each, a “**notice**”) shall be in writing shall be in writing addressed as follows:

(a) if to BRB:

BR Brands, LLC  
41 West Putnam Avenue  
Greenwich, CT 06830 U.S.A

Attention: [REDACTED]  
E-mail: [REDACTED] *[Personal information]*

with a courtesy copy (which copy shall not constitute notice to BRB) to:

Honigman LLP  
2290 First National Building  
660 Woodward Avenue  
Detroit, MI 48226-3506

Attention: [REDACTED]  
E-mail: [REDACTED] *[Personal information]*

and

McMillan LLP  
1000 Sherbrook O./W., #2700  
Montréal, Québec H3A 3G4

Attention: [REDACTED]  
E-mail: [REDACTED] *[Personal information]*

(b) if to the Purchaser:

Dixie Brands Inc.  
4990 Oakland Street  
Denver, CO 80239, U.S.A.

Attention: [REDACTED]  
E-mail: [REDACTED] *[Personal information]*

with a courtesy copy (which copy shall not constitute notice to the Purchaser) to:

Owens Wright LLP  
20 Holly Street, Suite 300  
Toronto, Ontario M4S 3B1

Attention: [REDACTED]  
E-mail: [REDACTED] *[Personal information]*

or such other address as may be designated by notice given by either BRB or the Purchaser to the other in accordance with this Section 11.01. Each notice shall be personally delivered to the addressee or sent by e-mail to the addressee and a notice which is personally delivered or sent by email shall, if delivered or sent prior to 4:00 p.m. (local time of the recipient) on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the next Business Day.



**11.02 Confidentiality**

Prior to Closing and, if the Transaction is not completed, at all times thereafter, each party will keep confidential and refrain from using all information obtained by it in connection with the transactions contemplated by this Agreement relating to any the other party and its affiliates, provided however that such obligation shall not apply to any information which was in the public domain at the time of its disclosure to a party or which subsequently comes into the public domain other than as a result of a breach of such party's obligations under this Section 11.02. For greater certainty, nothing contained herein shall prevent any disclosure of information which may be required pursuant to Applicable Laws or the rules or policies of the CSE or pursuant to an order in judicial or administrative proceedings or any other order made by any Governmental Authority.

**11.03 Assignment**

No party may assign this Agreement or its rights or obligations hereunder without the prior written consent of the other party.

**11.04 Binding Effect**

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

**11.05 Waiver**

No waiver of any provision of this Agreement will constitute a waiver of any other provision, nor will any waiver constitute a continuing waiver unless otherwise expressly provided.

**11.06 Governing Law; Venue and Waiver of Jury Trial**

This Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and is to be treated in all respects as an Ontario contract. Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Ontario courts located in Toronto, Ontario and any appellate court from any thereof (the "**Ontario Courts**"), in any action or proceeding arising out of or relating to this Agreement or the Transaction or for recognition or enforcement of any judgment relating thereto, and each of the parties hereby irrevocably and unconditionally (a) agrees not to commence any such action or proceeding except in the Ontario Courts, (b) agrees that any claim in respect of any such action or proceeding may be heard and determined in the Ontario Courts and any appellate court from any thereof, (c) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any such action or proceeding in the Ontario Courts, and (d) waives, to the fullest extent it may legally and effectively do so, (i) the defense of an inconvenient forum to the maintenance of such action or proceeding in the Ontario Courts, and (ii) a trial by jury.

**11.07 Expenses**

Except as expressly set forth in Section 8.02, each party shall be responsible for and bear all of its own costs and expenses (including any legal, accounting, banking, broker's, finder's, consultant's or

other fees or expenses) incurred in connection with the Transaction, including fees and expenses of its representatives incurred at any time in connection with pursuing or consummating the Transaction.

