

UNIT CONTRIBUTION AND SALE AGREEMENT

AMONG

ROSS A. KLINE, as SELLERS' REPRESENTATIVE

- AND -

THE CANNAVATIVE GROUP, LLC

- AND -

VENCANNA ACQUISITION INC.

- AND -

TOP STRIKE RESOURCES CORP. d.b.a. VENCANNA VENTURES

April 25, 2022

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UNIT CONTRIBUTION AND SALE AGREEMENT

THIS AGREEMENT is made as of April 25, 2022

AMONG

ROSS A. KLINE, an individual resident in the State of Nevada (the "**Sellers' Representative**"),

- and -

THE CANNAVATIVE GROUP, LLC, a limited liability company existing under the laws of the State of Nevada ("**Cannavative**"),

- and -

VENCANNA ACQUISITION INC., a corporation existing under the laws of the State of Nevada ("**AcquisitionCo**"),

- and -

TOP STRIKE RESOURCES CORP. d.b.a. VENCANNA VENTURES, a corporation existing under the laws of the Province of Alberta ("**Vencanna**").

WHEREAS the Sellers (as hereinafter defined) are the beneficial and registered owners of the Units (as hereinafter defined);

AND WHEREAS Vencanna owns all of the issued and outstanding equity interests of AcquisitionCo;

AND WHEREAS immediately prior to Closing, Cannavative and certain Sellers intend to effectuate the Pre-Closing Restructuring (as hereinafter defined) as further set forth in Section 2.01, below;

AND WHEREAS immediately following the consummation of the Pre-Closing Restructuring, the Sellers desire to contribute and AcquisitionCo desires to receive and exchange the Units upon and subject to the terms and conditions set forth in this Agreement;

AND WHEREAS in connection with the contribution of the Units, Vencanna shall contribute to the AcquisitionCo the exchange rights embedded in the Consideration Securities;

NOW THEREFORE THIS AGREEMENT WITNESSES, that in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by the Parties hereto, the Parties covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.01 Definitions

In this Agreement, unless something in the subject matter or context is inconsistent therewith:

- (1) **"Accounts Receivable"** means, at any point of determination, all trade and other accounts receivable, notes receivable and other debts due or accruing to the Cannavative Entities relating to goods and/or services provided prior to such time;
- (2) **"Acquisition Proposal"** means, other than the transactions contemplated by this Agreement, any written or oral offer, proposal or inquiry from any Person or group of Persons "acting jointly or in concert" (within the meaning of National Instrument 62-104 – *Takeover Bids and Issuer Bids*) (other than Vencanna and its affiliates) which contemplates or relates to (in either case in one transaction or a series of transactions):
 - (a) any direct or indirect acquisition or purchase (or any lease, long-term supply agreement or other arrangement having the same economic effect as a purchase) of:
 - (i) any assets of the Cannavative Entities (other than production in the ordinary course of business); or
 - (ii) any voting or equity securities of the Cannavative Entities (or rights or interests therein or thereto) or any voting or equity securities of the Cannavative Entities (or rights or interests therein or thereto);
 - (b) any direct or indirect take-over bid, issuer bid, exchange offer, treasury issuance or similar transaction that, if consummated, would result in a Person or joint actors beneficially owning any class of voting or equity securities or any other equity interests (including securities convertible into or exercisable or exchangeable for equity interests) of the Cannavative Entities;
 - (c) a plan of arrangement, merger, amalgamation, consolidation, joint venture, partnership, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving the Cannavative Entities;
 - (d) any other transaction or series of transactions, the consummation of which would or could reasonably be expected to impede, interfere with, prevent, impair or materially delay the transactions contemplated by this Agreement or which would or could reasonably be expected to materially reduce the benefits to Vencanna under this Agreement; or
 - (e) any announcement or other disclosure of an intention to do any of the foregoing.

Acquisition Proposal shall specifically not include any transaction or proposal effectuated or contemplated in connection with the Pre-Closing Restructuring.

- (3) **"Affiliate"** means any Person which, directly or indirectly controls, is controlled by, or is under common control with another Person, and for the purpose of this definition, "control" (including with correlative meanings, the terms "controlled by" or "under common control") means the power to direct or cause the direction of the management and policies of any Person, whether through the ownership of voting securities, by Contract or otherwise;
- (4) **"Agreement"** means this agreement, including its recitals and schedules, as amended from time to time;

- (5) **"Applicable Law"** means:
 - (a) any applicable domestic or foreign law including any statute, subordinate legislation or treaty, and
 - (b) any applicable guideline, directive, rule, standard, requirement, order, judgment, injunction, award or decree of a Governmental Authority having the force of law;
- (6) **"Assignment Separate from Certificate"** has the meaning ascribed thereto in Section 2.02(1);
- (7) **"Authorization"** means, with respect to any Person, any order, approval, consent, waiver, clearance or similar authorization of any Governmental Authority having jurisdiction over the Person;
- (8) **"Business"** means the business carried on by the Cannavative Entities as of the date hereof, including, without limitation, the cultivation, manufacture, research, development, marketing, promotion, sales and distribution of products containing cannabis, products that enable persons to consume cannabis in different forms, and other related products, for both medicinal and recreational uses, in each case within the state of Nevada;
- (9) **"Business Day"** means a day other than a Saturday, Sunday or statutory holiday in Reno, Nevada and Calgary, Alberta and on which the principal commercial banks in Reno, Nevada and Calgary, Alberta are generally open for the transaction of commercial banking business;
- (10) **"Cannavative Board"** means the board of managers of Cannavative as constituted from time to time;
- (11) **"Cannavative Change of Control Payments"** means obligations of Cannavative, pursuant to all employment or consulting services agreements, director compensation programs, termination, severance, change of control, bonus and retention plans or policies for severance, termination, change of control, bonus or retention payments, any payments related to any incentive plan and any other payments Cannavative is required by law or contract or intends to make in connection with the termination of any employees of Cannavative at the Closing in accordance with the terms of this Agreement, arising out of or in connection with the transactions contemplated by this Agreement;
- (12) **"Cannavative Counsel"** means Maupin, Cox & LeGoy, A Professional Corporation, as to laws of the State of Nevada, United States, and Cassels Brock & Blackwell LLP, as to laws of Canada, as applicable;
- (13) **"Cannavative Damages Fee"** has the meaning ascribed thereto in Section 5.01;
- (14) **"Cannavative Entities"** means, collectively, Cannavative, Cannavative Extracts, LLC and Cannavative Farms, LLC;
- (15) **"Cannavative Financial Statements"** means, collectively: (a) the audited consolidated financial statements of the Cannavative Entities as at and for the financial years ended December 31, 2020 and 2019, together with the notes thereto and the auditor's report thereon; and (b) the reviewed consolidated interim comparative financial statements of the Cannavative Entities for the fiscal periods ended September 30, 2021 and 2020;

- (16) **"Cannavative Information"** means all information provided by Cannavative to Vencanna in writing and specifically identified for inclusion in the Listing Statement describing the Cannavative Entities and the business, operations and affairs of the Cannavative Entities, including, without limitation, the Cannavative Financial Statements;
- (17) **"Cannavative Loans"** means the outstanding loans provided by the Lenders to Cannavative, as borrower, all as further described in the Disclosure Schedules;
- (18) **"Cannavative Net Debt"** means the net debt of the Cannavative Entities, on a consolidated basis, which includes any and all cash, bank debt, current tax liabilities including pre-closing 2021 and 2022 estimated income tax obligations of Sellers attributable to earnings of the Cannavative Entities that must be distributed to Sellers at Closing ("**Tax Distributions**"), and any and all other liabilities and audit adjustments except for current and non-current lease liabilities, in each case with respect to each of the foregoing liabilities, inclusive of any and all accrued liabilities, and for greater certainty, including the Cannavative Transaction Expenses;
- (19) **"Cannavative Transaction Expenses"** means all costs and expenses (including Cannavative Change of Control Payments) incurred by the Cannavative Entities in connection with the transactions contemplated by this Agreement, including "run off" directors' and officers' liability insurance costs, legal, accounting, audit, engineering, financial advisory, consulting, printing, fees to obtain required regulatory approvals and consents and all other administrative or professional fees, costs and expenses of third parties incurred by the Cannavative Entities or the Sellers' Representative, all of which costs and expenses are fully disclosed in the Disclosure Schedules;
- (20) **"Closing"** means the closing of the Transaction;
- (21) **"Closing Date"** means such date as may be agreed to in writing by the Parties, that is not more than five (5) business days following receipt of NCCB Approval (as defined in Section 4.08 below) and the satisfaction or waiver of the conditions specified in Article 6 below;
- (22) **"Closing Time"** means at or prior to 5:00 p.m. (Pacific Standard time) on the Closing Date;
- (23) **"Code"** shall mean the Internal Revenue Code of 1986, as amended;
- (24) **"Consideration Securities"** has the meaning ascribed thereto in Section 2.02;
- (25) **"Consideration Shares"** has the meaning ascribed thereto in Section 2.02;
- (26) **"Contract"** means any oral or written contract agreement, indenture, contract, lease, license, deed of trust, legally binding sales order, purchase order, instrument, undertaking or other commitment;
- (27) **"Disclosure Schedules"** means the schedules of Cannavative delivered to Vencanna dated the date of this Agreement providing disclosure of certain information;
- (28) **"Employee Benefit Plan"** means, collectively, all Employee Pension Benefit Plans and Employee Welfare Benefit Plans of the Cannavative Entities;
- (29) **"Employee Pension Benefit Plan"** has the meaning ascribed thereto in ERISA section 3(2);
- (30) **"Employee Welfare Benefit Plan"** has the meaning ascribed thereto in ERISA section 3(1);

- (31) **"Encumbrances"** means mortgages, charges, pledges, security interests, liens, encumbrances, actions, rights and claims, adverse interests, acquisition rights of third parties, demands and equities of any nature, whatsoever or howsoever arising, but shall exclude the credit facility provided by Vencanna to Cannavative in the original principal amount of \$2,000,000 and any related security interest granted in respect thereof;
- (32) **"Environmental Law"** means all Applicable Law relating to the protection and preservation of the environment, occupational health and safety, product safety, product liability, or the sale, handling, storage, discharge, Release or transportation of Hazardous Substances;
- (33) **"Environmental Permits"** includes all orders, permits, certificates, approvals, consents, registrations and licenses issued by any Governmental Authority under Environmental Law;
- (34) **"ERISA"** shall mean the Employee Retirement Income Security Act of 1974, as amended;
- (35) **"ERISA Affiliate"** shall mean a trade or business, whether or not incorporated, which is deemed to be in common control or affiliated with Cannavative within the meaning of section 4001 of ERISA or sections 414(b), (c), (m), or (o) of the Code;
- (36) **"Escrow Agent"** means Odyssey Trust Company;
- (37) **"Escrow Agreement"** means the escrow agreement to be dated as of the Closing Date among the Escrow Agent, Vencanna and any Sellers who will be insiders pursuant to the policies of the Exchange in the form attached as Schedule D, which individuals are identified in Disclosure Schedules;
- (38) **"Exchange"** means the Canadian Securities Exchange;
- (39) **"Exchange Approval"** means the approval by the Exchange of the Transaction, including, without limitation: (a) the Fundamental Change of Vencanna; (b) the Listing Statement; and (c) the listing of the Vencanna Shares to be issued upon exchange of Exchangeable Shares issuable pursuant to the Transaction;
- (40) **"Exchange Rights Agreement"** means the exchange rights agreement among Vencanna, AcquisitionCo and the Sellers' Representative setting forth certain rights and obligations of such parties in respect of the Consideration Securities;
- (41) **"Exchangeable A Warrants"** means purchase warrants of AcquisitionCo, each exercisable into one Exchangeable Share at an exercise price of \$0.05 per Exchangeable Share for a period of 9 months from the issue date;
- (42) **"Exchangeable B Warrants"** means purchase warrants of AcquisitionCo, each exercisable into one Exchangeable Share at an exercise price of \$0.075 per Exchangeable Share for a period of 18 months from the issue date;
- (43) **"Exchangeable Shares"** means common shares in the capital of AcquisitionCo, to be designated as exchangeable non-voting common stock, \$0.00010 par value, which will be exchangeable (subject to certain restrictions) on a one-for-one basis into Vencanna Shares pursuant to the Exchange Rights Agreement and the articles of amendment of AcquisitionCo to be effected immediately prior to the Closing Date;
- (44) **"Federal Cannabis Laws"** means any U.S. federal laws, civil, criminal or otherwise, as such relate, either directly or indirectly, to the cultivation, harvesting, production, distribution, sale

and possession of cannabis, marijuana or related substances or products containing or relating to the same, including, without limitation, the prohibition on drug trafficking under 21 U.S.C. § 841(a), et seq., the conspiracy statute under 18 U.S.C. § 846, the bar against aiding and abetting the conduct of an offense under 18 U.S.C. § 2, the bar against misprision of a felony (concealing another's felonious conduct) under 18 U.S.C. § 4, the bar against being an accessory after the fact to criminal conduct under 18 U.S.C. § 3, and federal money laundering statutes under 18 U.S.C. §§ 1956, 1957, and 1960 and the regulations and rules promulgated under any of the foregoing;

- (45) **"Fundamental Change"** has the meaning ascribed thereto in Policy 8 of the Exchange;
- (46) **"Governmental Authority"** means any domestic or foreign legislative, executive, judicial or administrative body or Person having or purporting to have jurisdiction in the relevant circumstances, including, without limitation, the Exchange;
- (47) **"Governmental Charges"** means and includes all federal, provincial, state, municipal, local and foreign taxes (including the following taxes: income; gross receipts; license; payroll; employment; excise; severance; startup; occupation; premium; windfall profits; environmental (including taxes under Code section 59A); capital stock; franchise; profits; social security (or similar); health; unemployment; disability; real property; fuel; personal property; intangible property; sales; use; transfer; registration; value added; goods and services; alternative or add on minimum; and estimated), customs duties, rates, levies, withholdings, assessments, reassessments and other charges, together with all penalties, interest, fines and additions with respect thereto, payable to any Governmental Authority;
- (48) **"Hazardous Substance"** means any contaminant, waste, hazardous substance, toxic substance, hazardous waste or dangerous goods as defined under any Environmental Law or pollutant, or any other substance which when released to the environment or into the workplace is likely to cause, at some immediate or future time, material harm or degradation to the environment or material risk to human health;
- (49) **"IFRS"** means Canadian generally accepted accounting principles for publicly accountable enterprises, being International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board;
- (50) **"Intellectual Property"** means any and all intellectual property (whether foreign or domestic, registered or unregistered) owned by Cannavative or used in the operation, conduct or maintenance of the Business, as it is currently and has historically been operated, conducted or maintained, including without limitation: (a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), and all patents, patent applications and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions and re-examinations thereof; (b) all trade-marks, trade-names, trade dress, logos, business names, corporate names, domain names, uniform resource locators (URL's) and the internet websites related thereto, and including all goodwill associated therewith and all applications, registrations and renewals in connection therewith; (c) all copyrightable works, all copyrights and all applications, registrations and renewals in connection therewith; (d) all industrial designs and all applications, registrations and renewals in connection therewith; (e) all proprietary, technical or confidential information, including all trade secrets, processes, procedures, know-how, show-how, formulae, methods, data, compilations, databases and the information contained therein, together with all business and financial information relating to Cannavative; and (f) all computer software (including all source code, object code and related documentation), together with: (i) all copies and tangible embodiments of the foregoing (in whatever form or medium); (ii) all improvements,

modifications, translations, adaptations, refinements, derivations and combinations thereof; and (iii) all Intellectual Property Rights related thereto;

- (51) **"Intellectual Property Rights"** means any right or protection existing from time to time in a specific jurisdiction, whether registered or not, under any patent law or other invention or discovery law, copyright law, performance or moral rights law, trade-secret law, confidential information law, trade-mark law, trade-name law, unfair competition law or other similar laws and includes legislation by competent Governmental Authorities and judicial decisions under common law or equity;
- (52) **"Interim Period"** means the period of time from and including the date of this Agreement to the Closing Time;
- (53) **"Inventory"** has the meaning ascribed thereto in Section 3.01(29);
- (54) **"I.P. Licenses"** has the meaning ascribed thereto in Section 3.01(20)(c)(i);
- (55) **"IRS"** means the Internal Revenue Service;
- (56) **"Key Employees"** means Ross A. Kline, Jason Crum, and Kurt Ehasz;
- (57) **"Leased Premises"** means the premises leased by the Cannavative Entities under the Leases;
- (58) **"Leases"** means the leases and agreements to lease the Leased Premises;
- (59) **"Lenders"** means the lenders under the Cannavative Loans;
- (60) **"Licenses"** means all licenses, permits, Authorizations, registrations and qualifications to do business held or used by the Cannavative Entities;
- (61) **"Listing Statement"** means the listing statement of Vencanna to be prepared in accordance with the requirements of the CSE in respect of the Transaction;
- (62) **"LOI"** means the letter of intent dated January 21, 2021 between Cannavative and Vencanna;
- (63) **"Look-back Date"** means December 31, 2020;
- (64) **"Material Adverse Change"** or **"Material Adverse Effect"** means, with respect to any Party, any material adverse change in or effect on the operations, results of operations, assets, financial condition, or liabilities of such Party; provided, that, a "Material Adverse Change" or a "Material Adverse Effect" shall not include any change, effect, event, occurrence, state of facts or development in or attributable to: (a) general economic or business conditions, including, without limitation, changes as a result of, or relating to, the COVID-19 pandemic; (b) financial, banking or securities markets of the United States and/or Canada in general; (c) acts of God or other calamities, national or international political or social conditions, including the engagement and/or escalation by the United States or Canada in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon the United States, Canada or any of their respective territories, possessions or diplomatic or consular offices or upon any military installation, equipment or personnel of the United States or Canada; (d) conditions affecting generally the industry in which such Party and, if applicable, its subsidiaries participate, including, without limitation, changes as a result of, or relating to, the COVID-19 pandemic; (e) changes in

Applicable Laws or the interpretation thereof (f) the announcement or pendency of the transactions contemplated by this Agreement; (g) any changes in the trading price or trading volumes of the securities of Vencanna; (h) items disclosed in the Disclosure Schedules; (i) with respect to Cannavative, any change in accounting requirements or principles and, with respect to Vencanna, an change in IFRS or other accounting requirements or principles; or (j) any change resulting from compliance with the express terms of, or any actions taken (or not taken) by any Party that are expressly required, permitted or contemplated by, this Agreement; provided, however, that with respect to clauses (a) through to and including (e), such matter does not have a materially disproportionate effect on such Party, relative to other comparable companies and entities operating in the industry in which such Party operates;

- (65) **"Material Licenses"** has the meaning ascribed thereto in Section 3.01(13);
- (66) **"Misrepresentation"** means an untrue statement of a material fact or an omission to state a material fact required or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made;
- (67) **"NCCB"** means the Nevada Cannabis Compliance Board;
- (68) **"NCCB Approval"** has the meaning ascribed thereto in Section 4.08;
- (69) **"Operating Agreement"** means the operating agreement of Cannavative, as amended from time to time, among the Sellers;
- (70) **"Parties"** means, collectively, AcquisitionCo, Vencanna, the Sellers' Representative, and Cannavative, and **"Party"** means any one of them;
- (71) **"Permitted Encumbrances"** means: (a) Encumbrances for taxes or other governmental charges which are not yet due and payable or the amount or validity of which is being contested in good faith by appropriate proceedings by Cannavative with appropriate reserves maintained in accordance with IFRS; (b) mechanics', carriers', workers', repairers' and similar Encumbrances arising or incurred in the ordinary course; (c) statutory Encumbrances for landlords for amounts which are not yet due and payable; (d) easements, covenants, conditions, restrictions and other similar matters of record affecting title to the Leased Premises which do not materially impair the use or occupancy of the Leased Premises in connection with the operation of the Business as currently conducted thereon; (e) Encumbrances incurred or deposits made in the ordinary course in connection with worker's compensation, unemployment insurance, social security retirement or similar programs; (f) Encumbrances on goods in transit incurred pursuant to documentary letters of credit; (g) licenses of Intellectual Property; (h) purchase money Encumbrances and Encumbrances securing rental payments under capital lease arrangements; (i) transfer restrictions under applicable federal and state securities laws; and (j) Encumbrances in Material Contracts described in the Disclosure Schedules;
- (72) **"Person"** includes any individual, corporation, limited liability company, unlimited liability company, body corporate, partnership, limited partnership, limited liability partnership, firm, joint venture, syndicate, association, capital venture fund, trust, trustee, executor, administrator, legal personal representative, estate, government, Governmental Authority and any other form of entity or organization, whether or not having legal status;
- (73) **"Pre-Closing Restructuring"** means the satisfaction of the Cannavative Loans prior to Closing, including the release and discharge of all obligations thereunder and all Encumbrances granted in connection therewith, as applicable, in exchange for: (a) a cash

payment of \$2.1 million in the aggregate to certain Lenders; and (b) the issuance of 330,177 Class E units of Cannavative to such Lenders, priced at \$12.00 per Class E unit;

