

## DISTRIBUTION AGREEMENT

This Distribution Agreement ("**Agreement**") is made effective as of the 27th day of October, 2016.

BETWEEN:

**CLONE SHIPPER, LLC**, a Missouri Limited Liability Company with a registered and records office at 2805 S Ingram Mill Rd., Springfield, MO 65804 ("**Manufacturer**")

AND:

**THC BIOMED INTL LTD.**, a British Columbia company with an office at Suite 908-510 Burrard Street, Vancouver, BC V6C 3A8 ("**Distributor**").

Manufacturer and Distributor may be individually referred to as a "**Party**" or together as the "**Parties**".

### RECITALS

**WHEREAS** Manufacturer is the owner of patented and proprietary rights and the manufacturer of plant shipping packaging and related products (the "**Products**").

**AND WHEREAS** Manufacturer wishes to appoint Distributor to distribute and re-sell its Products in Canada and Distributor agrees to accept such appointment on the terms and conditions set forth below.

**NOW THEREFORE**, in consideration of the mutual covenants contained in this Agreement and for good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by Distributor and Manufacturer, Distributor and Manufacturer agree as follows:

### ARTICLE 1 INTERPRETATION

**1.1 Definitions.** In this Agreement, terms with an initial capital letter shall have the meanings set out below unless the context requires otherwise unless the context requires otherwise:

- (a) "**Acceptance of Delivery**" has the meaning ascribed to that term in section 5.8.
- (b) "**Additional Products**" has the meaning ascribed to that term in section 4.4.
- (c) "**affiliate**" means, in relation to any person, any other person or group of persons acting in concert, directly or indirectly, that controls, is controlled by or under common control with the first mentioned person, and for the purposes of this definition and references in this Agreement to "**affiliate**", "**control**" means the possession, directly or indirectly, by such person or group of persons acting in concert of the power to direct or cause the direction of the management and policies of the first mentioned person, whether through the ownership of voting securities or otherwise.

- (d) **"Agreement"** means this Distribution Agreement, together with the Schedules attached hereto and made a part hereof, all as amended, supplemented or modified from time to time in accordance with the provisions hereof.
- (e) **"Applicable Law"** means, in relation to any person, transaction or event, all applicable provisions of laws, statutes, rules, regulations, official directives, published guidelines, standards, codes of practice (regardless of whether such guidelines, standards and codes of practice have been promulgated by statute or regulation) and orders of all federal, provincial, state, municipal and local governmental bodies (whether administrative, legislative, executive or otherwise) and judgments, orders and decrees of all courts, arbitrators, commissions or bodies exercising similar functions in actions or proceedings in which the person in question is a party, by which it is bound or having application to the transaction or event in question.
- (f) **"Authorized Authority"** means, in relation to any person, transaction or event, any (i) federal, provincial, state, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign, (ii) agency, authority, commission, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, (iii) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions, and (iv) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such person, transaction or event.
- (g) **"Business Day"** means a day on which banks are generally open for the transaction of commercial business in Vancouver, British Columbia but does not in any event include a Saturday or a Sunday or statutory holiday under Applicable Law.
- (h) **"Distributor Location"** with respect to Products sold by Manufacturer to Distributor, means the selected Distributor's premises, as identified on a Purchase Order, or such other location as may be mutually agreed upon in writing by the Parties.
- (i) **"Carriage Charges"** means all costs relating to the shipment of the Products from the Point of Origin to Distributor Location including all freight costs, port fees, warehousing costs, permits and approvals from any Authorized Authority.
- (j) **"Carrier"** means international freight shipping company as appointed by Distributor to ship the Products from the Point of Origin in accordance with the provisions of Article 5.
- (k) **"Confidential Information"** has the meaning ascribed to that term in section 13.1.
- (l) **"Contract Documents"** has the meaning ascribed to that term in section 4.1.