**11.08 No Personal Liability**

- (a) No director, officer, employee, advisor, representative or agent of the Purchaser shall have any personal liability whatsoever to BRB under this Agreement or any other document delivered in connection with the Transaction on behalf of the Purchaser.
- (b) No manager, officer, employee, advisor, representative or agent of BRB (in such capacity) shall have any personal liability whatsoever to the Purchaser under this Agreement or any other document delivered in connection with the Transaction on behalf of BRB.

**11.09 Time of Essence**

Time is of the essence of this Agreement and of each of its provisions.

**11.10 Public Announcements**

BRB and the Purchaser shall co-operate with the other in releasing information concerning this Agreement and the transactions contemplated herein, and shall furnish to and discuss with the other drafts of all press and other releases prior to publication. No press release or other public announcement concerning the proposed transactions contemplated by this Agreement will be made by any party without the prior consent of the other party, such consent not to be unreasonably withheld, delayed or conditioned; provided, however, that the foregoing shall be subject to each party's overriding obligation to make any disclosure or filing required under Applicable Law, and the party making the disclosure shall use commercially reasonable efforts to give prior oral or written notice to the other party and reasonable opportunity for the other party to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing), and if such prior notice is not possible, to give notice immediately following the making of any such disclosure or filing.

**11.11 Further Assurances**

Each party will, upon request but without further consideration, from time to time promptly execute and deliver all further documents and take all further action necessary or appropriate to give effect to and perform the provisions and intent of this Agreement and to complete the transactions contemplated herein.

**11.12 Entire Agreement**

This Agreement, together with the documents required to be delivered pursuant to this Agreement, constitute the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions, whether oral or written, between the parties hereto with respect to the subject matter hereof including the letter agreement dated March 6, 2020 between the Purchaser and BRB (which letter agreement the Purchaser and BRB hereby agree is terminated). There are no representations, warranties, covenants or conditions with respect to the subject matter hereof except as contained in this Agreement and any document delivered pursuant to this Agreement.

### **11.13 Amendments**

No amendment of any provision of this Agreement will be binding on any party unless consented to in writing by such party.

### **11.14 Severability**

In the event that any provision or part of this Agreement is determined by any court or other judicial or administrative body to be illegal, null, void, invalid or unenforceable, that provision shall be severed to the extent that it is so declared and the other provisions of this Agreement shall continue in full force and effect.

### **11.15 Remedies Cumulative**

The rights and remedies of the parties under this Agreement are cumulative and in addition to and not in substitution for any rights or remedies provided by law. Any single or partial exercise by any party hereto of any right or remedy for default or breach of any term, covenant or condition of this Agreement does not waive, alter, affect or prejudice any other right or remedy to which such party may be lawfully entitled for the same default or breach.

### **11.16 Counterparts**

This Agreement may be executed and delivered in one or more counterparts and may be executed and delivered by facsimile or any other electronically communicated method, each of which when executed and delivered shall be deemed an original and all of which counterparts together shall be deemed to constitute one and the same instrument.

### **11.17 Tax Matters.**

- (a) Generally. The parties hereby agree that, for all U.S. federal, state and local income Tax purposes, the Transaction shall be treated as a capital contribution by BRB of the Contributed Interests and the Contributed Assets to the Purchaser in return for stock of the Purchaser in a transaction qualifying for non-recognition treatment pursuant to Section 351(a) of the Code and Treasury Regulations Section 1.351-1(a). No manager, officer, employee or agent of BRB (in such capacity) shall have any personal liability whatsoever to the Purchaser under this Agreement or any other document delivered in connection with the Transaction on behalf of BRB.
- (b) Integrated Transactions. In order for the Transaction to qualify for non-recognition treatment under Section 351(a) of the Code and Treasury Regulations Section 1.351-1(a), the parties hereby agree that the Transaction is a component part of a pre-arranged and integrated plan to transfer assets, liabilities, money and other property to the Purchaser in connection with the Debt Contribution and Exchange (the Transaction, along with the Debt Contribution and Exchange, collectively, the ***“Integrated Transactions”***).
- (c) Control. The parties hereby agree (and have a mutual understanding) that the Integrated Transactions shall cause all of the transferors in the Integrated Transactions to qualify as a group that, collectively, own an amount of stock of the Purchaser

constituting “control” of the Purchaser as defined in Section 368(c) of the Code immediately following the consummation of all of the Integrated Transactions and, as such, each of the Integrated Transactions (including the Transaction) shall qualify for non-recognition treatment in accordance with Section 351 of the Code and Treasury Regulations Section 1.351-1(a).