- (74) **"Public Record"** means all information filed by or on behalf of Vencanna with the Securities Authorities, in compliance, or intended compliance, with any Applicable Law after April 30, 2021, and prior to the date hereof, which is available for public viewing on the SEDAR website under Vencanna's profile at www.sedar.com;
- (75) **"Release"** means any material release, spill, leak, emission, discharge, leach, dumping, escape or other disposal which is or has been made in contravention of any Environmental Law;
- (76) **"Representatives"** means, with respect to a Party, the officers, directors, advisors, employees, representatives and agents of such Party and, in the case of Cannavative, includes the other Cannavative Entities;
- (77) **"Securities Authorities"** means, collectively, the securities commissions or similar securities regulatory authorities in each of the provinces or territories of Canada;
- (78) **"SEDAR"** means the System for Electronic Document Analysis and Retrieval;
- (79) **"Seller Approval"** means the affirmative vote or written consent of Sellers holding more than Seventy-Five Percent (75%) of the outstanding Units entitled to vote on the adoption of this Agreement and approval of the Transaction;
- (80) **"Sellers"** means the members of Cannavative.
- (81) **"Sellers' Representative"** has the meaning ascribed thereto in the recitals;
- (82) **"Superior Proposal"** means an unsolicited bona fide written Acquisition Proposal made after the date of this Agreement and prior to the date upon which the Transaction is approved by the Vencanna Shareholders:
 - (a) that did not result from a breach of any agreement between the Person making such Acquisition Proposal and Cannavative of Section 4.04;
 - (b) that involves the direct or indirect acquisition of (or, in the case of a take-over bid, an offer for) all the voting or equity securities of any Cannavative Entity (in terms of number of shares, units or voting power) or all or substantially all of the consolidated assets of the Cannavative Entities, taken as a whole;
 - (c) is not subject to any financing condition and that the funds or other consideration necessary for the consummation of the Acquisition Proposal have been demonstrated to be available to the satisfaction of the Cannavative Board, acting in good faith;
 - (d) is not subject to a due diligence and/or access condition;
 - (e) that the Cannavative Board has determined in good faith is reasonably capable of completion within a time frame that is reasonable in the circumstances taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal and the person making such Acquisition Proposal; and

- (f) in respect of which the Cannavative Board determines in good faith (after receipt of advice from any financial advisor and outside legal counsel) that such Acquisition Proposal would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favorable to the Sellers, from a financial point of view, than the Transaction, including any adjustment to the terms and conditions of the Transaction proposed by Vencanna pursuant to this Agreement, and that, after receiving advice (as reflected in minutes of the Cannavative Board) from outside counsel, failure to accept, approve, recommend or enter into a definitive agreement to implement such Acquisition Proposal would be inconsistent with its duties under Applicable Laws;
- (83) **"Tax Distributions"** has the meaning ascribed thereto in Section 1.01(18);
- (84) **"Tax Return"** means any self-assessment, return, report or statement with respect to any Governmental Charge (including any attachments thereto, and any amendment thereof) including any information return, claim for refund, amended return or declaration of estimated tax, and combined, consolidated or unitary returns for any group of entities;
- (85) **"Third Party"** means any Person other than the Parties and their respective Representatives;
- (86) **"Transaction"** means the acquisition by AcquisitionCo of all the Units as contemplated by this Agreement and the transactions ancillary thereto as contemplated by this Agreement (including, without limitation, the Pre-Closing Restructuring) and the other documents required in connection with this Agreement, all as further described and provided for herein;
- (87) **"U.S. Securities Act"** means the U.S. Securities Act of 1933, as amended;
- (88) **"Units"** means the limited liability company membership units of Cannavative, including without limitation all Class A units, which are the units owned by Class A Members, Class B units, which are the units owned by the Class B Members, Class C units, which are the Units owned by the Class C Members, and Class D units, which are the units owned by the Class D Members, when and if applicable, and any additional units that may be issued in connection with the Pre-Closing Restructuring, including the Class E units to be issued to the Lenders in satisfaction of their respective loans to Cannavative. Unless a contrary intention is expressly stated, all references to **"Units"** refers collectively to the Class A units, Class B units, Class C units, Class D units and Class E units, with each unit treated equally regardless of class, again, unless a contrary intention is expressly stated herein;
- (89) **"Vencanna"** has the meaning ascribed thereto in the recitals;
- (90) **"Vencanna Board"** means the board of directors of Vencanna as constituted from time to time;
- (91) **"Vencanna Damages Fee"** has the meaning ascribed thereto in Section 5.02;
- (92) **"Vencanna Financial Statements"** means, collectively: (a) the audited consolidated financial statements of Vencanna as at and for the financial years ended April 30, 2021 and 2020, together with the notes thereto and the auditor's report thereon; and (b) consolidated interim comparative financial statements of Vencanna for the fiscal periods ended October 31, 2021 and 2020;
- (93) **"Vencanna Information"** means all information to be included in the Listing Statement describing Vencanna, the business, operations and affairs of Vencanna, including, without limitation, Vencanna Financial Statements;

- (94) **"Vencanna Shareholders"** means the holders of Vencanna Shares;
- (95) **"Vencanna Shares"** means common shares in the capital of Vencanna;
- (96) **"Vencanna Written Resolution"** means the ordinary resolution of Vencanna Shareholders in respect of the Fundamental Change of Vencanna pursuant to the Transaction signed by shareholders of Vencanna not less than 50% plus one of the outstanding Vencanna Shares as of the date hereof; and
- (97) **"Vencanna's Counsel"** means Stikeman Elliott LLP.

1.02 Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections and Schedules are to Articles and Sections of and Schedules to this Agreement.

1.03 Extended Meanings

In this Agreement words importing the singular number include the plural and vice versa, words importing any gender include all genders and words importing persons include individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures and Governmental Authorities. The term "including" means "including without limiting the generality of the foregoing" and the term "third party" means any Person other than the Parties or the Sellers.

1.04 Statutory References

In this Agreement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute is to that statute as now enacted or as the same may from time to time be amended, re-enacted or replaced and includes any regulations made thereunder.

1.05 Knowledge

Any reference herein to "to the knowledge" of the Party or words to like effect will be deemed to mean in case of Vencanna or Cannavative (as applicable), the actual knowledge of such Party (or the senior officers of such Party, if applicable, and, in the case of Cannavative, includes each of the Key Employees) after reasonable inquiry.

1.06 Accounting Principles

All accounting terms used in this Agreement are to be interpreted in accordance with IFRS and all determinations of an accounting nature in respect of Cannavative required to be made shall be made in a manner consistent with IFRS.

1.07 Currency

All references to currency herein are to lawful money of the United States, unless otherwise stated. "\$" or "US\$" shall mean the lawful money of the United States, and "C\$" shall mean the lawful money of Canada.

1.08 Schedules

The following are the Schedules to this Agreement:

Schedule A	List of Sellers
Schedule B	Representations and Warranties of the Sellers
Schedule C	Restricted Periods
Schedule D	Form of Escrow Agreement (insider)

ARTICLE 2 PRE-CLOSING RESTRUCTURING; CONTRIBUTION AND SALE OF UNITS

2.01 Pre-Closing Restructuring

- (1) In addition to any other covenants of Cannavative set forth in this Agreement, Cannavative shall perform and complete (or cause to be performed and completed, as applicable) the Pre-Closing Restructuring on or before the Closing Date.
- (2) Cannavative, Vencanna and AcquisitionCo shall work cooperatively to prepare, prior to the Closing Date, all documentation necessary and shall do such other acts and things as are necessary to give effect to the Pre-Closing Restructuring, provided that the Pre-Closing Restructuring shall not become effective until AcquisitionCo and Cannavative, respectively, have waived or confirmed in writing the satisfaction of all conditions in favor of the respective party, regarding the completion of the contribution and sale of the Units pursuant to this Agreement, and shall have confirmed in writing that each party is prepared to promptly and without condition proceed to effect the contribution and sale of the Units pursuant to this Agreement. Without limiting the generality of the foregoing, Cannavative shall provide AcquisitionCo and legal counsel to AcquisitionCo with a reasonable opportunity to review and comment upon drafts of all materials prepared in connection with the Pre-Closing Restructuring, and give reasonable consideration to all such comments.

2.02 Units to be Contributed and Exchanged

- (1) Each Seller shall deliver an assignment separate from certificate (each, a "**Assignment Separate from Certificate**") pursuant to which, upon and subject to the terms and conditions hereof, on the Closing Date, each Seller shall contribute, convey, transfer, assign, sell and deliver, and AcquisitionCo will acquire from each Seller, all of the Units owned by such Seller (as set forth in Schedule A). In consideration for the transfer of the Units to AcquisitionCo, AcquisitionCo shall issue to each Seller on the Closing Date: (a) 240 Exchangeable Shares for each 1 Unit (the "**Consideration Shares**"); (b) in the case of all Units other than Class E units, an additional 120 Exchangeable B Warrants for each 1 Unit; and (c) only in the case of Class E units, an additional 48 Exchangeable A Warrants and 48 Exchangeable B Warrants for each 1 Class E unit (collectively with the Consideration Shares, the "**Consideration Securities**"). The Parties intend that such contribution of the Units and the issuance of the

Consideration Securities to Sellers will constitute a non-taxable exchange pursuant to Section 351 of the Code, and the Parties will report the contribution and issuance for income tax purposes consistently therewith, The Parties shall cooperate together, in good faith, and take all such further actions, and execute and deliver such further documents, as a Party may deem necessary or appropriate achieve this intended result.

- (2) As soon as reasonably practicable following the execution and delivery of this Agreement, Cannavative shall deliver to each Seller an Assignment Separate from Certificate, which shall take effect upon Closing and: (i) contain instructions for surrendering such Seller's Units, and delivering the Assignment Separate from Certificate, and receiving such Seller's Consideration Securities; (ii) specify that delivery shall be effected, and risk of loss and title to such Units shall pass, upon proper delivery to AcquisitionCo of such Seller's Units, and duly completed and validly executed Assignment Separate from Certificate; (iii) contain a general release of claims against Vencanna and Cannavative; (iv) contain an agreement to be bound by the other obligations set forth in this Agreement; (v) contain representations and warranties by such Seller with respect to, among other things, title to such Seller's Units and accredited investor representations with respect to the issuance of the Consideration Securities contemplated hereunder, as more particularly set forth in Schedule B; and (vi) contain such other provisions as Vencanna and Cannavative may mutually agree upon. Without limitation, the Assignments Separate from Certificates shall provide that each of the Sellers shall acknowledge and agree that:
- (a) the Consideration Securities, and any Vencanna Shares issued upon the exchange of the Consideration Securities (collectively, the "**restricted securities**") will be subject to the restricted periods set forth in Schedule C (each, a "**restricted period**") applicable to the Sellers who will: (i) hold less than 2% of the outstanding Contribution Shares and Vencanna Shares and are not deemed to be insiders pursuant to the policies of the Exchange, which individuals are identified in Disclosure Schedules; (ii) hold more than 2% of the outstanding Contribution Shares and Vencanna Shares and are not deemed to be insiders pursuant to the policies of the Exchange, which individuals are identified in Disclosure Schedules; or (iii) be "principals" under National Policy 46-201 *Escrow for Initial Public Offerings* and be subject to escrow pursuant to the policies of the Exchange, which individuals are identified in Disclosure Schedules;
 - (b) during a restricted period, it shall not sell, transfer, assign, mortgage, enter into a derivative transaction concerning that portion of the restricted securities that are subject to such restricted period; and
 - (c) each DRS Statement or other evidence of the restricted securities shall bear the following restrictive legend: "these securities are subject to trading restrictions set forth in the Assignment Separate from Certificate dated [Closing Date]".

2.03 Appointment of Sellers' Representative

- (1) The Sellers' Representative is hereby irrevocably appointed as representative, agent and power of attorney for each Seller: (a) to give and receive notices and communications relating to the Transaction and other matters contemplated by this Agreement, (b) to make decisions on behalf of each Seller with respect to the Transaction and other matters contemplated by this Agreement, including regarding amendments to this Agreement, and (c) to take other actions and to act and execute, deliver and receive, all documents, instruments and consents on behalf of each Seller as contemplated by this Agreement, including receipt of any payments or the exercise of all rights granted to the Sellers under this Agreement. By executing this Agreement, the Sellers' Representative accepts the aforementioned appointment, authority

and power, and each Seller hereby grants a power of attorney to such Sellers' Representative to act as described in this Section 2.03. Vencanna shall be entitled to rely upon and shall have no liability to the Sellers with respect to actions, decisions and determinations of the Sellers' Representative and shall be entitled to assume that all actions, decisions and determinations of the Sellers' Representative are fully authorized by all of the Sellers.

- (2) Each Seller agrees that: (a) the provisions of this Section 2.03 are independent and severable, are irrevocable and coupled with an interest and shall be enforceable against, and survive the bankruptcy, dissolution, winding up or liquidation of, any Seller notwithstanding any rights or remedies any Seller may have in connection with the Transaction and other matters contemplated by this Agreement; (b) a remedy at law for any breach of the provisions of this Section 2.03 would be inadequate; and (c) the provisions of this Section 2.03 shall be binding upon the successors and assigns of each Seller.
- (3) A decision, act, consent or instruction of the Sellers' Representative relating to this Agreement shall constitute a decision for all Sellers, and shall be final, binding and conclusive upon each Seller, and Vencanna may rely upon any such decision, act, consent or instruction of the Sellers' Representative as being the decision, act, consent or instruction of each Seller.
- (4) The grant of authority provided for herein shall survive the Closing.
- (5) The Sellers holding at least a majority of the Units as of the Closing shall have the right in their sole discretion to appoint a new Sellers' Representative (at any time, before or after Closing) by written consent and by sending notice and a copy of the duly executed written consent appointing such new Sellers' Representative to Vencanna. Such appointment will be effective upon the later of the date indicated in the consent or the date such consent is received by Vencanna.
- (6) Neither the Sellers' Representative nor any agent employed by it shall incur any liability to any Seller relating to the performance of its duties hereunder except for actions or omissions constituting fraud, bad faith or willful misconduct. The Sellers' Representative shall not have by reason of this Agreement a fiduciary relationship in respect of any Seller. The Sellers' Representative shall not be required to make any inquiry or enforcement action concerning the performance or observance of any of the terms, provisions or conditions of this Agreement.

2.04 Tax Withholdings

Vencanna shall be entitled to deduct and withhold from any consideration otherwise payable to any Seller such amounts as Vencanna is required or reasonably believes to be required to deduct and withhold from such consideration in accordance with applicable tax laws; provided, however, that no deduction or withholding shall be made unless Vencanna provides reasonable advance notice of such deduction and withholding and opportunity for Sellers to deliver documentation sufficient to eliminate or reduce Vencanna's obligation to so deduct and withhold. To the extent any such amounts are deducted, withheld and remitted from the Consideration Securities, such amounts shall be treated for all purposes under this Agreement as having been paid to the Sellers in respect of which such deduction, withholding and remittance was made; provided, that, such deducted and withheld amounts are actually remitted to the appropriate Governmental Authority.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.01 Representations and Warranties of Cannavative

Except as set forth in the Disclosure Schedules, Cannavative represents and warrants to AcquisitionCo and Vencanna as of the date of this Agreement as follows and acknowledges that AcquisitionCo and Vencanna are relying upon the accuracy of each of such representations and warranties in connection with AcquisitionCo's receipt of the Units and the completion of the Transaction contemplated hereunder. A fact or matter disclosed in the Disclosure Schedules with respect to one section or subsection thereof will be deemed to be disclosed with respect to each other section or subsection where such disclosure is appropriate to the extent that it is reasonably apparent from reading such Disclosure Schedule that such disclosure is applicable to such other sections. Notwithstanding anything to the contrary provided in this Agreement (in addition to any specific exception to Federal Cannabis Laws and any similar Law set forth in this Article 3), all representations, warranties covenants and disclosures of Cannavative are being made with exception to and not with respect to Federal Cannabis Laws.

(1) Organization, Standing and Power.

- (a) Each Cannavative Entity is a limited liability company duly organized, validly existing and in good standing under the laws of the state of Nevada. Each Cannavative Entity has all necessary limited liability company power and authority to own its properties and assets and to carry on the Business as it is now being conducted.
- (b) The books of each Cannavative Entity, a copy of each of which has been provided or made available to AcquisitionCo and Vencanna prior to the date hereof, contain true and complete copies, to the extent in existence, of the constating documents (including, without limitation, articles of organization and operating agreements), annual lists of managers, cap tables, and resolutions and minutes of all meetings of the Managers and Members.
- (c) Each of the Cannavative Entities are duly qualified and registered to do business in each jurisdiction in which the ownership or use of its assets or conduct of the Business requires it to be so qualified or registered except for failures to qualify or register that would not have a Material Adverse Effect on such Cannavative Entity.

(2) Right and Authority. Cannavative has the limited liability company power and authority to enter into this Agreement and other agreements contemplated hereby to which Cannavative is a party, and, subject to the receipt of the Seller Approval, to perform all of its obligations hereunder and thereunder.

(3) Execution and Binding Obligation. This Agreement has been duly executed and delivered by Cannavative and constitutes a legal, valid and binding obligation of Cannavative enforceable against Cannavative in accordance with its terms, subject only to any limitation relating to: (a) bankruptcy, winding-up, insolvency, arrangement, reorganization, moratorium, fraudulent conveyance and other laws affecting the enforcement of creditors' rights generally; and (b) general principles of equity and the discretion that a court may exercise in the granting of equitable remedies such as specific performance or an injunction.

(4) No Conflict or Violation. Except as set forth on Disclosure Schedule 3.01(4) and assuming the Seller Approval is obtained, the execution and delivery of this Agreement, the consummation of the Transaction, and the fulfillment of the terms of this Agreement, do not

and will not result in or constitute: (a) a violation of or conflict with any provision of the organizational or other governing documents of any Cannavative Entity; (b) a breach of, a loss of rights under, or an event, occurrence, condition or act which is or, with the giving of notice or the lapse of time, would become, a material default under, or result in the acceleration of any obligations under, any term or provision of, any Material Contract; (c) a violation by any Cannavative Entity of any Applicable Law or the terms of any Material License (except for Federal Cannabis Laws); or (d) an imposition of any Encumbrance (other than a Permitted Encumbrance) on the assets of any Cannavative Entity.

- (5) **Contractual and Regulatory Approvals.** Except as set forth on Disclosure Schedule 3.01(5), the Cannavative has, and has caused each Cannavative Entity to, obtain all consents where it is under any obligation, contractual or otherwise, to request or obtain the consent of any Person, and has obtained or delivered all Authorizations of, or notifications to, any Governmental Authority as are required to be obtained by each Cannavative Entity:
- (a) in connection with the execution, delivery or performance by the Cannavative of this Agreement or, as of the Closing Date, in connection with the completion of the Transaction;
 - (b) to avoid the loss of any Material License held or used by a Cannavative Entity; or
 - (c) in order that the authority, right and qualification of each Cannavative Entity to carry on the Business in the ordinary course and in substantially the same manner as presently conducted remains in good standing and in full force and effect as of and following the Closing Date.
- (6) **Title to Units.** The Units are validly issued and outstanding as fully paid and non-assessable membership units of Cannavative. The Disclosure Schedules set forth a complete and correct list of the holders of all issued and outstanding Units.
- (7) **No Other Agreements to Purchase.** Except for the Sellers' rights under the Operating Agreement and AcquisitionCo's right under this Agreement, no Person has any written or oral agreement, option or warrant or any right or privilege (whether currently exercisable or exercisable upon the occurrence of a default or the passage of time) for the purchase or acquisition of any shares or securities in any Cannavative Entity.
- (8) **Operating Agreements, etc.** Except for the Operating Agreement, there are no shareholder agreements, operating agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the Units.
- (9) **Authorized and Issued Capital.** The authorized capital of Cannavative is 1,000,000 Units, of which 1,000,000 are issued and outstanding as of the date hereof, and will be issued and outstanding as of Closing, subject to the issuance of an additional 362,500 Class E units in connection with the Pre-Closing Restructuring, or such number of Class E Units as the parties agree to effectuate the Pre-Closing Restructuring. The authorized and issued capital of each Cannavative Entity is as set forth in the Disclosure Schedules. There are no outstanding or authorized options, warrants, convertible securities or other rights, agreements, arrangements or commitments of any character relating to any equity interests of any Cannavative Entity, and no shares or other securities of any Cannavative Entities have been issued in violation of any Applicable Law, the articles of organization, or other constating documents of any Cannavative Entities, the Operating Agreement or the pre-emptive rights of any Person.

- (10) **Subsidiaries and Other Interests.** Except for Cannavative Extracts, LLC and Cannavative Farms, LLC, Cannavative has no subsidiaries and does not own any securities issued by, or any equity or ownership interest in, any other Person.
- (11) **Listing Statement.** At the time it is provided to Vencanna by Cannavative, and at such later time as Cannavative shall confirm in writing at the request of Vencanna, the Cannavative Information shall be true and correct in all material respects and shall not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. Notwithstanding the foregoing, Cannavative shall not be deemed to be in breach of this Section in the event it corrects any error or omission in any Cannavative Information in sufficient time to permit the correction thereof in the Listing Statement before the public filing thereof.
- (12) **Financial Statements.** The Cannavative Financial Statements have been prepared in accordance with IFRS applied on a consistent basis throughout the periods covered thereby (except as to the unaudited Cannavative Financial Statements for absence of notes thereto and subject to normal year-end adjustments), are accurate and complete in all material respects and fairly present in all material respects the financial condition and results of operation of the Cannavative Entities on a consolidated basis as at the dates and for the periods referred to therein. The Cannavative Financial Statements have been accurately derived from the books and records of the Cannavative Entities. The Cannavative Entities on a consolidated basis has not experienced a Material Adverse Change since the Look-back Date.
- (13) **Licenses.** Each Cannavative Entity is in material compliance with all terms and conditions of its Licenses required for the operation of the Business, except where the failure to have such Licenses would not be likely, either individually or in the aggregate, to have a Material Adverse Effect on the Cannavative Entities, as a whole (such Licenses, the "**Material Licenses**"). All of the Material Licenses of the Cannavative Entities are listed in the Disclosure Schedules. No Cannavative Entity has received written notice of either any violation of the terms under which it holds any Material License or of any enforcement action which could result in the suspension or termination of any such Material License.
- (14) **Liabilities.** To the knowledge of Cannavative, there are no material liabilities (whether accrued, absolute, contingent or otherwise) of any Cannavative Entity of any kind whatsoever, other than:
 - (a) liabilities disclosed or reflected in or provided for in the Cannavative Financial Statements;
 - (b) liabilities incurred since the Look-back Date which were incurred in the ordinary course of business; or
 - (c) other liabilities imposed by or disclosed in this Agreement or in the Disclosure Schedules.
- (15) **Title to Assets.** The Cannavative Entities are the owners of and have good and marketable title to or, in the case of leased property, have valid leasehold interests in, all material tangible personal property which is necessary for the operation of the Business substantially in the same manner as currently conducted, free and clear of all Encumbrances whatsoever, except for:

- (a) the tangible personal property disposed of, utilized or consumed by the Cannavative Entities since the Look-back Date in the ordinary course of business;
- (b) the Encumbrances described in the Disclosure Schedules, which will be discharged on or prior to Closing; and
- (c) Permitted Encumbrances.