- (m) **"Delivery Date"** means the date by which the Products are scheduled to arrive at Distributor Location.
- (n) **"Force Majeure Event"** has the meaning ascribed to that term in section 6.2.
- (o) **"Method of Shipping"** means the method of shipping of the Products from the Place of Origin to Distributor Location, as selected by the Carrier in accordance with standard commercial practice and taking into consideration geography, timing, business, legal, risk, political or other considerations.
- (p) **"Person"** includes an individual, a partnership, a corporation, a trust, a joint venture, an unincorporated organization, a union, a government or any department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual.
- (q) **"Point of Origin"** means the point of shipment of the Products.
- (r) **"Price"** has the meaning ascribed to that term in section 7.1.
- (s) **"Product"** means the products listed in Schedule "A", as amended from time to time and each such product shall be referred to as a Product.
- (t) **"Purchase Order"** has the meaning ascribed to that term in section 4.1.
- (u) **"Specifications"** has the meaning ascribed to that term in section 4.3.
- (v) **"Taxes"** has the meaning ascribed to that term in section 7.1.
- (w) **"Term"** has the meaning ascribed to that term in section 8.2.
- (x) **"Unit"**, for any Product, means a case or pack of Products or other applicable container or package of such Product as provided by Manufacturer.

**1.2 Schedules.** The following Schedules are attached to and form part of this Agreement:

Schedule "A" - Products, Specifications and Pricing  
 Schedule "B" - Form of Purchase Order

**1.3 Headings.** The division of this Agreement into Articles, Sections, Subsections, paragraphs and clauses, and the insertion of headings, are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

**1.4 Interpretation.** In this Agreement, unless expressly stated to the contrary:

- (a) the terms "this Agreement", "the Agreement", "hereof", "hereunder", "hereto" and similar expressions refer, unless otherwise specified, to this Agreement taken as a whole;
- (b) words importing the singular number only shall include the plural, and vice versa, and words importing gender shall include all genders;

- (c) words and phrases denoting inclusiveness (such as "including" or "includes"), whether or not stated as being without limitation, are not limited by their context or the words or phrases which precede or succeed them;
- (d) unless otherwise provided in this Agreement, whenever the words "discretion", "option", "determine", "election" and other similar words or any variations thereof are used with respect to a Party, they shall be deemed to mean such Party's sole and absolute discretion, option, determination, election or other such similar act; and
- (e) any reference to a statute shall be deemed to refer to the statute and any regulations made thereunder in force as at the date hereof, as the same may be subsequently amended, expanded, added-to, supplemented or otherwise changed or replaced from time to time, unless otherwise expressly provided in this Agreement.

**1.5 Calculation of Time Periods.** Unless otherwise specified in this Agreement, when calculating the period of time within or following which any act is to be done or any step taken, the date that is the reference date for starting the calculation of such period shall be excluded and the final date for completing such act or step shall be included.

**1.6 Currency References.** Unless otherwise specified, all dollar references in this Agreement are deemed to refer to lawful money of the United States.

## **ARTICLE 2 APPOINTMENT**

**2.1 Appointment.** Manufacturer hereby appoints Distributor as its exclusive Canadian distributor of Products for the purpose of assisting Manufacturer in distributing the Products from the Point of Origin in the Territory upon the terms and conditions in this Agreement. Distributor hereby accepts Manufacturer's appointment and agrees to diligently carry out its obligations under this Agreement. The "**Territory**" within which Manufacturer has granted Distributor exclusive rights under this Agreement consists of the entire country of Canada.

**2.2 Exclusivity.** Distributor shall, during the Term of this Agreement, be the exclusive distributor of Manufacturer in the Territory. Manufacturer shall not appoint or otherwise engage or authorize any other entity for the distribution or re-sale of the Products in the Territory. Manufacturer will not distribute or resell the Products in the Territory.

For greater certainty, nothing in this Agreement shall limit or restrict Distributor from entering into any other arrangement or agreement with third parties to supply, distribute, market, sell or otherwise handle products that are the same or similar to the Products and, for clarity, this Agreement does not, in any way, create any obligations of exclusivity on the part of Distributor in favour of Manufacturer.