- (d) No Rights Or Obligations With Respect To Other Integrated Transactions. Notwithstanding that the parties hereto agree that the Integrated Transactions shall all occur as part of a pre-arranged plan for the Purchaser to acquire various assets, liabilities and capital and that all of the parties to each of the Integrated Transactions intend that the Integrated Transactions qualify for non-recognition treatment in accordance with Section 351 of the Code and Treasury Regulations Section 1.351-1(a): (i) BRB, on behalf of all of its members, hereby acknowledges and agrees that none of its members shall have any rights with respect to the consummation of any of the other Integrated Transactions; and (ii) the Purchaser hereby acknowledges and agrees that none of the members of BRB shall have any obligations or duties to any other transferors of any of the other Integrated Transactions. The members of BRB shall not be liable to any of the transferors of any of the other Integrated Transactions for any tax liabilities or any other liabilities that such person or persons may incur or suffer in reliance of the provisions of this Section 11.17. In the event that one or more transferors in one or more of the other Integrated Transactions makes a claim against one or more of the members of BRB under this Section 11.17 or otherwise, then the Purchaser shall defend, hold harmless and fully indemnify each of the members of BRB against such claims.

***[Signature pages follow.]***

**IN WITNESS WHEREOF** this Agreement has been executed by the parties hereto on the date first above written.

**BR BRANDS, LLC**

By: "Andrew Schweibold" (signed)  
Name: Andrew Schweibold  
Title: Chairman

**DIXIE BRANDS INC.**

By: "Charles Smith" (signed)  
Name: Charles Smith  
Title: Chief Executive Officer

**SCHEDULE A-1**

**Contributed Interests and BRB Entities**

<b><u>BRB Entity</u></b>	<b><u>Number/Type of Security Contributed</u></b>
BRB Mary's Holding Corp.	4,500 common shares, or 100% of the company
BZL Worldwide, Inc.	Secured convertible debt in an aggregate principal amount equal to \$5,700,000 pursuant to the Senior Secured Convertible Note dated as of May 14, 2019
Edgewater Foods, Inc.	2,128.307487 common shares, or 87.23% of the company
Lost County, Inc.	15,034 shares of common stock and 64,511 shares of Series A Preferred Stock (which shares comprise 69.3% of the issued and outstanding shares of the company, exclusive of unexercised warrants and options)
Eaze Technologies, Inc.	925,480 shares of Series C Preferred Stock
For the purposes of this Agreement, " <b>BRB Controlled Entities</b> " means each of (i) BRB Mary's Holding Corp., (ii) each subsidiary of BRB Mary's Holding Corp, (iii) Edgewater Foods, Inc. and (iv) Lost County, Inc.	

SCHEDULE A-2

Contributed Assets

[commercially sensitive information]

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED] [REDACTED]	[REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED] [REDACTED]
[REDACTED] [REDACTED]	[REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]	[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

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[REDACTED]

**SCHEDULE A-3**

**Contributed Liabilities**

*[commercially sensitive information]*

[REDACTED]

[REDACTED]

[REDACTED]

## **SCHEDULE B**

### **Voting and Support Agreement Persons**

1. Charles (Chuck) Smith
2. C.J. Chapman
3. Trip McDermott
4. Brian Graham
5. Melvin Yellin
6. Dan Phaure