Except as described in the Disclosure Schedules, no other Person owns any tangible personal property that is material to and being used in the Business.

- (16) **Sufficiency of Assets.** The business carried on by the Cannavative Entities is limited to the Business. The assets and properties owned or leased by the Cannavative Entities are sufficient for continued conduct of the Business after Closing in substantially the same manner as conducted as of the date of this Agreement.
- (17) **Owned Properties.** The Cannavative Entities do not own any real property.
- (18) **Leased Premises.** The Disclosure Schedules describe all leases and agreements to lease under which the Cannavative Entities lease any real property, including the parties thereto. Complete and correct copies of the Leases have been provided to AcquisitionCo and Vencanna prior to the date hereof. A Cannavative Entity is exclusively entitled to all rights and benefits as lessee under the Leases and no Cannavative Entity has sublet, assigned, licensed or otherwise conveyed any rights in the Leased Premises or in the Leases to any Person. No Cannavative Entity is in default of any of its obligations under the Leases and, to the knowledge of Cannavative, the landlords are not in default of any of their obligations under the Leases. The terms and conditions of the Leases will not be affected by, nor will the Leases be in default as a result of, the completion of the transactions contemplated hereunder. For clarity, the Parties acknowledge that, following execution of the Agreement, Cannavative may execute and deliver a new lease or renewal of its current lease for its facility located at 14331 Lear Boulevard, Reno, Nevada ("**Lear Lease**").
- (19) **Condition of Properties and Equipment.** To the knowledge of Cannavative, all machinery, equipment, tools, furniture, furnishings and materials which are material to the Business are in good working order, fully operational and free of any material defect, except for normal wear and tear having regard to the use and age of such assets.
- (20) **Intellectual Property.**
 - (a) Registrations:
 - (i) The Disclosure Schedules contain a complete list of all material registered Intellectual Property together with reasonable details thereof with respect to the Intellectual Property owned by the Cannavative Entities.
 - (ii) The registrations and applications for registration listed in the Disclosure Schedules (if any) are valid and subsisting, in good standing, and are recorded, maintained in the name of the applicable Cannavative Entity in the appropriate registries or government offices.
 - (b) Title & Sufficiency:

- (i) The Cannavative Entities own or have sufficient rights to the Intellectual Property necessary for the operation, conduct and maintenance of the Business as such Business is currently and has historically been operated, conducted or maintained and each item of the Intellectual Property will be owned or available for use by the applicable Cannavative Entity on identical terms and conditions immediately after, and after giving effect to, the Closing without the need for any further right, license, permission or consent in respect thereof.
 - (ii) Except as disclosed in the Disclosure Schedules and to the knowledge of Cannavative, the Cannavative Entities own and have the exclusive legal and beneficial right, title and interest in and to the Intellectual Property in the name of the applicable Cannavative Entity, free and clear of any Encumbrances, and none of the Intellectual Property has been licensed from or to a Third Party.
 - (iii) There are no royalty payments, license fees or other sums payable to or by the Cannavative Entities in respect of the Intellectual Property except as listed in the Disclosure Schedules, or to maintain or renew any registrations or applications for registration in relation thereto.
 - (iv) Except as disclosed in the Disclosure Schedules and to the knowledge of Cannavative, the Cannavative Entities have the exclusive right to use and otherwise exploit the Intellectual Property in all jurisdictions in which it is currently or has historically been used or otherwise exploited and there are no prohibitions or restrictions on the use or other exploitation by the Cannavative Entities of the Intellectual Property.
- (c) Licenses:
- (i) The Disclosure Schedules contain a complete list of all material licenses, agreements or arrangements to which the Cannavative Entities are party, whether as licensor, licensee or otherwise, and whether written or oral, with respect to the Intellectual Property, excluding any commercially available off the shelf software licensed by the Cannavative Entities without material customization (collectively, the "**I.P. Licenses**").
 - (ii) Complete and correct copies of I.P. Licenses listed in the Disclosure Schedules have been provided or made available to AcquisitionCo and Vencanna prior to the date hereof.
 - (iii) No Cannavative Entity has received any notice that it is in default (or, with the giving of notice or lapse of time or both, would be in default) under any of the I.P. Licenses.
- (d) Infringement:
- (i) To the knowledge of Cannavative, neither (A) the operation, conduct and maintenance by the Cannavative Entities of the Business as it is currently conducted and maintained nor (B) the use by the Cannavative Entities of the Intellectual Property in respect thereto, infringes, misappropriates, misuses or violates the Intellectual Property Rights, or any other rights, of any Third Party or breaches any duty or obligation owed to any Third Party.

- (ii) No Cannavative Entity has received any written notice, complaint, threat or claim alleging: the infringement, misappropriation, misuse or violation of any Intellectual Property Rights of any Third Party; or, that such Cannavative Entity does not own the Intellectual Property.
- (iii) To the knowledge of Cannavative, there is not and there has been no past or present infringement, misappropriation, misuse, or violation of, breach of any obligations with respect to, or other impairment of, any of the Intellectual Property which could reasonably be expected to have a Material Adverse Effect on the Cannavative Entities, as a whole.
- (iv) No Cannavative Entity has received any written notice that any claim has been asserted by any Third Party in writing with respect to, or challenging or questioning, such Cannavative Entity's ownership, validity, enforceability or use of, the Intellectual Property.
- (v) No claim has been asserted by any Cannavative Entity with respect to the Intellectual Property nor has any Cannavative Entity issued, filed or made any notice, complaint, threat or claim against a Third Party alleging infringement of the Intellectual Property or any Intellectual Property Right or other right of such Cannavative Entity by such Third Party.

(21) **Absence of Certain Changes or Events.** Since the Look-back Date, and other than as described in this Agreement or in the Disclosure Schedules, none of the Cannavative Entities have:

- (a) incurred any indebtedness for borrowed money except unsecured current obligations incurred in the ordinary course of business consistent with past practice;
- (b) created any Encumbrance upon any of its properties or assets, except Permitted Encumbrances;
- (c) sold, assigned, transferred, leased or otherwise disposed of any of its properties or assets reflected in its balance sheet as of the Look-back Date, except in the ordinary course of business;
- (d) purchased, leased or otherwise acquired any properties or assets, except in the ordinary course of business;
- (e) had any supplier terminate, or to the knowledge of Cannavative, communicate the intention or threat to terminate its relationship, or its intention to substantially reduce the quantity of products or services it sells to such Cannavative Entity, except where any such termination would not result in a Material Adverse Effect on the Cannavative Entities, as a whole;
- (f) had any customer terminate, or to the knowledge of Cannavative, communicate the intention or threat to terminate its relationship, or its intention to substantially reduce the quantity of products or services it purchases, or its dissatisfaction with the products or services sold by such Cannavative Entity, except in the case of customers whose purchases from such Cannavative Entity are not, in the aggregate, material to the Business;

- (g) made any material change in the method of billing customers or the credit terms made available to its customers;
 - (h) made any material change with respect to any method of accounting in respect of the Business, except as required by IFRS or Applicable Law;
 - (i) suffered any damage, destruction or loss (whether or not covered by insurance) which has had or could reasonably be expected to have a Material Adverse Effect on the Cannavative Entities, as a whole;
 - (j) increased any form of compensation or other benefits payable or to become payable to any of its employees, except increases made in the ordinary course of business or increases in any written agreements disclosed to AcquisitionCo and Vencanna;
 - (k) suffered any event, occurrence or development that has had a Material Adverse Effect on the Cannavative Entities, as a whole; or
 - (l) entered into any Contract to do any of the foregoing.
- (22) **Commitments for Capital Expenditures.** No Cannavative Entity has committed to make any capital expenditures or authorized any capital expenditures which have not been fulfilled or paid.
- (23) **Dividends and Distributions.** Except as otherwise described in the Disclosure Schedules, and expressly excluding any transactions conducted in connection with the Pre-Closing Restructuring, no Cannavative Entity has declared or paid any dividend or made any other distribution in respect of any of its equity interests, or redeemed or purchased or otherwise acquired any of its equity interests, or reduced its authorized capital or issued capital, or agreed to any of the foregoing.
- (24) **Tax Matters.**
- (a) Each of the Cannavative Entities has duly and on a timely basis prepared and filed all Tax Returns required to be filed by it and such Tax Returns were complete and correct in all material respects. Complete and correct copies of all such Tax Returns filed in respect of the last four fiscal years ending prior to the date hereof have been provided to AcquisitionCo and Vencanna prior to the date hereof.
 - (b) Each of the Cannavative Entities has paid all Governmental Charges that are due and payable by it or with respect to it. Adequate provision was made by Cannavative in the Cannavative Financial Statements for all Governmental Charges for the period covered by the Cannavative Financial Statements. The amount of the Cannavative Entities' liability for unpaid Governmental Charges for all periods following the end of the most recent period covered by the Cannavative Financial Statements shall not, in the aggregate, exceed the amount of accruals for Governmental Charges or taxes (excluding reserves for deferred Governmental Charges) as adjusted for the passage of time in accordance with the past custom and practice of the Cannavative Entities (and which accruals shall not exceed comparable amounts incurred in similar periods in prior years).
 - (c) There are no agreements, waivers or other arrangements providing for any extension of time with respect to the filing of any Tax Return or other document or the payment

of any Governmental Charges by any Cannavative Entity or the period for any assessment or reassessment of Governmental Charges.

- (d) To the knowledge of Cannavative, each Cannavative Entity has withheld from each Person and from the amount to be paid or credited in respect of such Person the amount of Governmental Charges required to be withheld therefrom and has remitted such Governmental Charges to the proper Governmental Authority within the time periods required under Applicable Law.
- (e) To the knowledge of Cannavative, there are no Encumbrances (other than Permitted Encumbrances) on any of the assets of the Cannavative Entities that arose in connection with any failure (or alleged failure) to pay any Governmental Charges. There is no tax sharing or similar agreement that will require any payment by the Cannavative Entities after the Closing Date. No Cannavative Entity has been a member of an affiliated group (as defined in section 1504 of the Code) nor has it filed or been included in a combined, consolidated or unitary tax return.
- (f) Each Cannavative Entity has never distributed stock to another Person, or has had its stock distributed by another Person, in a transaction that was purposed or intended to be governed by section 355 of the Code or section 361 of the Code.
- (g) To the knowledge of Cannavative, AcquisitionCo will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any: (i) change on or prior to the Closing Date in method of accounting for a taxable period ending on or prior to the Closing Date; (ii) use on or prior to the Closing Date of an improper method of accounting for a taxable period ending on or prior to the Closing Date; (iii) closing agreement, settlement agreement or similar agreement entered into with any Governmental Authority on or prior to the Closing Date; (iv) installment sale made on or prior to the Closing Date; (v) prepaid amount received on or prior to the Closing Date (including any held-over or rolled-over gains); or (vi) election on or prior to the Closing Date under Applicable Law to defer the time for inclusion or recognition of income attributable to circumstances occurring or arising on or prior to the Closing Date.
- (h) Each Cannavative Entity is and has been in compliance in all material respects with all applicable transfer pricing laws, including the execution and maintenance of contemporaneous documentation substantiating any transfer pricing practices and methodologies.
- (i) Each Cannavative Entity has never had a permanent establishment (within the meaning of an applicable tax treaty) or an office, branch or fixed place of business in a country other than the United States.
- (j) Each Cannavative Entity has never participated in any listed transaction within the meaning of Treasury Regulations section 1.6011-4(b)(2) (or any similar provision of state, local or non-U.S. tax law).
- (k) Each Cannavative Entity has not, in the past five (5) years (i) acquired assets from another corporation in a transaction in which such Cannavative Entity's tax basis for the acquired assets was determined, in whole or in part, by reference to the tax basis of the acquired assets (or any other property) in the hands of the transferor; or (ii) acquired the stock of any corporation that is a qualified subchapter S subsidiary.

- (25) **Litigation.** Except as disclosed in the Disclosure Schedules: (a) there are no actions, suits or proceedings, judicial or administrative, pending, or, to the knowledge of Cannavative, currently threatened, by or against any Cannavative Entity, at law or in equity, or before or by any Governmental Authority; and (b) to the knowledge of Cannavative, no event has occurred or circumstances exist that would be expected to give rise to, or serve as a basis for, any such action, suit or proceeding with a reasonable likelihood of resulting in a material liability of any Cannavative Entity.
- (26) **Environmental Matters.**
- (a) To the knowledge of Cannavative, the current operations of the Business, the property and assets owned, leased or used by the Cannavative Entities (including the Leased Premises) and the use, maintenance and operation thereof were, have been and are in material compliance with all Environmental Law. No Cannavative Entity has received any notice of any non-compliance with or claim or demand from any Governmental Authority regarding any breach or alleged breach of any Environmental Law or costs of clean up or any Hazardous Substance or notice of any such claim or demand which has not been resolved without further obligation of such Cannavative Entity.
- (b) (i) the Cannavative Entities have obtained all material Environmental Permits necessary to conduct the Business and to own, use and operate its properties and assets and the operation of such Business, the properties and assets owned by it and the use, maintenance and operation thereof have been and are in material compliance with all Environmental Permits; and (ii) all such Environmental Permits are in full force and effect and are listed in the Disclosure Schedules and complete and correct copies thereof have been provided to AcquisitionCo and Vencanna prior to the date hereof.
- (c) To the knowledge of Cannavative (i) there are no Hazardous Substances located on or in any of the properties or assets owned, leased or used by or previously owned, leased or used by, the Cannavative Entities (including the Leased Premises), and no Release of any Hazardous Substances has resulted from the operation of the Business or the conduct of any other activities of the Cannavative Entities; and (ii) the Cannavative Entities have not used any of the properties or assets currently or previously owned, leased or used by the Cannavative Entities to produce, generate, store, handle, transport or dispose of any Hazardous Substances, except in the case of each (i) and (ii), in accordance with Environmental Law.
- (d) Without limiting the generality of the foregoing, to the knowledge of Cannavative, there are no underground or surface storage tanks or urea formaldehyde foam insulation, asbestos, polychlorinated biphenyls (PCBs) or radioactive substances located on, in or under any of the properties or assets owned, leased or used by the Cannavative Entities, including the Leased Premises. To the knowledge of Cannavative, no Cannavative Entity is responsible for any clean-up or corrective action under any Environmental Law. No Cannavative Entity has conducted or caused to be conducted an environmental audit, assessment or study of any of its properties or assets (including the Leased Premises), other than such audits, assessments or studies which have been disclosed to AcquisitionCo and Vencanna in the Disclosure Schedules and copies of which have been provided to AcquisitionCo and Vencanna.
- (27) **Deposit Accounts and Safety Deposit Boxes.** The name and address of each bank, trust company or similar institution with which the Cannavative Entities have one or more accounts or one or more safety deposit boxes, the number of each such account and safety deposit box and the names of all persons authorized to draw thereon or to have access thereto, and a

description of all lock box arrangements for the Cannavative Entities, are as set forth in the Disclosure Schedules.

- (28) **Accounts Receivable.** The Accounts Receivable of the Cannavative Entities in the Cannavative Financial Statements and all Accounts Receivable of the Cannavative Entities arising since then, arose from bona fide transactions in the ordinary course of business and to the knowledge of Cannavative, are valid, enforceable and fully collectible accounts (subject to a reasonable allowance, consistent with past practice, for doubtful accounts as reflected in the Cannavative Financial Statements). To the knowledge of Cannavative, the Accounts Receivable are not subject to any set-off or counterclaim.
- (29) **Inventory.** Subject to the reserves reflected in the Cannavative Financial Statements taken in accordance with past practice and existing accounting policies, all inventory currently held by and recorded in the financial records of the Cannavative Entities ("**Inventory**") is usable in the ordinary course of business and in accordance with industry standards. The Inventory does not include any items which are below standard quality or of a quality or quantity which results in such items not being usable in the ordinary course of business, other than amounts generally not usable in the ordinary course of business, consistent with the prior operation and practice of the Cannavative Entities and which would not have a Material Adverse Effect on the Business. The Inventory levels are presently maintained at levels sufficient for the continuation of the Business in the ordinary course.
- (30) **Products Liability.** No Cannavative Entity has received any written notice or communication from any customer or Governmental Authority alleging a material defect or claim in respect of any products supplied or sold by such Cannavative Entity to a customer, other than in the ordinary course of business.
- (31) **Material Contracts.** Except as set forth on the Disclosure Schedules, no Cannavative Entity is party to any Contract:
- (a) constituting a partnership, joint venture, joint development or similar arrangement;
 - (b) limiting or restricting the ability of such Cannavative Entity to engage in any market or line of business in any material respect;
 - (c) for the sale or transfer of any material assets of such Cannavative Entity, other than sales in the ordinary course of business;
 - (d) relating to the acquisition by such Cannavative Entity of any operating business or the material assets or capital stock of any other Person;
 - (e) relating to the incurrence, assumption, surety or guarantee of any indebtedness;
 - (f) under which there is imposed any material Encumbrance on such Cannavative Entity or the assets or properties thereof;
 - (g) under which such Cannavative Entity leases personal property from or to third parties having aggregate payments in excess of \$50,000 per year;
 - (h) under which such Cannavative Entity is obligated to indemnify any Person other than in the ordinary course of business;

- (i) under which such Cannavative Entity has made or is required to make any advances or loans to any Person;
- (j) that expires more than one year after the effective date of this Agreement and which has aggregate payments in excess of \$50,000 per year;
- (k) will require payments of such Cannavative Entity in excess of \$100,000 in any twelve-month period;
- (l) contains restrictions with respect to the payment of dividends or any other distributions in respect of any of the equity interests of such Cannavative Entity;
- (m) that consists of a members', shareholders', buy-sell, put-call or other similar type of agreement;
- (n) with any Seller, or any of its officers or directors or Affiliates of the foregoing Persons, other than salaries and other employment compensation and benefits payable in the ordinary course and disclosed to AcquisitionCo and Vencanna, or loans from individual Sellers to Cannavative disclosed to AcquisitionCo and Vencanna; or
- (o) that requires the purchase of all or substantially all of its requirements of a particular product from a supplier.

Complete and correct copies of each of the Contracts required to be described in the Disclosure Schedules pursuant to this Section 3.01(31) ("**Material Contracts**") have been provided to AcquisitionCo and Vencanna.

- (32) **Good Standing of Agreements.** (a) No Cannavative Entity is in default or breach of any of its material obligations under any Material Contract to which it is party or by which it is bound and there exists no state of facts which, after notice or lapse of time or both, would constitute such a default or breach; (b) all such Material Contracts are now in full force and effect, and any and all amendments thereto are described in the Disclosure Schedules; and (c) to the knowledge of Cannavative, the other parties to such Material Contracts are not in default or breach of any of their material obligations thereunder.
- (33) **Labor Matters and Employment Standards.**
- (a) Cannavative has furnished Vencanna with one or more lists that set forth the name, job titles and current annual compensation of the Cannavative Entities' employees, and a description of the additional benefits provide to the employees listed therein.
 - (b) No Cannavative Entity is subject to any collective or other agreement with any labor union or employee association and has not made any binding commitment to any labour union or employee association with respect to any future agreement and, to the knowledge of Cannavative, no union or employee organization has been or remained certified by any labor relations board to represent or collectively bargain on behalf of any employees of the Cannavative Entities.
 - (c) To the knowledge of Cannavative, there are no existing or threatened, labor strikes or labor disputes, grievances, controversies or other labour relations troubles affecting the Cannavative Entities or the Business in each case, except as would not have a Material Adverse Effect on the Cannavative Entities, as a whole.

- (d) Except as would not have a Material Adverse Effect on the Cannavative Entities, as a whole: (i) each Cannavative Entity has complied with all Applicable Law applicable to it relating to employment, including employment standards, labor relations, human rights, occupational health and safety, workers' compensation, privacy, hazardous materials and pay equity; (ii) all amounts due and payable by each Cannavative Entity to its respective employees and independent contractors have been paid in full and all amounts accruing due to same have been reflected in the financial records of such Cannavative Entity; and (iii) to the knowledge of Cannavative, there are no outstanding charges or complaints against any Cannavative Entity relating to human rights, employment standards, privacy, unfair labour practices, occupational health and safety, workers' compensation or discrimination or under any Applicable Law relating to employees. Each Cannavative Entity has paid in full all amounts owing under any workplace safety insurance laws, and each Cannavative Entity has not been reassessed under such legislation and, to the knowledge of Cannavative, no audit of any Cannavative Entity is currently being performed pursuant to any applicable workplace safety and insurance legislation.
- (34) **Employee Benefit and Pension Plans.** With respect to the Employee Benefit Plans of the Cannavative Entities (if any):
- (a) With respect to each Employee Benefit Plan, to the extent applicable, true and complete copies of each (i) Employee Benefit Plan document, including, with respect to any Employee Benefit Plan that is a prototype instrument, its adoption agreement, (ii) trust or other funding instruments, (iii) summary description prepared for participants, (iv) insurance contracts, (v) service provider contracts, (vi) determination letters as to the tax-qualified status of such Employee Benefit Plan, and (vii) annual reports (Forms 5500) filed with the U.S. Department of Labor for the three years preceding the date of this Agreement, have been delivered to AcquisitionCo and Vencanna.
- (b) Each Employee Benefit Plan that is subject to the minimum funding standards of section 412 of the Code or section 302 of ERISA is in compliance with the requirements of such Sections. No Cannavative Entity has requested a variance from the minimum funding standards under section 302(c) of ERISA. No Cannavative Entity has liability under section 302(b) for contributions to any plan maintained by an ERISA Affiliate of the Cannavative Entities.
- (c) Each Employee Benefit Plan has since its inception been maintained in compliance with its terms and all Applicable Laws in all material respects. All contributions and other payments required to be made to or under each Employee Benefit Plan by the Cannavative Entities or any ERISA Affiliate of the Cannavative Entities with respect to any period ending before or at the Closing have or will have been made. To Cannavative's knowledge, no event has occurred, and there exists no condition under which the Cannavative Entities, directly or indirectly, would reasonably be expected to be subject to any risk of liability under section 409 of ERISA, section 502(i) of ERISA, Title IV of ERISA or section 4975 of the Code in any material respect.
- (d) No Employee Benefit Plan provides benefits, including without limitation, any severance or other post-employment benefit, salary continuation, termination, death, disability, or health or medical benefits (whether or not insured), life insurance or similar benefit with respect to current or former employees (or their spouses or dependents) of the Cannavative Entities beyond their retirement or other termination of service other than (i) coverage mandated by Applicable Law, (ii) death, disability or

retirement benefits under any Employee Pension Benefit Plan, or (iii) benefits, the full cost of which is borne by the current or former employee (or his or her beneficiary).

- (e) The Disclosure Schedules contain a list identifying each employment, service, consulting, severance, change of control or similar contract, arrangement or policy and each plan or arrangement providing for insurance coverage (including, without limitation, any self-insured arrangements), workers' compensation, disability benefits, supplemental employment benefits, vacation benefits, retirement benefits, deferred compensation, bonuses, profit-sharing, stock options, stock appreciation rights or other forms of incentive compensation or post-retirement compensation or benefit which (i) is not an Employee Benefit Plan, and (ii) has been entered into or maintained, as the case may be, by any Cannavative Entity and (directly or indirectly) any employee or former employee of any Cannavative Entity (or consultant or former consultant of any Cannavative Entity), and with respect to which the Cannavative Entities have any liability. Such contracts, plans and arrangements are referred to collectively as the "**Benefit Arrangements**". True and complete copies of the Benefit Arrangements have been delivered to AcquisitionCo and Vencanna.
 - (f) Neither the execution and delivery of this Agreement nor the consummation of the Transaction will result in any Cannavative Entity being required to make any payments constituting "excess parachute payments" within the meaning of section 280G(b)(1) of the Code.
 - (g) To Cannavative's knowledge, no payment or benefit provided pursuant to any Employee Benefit Plan or Benefit Arrangement between a Cannavative Entity and any "service provider" (as such term is defined in section 409A of the Code and the Treasury Regulations and Internal Revenue Service guidance thereunder), including the grant, vesting or exercise of any stock option or stock appreciation right, will or may provide for the deferral of compensation subject to section 409A of the Code, whether pursuant to the execution and delivery of this Agreement or the consummation of the Transaction (either alone or upon the occurrence of any additional or subsequent events) or otherwise, that is not in compliance with or exempt from section 409A of the Code. Each stock option and stock appreciation right, if any, was granted with an exercise price that was not less than the fair market value of the underlying common stock on the date the option or right was granted based upon a reasonable valuation method. No Cannavative Entity is party to, or otherwise obligated under, any Employee Benefit Plan or Benefit Arrangement that provides for the gross-up of the tax imposed by section 409A(a)(1)(B) of the Code. The execution and delivery of this Agreement and the consummation of the Transaction will not constitute an event under any Employee Benefit Plan or Benefit Arrangement that will result in any payment of deferred compensation which will not be in compliance with or exempt from section 409A of the Code if timely paid in accordance with the terms of the Employee Benefit Plan or Benefit Arrangement.
- (35) **Insurance.** The Disclosure Schedules contain a true and complete list of all insurance policies maintained by the Cannavative Entities or under which a Cannavative Entity is covered in respect of its properties, assets, business or personnel, as of the date hereof. Complete and correct copies of all such insurance policies have been provided or made available to AcquisitionCo and Vencanna prior to the date hereof. Such insurance policies are in full force and effect, all insurance premiums have been paid when due and no Cannavative Entity is in default in any material respect with respect to the provisions contained in any such insurance policy. No Cannavative Entity has received notice from any of the insurers regarding cancellation of such insurance policies. Since January 1, 2018, no Cannavative Entity has

received notice from any of its insurers denying any claim in any material respect. Since January 1, 2018, no Cannavative Entity has submitted claims in excess of the current coverage of its insurance.

- (36) **Government Assistance.** There are no agreements, loans or other funding arrangements and assistance programs which are outstanding in favour of any Cannavative Entity from any Governmental Authority and no basis exists for any Governmental Authority to seek payment or repayment by any Cannavative Entity of any amount or benefit received thereby under any such program.
- (37) **Non-Arm's Length Matters.** Other than the Cannavative Loans and the Pre-Closing Restructuring, no Cannavative Entity is a party to or bound by any Contract with, is not indebted to, and no amount is owing thereto by, the Sellers or any Affiliates of the Sellers or any officers, former officers, directors, former directors, shareholders, former shareholders, employees (except for oral employment agreements with employees) or former employees of any Cannavative Entity or any Person not dealing at arm's length with any of the foregoing. Other than the Cannavative Loans and the Pre-Closing Restructuring, no Cannavative Entity has made or authorized any payments to the Sellers or any Affiliates thereof or any officers, former officers, directors, former directors, shareholders, former shareholders, employees or former employees of any Cannavative Entity or to any Person not dealing at arm's length with any of the foregoing, except for leases, salaries and other employment compensation payable to employees of the Cannavative Entities in the ordinary course of business and at the regular rates payable to them, dividends and distributions to the Sellers in the ordinary course of business (all of which have been fully paid or set aside prior to the date of this Agreement), or except as disclosed in the Cannavative Financial Statements.
- (38) **Compliance with Law.**
- (a) Other than in respect of United States federal laws applicable to cannabis, none of the Cannavative Entities are in violation of any Applicable Law, except for such violations which would not individually or in the aggregate be reasonably expected to result in a Material Adverse Effect on the Cannavative Entities, as a whole.
 - (b) Each Cannavative Entity operates in compliance in all material respects with the United States Department of Justice guidance to United States Attorneys regarding enforcement priorities for prosecuting marijuana-related crimes, as set forth in the memorandum issued by Deputy Attorney General James Cole, dated August 29, 2013 (the "**2013 Cole Memo**"). As part of its compliance with the 2013 Cole Memo, each Cannavative Entity has used commercially reasonable efforts to ensure that such Cannavative Entity does not: (i) distribute marijuana to minors; (ii) direct revenue from the sale of marijuana to criminal enterprises, gangs, and cartels, or otherwise have any involvement with such groups; (iii) divert marijuana from states where it is legal under state law in some form to other states; (iv) use state-authorized marijuana activity as a cover or pretext for the trafficking of other illegal drugs or other illegal activity; (v) use violence or firearms in the cultivation and distribution of marijuana; (vi) contribute to drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use; (vii) grow or possess marijuana on public lands; or (viii) promote marijuana possession or use on federal property.
 - (c) The Cannavative Entities only operate in jurisdictions that have enacted laws legalizing cannabis. Each Cannavative Entity is in compliance in all material respects with all applicable state and local laws and regulatory systems controlling the cultivation, harvesting, production, handling, storage, distribution, sale, and possession of

cannabis. No Cannavative Entity imports or exports cannabis products from or to any foreign country.

- (39) **Voluntary Insolvency.** No Cannavative Entity has:
- (a) applied for or consented to the appointment of a receiver, trustee or liquidator of itself or of all or a substantial part of its assets;
 - (b) made a general assignment of the benefit of creditors;
 - (c) committed an act of bankruptcy under the *United States Bankruptcy Code*, the *Bankruptcy and Insolvency Act* (Canada) or under any analogous statute of any other jurisdiction;
 - (d) commenced any cause, proceeding or other action under any existing law relating to bankruptcy, insolvency, reorganization or relief of debtors seeking to have an order for relief entered with respect to it, or seeking to adjudicate it bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition or other relief with respect to it or its debts or an arrangement with creditors or taking advantage of any insolvency law or proceeding for the relief of debtors, or file an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceeding or file a notice of intention or a proposal under the *United States Bankruptcy Code*, the *Bankruptcy and Insolvency Act* (Canada) or under any analogous statute of any other jurisdiction; or
 - (e) taken corporate action for the purpose of effecting any of the foregoing.
- (40) **Involuntary Insolvency.** To the knowledge of Cannavative, no proceeding or other action has been instituted in any court of competent jurisdiction, against a Cannavative Entity, seeking an adjudication in bankruptcy, reorganization, dissolution, winding up, liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or the like thereof or of all or any substantial part of its assets, or any other like relief in respect thereof.
- (41) **Net Debt.** The Cannavative Net Debt is not greater than \$2.1 million as of February 28, 2022 and the particulars of the Cannavative Net Debt as of February 28, 2022 are set forth in the Disclosure Schedules.
- (42) **Transaction Expenses.** The particulars of the Cannavative Transaction Expenses are set forth in the Disclosure Schedules.
- (43) **Purchaser Representative.** To the knowledge of Cannavative, the Sellers' Representative meets the definition of a "purchaser representative" as defined in Regulation D of the United States Securities Act of 1933, as amended.

3.02 Representations and Warranties of AcquisitionCo and Vencanna

AcquisitionCo and Vencanna hereby represent and warrant, jointly and severally, to Cannavative as follows, and acknowledges that Cannavative is relying upon the accuracy of each of such representations and warranties in connection with the completion of the Transaction contemplated hereunder:

- (1) **Corporate Authority and Binding Obligation.** AcquisitionCo and Vencanna are corporations duly incorporated and validly subsisting under the laws of their respective jurisdiction of incorporation. AcquisitionCo and Vencanna have the corporate power and capacity to enter into this Agreement and other agreements contemplated hereby and to perform all of their respective obligations hereunder and thereunder. AcquisitionCo, Vencanna, their respective board of directors and, if applicable, their equity holders, have taken all necessary or desirable actions, steps and corporate and other proceedings to approve or authorize, validly and effectively, the entering into, and the execution, delivery and performance of, this Agreement and any other agreement contemplated hereby to be executed by AcquisitionCo and Vencanna, other than the execution of the Vencanna Written Resolution by the requisite number of shareholders of Vencanna. This Agreement has been duly executed and delivered by AcquisitionCo and Vencanna and constitutes a legal, valid and binding obligation of AcquisitionCo and Vencanna, enforceable against them in accordance with its terms, subject to: (a) bankruptcy, insolvency, moratorium, reorganization and other laws relating to or affecting the enforcement of creditors' rights generally; and (b) general principles of equity, including that equitable remedies, such as the remedies of specific performance and injunctive relief, that may only be granted in the discretion of a court.
- (2) **Vencanna's Regulatory Approvals.** AcquisitionCo and Vencanna have, or will prior to the Closing Date have, obtained all material licenses, permits, registrations, qualifications, authorizations, consents or approvals of, or notifications to, any Governmental Authority as are required to be obtained by AcquisitionCo and Vencanna in connection with the operation of their business, as well as the execution, delivery or performance by AcquisitionCo and Vencanna of this Agreement and the Transaction, including the Exchange Approval.
- (3) **Compliance with Constatng Documents, Agreements and Laws.** The execution, delivery and performance of this Agreement by AcquisitionCo and Vencanna and the completion of the Transaction, will not constitute or result in a violation or breach of or default under, or cause the acceleration of any obligations under:

 - (a) any term or provision of any of the articles, by-laws or constating documents of AcquisitionCo or Vencanna;
 - (b) the terms of any Contract to which AcquisitionCo or Vencanna is a party or by which they are bound; or
 - (c) subject to obtaining the regulatory consents referred to in Section 3.02(1) any term or provision of any of the Licenses of AcquisitionCo or Vencanna or any order or judgment of any Governmental Authority or any laws.
- (4) **Capitalization and Public Record.**

 - (a) the authorized share capital of Vencanna consists of an unlimited number of Vencanna Shares and an unlimited number of preferred shares, issuable in series, of which, as of the date hereof: (i) 181,308,390 Vencanna Shares are issued and outstanding; (ii) no preferred shares are issued and outstanding; (iii) warrants to acquire up to 53,552,577 Vencanna Shares are issued and outstanding; and (iv) options to acquire up to 17,466,740 Vencanna Shares have been granted pursuant to Vencanna's stock option plan;
 - (b) on the Closing Date, the authorized share capital of AcquisitionCo will consist of 550,000,000 common shares in the capital of AcquisitionCo, of which 10,000,000 shares are designated class A voting common stock, \$0.00010 par value (the "**Voting**

Shares") and 540,000,000 shares are designated Exchangeable Shares, of which, immediately prior to the Closing: (i) one Voting Share will be issued and outstanding; and (ii) no Exchangeable Shares will be issued and outstanding;

- (c) as of the Closing Date, all of the Voting Shares and Vencanna Shares will have been duly and validly issued and are outstanding as fully paid and non-assessable and the Consideration Shares, as well as the Vencanna Shares issuable upon exchange of the Consideration Shares, will be duly authorized and, when issued in accordance with Section 2.01 or the terms of the Consideration Shares, respectively, will be validly issued as fully paid and non-assessable shares of common stock in the capital of AcquisitionCo and Vencanna, respectively;
- (d) no securities of AcquisitionCo have been issued or, in the case of the Consideration Securities, will be issued, in violation of: (i) any Applicable Law; (ii) the articles, by-laws or other constating documents of AcquisitionCo; (iii) the pre-emptive rights of any Person; or (iv) any agreement to which AcquisitionCo is a party or by which AcquisitionCo is bound, other than this Agreement;
- (e) the issued and outstanding Vencanna Shares are listed and posted for trading on the Exchange and Vencanna is in compliance with all requirements, rules and regulations of the Exchange;
- (f) Vencanna is a "reporting issuer" in each of the provinces of British Columbia, Alberta and Ontario within the meaning of applicable securities laws in such provinces and is not in default of any requirements of applicable securities laws thereof;
- (g) the documents and information comprising the Public Record did not at the respective times they were filed with the relevant Securities Authorities, contain any misrepresentation, unless such document or information was subsequently corrected or superseded in the Public Record prior to the date hereof. Vencanna has timely filed with the Securities Authorities all material forms, reports, schedules, statements and other documents required to be filed by Vencanna with the Securities Authorities since becoming a "reporting issuer" (the "**Securities Reports**") and all such Securities Reports complied as to form in all material respects with the requirements of applicable Canadian securities laws;
- (h) since April 30, 2021, other than as disclosed in the Public Record:
 - (i) there (A) has been no material change (actual, anticipated, contemplated or threatened, financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of Vencanna, (B) have been no transactions entered into by Vencanna which are material with respect to Vencanna, other than those in the ordinary course of business, and (C) has been no dividend or distribution of any kind declared, paid or made by Vencanna on any class of its shares;
 - (ii) Vencanna is not a party or subject to any actions, suits, arbitrations, investigations or proceedings which could affect its business or financial condition in any material respect, and no such actions, suits, arbitrations, investigations or proceedings are contemplated or have been threatened;
- (i) Vencanna is in compliance in all material respects with the applicable listing and corporate governance rules and regulations of the Exchange and no order, ruling or

determination having the effect of ceasing, suspending or restricting trading in any securities of Vencanna has been issued and no proceedings, investigations or inquiries for such purpose are pending, contemplated or threatened;

- (j) except: (i) as disclosed or reflected in the Vencanna Financial Statements; and (ii) for liabilities and obligations: (i) incurred in the ordinary course of business and consistent with past practice since April 30, 2021; or (ii) pursuant to the terms of this Agreement or any other agreement or instrument to which Cannavative is a party, Vencanna has not incurred any material liabilities of any nature, whether accrued, contingent or otherwise, whether or not such liabilities would be required by IFRS to be reflected on a balance sheet of Vencanna as of the date hereof and has not been a party to any off-balance sheet arrangements, as that term is understood under IFRS; and
 - (k) the Vencanna Financial Statements fairly present, in accordance with IFRS, consistently applied, the financial position and condition of Vencanna at the dates thereof and the results of the operations of Vencanna for the periods then ended and reflect, in accordance with IFRS, consistently applied, all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Vencanna as at the dates thereof.
- (5) **Listing Statement.** Vencanna Information to be provided by Vencanna for inclusion in the Listing Statement shall not, at the time of filing thereof on SEDAR, fail to be true and correct in any material respect or contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.
- (6) **Vencanna Shares.** Subject to the restricted periods described in Section 2.02(2) and assuming the accuracy of each of the representations and warranties to be provided by the Sellers in their respective Assignments Separate from Certificates, upon exchange of the Consideration Shares, the Vencanna Shares received by the Sellers will be freely trading and not subject to resale restrictions in all jurisdictions in Canada in which Vencanna is a "reporting issuer".
- (7) **Compliance.** Neither Vencanna nor any of its subsidiaries is in violation of any Applicable Law, except for such violations which would not individually or in the aggregate be reasonably expected to result in a Material Adverse Effect on Vencanna.
- (8) **U.S. Securities Laws.**
- (a) Vencanna is not an "investment company" as defined in the United States Investment Company Act of 1940, as amended, registered or required to be registered under the United States Investment Company Act of 1940, as amended.
 - (b) Vencanna has no class of securities that is registered or required to be registered under section 12 of the U.S. Exchange Act, nor is Vencanna subject to any reporting obligation under section 15(d) of the U.S. Securities Act.
 - (c) Vencanna is acquiring the Units solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof. Vencanna acknowledges that the Units are not registered under the U.S. Securities Act, as amended, or any state securities laws, and that the Units may not be transferred or sold except pursuant to the registration provisions of the U.S. Securities Act, as amended or pursuant to an applicable exemption therefrom and subject to state

securities laws and regulations, as applicable. Vencanna is able to bear the economic risk of holding the Units for an indefinite period (including total loss of its investment), and has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risk of its investment.

- (9) **Absence of Changes.** Except as set forth in the Public Record, since April 30, 2021, (a) Vencanna has conducted its business in all material respects only in the ordinary course consistent with past practice; and (b) there has not been any fact, event, change, occurrence, condition, development, circumstance or effect that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect on Vencanna.
- (10) **Independent Investigation.** AcquisitionCo and Vencanna have conducted their own independent investigation, review and analysis of the business, results of operations, prospects, condition (financial or otherwise) or assets of the Cannavative Entities, and acknowledge that they have been provided adequate access to the personnel, properties, assets, premises, books and records, and other documents and data of the Sellers and the Cannavative Entities for such purpose. AcquisitionCo and Vencanna acknowledge and agree that: (a) in making their decision to enter into this Agreement and to consummate the Transaction, they have relied solely upon their own investigation and the express representations and warranties of Cannavative set forth in Article 3 of this Agreement (including the related portions of the Disclosure Schedules) and of the Sellers to be set forth in the Assignments Separate from Certificates; and (b) none of the Sellers, the Sellers' Representative, Cannavative or any other Person has made any representation or warranty as to the Sellers, the Sellers' Representative, the Cannavative Entities or this Agreement, except as expressly set forth in Article 3 of this Agreement (including the related portions of the Disclosure Schedules).

3.03 Federal Cannabis Laws

Notwithstanding anything to the contrary provided in this Agreement, and in addition to any specific exception to Federal Cannabis Laws and any similar Applicable Law set forth in this Article 3, all representations, warranties and disclosures of the Parties in this Article 3 are being made with exception to and not with respect to Federal Cannabis Laws.

ARTICLE 4 COVENANTS

4.01 Governmental Charges

- (1) **Liability for Governmental Charges.** The Parties acknowledge that Cannavative reports as a partnership for US federal income tax purposes, and as such, income taxes on Cannavative's earnings are imposed on the Sellers, not on Cannavative. To permit Sellers to pay pre-Closing taxes on Cannavative's income, Tax Distributions will be made to Sellers as provided in Section 6.02(d) of this Agreement. Vencanna and AcquisitionCo, jointly and severally, do expressly assume and will be liable for any Governmental Charges that may be or become payable by the Sellers in respect of their ownership of the Units prior to the Closing Time. Notwithstanding the preceding, and for clarity, the obligation to pay Governmental Charges described in the preceding sentence does not apply to taxable income, if any, realized by Sellers in connection with the exchange of their Units for Exchangeable Shares pursuant to this Agreement, which obligation shall remain with Sellers (nor will AcquisitionCo or Vencanna be liable for Governmental Charges incurred by Sellers upon the exchange of Exchangeable Shares for shares in Vencanna). If, as a result of an audit, litigation, or other third-party proceeding with respect to Governmental Charges, any additional Governmental

Charges are found to be payable by, or are assessed or reassessed against, the Sellers in respect of any taxation year or other fiscal period of the Cannavative Entities ending on or before the Closing Date that exceed the amount of any provision for Governmental Charges reserved in the Cannavative Financial Statements or otherwise included in the Cannavative Net Debt and distributed to Sellers, AcquisitionCo or Vencanna, as the case may be, shall indemnify and hold Sellers harmless, from and against such Governmental Charges. Any such indemnity shall be treated by the Parties as an adjustment to the Purchase Price unless otherwise required by Law.

- (2) **Tax Periods Ending on or Before the Closing Date.** Vencanna shall prepare, or cause to be prepared, and file, or cause to be filed, all Tax Returns for Cannavative for all periods ending on or prior to the Closing Date that are filed after the Closing Date. Vencanna shall permit the Sellers' Representative, and its respective accountants, attorneys and other advisors, reasonable and adequate time to review and comment on each Tax Return described in the preceding sentence prior to filing and shall make such revisions to such Tax Returns as are reasonably requested by the Sellers' Representative and its advisors.
- (3) **Cooperation on Tax Matters.**
 - (a) Vencanna and Cannavative agree, and the Assignments Separate from Certificates shall provide that each of the Sellers shall acknowledge and agree, to cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns of the Cannavative Entities and any audit, litigation, or other proceeding with respect to Governmental Charges applicable to the Cannavative Entities for periods ending on, before or including the Closing Date. Such cooperation shall include the retention by Cannavative and Vencanna and (upon the other party's request) the provision of records and information reasonably relevant to any such audit, litigation, or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Cannavative and Vencanna agree (i) to retain all books and records with respect to tax matters pertinent to the Cannavative Entities relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any Governmental Authority, and (ii) to give the other reasonable written notice prior to transferring, destroying, or discarding any such books and records and, if the other party so requests, Cannavative or Vencanna, as the case may be, shall allow the other parties to take possession of such books and records.
 - (b) Vencanna and Cannavative further agree, upon request, to use their best efforts to obtain any certificate or other document from, or effect any filing with, any Governmental Authority or any other Person as may be necessary to mitigate, reduce, or eliminate any Governmental Charge that could be imposed (including with respect to the transactions contemplated hereby).
 - (c) Vencanna shall promptly notify the Sellers' Representative upon receipt by Vencanna or any of its Affiliates (including the Cannavative Entities after the Closing) of notice of any inquiries, claims, assessments, audits or similar events with respect to Governmental Charges relating to a taxable period ending on or prior to the Closing Date or for which the Sellers may be liable under this Agreement (any such inquiry, claim, assessment, audit or similar event, a "**Tax Matter**"). Vencanna shall have the authority to represent the interests of the Cannavative Entities (as applicable) with respect to any Tax Matter before the IRS or any other Governmental Authority or any

court and shall have the sole right to control the defense, compromise or other resolution of any Tax Matter, including responding to inquiries, filing Tax Returns, and contesting, defending against and resolving any assessment for additional Governmental Charges or notice of tax deficiency or other adjustment of Governmental Charges of, or relating to, a Tax Matter. Vencanna shall (i) keep Sellers' Representative fully informed with respect to the commencement, status and nature of any Tax Matter (ii) in good faith, allow Sellers' Representative to make comments to Vencanna regarding the conduct of or positions taken in any such proceeding and (iii) not enter into any settlement or compromise which would likely have an adverse tax effect on the Cannavative Entities without the prior written consent of Sellers' Representative, which consent shall not be unreasonably withheld, conditioned or delayed.

- (4) **Tax-Sharing Agreements.** All tax-sharing agreements or similar agreements between the Cannavative Entities and any Third Party (if applicable) shall be terminated as of the Closing Date and, after the Closing Date, Cannavative shall not be bound thereby or have any liability thereunder.
- (5) **Certain Taxes.** All transfer, documentary, sales, use, stamp, registration, and other such Governmental Charges and fees incurred in connection with this Agreement shall be paid by Vencanna when due, and the party required by Applicable Law shall file all necessary Tax Returns and other documentation with respect to all such transfer, documentary, sales, use, stamp, registration, and other such Governmental Charges and fees, and, if required by Applicable Law, the other parties shall, and shall cause their affiliates to join in the execution of any such Tax Returns and other documentation. The expense of filing shall be paid by Vencanna.

4.02 Seller Approval

As soon as reasonably practicable following the execution and delivery of this Agreement, Cannavative shall, in accordance with applicable limited liability company laws of the state of Nevada and its Operating Agreement, use commercially reasonable efforts to seek and obtain written consents and Assignments Separate from Certificates from all Sellers and deliver copies of such written documents to Vencanna.

4.03 Interim Operating Covenants of Cannavative

- (1) **Conduct of Business.** Except as contemplated by this Agreement or in support of the Transaction or with the prior written consent of Vencanna (which shall not be unreasonably withheld, delayed or conditioned), during the Interim Period, Cannavative shall, and shall cause the Cannavative Entities to:
 - (a) operate the Business in the ordinary course thereof, in all material respects consistent with past practice;
 - (b) not transfer any cannabis-related licenses or license applications;
 - (c) not make any capital expenditures (except for the repair or replacement of assets , in the ordinary course of business) in excess of \$50,000 in the aggregate;
 - (d) not make any payments of whatsoever nature outside of the ordinary course to the Sellers or any Affiliates thereof (other than any such payments pursuant to agreements or arrangements in place as of the date hereof and disclosed in the Disclosure

Schedules, as the same may be updated from time to time to reflect tax distributions to Sellers);

- (e) use commercially reasonable efforts to preserve the Business and the goodwill of the Cannavative Entities and of their relationships with customers, suppliers and others having business dealings with it, provided, that this Section 4.03(1)(e) shall not require any payment or extension or extra rights or benefits to any such Persons;
- (f) use commercially reasonable efforts to keep available the services of its present officers and Key Employees;
- (g) except as otherwise provided for in the Disclosure Schedules, as the same may be updated from time to time, not increase or promise to increase, in any manner, the compensation or employee benefits of any of its directors, officers or employees, or pay or agree to pay to any of its directors, officers or employees any pension, severance or termination amount or other employee benefit outside of the ordinary course of business and not required by any of the Employee Benefit Plans and other programs referred to in the Disclosure Schedules (other than in each case, as required to comply with Applicable Law);
- (h) not enter into, amend in any material respect or terminate (other than terminations for cause or counterparty breach) any contract which is required to be disclosed as a Material Contract in the Disclosure Schedules (other than any amendments or terminations consistent with the Transaction);
- (i) not create, incur or assume any long-term indebtedness (including guarantees of indebtedness and obligations in respect of new leases) or create any Encumbrance, other than Permitted Encumbrances, upon any of its properties or assets makes any loans or advances to any Person (other than the Cannavative Entities) and except the amounts contemplated in relation to the payment of the Cannavative Transaction Expenses;
- (j) not sell or otherwise dispose of any of its properties or assets, except inventory and obsolete assets in the ordinary course of business;
- (k) not enter into any agreement with respect to the Business, other than agreements made in the ordinary course of business consistent with past practice and other than agreements which involve financial obligations of less than \$50,000 per annum;
- (l) except as disclosed in the Disclosure Schedules, not declare or pay any dividends, redeem or repurchase any Units or make any distribution in respect of each of their Units;
- (m) maintain the books, records and accounts of the Cannavative Entities in the ordinary course and consistent with past practice; and
- (n) except as required to effectuate the Pre-Closing Restructuring, ensure that: (i) no amendments are made to the Cannavative Entities' articles, Operating Agreement or other governing documents; (ii) there is no split, consolidation or reclassification of any equity interests in the Cannavative Entities; and (iii) the Cannavative Entities do not issue any shares, units or other securities, or grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange or exercise) any shares, units or other securities in the Cannavative Entities.

- (2) **Transfer of Units.** At or before the Closing Time, Cannavative shall cause the Sellers to take all commercially reasonable actions and proceedings required to be taken in order to permit the Units to be duly transferred to AcquisitionCo at Closing.

4.04 Covenants of Regarding Non-Solicitation

- (1) Cannavative shall immediately cease and cause to be terminated all existing solicitations, discussions and negotiations (including, without limitation, through any of its Representatives), if any, with any third parties other than AcquisitionCo and Vencanna, initiated on or before the date of this Agreement with respect to any actual or potential Acquisition Proposal. Cannavative shall, and shall cause its Representatives and the other Cannavative Entities to, immediately discontinue access to any of their confidential information and not allow or establish access to any of their confidential information, or any data room, virtual or otherwise and shall promptly request the return or destruction of all confidential information regarding the Cannavative Entities provided to any third party in connection with a potential or actual Acquisition Proposal to the extent that such information has not previously been returned or destroyed, and shall use all commercially reasonable efforts to ensure that such requests are honored in accordance with the terms of any confidentiality agreement governing such information. Cannavative agrees that it shall, and shall cause the Cannavative Entities to, terminate, waive, release, amend, modify or otherwise forbear from the enforcement of, and agrees to take all necessary actions to actively prosecute and enforce, any agreement containing standstill provisions and any provision of any existing confidentiality agreement or any standstill agreement to which it or any of its subsidiaries is a party.

- (2) Except as provided for herein, Cannavative shall not, directly or indirectly, do or authorize or permit any of its Representatives to do, any of the following:

- (a) solicit, initiate, encourage or facilitate any inquiries, proposals or offers, whether publicly or otherwise, regarding an actual or potential Acquisition Proposal;
- (b) encourage or participate in any negotiations or discussions with any other person regarding an actual or potential Acquisition Proposal, or furnish information or provide access to any other person any information with respect to Cannavative's securities, business, properties, operations or condition (financial or otherwise) in connection with, or in furtherance of, an actual or potential Acquisition Proposal; or
- (c) accept, recommend, approve, agree to endorse or propose to accept, recommend, approve, agree to endorse or enter into an agreement to implement any Acquisition Proposal or otherwise take any action that could reasonably be expected to lead to an Acquisition Proposal;

provided, however, that notwithstanding any other provisions of this Section 4.04(2) Cannavative and its Representatives may, prior to obtaining the approval of the Transaction by the Vencanna Shareholders, enter into or participate in any discussions or negotiations with, or furnish information or provide access to, any person in response to an Acquisition Proposal by such person if and only to the extent that:

- (d) such Acquisition Proposal is an unsolicited bona fide written Acquisition Proposal received by Cannavative from such person other than as a result from a breach of this Section 4.04 and the Cannavative Board has determined, in good faith, after consultation with its outside legal counsel and independent financial advisors, that such Acquisition Proposal, if completed in accordance with its terms, would constitute a Superior Proposal; and

- (e) (i) Cannavative shall have complied with and continue to be compliance with all other requirements of this Section 4.04 and the Person making the Acquisition Proposal shall not have been restricted from making such Acquisition Proposal pursuant to existing confidentiality, non-disclosure or standstill agreement or similar restriction; (ii) the Cannavative Board after consultation with outside legal counsel and independent financial advisors, determines in good faith that failure to take such action would be inconsistent with its duties under all Applicable Laws; and (iii) prior to providing any information or data to such person in connection with such Acquisition Proposal: (A) Cannavative notifies Vencanna of the determination by the Cannavative Board that such Acquisition Proposal constitutes a Superior Proposal; and (B) the Cannavative Board receives from such person an executed confidentiality agreement that contains provisions that are no less favourable to Cannavative than the confidentiality provisions in the LOI and Vencanna is provided promptly with a copy of such confidentiality agreement (provided that such confidentiality agreement may not grant such Person the exclusive right to negotiate with Cannavative and may not restrict Cannavative, as applicable, from complying with this Section) and any information that was provided to such person which was not previously provided to Vencanna;
- (f) Cannavative shall promptly (and in any event within 24 hours of receipt by Cannavative) notify Vencanna, first orally and then in writing, of any proposal, inquiry or offer (or any amendment thereto) constituting an actual or potential Acquisition Proposal, in each case received after the date hereof by the Cannavative or any of its Representatives, or any amendments to the foregoing, any request for discussions or negotiations, or any request for non-public information relating to Cannavative in connection with any proposal, inquiry, offer (or any amendment thereto) or request that constitutes or could reasonably be expected to constitute or lead to an actual or potential Acquisition Proposal or for access to the properties or facilities, personnel, books or records of Cannavative or any of its subsidiaries by any person that informs Cannavative or any of its Representatives or otherwise indicates that it is considering making, or has made, an Acquisition Proposal and any amendment thereto; and Cannavative shall provide to Vencanna a copy of such Acquisition Proposal and shall provide the identity of the person making any such Acquisition Proposal together with such other details of the Acquisition Proposal or request for non-public information as Vencanna may reasonably request. Cannavative shall keep Vencanna regularly and promptly informed of the status of and any change to the material terms of any such Acquisition Proposal in writing and shall provide to Vencanna copies of all material or substantive correspondence with respect to such Acquisition Proposal or proposal, inquiry, offer or request if in writing or electronic form, and if not in writing or electronic form, a description of the material terms of such correspondence.
- (g) Cannavative shall not accept, approve or recommend, nor enter into any agreement in respect of an Acquisition Proposal (other than a confidentiality agreement permitted by this Section 4.04), unless:
 - (i) the Acquisition Proposal constitutes a Superior Proposal and the Person making the Acquisition Proposal shall not have been restricted from making such Acquisition Proposal pursuant to existing confidentiality, non-disclosure or standstill agreement or similar restriction;
 - (ii) Cannavative has complied with and continues to be in compliance with its obligations in this Section 4.04;

- (iii) Cannavative has provided Vencanna with (A) notice in writing that the Acquisition Proposal constitutes a Superior Proposal and, in connection therewith, the Cannavative Board has made the determinations contemplated in the definition of "Superior Proposal", (B) all documentation related to and detailing the Superior Proposal (including a copy of any confidentiality and standstill agreement between Cannavative and the person making the Superior Proposal, if not previously delivered), as well as all supporting materials, including any financing documents supplied to Cannavative or its Representatives in connection therewith, and (C) written notice regarding the value and financial terms that the Cannavative Board in consultation with outside legal counsel and independent financial advisors, has determined should be ascribed to any non-cash consideration offered under such Superior Proposal, in each case, at least three (3) Business Days prior to the time at which the Cannavative Board proposes to accept, approve, recommend or enter into any agreement relating to such Superior Proposal;
 - (iv) three (3) Business Days shall have elapsed from the later of the date Vencanna received the notice, documentation and other materials referred to in Section 4.04(2)(g)(iii) from Cannavative in respect of the Acquisition Proposal and the date on which Vencanna received notice of Cannavative's proposed determination to accept, approve, recommend or to enter into any agreement relating to such Superior Proposal, and, if Cannavative has proposed to amend the terms of the transactions contemplated in this Agreement in accordance with Section 4.04(2)(h), the Cannavative Board (after receiving advice from outside legal counsel and independent financial advisors) shall have determined in good faith that the Acquisition Proposal is a Superior Proposal compared to the proposed amendment to the terms of this Agreement;
 - (v) Cannavative concurrently terminates this Agreement pursuant to Section 6.04(c);
 - (vi) Cannavative concurrently will have delivered to Vencanna written confirmation that Cannavative or the Cannavative Board has accepted, approved or recommended, or entered into such agreement relating to, the Acquisition Proposal; and
 - (vii) Cannavative has previously paid, or concurrently pays, to Vencanna, the Cannavative Damages Fee.
- (h) During the periods referred to in Section 4.04(2)(g)(iii) and 4.04(2)(g)(iv), Vencanna shall have the opportunity, but not the obligation, to propose to amend the terms of the transactions contemplated in this Agreement and Cannavative shall, and shall cause and its counsel and other advisors to, co-operate with Vencanna with respect thereto, including negotiating with Vencanna and their counsel and other advisors to enable Vencanna to propose such adjustments to the terms and conditions of this Agreement as Vencanna deems appropriate and as would enable Cannavative to proceed with the transactions contemplated in this Agreement on such adjusted terms. The Cannavative Board shall review any proposal by Vencanna to amend the terms of the transactions contemplated in this Agreement in order to determine, in good faith in the exercise of its fiduciary duties, whether Vencanna's proposal to amend the transactions contemplated by this Agreement would result in the Acquisition Proposal not being a Superior Proposal compared to the proposed amendment to the transactions contemplated by this Agreement. In the event Vencanna proposes to

amend the terms of the transactions contemplated in this Agreement such that the Acquisition Proposal would not result in a transaction more favourable to Cannavative's shareholders or equityholders, from a financial point of view, than the Transaction as so amended, as determined by Cannavative Board in good faith (after receiving advice from outside legal counsel and independent financial advisors) and Vencanna advises Cannavative Board of such proposed amendment within three (3) Business Days of receiving notice of such Superior Proposal, the Cannavative Board shall not: (i) accept, recommend, approve or enter into any agreement to implement such Superior Proposal; or (ii) withdraw, modify or change its recommendation in respect of the Transaction. For greater certainty, each successive amendment to an Acquisition Proposal shall constitute a new Acquisition Proposal for the purposes of this Section 3.4 and shall initiate a new three (3) Business Day match right period.

- (i) Vencanna agrees that all information that may be provided to it by Cannavative with respect to any Superior Proposal pursuant to this Section 4.04 shall be treated as if it were confidential pursuant to section 8 of the LOI and shall not be disclosed or used except in accordance with the provisions of the LOI or in order to enforce its rights under this Agreement in legal proceedings.
- (j) If required by Vencanna, Cannavative shall reaffirm its recommendation of the Transaction by press release promptly in the event that:
 - (i) any Acquisition Proposal is publicly announced unless such Acquisition Proposal constitutes a Superior Proposal and Cannavative otherwise complies with Sections 4.04(2)(g) and 4.04(2)(h) in respect thereof; or
 - (ii) the Parties have entered into an amended agreement pursuant to Section 4.04(2)(h) which results in any Acquisition Proposal not being a Superior Proposal.

Vencanna and its counsel shall be given a reasonable opportunity to review and comment on the form and content of any such press release. Such press release shall state that the Cannavative Board has determined that the Acquisition Proposal is not a Superior Proposal and shall reaffirm the approvals, determinations and recommendations of the Cannavative Board in respect of this Agreement.

- (3) Neither Cannavative nor the Cannavative Board shall withdraw, or qualify, amend or modify in a manner adverse to Vencanna, the approval of this Agreement or the transactions contemplated by this Agreement.
- (4) Cannavative shall ensure that all appropriate Representatives are aware of the provisions of this Section 4.04, and any violation of or the taking of any action which is inconsistent with any of the restrictions set forth in this Section 4.04 by any Representative shall be deemed to constitute a breach of this Section 4.04 by its Representatives.

4.05 Interim Period Covenants of the Parties

- (1) Each of the Parties shall use commercially reasonable efforts to take all actions necessary to consummate the transactions contemplated by this Agreement as soon as reasonably practicable after the execution of this Agreement, including taking all actions necessary to comply promptly with all Applicable Laws that may be imposed on it with respect to the Closing.

- (2) Each of the Parties shall use commercially reasonable efforts to obtain, as soon as reasonably practicable after the execution of this Agreement, any and all consents, approvals and Authorizations, including the Exchange Approval, or other Persons required in order to consummate the transactions contemplated by this Agreement, and each Party shall cooperate with the other Parties to this Agreement in obtaining all such consents, approvals and Authorizations.
- (3) As promptly as practical following the execution of this Agreement, and in compliance with Applicable Laws:
 - (a) Cannavative shall prepare the Cannavative Information for inclusion in the Listing Statement in a timely and expeditious manner;
 - (b) Vencanna shall prepare Vencanna Information for inclusion in the Listing Statement in a timely and expeditious manner;
 - (c) Vencanna shall prepare and publicly file the Listing Statement and other relevant documentation, in consultation with each other, and each of the Parties shall, in all cases ensure its own compliance in all material respects with all Applicable Laws (including the requirements of Form 2A of the CSE and National Instrument 41-101) on the date of issue thereof;
 - (d) Cannavative shall indemnify and save harmless Vencanna and its Affiliates, directors, officers and agents from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Vencanna and its Affiliates, directors, officers, employees and agents may be subject or may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:
 - (i) any Misrepresentation or alleged Misrepresentation in Cannavative Information included in the Listing Statement; and
 - (ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any Misrepresentation in Cannavative Information included in the Listing Statement; and
 - (e) Vencanna shall indemnify and save harmless Cannavative and its Affiliates, directors, officers, employees and agents from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Cannavative and its Affiliates, directors, officers and agents may be subject or may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:
 - (i) any Misrepresentation or alleged Misrepresentation in Vencanna Information included in the Listing Statement; and
 - (ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any misrepresentation in Vencanna Information included in the Listing Statement.

- (4) During the Interim Period, Vencanna, on one hand, and Cannavative and the Sellers, on the other hand, shall give prompt written notice to the other of the discovery by such Party of any fact, event or action the occurrence of which would make satisfaction of any of the conditions set forth, in the case of Cannavative, Section 6.01 and, in the case of Vencanna, Section 6.02 impossible or unlikely.
- (5) If any further action is necessary or desirable to carry out the purposes of this Agreement, each Party, upon request of the other Party and from time to time, will take such further action (including the execution and delivery of such further instruments and documents) as the other Party may reasonably request and deem necessary or desirable to consummate the transactions contemplated by this Agreement, all at the sole cost and expense of the requesting Party.

4.06 Director, Manager and Officer Indemnification and Insurance

- (1) Vencanna and AcquisitionCo agree that all rights to indemnification, advancement of expenses and exculpation by Cannavative now existing in favor of each Person who is now, or has been at any time prior to the date hereof or who becomes prior to the Closing Date, an officer, Manager or director of Cannavative, as provided in the articles of organization, operating agreement or other governing documents of Cannavative, in each case as in effect on the date of this Agreement, or pursuant to any other agreements disclosed in the Listing Statement, shall survive the Closing Date and shall continue in full force and effect in accordance with their respective terms.
- (2) Vencanna and AcquisitionCo shall cause the Cannavative Entities to (a) maintain in effect for a period of six (6) years after the Closing Date, if available, the current policies of Managers, directors' and officers' liability insurance maintained by the Cannavative Entities immediately prior to the Closing Date (provided that the Cannavative Entities may substitute therefor policies, of at least the same coverage and amounts and containing terms and conditions that are not less advantageous to the directors and officers of the Cannavative Entities when compared to the insurance maintained by the Cannavative Entities as of the date hereof), or (b) obtain as of the Closing Date "tail" insurance policies with a claims period of two (2) years from the Closing Date with at least the same coverage and amounts, and containing terms and conditions that are not less advantageous to the directors and officers of the Cannavative Entities, in each case with respect to claims arising out of or relating to events which occurred on or prior to the Closing Date (including in connection with the transactions contemplated by this Agreement).
- (3) The obligations of Vencanna and AcquisitionCo under this Section 4.06 shall not be terminated or modified in such a manner as to adversely affect any manager, director or officer to whom this Section 4.06 applies without the consent of such affected director or officer (it being expressly agreed that the directors and officers to whom this Section 4.06 applies shall be third-party beneficiaries of this Section 4.06, each of whom may enforce the provisions of this Section 4.06). In the event Vencanna, any Cannavative Entities or any of their respective successors or assigns (a) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity in such consolidation or merger or (b) transfers all or substantially all of its properties and assets to any Person, then, and in either such case, proper provision shall be made so that the successors and assigns of Vencanna or the Cannavative Entities, as the case may be, shall assume all of the obligations set forth in this Section 4.06.

4.07 Cannavative Books and Records

For a period of seven (7) years following the Closing Date, the Sellers shall have reasonable access to all of the books, records and personnel of Cannavative to the extent that such access may reasonably be required by any such Seller in connection with any matter relating to the operations of Cannavative prior to the Closing Date. Such reasonable access shall be provided by Cannavative to the Sellers (in each case following the Seller's written request) in accordance with the foregoing sentence during normal working hours and the Sellers shall have the right, at their sole cost and expense, to make copies of any such books and records; provided, however, that any such access or copying shall be subject to Cannavative's reasonable confidentiality precautions (which may require a written nondisclosure agreement on customary terms and conditions) and accomplished in such a manner so as not to interfere with the normal conduct of the business of Cannavative.

4.08 Nevada Cannabis Compliance Board Approval

The Parties agree that consent of the NCCB is required to vest AcquisitionCo with the authority to lawfully own the Units (the "**NCCB Approval**"). Cannavative, Vencanna and AcquisitionCo, shall work together cooperatively in good faith to make such filings, with Cannavative taking the lead and bearing primary responsibility for responding to inquiries from the NCCB (and any other applicable regulatory authority) prior to Closing as shall be required in order to receive the NCCB Approval (the "**NCCB Filings**"). Cannavative, Vencanna and AcquisitionCo, respectively, shall make such initial NCCB Filings as soon as practicable both before and following the execution of this Agreement. Each of Cannavative, Vencanna, AcquisitionCo, and the Sellers' Representative, each and respectively, agree to (and Cannavative agrees to cause the Sellers to) take such actions, and timely negotiate, execute and deliver such documents as are reasonably requested by any party hereunder in connection with the pursuit of NCCB Approval.

ARTICLE 5 AGREEMENT AS TO DAMAGES AND REMEDIES

5.01 Cannavative Damages

If this Agreement is terminated by Cannavative pursuant to Section 6.04(d), Vencanna shall pay, within three (3) Business Days of such termination, to Cannavative \$200,000 (the "**Cannavative Damages Fee**"), as liquidated damages in immediately available funds to an account designated by Cannavative. Vencanna shall only be obligated to pay the Cannavative Damages Fee once pursuant to this Section 5.01.

5.02 Vencanna Damages

If this Agreement is terminated by Vencanna pursuant to Section 6.04(e) or by Cannavative pursuant to Section 6.04(c), Cannavative shall pay, within three (3) Business Days following such termination, to Vencanna \$500,000 (the "**Vencanna Damages Fee**"), as liquidated damages in immediately available funds to an account designated by Vencanna; provided, however, that in the event the New Cannabis Ventures American Cannabis Operator Index increases by not less than 50% between the date hereof and the termination date, the Vencanna Damages Fee shall be reduced to \$250,000. Cannavative shall only be obligated to pay the Vencanna Damages Fee once pursuant to this Section 5.02.

5.03 Damages

Each of the Parties acknowledges that the agreements contained in Sections 5.02 and 5.01 are an integral part of the transaction contemplated by this Agreement, and that without these agreements

the Parties would not enter into this Agreement; and further that the payment of the Vencanna Damages Fee in the circumstance set forth in Section 5.02 and the payment of the Cannavative Damages Fee in the circumstance set forth in Section 5.01 is a payment of liquidated damages which is a genuine pre-estimate of the damages which Vencanna or Cannavative, as applicable, shall suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement and is not a penalty. Cannavative and Vencanna, as applicable, irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive.

ARTICLE 6 CONDITIONS AND TERMINATION

6.01 Conditions for the Benefit of AcquisitionCo

The completion of the Transaction is subject to the following conditions, which are for the exclusive benefit of AcquisitionCo and which are to be performed or complied with at or prior to the Closing Time:

- (a) the representations and warranties of Cannavative set forth in Section 3.01 will be true and correct in all material respects at the Closing Time with the same force and effect as if made at and as of such time (other than any representations and warranties stated to be as of a specific date, which shall be true and correct as of such specified date); provided, that, any representation or warranty that is qualified by materiality must be true and correct in all respects after giving effect to such qualification; and provided further, that, the representations in Section 3.01(9) shall be true and correct in all material respects as of the applicable dates referred to above, and AcquisitionCo shall have received a certificate of Cannavative addressed to AcquisitionCo and dated the Closing Date, signed on behalf of Cannavative by a senior officer of Cannavative, confirming the above;
- (b) the representations and warranties of the Sellers set forth in the Assignments Separate from Certificates will be true and correct in all material respects at the Closing Time with the same force and effect as if made at and as of such time (other than any representations and warranties stated to be as of a specific date, which shall be true and correct as of such specified date); provided, that, any representation or warranty that is qualified by materiality must be true and correct in all respects after giving effect to such qualification;
- (c) Cannavative and the Sellers will have performed or complied in all material respects with all of the covenants of this Agreement and the Assignments Separate from Certificates to be performed or complied with by Cannavative and the Sellers, respectively, at or prior to the Closing Time, and AcquisitionCo shall have received a certificate of Cannavative addressed to AcquisitionCo and dated the Closing Date, signed on behalf of Cannavative by a senior officer of Cannavative, confirming the above;
- (d) the Cannavative Transaction Expenses do not exceed, in the aggregate, \$750,000 on the Closing Date, and AcquisitionCo shall have received a certificate of Cannavative addressed to AcquisitionCo and dated the Closing Date, signed on behalf of Cannavative by a senior officer of Cannavative, confirming the above;
- (e) AcquisitionCo shall have received a certificate of Cannavative providing particulars of the Cannavative Net Debt as at the Closing Date and such other evidence as may be requested by AcquisitionCo, acting reasonably, addressed to AcquisitionCo and dated

the Closing Date, signed on behalf of Cannavative by a senior officer of Cannavative, confirming the above;

- (f) each of the Sellers or Cannavative, as applicable, shall deliver or cause to be delivered to Vencanna's Counsel (to be held in escrow or trust, as applicable) the following in form and substance satisfactory to AcquisitionCo, acting reasonably:
 - (i) unit certificates, or applicable assignments separate from certificates, representing the Units, free and clear of all Encumbrances, duly endorsed in blank for transfer, or accompanied by irrevocable member unit or interest transfer powers of attorney duly executed in blank, in either case by the holders of record, together with evidence satisfactory to AcquisitionCo that AcquisitionCo or its nominee(s) have been entered upon the books of Cannavative as the holder of the Units;
 - (ii) certified copies of: (A) the charter documents and by laws of each Cannavative Entity; (B) all resolutions of the members and the board of managers (as applicable) of each Cannavative Entity approving the entering into and completion of the transaction contemplated by this Agreement, and (C) a list of the directors and officers of Cannavative authorized to sign agreements together with their specimen signatures;
 - (iii) a certificate of status, compliance, good standing or like certificate with respect to each Cannavative Entity issued by appropriate government officials of their respective jurisdictions of organization and, in the case of each Cannavative Entity, of each jurisdiction in which such Cannavative Entity carries on the Business;
 - (iv) the certificates referred to in Sections 6.01(a) through (e);
 - (v) evidence that all transactions required to complete the Pre-Closing Restructuring have been consummated (including, without limitation, releases and discharges provided by the Lenders in respect of all Cannavative's obligations under the Cannavative Loans), all on terms and conditions satisfactory to AcquisitionCo, acting reasonably;
 - (vi) evidence that the Cannavative Transaction Expenses shall have been paid in full;
 - (vii) a duly executed resignation effective as at the Closing of each director and officer of the Cannavative Entities as AcquisitionCo may specify in writing at least five (5) Business Days prior to Closing;
 - (viii) the Escrow Agreement duly executed by each of the applicable Sellers or such Sellers' Representatives; and
 - (ix) a non-foreign affidavit for each Seller, dated as of Closing, sworn under penalties of perjury, and in form and substance required under the Treasury Regulations issued pursuant to Code section 1445, stating that the Seller is not a "foreign person" as defined in Code section 1445.
- (g) no action or proceeding will be pending or threatened by any Person to enjoin, restrict or prohibit:

- (i) the completion of the Transaction; or
- (ii) the right of the Cannavative Entities to conduct the Business;
- (h) no Material Adverse Effect in respect of the Cannavative Entities, taken as a whole, shall have occurred;
- (i) all necessary Authorizations, approvals and consents necessary to complete the Transaction and its related transactions, including the Vencanna Written Resolution executed by the requisite number of shareholders of Vencanna, if required, the Exchange Approval and the NCCB Approval, shall be obtained; and
- (j) evidence of the Seller Approval.

6.02 Conditions for the Benefit of Cannavative

The completion of the Transaction is subject to the following conditions, which are for the exclusive benefit of Cannavative and which are to be performed or complied with at or prior to the Closing Time:

- (a) the representations and warranties of AcquisitionCo and Vencanna set forth in Section 3.02 will be true and correct in all material respects at the Closing Time with the same force and effect as if made at and as of such time (other than any representations and warranties stated to be as of a specific date, which shall be true and correct as of such specified date); provided, that, any representation or warranty that is qualified by materiality must be true and correct in all respects after giving effect to such qualification, and Cannavative and the Sellers' Representative shall have received a certificate of AcquisitionCo and Vencanna addressed to Cannavative and the Sellers' Representative and dated the Closing Date, signed on behalf of AcquisitionCo and Vencanna by a senior officer of AcquisitionCo and Vencanna, respectively, confirming the above;
- (b) AcquisitionCo and Vencanna will have performed or complied in all material respects with all of the covenants of this Agreement to be performed or complied with by AcquisitionCo and Vencanna, respectively, at or prior to the Closing Time, and Cannavative shall have received a certificate of AcquisitionCo and Vencanna addressed to Cannavative and the Sellers' Representative and dated the Closing Date, signed on behalf of AcquisitionCo and Vencanna by a senior officer of AcquisitionCo and Vencanna, respectively, confirming the above;
- (c) AcquisitionCo shall deliver or cause to be delivered to Cannavative Counsel (to be held in escrow or trust, as applicable) the following in form and substance satisfactory to Cannavative and the Sellers' Representative, acting reasonably:
 - (i) certified copies of: (A) the charter documents and by-laws of AcquisitionCo and Vencanna relating to the execution of documents; (B) all resolutions of the shareholders and the board of directors of AcquisitionCo and Vencanna approving the entering into and completion of the transactions contemplated by this Agreement; and (C) a list of its officers and directors authorized to sign agreements together with their specimen signatures;
 - (ii) a certificate of status, compliance, good standing or like certificate with respect to AcquisitionCo and Vencanna issued by appropriate government official of the jurisdiction of their incorporation;

- (iii) the certificates referred to in Sections 6.02(a) and (b);
 - (iv) the Exchange Rights Agreement and all other documents, instruments and agreements governing the exchange of Consideration Securities into Vencanna Shares, an amended articles of incorporation of AcquisitionCo, and such other documents relating to the issuance of the Consideration Securities in the form mutually acceptable to the Parties, acting reasonably, duly executed by AcquisitionCo, including evidence that all necessary filings have been made to effect such documents, instruments and agreements;
 - (v) certificates or DRS Advices representing the Consideration Securities in the name of the Sellers;
 - (vi) the Escrow Agreement duly executed by AcquisitionCo and the Escrow Agent; and
 - (vii) evidence that (1) Dr. Scott Wrye, Ross Kline and one additional nominee chosen by Cannavative and accepted by Vencanna, acting reasonably, have been appointed as members of AcquisitionCo and Vencanna Board of Directors, each and respectively; (2) Seller's Representative shall have the right to appoint any successors of the nominees selected pursuant to clause (1) in the event of their resignation or failure to continue to serve, for any reason, so long as such successors are not restricted from serving as directors pursuant to Applicable Law (including, without limitation, the policies of the Exchange); and (3) the individuals selected as members of the Board of Directors of AcquisitionCo and Vencanna pursuant to clause (1), shall constitute 50% of the members of the Board of Directors of each AcquisitionCo and Vencanna, respectively, as of the Closing Date, joining David McGorman, Jon Sharun and one additional nominee chosen by Vencanna and accepted by Cannavative, acting reasonably; and
 - (viii) Jason Crum has been appointed as Chief Revenue Officer, with a compensation package that includes the grant of a total of 2,400,000 Exchangeable Shares and 1,200,000 Exchangeable B Warrants on the Closing Date;
- (d) Tax Distributions, which are the pre-closing 2021 and 2022, respectively, income tax obligations of the Sellers attributable to earnings of the Cannavative Entities, in the amounts set forth in the Disclosure Schedules, shall have been distributed by Vencanna to the Sellers on the Closing Date, and any outstanding Cannavative Loans have either been paid (via debt conversion to equity or cash payoff) or assumed by AcquisitionCo, including the loan from Vencanna to Cannavative;
 - (e) no action or proceeding will be pending or threatened by any Person to enjoin, restrict or prohibit the completion of the Transaction;
 - (f) no Material Adverse Effect in respect of AcquisitionCo or Vencanna shall have occurred;
 - (g) all necessary Authorizations, approvals and consents necessary to complete the Transaction and its related transactions, including the Pre-Closing Transaction, approval of the Exchange, if required, and the NCCB Approval, shall be obtained;

- (h) Vencanna shall have not less than \$5,000,000 of unrestricted cash available as of Closing available to fund various Cannavative, Vencanna and/or AcquisitionCo obligations, as determined in the discretion of the Board of Directors of Vencanna; and
- (i) Vencanna shall have converted its loan to Cannavative to equity on such terms and conditions as are reasonably satisfactory to Cannavative.

6.03 Waiver of Condition

AcquisitionCo, in the case of a condition set forth in Section 6.01, and Cannavative or the Sellers' Representative, in the case of a condition set forth in Section 6.02, will have the exclusive right to waive the performance or compliance of such condition in whole or in part and on such terms as may be agreed upon without prejudice to any of its rights in the event of non-performance of or non-compliance with any other condition in whole or in part. Any such waiver will not constitute a waiver of any other conditions in favor of the waiving Party. Such waiving Party will retain the right to complete the Transaction but will not have the right to sue in respect of any breach of the other Party's covenants, obligations or any inaccuracy or misrepresentation in a representation or warranty of the other Party which gave rise to the non-performance of or non-compliance with the condition so waived.

6.04 Termination

This Agreement may be terminated and the Transaction contemplated hereby may be abandoned at any time before the Closing Date only:

- (a) by the mutual written consent of AcquisitionCo, Vencanna, Cannavative and the Sellers' Representative;
- (b) by either AcquisitionCo or Cannavative, upon written notification to the non-terminating Party by the terminating Party, if any permanent injunction, order, decree, ruling or other action of or by any Governmental Authority of competent jurisdiction that shall prohibit or restrain the consummation of the Transaction contemplated by this Agreement shall have been threatened to be issued or is issued;
- (c) by Cannavative, if the Cannavative Board accepts, approves or recommends, or Cannavative enters into any agreement with respect to, a Superior Proposal in compliance with the provisions of Section 4.04(2)(g), provided that Cannavative shall concurrently have delivered to Vencanna written confirmation that the Cannavative Board has accepted, approved or recommended, or Cannavative has entered into such agreement relating to such Superior Proposal, and that Cannavative has previously or concurrently will have paid to Vencanna the Vencanna Damages Fee; and provided, further, that Cannavative has not breached any of its covenants, obligations or agreements in this Agreement, which breaches would, individually or in the aggregate, give rise to the failure of a condition set forth in Section 6.01 or Section 6.02.
- (d) by Cannavative, if: (i) there exists a breach of any representation or warranty of the AcquisitionCo or Vencanna contained in this Agreement such that the closing condition set forth in Section 6.02(a) would not be satisfied; or (ii) AcquisitionCo or Vencanna has breached or failed to perform any of its covenants or other agreements contained in this Agreement to be complied with by it such that the closing condition set forth in Section 6.02(b) would not be satisfied and, in the case of each of clauses (i) and (ii) above, such breach or failure to perform has not been waived in writing by Cannavative or cured by AcquisitionCo or Vencanna, as applicable, within seven (7) days after

receipt of written notice thereof or is incapable of being cured; provided, however, that the right to terminate this Agreement pursuant to this Section 6.04(d) shall not be available to Cannavative if Cannavative is in material breach of any of its covenants, obligations or agreements set forth in this Agreement;

- (e) by Vencanna, if: (i) Cannavative breaches any of its covenants or agreements in any material respect in Section 4.04; (ii) there exists a material breach of any representation or warranty of Cannavative or the Sellers contained in this Agreement or the Assignments Separate from Certificates such that the closing conditions set forth in Sections 6.01(a) and (b) would not be satisfied; or (iii) Cannavative or the Sellers has materially breached or failed to perform any of its covenants or other agreements contained in this Agreement or the Assignments Separate from Certificates to be complied with by it such that the closing condition set forth in Section 6.01(c) would not be satisfied and, in the case of each of clauses (ii) and (iii) above, such breach or failure to perform has not been waived in writing by Vencanna or cured by Cannavative or the Sellers within seven (7) days after receipt of written notice thereof or is incapable of being cured; provided, however, if such breach or failure is capable of being cured but cannot reasonably be cured within such 7-day period, then Cannavative or the Sellers, as applicable, shall not be deemed in breach so long as it commences the cure within such 7-day period and thereafter diligently pursues the cure; and provided further, however, that the right to terminate this Agreement pursuant to this Section 6.04(e) shall not be available to Vencanna if Vencanna is in material breach of any of its covenants, obligations or agreements set forth in this Agreement; and provided further; or
- (f) notwithstanding anything to the contrary in Sections 6.04(d) or 6.04(e) concerning the rights of any party to cure, by any Party if the Closing has not occurred on or prior to October 31, 2022, and the failure of the Closing to have occurred is not caused by a breach of this Agreement (or any representation, warranty, covenant or agreement included herein) by the Party electing to terminate pursuant to this Section 6.04(f).

6.05 Effect of Termination

Each Party's right of termination under Section 6.04 is in addition to any other rights it may have under this Agreement or otherwise. If this Agreement is terminated pursuant to Section 6.04, all further obligations of the Parties under this Agreement will terminate, except that the obligations in Section 5.02, Section 5.01, and Article 8 will survive.

ARTICLE 7 CLOSING ARRANGEMENTS

7.01 Closing

Subject to the satisfaction or waiver of the conditions precedent set forth in Section 6.01 and Section 6.02, the Transaction shall be completed at the Closing Time on the Closing Date at the offices of Vencanna's Counsel. The Parties mutually agree that the Closing may take place by the electronic exchange of executed counterpart documents and the electronic transfer of funds and delivery of Consideration Securities to Sellers.

7.02 Public Communications

Each Party shall receive the prior consent, not to be unreasonably withheld, of the other Parties prior to issuing or permitting any director, officer, employee or agent to issue, any press release or other written statement with respect to this Agreement or the Transaction. Notwithstanding the foregoing, if any Party is required by Applicable Law to make any disclosure relating to the Transaction, such disclosure may be made, but that Party will use reasonable commercial efforts to consult with the other Party as to the wording of such disclosure prior to its being made. The Parties consent to this Agreement being filed on SEDAR, with appropriate redactions of personal and sensitive information, to the extent permitted by Applicable Law.

ARTICLE 8 GENERAL

8.01 Further Assurances

Each of the Parties will from time to time execute and deliver all such further documents and instruments and do all acts and things as the other Parties may, either before or after the Closing Date, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

8.02 Time of the Essence

Time is of the essence of this Agreement.

8.03 Fees and Expenses

Each Party will pay its respective legal and other costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant to this Agreement and any other costs and expenses whatsoever and howsoever incurred and will indemnify and save harmless the other from and against any liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) resulting from any broker's, finder's or placement fee or commission alleged to have been incurred as a result of any action by it in connection with the transactions under this Agreement.

8.04 Merger Agreement

Each of the Parties hereby acknowledge that this Agreement constitutes the "Merger Agreement" as defined in the loan agreement between Cannavative and Vencanna dated March 11, 2021, as amended.

8.05 Benefit of the Agreement

This Agreement will inure to the benefit of and be binding upon the respective heirs, executors, administrators, other legal representatives, successors and permitted assigns of the Parties hereto.

8.06 Entire Agreement

This Agreement constitutes the entire agreement among the Parties hereto with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements among the Parties hereto with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, among the Parties other than as expressly set forth in this Agreement.

8.07 Amendments and Waivers

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the Parties hereto. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided, will be limited to the specific breach waived.

8.08 Assignment

This Agreement may not be assigned by any Party without the prior written consent of the other Parties, which shall not be unreasonably withheld.

8.09 Notices

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and will be given by personal delivery, by registered mail or by electronic means of communication addressed to the recipient as follows:

to AcquisitionCo and Vencanna:

Top Strike Resources Corp. (dba Vencanna Ventures)
Suite 310, 250 6th Avenue SW
Calgary AB T2P 3H7

Attention: David McGorman
Telephone: [REDACTED]
Email: [REDACTED]

and with a copy to Vencanna's Counsel:

Stikeman Elliott LLP
Suite 4300, 888 3rd Street SW
Calgary AB T2P 5C5

Attention: Sony Gill
Email: [REDACTED]

to Cannavative:

The Cannavative Group
14331 Lear Boulevard

Reno, Nevada 89506 Attention: Ross A. Kline
Telephone: [REDACTED]
Email: [REDACTED]

to Sellers Representative:

Ross A. Kline
14331 Lear Boulevard

Reno, Nevada 89506 Telephone: [REDACTED]
Email: [REDACTED]

and with a copy to Cannavative Counsel:

Maupin, Cox & LeGoy
4785 Caughlin Parkway
Reno, Nevada 89519

Attention: Kurt O. Hunsberger
Email: [REDACTED]

or to such other street address, individual or electronic communication number or address as may be designated by notice given by any Party to the other Parties. Any demand, notice or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the 2nd Business Day following the deposit thereof in the mail and, if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of the recipient and on the Business Day during which such normal business hours next occur if not given during such hours on any day.

8.10 Independent Legal Advice

Each of the Parties acknowledges, confirms and agrees that they had the opportunity to seek and were not prevented nor discouraged by any Party hereto from seeking independent legal advice prior to the execution and delivery of this Agreement or any other agreements contemplated thereby and that, in the event that they did not avail themselves with that opportunity prior to signing such agreements, they did so voluntarily without any undue pressure and agree that their failure to obtain independent legal advice will not be used by them as a defense to the enforcement of their obligations under such agreements.

8.11 Remedies Cumulative

The right and remedies of the parties under this Agreement are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at law or in equity or otherwise. No single or partial exercise by a Party of any right or remedy precludes or otherwise affects the exercise of any other right or remedy to which that Party may be entitled.

8.12 Governing Law and Jurisdiction

- (a) This Agreement will be governed by and interpreted and enforced in accordance with the laws of the State of Nevada without regard to conflict-of-laws principles.
- (b) Each Party irrevocably attorns and submits to the exclusive venue, subject matter and personal jurisdiction of the courts located in the State of Nevada, situated in the City of Reno, County of Washoe and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

8.13 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

8.14 Electronic Execution

Delivery of an executed signature page to this Agreement by any Party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such Party.

8.15 Severability

If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall nevertheless remain in full force and effect and shall in no way be affected, impaired or invalidated. Upon such determination that any term, provision, covenant or restriction is invalid, illegal, void, unenforceable or against regulatory policy, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated by this Agreement are consummated as originally contemplated to the greatest extent possible.

8.16 Amendments

Subject to Applicable Law, this Agreement may not be amended, modified or supplemented except by an instrument in writing signed by the Parties.

8.17 Disclosure Schedules

All section headings in the Disclosure Schedules correspond to the sections of this Agreement, but information provided in any section of the Disclosure Schedules shall constitute disclosure for purposes of each section of this Agreement where such information is relevant. Unless the context otherwise requires, all capitalized terms used in the Disclosure Schedules shall have the respective meanings assigned to such terms in this Agreement. Certain information set forth in the Disclosure Schedules is included solely for informational purposes, and may not be required to be disclosed pursuant to this Agreement. No reference to or disclosure of any item or other matter in the Disclosure Schedules shall be construed as an admission or indication that such item or other matter is required to be referred to or disclosed in the Disclosure Schedules. No disclosure in the Disclosure Schedules relating to any possible breach or violation of any agreement or Law shall be construed as an admission or indication that any such breach or violation exists or has actually occurred. The inclusion of any information in the Disclosure Schedules shall not be deemed to be an admission or acknowledgment by any Party that in and of itself, such information is material to or outside the ordinary course of the business or is required to be disclosed on the Disclosure Schedules. No disclosure in the Disclosure Schedules shall be deemed to create any rights in any third party.

8.18 Conflicts; Privileges

- (a) It is acknowledged by each of the Parties that Cannavative has retained the Cannavative Counsel to act as its counsel in connection with the negotiation and execution of this Agreement and the transactions contemplated by this Agreement and that Cannavative Counsel has not acted as counsel for any other Person in connection with the transactions contemplated by this Agreement and that no other Party to this

Agreement has the status of a client of Cannavative Counsel for conflict of interest or any other purposes as a result thereof.

- (b) Vencanna hereby agrees that, in the event that a dispute arises between Vencanna or any of its Affiliates (including, after the Closing Time, Cannavative) and any Seller or any of its Affiliates (including, prior to the Closing Time, Cannavative), the Cannavative Counsel may represent the Seller or any such Affiliate in such dispute, even though the interests of the Seller or such Affiliate may be directly adverse to Vencanna or any of its Affiliates (including, after the Closing Time, Cannavative), and even though the Cannavative Counsel may have represented Cannavative in a manner substantially related to such dispute, or may be handling ongoing matters for Vencanna or Cannavative.
- (c) Vencanna hereby waives, on behalf of itself and each of its Affiliates (including, after the Closing Time, Cannavative): (i) any claim that it has or may have that Cannavative Counsel has a conflict in interest in connection with or is otherwise prohibited from engaging in such representations; and (ii) agrees that, in the event that a dispute arises after the Closing Time between Vencanna or any of its Affiliates (including Cannavative) and any Seller or any of its Affiliates, Cannavative Counsel may represent any such party in such dispute, even though the interest of any such party may be directly adverse to Vencanna or any of its Affiliates (including Cannavative), and even though Cannavative Counsel may have represented Cannavative in a matter substantially related to such dispute, or may be handling ongoing matters for Vencanna or Cannavative.
- (d) Vencanna, on behalf of itself and each of its Affiliates (including, after the Closing Time, Cannavative) further agrees that, as to all communications between Cannavative Counsel and Cannavative made in connection with the negotiation, preparation, execution, delivery and closing under, or any dispute arising in connection with, this Agreement or the transactions contemplated by this Agreement, the attorney-client privilege, the expectation of client confidence and all other rights to any evidentiary privilege belong to Cannavative and may be controlled by the Sellers' Representative and shall not pass to or be claimed by Vencanna or Cannavative.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

(signed) "*Ross A. Kline*"

ROSS A. KLINE, SELLERS
REPRESENTATIVE

THE CANNAVATIVE GROUP LLC

By: (signed) "*Ross A. Kline*"

Name: Ross A. Kline
Title: Manager

By: (signed) "*Scott Wrye*"

Name: Scott Wrye
Title: Manager

VENCANNA ACQUISITION INC.

By: (signed) "*David McGorman*"

Name: David McGorman
Title: Director

**TOP STRIKE RESOURCES CORP. (d.b.a.
VENCANNA VENTURES)**

By: (signed) "*David McGorman*"

Name: David McGorman
Title: Chief Executive Officer

UNITHOLDER	UNITS	PERCENTAGE
[REDACTED]	29,000.000000	2.90000000%
[REDACTED]	50,000.000000	5.00000000%
[REDACTED]	2,000.000000	0.20000000%
[REDACTED]	147,133.300000	14.71333000%
CLASS C		
[REDACTED]	5,000.000000	0.50000000%
[REDACTED]	15,000.000000	1.50000000%
[REDACTED]	2,500.000000	0.25000000%
[REDACTED]	10,000.000000	1.00000000%
[REDACTED]	5,000.000000	0.50000000%
[REDACTED]	5,000.000000	0.50000000%
[REDACTED]	10,000.000000	1.00000000%
[REDACTED]	5,000.000000	0.50000000%
[REDACTED]	5,000.000000	0.50000000%
[REDACTED]	5,000.000000	0.50000000%
[REDACTED]	15,000.000000	1.50000000%
[REDACTED]	5,000.000000	0.50000000%
[REDACTED]	5,000.000000	0.50000000%
[REDACTED]	5,000.000000	0.50000000%
[REDACTED]	23,809.500000	2.38095000%
[REDACTED]	5,000.000000	0.50000000%
[REDACTED]	5,000.000000	0.50000000%
[REDACTED]	246.476000	0.02464760%

UNITHOLDER	UNITS	PERCENTAGE
[REDACTED]	5,000.000000	0.50000000%
[REDACTED]	5,000.000000	0.50000000%
[REDACTED]	10,000.000000	1.00000000%
CLASS D		
[REDACTED]	1,200.000000	0.12000000%
[REDACTED]	925.000000	0.09250000%
[REDACTED]	4,000.000000	0.40000000%
[REDACTED]	1,851.000000	0.18510000%
[REDACTED]	16,657.000000	1.66570000%
[REDACTED]	4,666.000000	0.46660000%
[REDACTED]	4,645.000000	0.46450000%
[REDACTED]	2,000.000000	0.20000000%
[REDACTED]	2,000.000000	0.20000000%
[REDACTED]	4,500.000000	0.45000000%
[REDACTED]	5,000.000000	0.50000000%
[REDACTED]	4,500.000000	0.45000000%
TOTAL	1,000,000.000000	100.00000000%

SCHEDULE B

REPRESENTATIONS AND WARRANTIES OF THE SELLERS

The Seller, severally and not jointly with any other party, hereby represents and warrants to AcquisitionCo and Vencanna as follows, and acknowledges that AcquisitionCo and Vencanna are relying upon the accuracy of each of such representation and warranties in connection with the contribution of the Units by the Sellers to AcquisitionCo and the completion of the Transaction contemplated by the Agreement:

(1) **Right and Authority.** It has the legal capacity and good and sufficient right and authority to enter into this Assignment Separate from Certificate and other agreements contemplated hereby, to perform all of its other obligations hereunder and thereunder and to transfer the legal and beneficial title and ownership of its Units to AcquisitionCo, free and clear of all Encumbrances, subject to any Authorizations necessary to transfer the Units.

(2) **Contractual and Regulatory Approvals.** Other than approvals required from the NCCB and/or State of Nevada, such Seller has obtained all consents where it is under any obligation, contractual or otherwise, to request or obtain the consent of any Person, and has obtained or delivered all Authorizations of, or notifications to, any Governmental Authority as are required to be obtained by the Seller in connection with the execution, delivery or performance by such Seller of this Assignment Separate from Certificate or the completion of the Transaction.

(3) **Execution and Binding Obligation.** This Assignment Separate from Certificate has been duly executed and delivered by such Seller and constitutes a legal, valid and binding obligation of such Seller enforceable against it in accordance with its terms, subject only to any limitation under Applicable Law relating to: (a) bankruptcy, winding-up, insolvency, arrangement, reorganization, moratorium, fraudulent conveyance and other laws of general application affecting the enforcement of creditors' rights generally; (b) the discretion that a court may exercise in the granting of equitable remedies such as specific performance or an injunction, and (c) any applicable state or regulatory approval.

(4) **No Other Agreements to Purchase.** Except for (i) the rights of Cannavative and/or its members under the Operating Agreement of Cannavative, which rights have been waived, and (ii) the rights of AcquisitionCo and Vencanna under the Agreement, no Person has any written or oral agreement, option or warrant or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming such for the purchase or acquisition of such Seller's Units.

(5) **Title to Units.** Such Seller owns the Units set out beside its name on Schedule A as the registered and beneficial owner thereof with good title, free and clear of all Encumbrances. At the Closing, such Seller will transfer to AcquisitionCo good and marketable title to its Units, free and clear of all Encumbrances.

(6) **No Interest in Assets.** It does not have any interest, legal or beneficial, direct or indirect, in any equity interests or assets of Cannavative, other than the Units.

(7) **Residence.** It is either located in the United States or a "U.S. person" as defined in Rule 902 of Regulation S under the U.S. Securities Act.

(8) Shareholder Agreements, etc. Except for the Operating Agreement, there are no shareholder agreements, operating agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of such Seller's Units.

(9) U.S. Securities Laws.

(a) Such Seller has sufficient knowledge and experience, itself or together with the Sellers' Representative as its "purchaser representative", in financial and business matters to make it capable of evaluating the merits and risks of the Transaction and receiving Consideration Securities.

(b) The Consideration Securities will be acquired by such Seller for its own account, not as a nominee or agent, and not with a view to resale or distribution of any part thereof in violation of the U.S. Securities Act or any applicable U.S. state securities laws.

(c) Such Seller or the Sellers' Representative (on its behalf) has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the Consideration Securities such Seller will receive under this Assignment Separate from Certificate. Such Seller or the Sellers' Representative (on its behalf) has had an opportunity to ask questions and receive answers from AcquisitionCo and Vencanna regarding the Consideration Securities and any such questions have been answered to Seller's or the Sellers' Representative's satisfaction.

(d) Each Seller or the Sellers' Representative (on its behalf) has had full access to all the Public Record, available through SEDAR at www.sedar.com.

(e) Such Seller understands that the Consideration Securities have not been, and will not be, registered under the U.S. Securities Act, and are being issued under an exemption from the registration requirement of the U.S. Securities Act. Such Seller understands that the Consideration Securities are "restricted securities" as defined in Rule 144(a)(3) under the U.S. Securities Act and under applicable state securities laws and that each Seller shall not sell, pledge, gift, assign or otherwise transfer the Consideration Securities, directly or indirectly, unless they are registered with the U.S. Securities and Exchange Commission and qualified by applicable U.S. state authorities, or an exemption from such registration and qualification requirements is available. Such Seller acknowledges that AcquisitionCo nor Vencanna has any obligation to register or qualify the Consideration Securities or any Vencanna Shares for resale in the United States. Such Seller further acknowledges that if an exemption from registration or qualification in the United States is available, it may be conditioned on various requirements that are outside of that Seller's control and which AcquisitionCo and Vencanna is under no obligation and may not be able to satisfy.

(f) Each Seller understands that, until such time as the same is no longer required under the U.S. Securities Act or applicable U.S. state securities laws, the Vencanna Shares issuable on exchange of the Consideration Securities and any securities or certificates issued in respect of, substitution of or exchange for such Vencanna Shares shall contain the legend set forth below and may not be sold, pledged, gifted, assigned or otherwise transferred except in compliance with the following legend:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF TOP STRIKE RESOURCES CORP. d.b.a. VENCANNA VENTURES (THE "CORPORATION") THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT ("REGULATION S"), (C) UNDER (1) RULE 144A UNDER THE U.S.

SECURITIES ACT OR (2) RULE 144 UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, OR (D) IN ANOTHER TRANSACTION NOT SUBJECT TO OR EXEMPT FROM THE REGISTRATION REQUIREMENT OF THE U.S. SECURITIES ACT, IN EACH CASE, IN COMPLIANCE WITH ALL APPLICABLE U.S. STATE SECURITIES LAWS, AND IN THE CASE OF TRANSFERS PURSUANT TO CLAUSE (C)(2) OR (D) (OR IF REQUIRED BY THE COMPANY, OR ITS TRANSFER AGENT, CLAUSE (B)) ABOVE, UPON THE PROVISION BY THE SELLER OF A LEGAL OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE CORPORATION, TO THE EFFECT THAT THE SALE OF SUCH SECURITIES IS NOT REQUIRED TO BE REGISTERED UNDER THE U.S. SECURITIES ACT OR APPLICABLE U.S. STATE SECURITIES LAWS."

Such Seller consents to Vencanna making a notation on its records or giving instruction to any transfer agent for such Vencanna Shares, including stop transfer orders, to implement the restrictions on transfer set forth above, and it understands and acknowledges that Vencanna has the right to instruct its transfer agent not to record a transfer by any person without first being notified by Vencanna that it is satisfied that such transfer is exempt from or not subject to registration under the U.S. Securities Act and any applicable U.S. state securities laws.

(g) Such Seller is not acquiring the Consideration Securities as a result of any form of general solicitation or general advertising within the meaning of Regulation D under the U.S. Securities Act, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio, television or other form of telecommunications, dissemination on the Internet or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

(h) Such Seller is responsible for obtaining such legal and tax advice as it considers necessary in connection with the execution, delivery and performance by it of this Assignment Separate from Certificate and the transactions contemplated by the Agreement.

(i) Such Seller acknowledges that the Consideration Securities have not been recommended by any United States federal or state securities commission or regulatory authority and the foregoing authorities have not confirmed the accuracy or determined the adequacy of the information provided and any representation to the contrary is a criminal offense.

SCHEDULE C RESTRICTED PERIODS

Consideration Securities, and any Vencanna Shares issued upon the exchange of the Consideration Securities, issued to non-insider Sellers holding less than 2% of the outstanding Consideration Shares and Vencanna Shares shall be subject to restricted periods, with such Consideration Securities released from restrictions as to: 10% at closing, 40% at 3 months from closing and the remaining 50% at 6 months from closing.

Consideration Securities, and any Vencanna Shares issued upon the exchange of the Consideration Securities, issued to non-insider Sellers holding more than 2% of the outstanding Consideration Shares and Vencanna Shares shall be subject to restricted periods, with such Consideration Securities released from restrictions as to: 10% at closing, 15% at 3 months and 25% each 3 months thereafter.

Consideration Securities, and any Vencanna Shares issued upon the exchange of the Consideration Securities, issued to insider Sellers shall be subject to restricted periods imposed by the Exchange, with such Consideration Securities released from restrictions as to: 10% at closing and 15% each 6 months thereafter.

**SCHEDULE D
FORM OF ESCROW AGREEMENT
INSIDER**

(See attached.)

This is a modified version of the form of agreement for escrow arrangements under National Policy 46-201 *Escrow for Initial Public Offerings*.

**FORM 46-201F1
ESCROW AGREEMENT**

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ESCROW AGREEMENT

THIS AGREEMENT is made as of the ____ day of _____, 2022

AMONG:

TOP STRIKE RESOURCES CORP.
(the “**Issuer**”)

AND:

ODYSSEY TRUST COMPANY
(the “**Escrow Agent**”)

AND:

EACH OF THE UNDERSIGNED SECURITYHOLDERS OF THE ISSUER
(a “**Securityholder**” or “**you**”)

(collectively, the “**Parties**”)

This Agreement is being entered into by the Parties in connection with the acquisition of The Cannavative Group, LLC by the Issuer.

For good and valuable consideration, the Parties agree as follows:

PART 1 ESCROW

1.1 Appointment of Escrow Agent

The Issuer and the Securityholders appoint the Escrow Agent to act as escrow agent under this Agreement. The Escrow Agent accepts the appointment.

1.2 Deposit of Escrow Securities in Escrow

You are depositing the securities (“**escrow securities**”) listed opposite your name in Schedule “A” with the Escrow Agent to be held in escrow under this Agreement.

1.3 Direction to Escrow Agent

The Issuer and the Securityholders direct the Escrow Agent to hold the escrow securities in escrow until they are released from escrow under this Agreement.

PART 2 RELEASE OF ESCROW SECURITIES

2.1 Release Schedule

Subject to Part 3, your escrow securities will be released as follows:

On the closing date	1/10 of your escrow securities
6 months after the closing date	1/6 of your remaining escrow securities
12 months after the closing date	1/5 of your remaining escrow securities

18 months after the closing date	1/4 of your remaining escrow securities
24 months after the closing date	1/3 of your remaining escrow securities
30 months after the closing date	1/2 of your remaining escrow securities
36 months after the closing date	your remaining escrow securities

2.2 Delivery of Share Certificates for Escrow Securities

The Escrow Agent will send to each Securityholder any share certificates or other evidence of that Securityholder's escrow securities in the possession of the Escrow Agent released from escrow as soon as reasonably practicable after the release.

2.3 Replacement Certificates

If, on the date a Securityholder's escrow securities are to be released, the Escrow Agent holds a share certificate or other evidence representing more escrow securities than are to be released, the Escrow Agent will deliver the share certificate or other evidence to the Issuer or its transfer agent and request replacement share certificates or other evidence. The Issuer will cause replacement share certificates or other evidence to be prepared and delivered to the Escrow Agent. After the Escrow Agent receives the replacement share certificates or other evidence, the Escrow Agent will send to the Securityholder or at the Securityholder's direction, the replacement share certificate or other evidence of the escrow securities released. The Escrow Agent and Issuer will act as soon as reasonably practicable.

2.4 Release upon Death

(1) If a Securityholder dies, the Securityholder's escrow securities will be released from escrow. The Escrow Agent will deliver any share certificates or other evidence of the escrow securities in the possession of the Escrow Agent to the Securityholder's legal representative.

(2) Prior to delivery the Escrow Agent must receive:

(a) a certified copy of the death certificate; and

(b) any evidence of the legal representative's status that the Escrow Agent may reasonably require.

PART 3 EARLY RELEASE ON CHANGE OF ISSUER STATUS

3.1 Becoming an Established Issuer

If, during this Agreement, the Issuer:

(a) lists its securities on the Toronto Stock Exchange Inc. or Aequitas NEO Exchange Inc.;

(b) becomes a TSX Venture Exchange Inc. (**TSX Venture**) Tier 1 issuer; or

(c) lists or quotes its securities on an exchange or market outside Canada that its "principal regulator" under National Policy 43-201 *Mutual Reliance Review System for Prospectuses and Annual Information Forms* (in Quebec under Staff Notice, *Mutual Reliance Review System for Prospectuses and Annual Information Forms*) or, if the Issuer has only filed its IPO prospectus in one jurisdiction, the securities regulator in that jurisdiction, is satisfied has minimum listing requirements at least equal to those of TSX Venture Tier 1,

then the Issuer becomes an **established issuer**.

3.2 Release of Escrow Securities

- (1) If the Issuer becomes an established issuer, the release schedule for its escrow securities changes.
- (2) If the Issuer becomes an established issuer 18 months or more after the closing date, all escrow securities will be released immediately.
- (3) If the Issuer becomes an established issuer within 18 months after the closing date, all escrow securities that would have been released to that time, if the Issuer was an established issuer on its closing date, will be released immediately. Remaining escrow securities will be released in equal installments on the day that is 6 months, 12 months and 18 months after the closing date.

PART 4 DEALING WITH ESCROW SECURITIES

4.1 Restriction on Transfer, etc.

Unless it is expressly permitted in this Agreement, you will not sell, transfer, assign, mortgage, enter into a derivative transaction concerning, or otherwise deal in any way with your escrow securities or any related share certificates or other evidence of the escrow securities.

4.2 Pledge, Mortgage or Charge as Collateral for a Loan

You may pledge, mortgage or charge your escrow securities to a financial institution as collateral for a loan, provided that no escrow securities or any share certificates or other evidence of escrow securities will be transferred or delivered by the Escrow Agent to the financial institution for this purpose. The loan agreement must provide that the escrow securities will remain in escrow if the lender realizes on the escrow securities to satisfy the loan.

4.3 Voting of Escrow Securities

You may exercise any voting rights attached to your escrow securities.

4.4 Dividends on Escrow Securities

You may receive a dividend or other distribution on your escrow securities, and elect the manner of payment from the standard options offered by the Issuer. If the Escrow Agent receives a dividend or other distribution on your escrow securities, the Escrow Agent will pay the dividend or other distribution to you on receipt.

4.5 Exercise of Other Rights Attaching to Escrow Securities

You may exercise your rights to exchange or convert your escrow securities in accordance with this Agreement.

PART 5 PERMITTED TRANSFERS WITHIN ESCROW

5.1 Transfer upon Bankruptcy

- (1) You may transfer escrow securities within escrow to a trustee in bankruptcy or another person or company entitled to escrow securities on bankruptcy.
- (2) Prior to the transfer, the Escrow Agent must receive:

- (a) a certified copy of either
 - (i) the assignment in bankruptcy filed with the Superintendent of Bankruptcy, or
 - (ii) the receiving order adjudging the Securityholder bankrupt;
- (b) a certified copy of a certificate of appointment of the trustee in bankruptcy;
- (c) a transfer power of attorney, completed and executed by the transferor in accordance with the requirements of the Issuer's transfer agent; and
- (d) an acknowledgment in the form of Schedule "B" signed by:
 - (i) the trustee in bankruptcy, or
 - (ii) on direction from the trustee, with evidence of that direction attached to the acknowledgment form, another person or company legally entitled to the escrow securities.

5.2 Transfer Upon Realization of Pledged, Mortgaged or Charged Escrow Securities

- (1) You may transfer within escrow to a financial institution the escrow securities you have pledged, mortgaged or charged under section 4.2 to that financial institution as collateral for a loan on realization of the loan.
- (2) Prior to the transfer the Escrow Agent must receive:
 - (a) a statutory declaration of an officer of the financial institution that the financial institution is legally entitled to the escrow securities;
 - (b) a transfer power of attorney, executed by the transferor in accordance with the requirements of the Issuer's transfer agent; and
 - (c) an acknowledgement in the form of Schedule "B" signed by the financial institution.

5.3 Transfer to Certain Plans and Funds

- (1) You may transfer escrow securities within escrow to or between a registered retirement savings plan (RRSP), registered retirement income fund (RRIF) or other similar registered plan or fund with a trustee, where the annuitant of the RRSP or RRIF, or the beneficiaries of the other registered plan or fund are limited to you and your spouse, children and parents, or, if you are the trustee of such a registered plan or fund, to the annuitant of the RRSP or RRIF, or a beneficiary of the other registered plan or fund, as applicable, or his or her spouse, children and parents.
- (2) Prior to the transfer the Escrow Agent must receive:
 - (a) evidence from the trustee of the transferee plan or fund, or the trustee's agent, stating that, to the best of the trustee's knowledge, the annuitant of the RRSP or RRIF, or the beneficiaries of the other registered plan or fund do not include any person or company other than you and your spouse, children and parents;
 - (b) a transfer power of attorney, executed by the transferor in accordance with the requirements of the Issuer's transfer agent; and

- (c) an acknowledgement in the form of Schedule "B" signed by the trustee of the plan or fund.

5.4 Effect of Transfer Within Escrow

After the transfer of escrow securities within escrow, the escrow securities will remain in escrow and released from escrow under this Agreement as if no transfer has occurred on the same terms that applied before the transfer. The Escrow Agent will not deliver any share certificates or other evidence of the escrow securities to transferees under this Part 5.

PART 6 BUSINESS COMBINATIONS

6.1 Business Combinations

This Part applies to the following **(business combinations)**:

- (a) a formal take-over bid for all outstanding equity securities of the Issuer or which, if successful, would result in a change of control of the Issuer
- (b) a formal issuer bid for all outstanding equity securities of the Issuer
- (c) a statutory arrangement
- (d) an amalgamation
- (e) a merger
- (f) a reorganization that has an effect similar to an amalgamation or merger

6.2 Delivery to Escrow Agent

You may tender your escrow securities to a person or company in a business combination. At least five business days prior to the date the escrow securities must be tendered under the business combination, you must deliver to the Escrow Agent:

- (a) a written direction signed by you that directs the Escrow Agent to deliver to the depository under the business combination any share certificates or other evidence of the escrow securities and a completed and executed cover letter or similar document and, where required, transfer power of attorney completed and executed for transfer in accordance with the requirements of the depository, and any other documentation specified or provided by you and required to be delivered to the depository under the business combination; and
- (b) any other information concerning the business combination as the Escrow Agent may reasonably request.

6.3 Delivery to Depository

As soon as reasonably practicable, and in any event no later than three business days after the Escrow Agent receives the documents and information required under section 6.2, the Escrow Agent will deliver to the depository, in accordance with the direction, any share certificates or other evidence of the escrow securities, and a letter addressed to the depository that

- (a) identifies the escrow securities that are being tendered;
- (b) states that the escrow securities are held in escrow;
- (c) states that the escrow securities are delivered only for the purposes of the business combination and that they will be released from escrow only after the Escrow Agent receives the information described in section 6.4;

(d) if any share certificates or other evidence of the escrow securities have been delivered to the depositary, requires the depositary to return to the Escrow Agent, as soon as practicable, any share certificates or other evidence of escrow securities that are not released from escrow into the business combination; and

(e) where applicable, requires the depositary to deliver or cause to be delivered to the Escrow Agent, as soon as practicable, any share certificates or other evidence of securities that you acquire under the business combination.

6.4 Release of Escrow Securities to Depositary

The Escrow Agent will release from escrow the tendered escrow securities when the Escrow Agent receives a declaration signed by the depositary or, if the direction identifies the depositary as acting on behalf of another person or company in respect of the business combination, by that other person or company, that:

(a) the terms and conditions of the business combination have been met or waived; and

(b) the escrow securities have either been taken up and paid for or are subject to an unconditional obligation to be taken up and paid for under the business combination.

6.5 Release from Escrow of New Securities

If you receive securities (“**new securities**”) of another issuer (“**successor issuer**”) in exchange for your escrow securities, the new securities will not be subject to escrow in substitution for the tendered escrow securities and the Escrow Agent will send any share certificates or other evidence of the escrow securities in the possession of the Escrow Agent in accordance with section 2.3.

PART 7 RESIGNATION OF ESCROW AGENT

7.1 Resignation of Escrow Agent

(1) If the Escrow Agent wishes to resign as escrow agent, the Escrow Agent will give written notice to the Issuer.

(2) If the Issuer wishes to terminate the Escrow Agent as escrow agent, the Issuer will give written notice to the Escrow Agent.

(3) If the Escrow Agent resigns or is terminated, the Issuer will be responsible for ensuring that the Escrow Agent is replaced not later than the resignation or termination date by another escrow agent that is acceptable to the securities regulators having jurisdiction in the matter and that has accepted such appointment, which appointment will be binding on the Issuer and the Securityholders.

(4) The resignation or termination of the Escrow Agent will be effective, and the Escrow Agent will cease to be bound by this Agreement, on the date that is 60 days after the date of receipt of the notices referred to above by the Escrow Agent or Issuer, as applicable, or on such other date as the Escrow Agent and the Issuer may agree upon (the “**resignation or termination date**”), provided that the resignation or termination date will not be less than 10 business days before a release date.

(5) If the Issuer has not appointed a successor escrow agent within 60 days of the resignation or termination date, the Escrow Agent will apply, at the Issuer’s expense, to a court of

competent jurisdiction for the appointment of a successor escrow agent, and the duties and responsibilities of the Escrow Agent will cease immediately upon such appointment.

(6) On any new appointment under this section, the successor Escrow Agent will be vested with the same powers, rights, duties and obligations as if it had been originally named herein as Escrow Agent, without any further assurance, conveyance, act or deed. The predecessor Escrow Agent, upon receipt of payment for any outstanding account for its services and expenses then unpaid, will transfer, deliver and pay over to the successor Escrow Agent, who will be entitled to receive, all securities, records or other property on deposit with the predecessor Escrow Agent in relation to this Agreement and the predecessor Escrow Agent will thereupon be discharged as Escrow Agent.

(7) If any changes are made to Part 8 of this Agreement as a result of the appointment of the successor Escrow Agent, those changes must not be inconsistent with the terms of this Agreement.

PART 8 OTHER CONTRACTUAL ARRANGEMENTS

8.1 Escrow Agent Not a Trustee

The Escrow Agent accepts duties and responsibilities under this Agreement, and the escrow securities and any share certificates or other evidence of these securities, solely as a custodian, bailee and agent. No trust is intended to be, or is or will be, created hereby and the Escrow Agent shall owe no duties hereunder as a trustee.

8.2 Escrow Agent Not Responsible for Genuineness

The Escrow Agent will not be responsible or liable in any manner whatever for the sufficiency, correctness, genuineness or validity of any escrow security deposited with it.

8.3 Escrow Agent Not Responsible for Furnished Information

The Escrow Agent will have no responsibility for seeking, obtaining, compiling, preparing or determining the accuracy of any information or document, including the representative capacity in which a party purports to act, that the Escrow Agent receives as a condition to a release from escrow or a transfer of escrow securities within escrow under this Agreement.

8.4 Escrow Agent Not Responsible after Release

The Escrow Agent will have no responsibility for escrow securities that it has released to a Securityholder or at a Securityholder's direction according to this Agreement.

8.5 Indemnification of Escrow Agent

The Issuer and each Securityholder hereby jointly and severally agree to indemnify and hold harmless the Escrow Agent, its affiliates, and their current and former directors, officers, employees and agents from and against any and all claims, demands, losses, penalties, costs, expenses, fees and liabilities, including, without limitation, legal fees and expenses, directly or indirectly arising out of, in connection with, or in respect of, this Agreement, except, subject to section 8.7, where same result directly and principally from gross negligence, wilful misconduct or bad faith on the part of the Escrow Agent. This indemnity survives the release of the escrow securities, the resignation or termination of the Escrow Agent and the termination of this Agreement.

8.6 Additional Provisions

(1) The Escrow Agent will be protected in acting and relying reasonably upon any notice, direction, instruction, order, certificate, confirmation, request, waiver, consent, receipt, statutory declaration or other paper or document (collectively referred to as "**Documents**") furnished to it and purportedly signed by any officer or person required to or entitled to execute and deliver to the Escrow Agent any such Document in connection with this Agreement, not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth or accuracy of any information therein contained, which it in good faith believes to be genuine.

(2) The Escrow Agent will not be bound by any notice of a claim or demand with respect thereto, or any waiver, modification, amendment, termination or rescission of this Agreement unless received by it in writing, and signed by the other Parties, and, if the duties or indemnification of the Escrow Agent in this Agreement are affected, unless it has given its prior written consent.

(3) The Escrow Agent may consult with or retain such legal counsel and advisors as it may reasonably require for the purpose of discharging its duties or determining its rights under this Agreement and may rely and act upon the advice of such counsel or advisor. The Escrow Agent will give written notice to the Issuer as soon as practicable that it has retained legal counsel or other advisors. The Issuer will pay or reimburse the Escrow Agent for any reasonable fees, expenses and disbursements of such counsel or advisors.

(4) In the event of any disagreement arising under the terms of this Agreement, the Escrow Agent will be entitled, at its option, to refuse to comply with any and all demands whatsoever until the dispute is settled either by a written agreement among the Parties or by a court of competent jurisdiction.

(5) The Escrow Agent will have the right not to act and will not be liable for refusing to act unless it has received clear and reasonable documentation that complies with the terms of this Agreement. Such documentation must not require the exercise of any discretion or independent judgment.

(6) The Escrow Agent is authorized to cancel any share certificate delivered to it and hold such Securityholder's escrow securities in electronic, or uncertificated form only, pending release of such securities from escrow.

(7) The Escrow Agent will have no responsibility with respect to any escrow securities in respect of which no share certificate or other evidence or electronic or uncertificated form of these securities has been delivered to it, or otherwise received by it.

(8) Any entity resulting from the merger, amalgamation or continuation of Computershare or succeeding to all or substantially all of its transfer agency business (by sale of such business or otherwise), shall thereupon automatically become the Escrow Agent hereunder without further act or formality. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their successors and assigns.

8.7 Limitation of Liability of Escrow Agent

The Escrow Agent will not be liable to any of the Parties hereunder for any action taken or omitted to be taken by it under or in connection with this Agreement, except for losses directly, principally and immediately caused by its bad faith, wilful misconduct or gross negligence. Under no circumstances will the Escrow Agent be liable for any special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages hereunder, including any

loss of profits, whether foreseeable or unforeseeable. Notwithstanding the foregoing or any other provision of this Agreement, in no event will the collective liability of the Escrow Agent under or in connection with this Agreement to any one or more Parties, except for losses directly caused by its bad faith or wilful misconduct, exceed the amount of its annual fees under this Agreement or the amount of three thousand dollars (\$3,000.00), whichever amount shall be greater.

8.8 Remuneration of Escrow Agent

The Issuer will pay the Escrow Agent reasonable remuneration for its services under this Agreement, which fees are subject to revision from time to time on 30 days' written notice. The Issuer will reimburse the Escrow Agent for its expenses and disbursements. Any amount due under this section and unpaid 30 days after request for such payment, will bear interest from the expiration of such period at a rate per annum equal to the then current rate charged by the Escrow Agent, payable on demand.

PART 9 NOTICES

9.1 Notice to Escrow Agent

Documents will be considered to have been delivered to the Escrow Agent on the next business day following the date of transmission, if delivered by fax, the date of delivery, if delivered by hand during normal business hours or by prepaid courier, or 5 business days after the date of mailing, if delivered by mail, to the following:

Odyssey Trust Company
Stocky Exchange Tower
350-300 5th Street S.W.
Calgary, Alberta T2P 3C4
Attn: ●

9.2 Notice to Issuer

Documents will be considered to have been delivered to the Issuer on the next business day following the date of transmission, if delivered by fax, the date of delivery, if delivered by hand during normal business hours or by prepaid courier, or 5 business days after the date of mailing, if delivered by mail, to the following:

Top Strike Resources Corp. (dba Vencanna Ventures)
Suite 310, 250 6th Avenue SW
Calgary, Alberta T2P 3H7
Attention: David McGorman
Email: [REDACTED]

with a copy to:

Stikeman Elliott LLP
Suite 4300, 888 3rd Street SW
Calgary, Alberta T2P 5C5
Attention: Sony Gill
Email: [REDACTED]

9.3 Deliveries to Securityholders

Documents will be considered to have been delivered to a Securityholder on the date of delivery, if delivered by hand or by prepaid courier, or 5 business days after the date of mailing, if delivered by mail, to the address on the Issuer's share register.

Any share certificates or other evidence of a Securityholder's escrow securities will be sent to the Securityholder's address on the Issuer's share register unless the Securityholder has advised the Escrow Agent in writing otherwise at least ten business days before the escrow securities are released from escrow. The Issuer will provide the Escrow Agent with each Securityholder's address as listed on the Issuer's share register.

9.4 Change of Address

(1) The Escrow Agent may change its address for delivery by delivering notice of the change of address to the Issuer and to each Securityholder.

(2) The Issuer may change its address for delivery by delivering notice of the change of address to the Escrow Agent and to each Securityholder.

(3) A Securityholder may change that Securityholder's address for delivery by delivering notice of the change of address to the Issuer and to the Escrow Agent.

9.5 Postal Interruption

A Party to this Agreement will not mail a document it is required to mail under this Agreement if the Party is aware of an actual or impending disruption of postal service.

PART 10 GENERAL

10.1 Interpretation - "holding securities"

When this Agreement refers to securities that a Securityholder "holds", it means that the Securityholder has direct or indirect beneficial ownership of, or control or direction over, the securities.

10.2 Further Assurances

The Parties will execute and deliver any further documents and perform any further acts reasonably requested by any of the Parties to this Agreement which are necessary to carry out the intent of this Agreement.

10.3 Time

Time is of the essence of this Agreement.

10.4 Governing Laws

The laws of the Province of Alberta and the applicable laws of Canada will govern this Agreement.

10.5 Counterparts

The Parties may execute this Agreement by fax and in counterparts, each of which will be considered an original and all of which will be one agreement.

10.6 Singular and Plural

Wherever a singular expression is used in this Agreement, that expression is considered as including the plural or the body corporate where required by the context.

10.7 Benefit and Binding Effect

This Agreement will benefit and bind the Parties and their heirs, executors, administrators, successors and permitted assigns and all persons claiming through them as if they had been a Party to this Agreement.

10.8 Entire Agreement

This is the entire agreement among the Parties concerning the subject matter set out in this Agreement and supersedes any and all prior understandings and agreements.

10.9 Successor to Escrow Agent

Any corporation with which the Escrow Agent may be amalgamated, merged or consolidated, or any corporation succeeding to the business of the Escrow Agent will be the successor of the Escrow Agent under this Agreement without any further act on its part or on the part or any of the Parties, provided that the successor is recognized as a transfer agent by the Canadian exchange the Issuer is listed on (or if the Issuer is not listed on a Canadian exchange, by any Canadian exchange) and notice is given to the securities regulators with jurisdiction.

The Parties have executed and delivered this Agreement as of the date set out above.

ODYSSEY TRUST COMPANY

Authorized signatory

Authorized signatory

TOP STRIKE RESOURCES CORP.

Authorized signatory

Signed, sealed and delivered by)
● in the presence of:)
)
_____)
Signature of Witness)
)
_____)
Name of Witness)
)

_____●

Signed, sealed and delivered by)
● in the presence of:)
)
)
_____)
Signature of Witness)
)
_____)
Name of Witness)
)

_____●

Signed, sealed and delivered by)
● in the presence of:)
)
)
_____)
Signature of Witness)
)
_____)
Name of Witness)
)

_____●

Schedule "A" to Escrow Agreement

Securityholders

Name: ●

Securities:

<i>Class or description</i>	<i>Number</i>	<i>Certificate(s) (if applicable)</i>
<i>Common Shares</i>		

Name: ●

Securities:

<i>Class or description</i>	<i>Number</i>	<i>Certificate(s) (if applicable)</i>
<i>Common Shares</i>		

Name: ●

Securities:

<i>Class or description</i>	<i>Number</i>	<i>Certificate(s) (if applicable)</i>
<i>Common Shares</i>		

Schedule "B" to Escrow Agreement

Acknowledgment and Agreement to be Bound

I acknowledge that the securities listed in the attached Schedule "A" (the "**escrow securities**") have been or will be transferred to me and that the escrow securities are subject to an Escrow Agreement dated _____ (the "**Escrow Agreement**").

For other good and valuable consideration, I agree to be bound by the Escrow Agreement in respect of the escrow securities, as if I were an original signatory to the Escrow Agreement.

Dated at _____ on _____.

Where the transferee is an individual:

Signed, sealed and delivered by)	
[Transferee] in the presence of:)	
)	
_____)	
Signature of Witness)	
)	_____
)	[Transferee]
_____)	
Name of Witness)	
)	

Where the transferee is not an individual:

[Transferee]

Authorized signatory

Authorized signatory