**2.3 Nature of the Relationship.** Distributor and Manufacturer acknowledge that Distributor is not an agent of Manufacturer. The relationship between Distributor and Manufacturer under this Agreement is that of independent contractors. Nothing contained in this Agreement shall constitute or create, nor shall it be construed to have created, any relationship of partner, principal or agent, employee, employer, joint venture, franchisee,

legal representative or any other legal relationship. Other than as expressly and specifically provided for in this Agreement or otherwise granted in writing by Manufacturer, Distributor shall not have any authority to act for, on behalf of or in the name of, to assume or create any obligation or responsibility whatsoever for, or to bind, Manufacturer or its affiliates to any course of action, liability or obligation. Without limiting the generality of the foregoing, Distributor shall have no authority to make any representation or give any warranty on behalf of Manufacturer.

### **ARTICLE 3 FEES AND PRICES**

- 3.1 Distribution Fees.** In consideration for the grant of the exclusive, Canadian distribution rights to the Products, Distributor will pay to Manufacturer \$75,000.
- 3.2 Prices.** In return for the ongoing rights and privileges granted to Distributor in this Agreement, Distributor will pay to Manufacturer:
- (a) Distributor shall pay to Manufacturer a price per unit as set out in Schedule "A" hereto (the "**Manufacturer's Price**").

### **ARTICLE 4 SUPPLY OF PRODUCTS**

- 4.1 Contract Documents.** The contract documents ("**Contract Documents**") consist of the following: (a) this Agreement; (b) a signed and accepted Purchase Order, in the form attached as Schedule "B"; and any other documents referred to in that Purchase Order as a "**Contract Document**". Upon acknowledgement of acceptance of a Purchase Order by the signing and delivery of such Purchase Order by Distributor and Manufacturer (electronically or otherwise), Distributor and Manufacturer shall be deemed to have accepted the Delivery Date(s), Distributor Locations and quantities of the Products, and all such other terms as set out in the Purchase Order. Changes to any of the terms of the Purchase Order must be agreed to in writing by the Parties.
- 4.2 Supply of Products.** Subject to the execution of the Contract Documents (as contemplated in section 4.1 above), Manufacturer agrees to sell and deliver to Distributor, and Distributor agrees to purchase and receive from Manufacturer and pay Manufacturer for, the Products which are listed or described in the Purchase Order. Purchase Orders shall be executed a minimum of 30 days, with allowances for customs delays, prior to any requested Delivery Date in order to facilitate the delivery of the Products.
- 4.3 Specifications.** The general specifications of the Products ("**Specifications**") shall be as set forth in Schedule "A", subject to any changes mutually agreed to in the Purchase Order or as otherwise agreed in writing by the Parties. Distributor shall supply the Products which conform, in all material respects, to the Specifications as amended from time to time in accordance with this Agreement.
- 4.4 Additional Products.**
- (a) Manufacturer may offer additional products (the "**Additional Products**") at any time during the Term, by providing to Distributor an amended Schedule "A", and

the quantity and timing of availability of such Additional Products. Distributor may then order any Additional Products in accordance with the quantity and timing availability.

- (b) Manufacturer may delete certain product offerings (the “**Deleted Products**”) by providing Distributor an amended Schedule “A” indicating the date at which the Deleted Products may no longer be offered. In the event that Distributor has already placed a Purchase Order for a Deleted Product, Manufacturer shall confirm the ability to supply the Deleted Product, and in the event the Deleted Product cannot be supplied, Manufacturer shall suggest alternative Products from which Distributor may choose. When possible, Manufacturer shall give reasonable notice of a planned end to a product offering and inform Distributor of a time until which final orders for that product will be honoured by Manufacturer.

## **ARTICLE 5 DELIVERY AND ACCEPTANCE**

- 5.1 **Delivery of Product.** The delivery of the Products shall be in accordance with DDP Incoterms® 2010. Products shall be delivered by Manufacturer to the specific Distributor Locations specified in the Purchase Order. For the purpose of certainty, except as expressly set out in Schedule “A” or elsewhere in the Purchase Order, the Price shall not include, and Manufacturer shall bear the responsibility for, customs fees and duties, insurance and Carriage Charges.
- 5.2 **Schedule.** Manufacturer acknowledges and agrees that time is of the essence for the shipment and delivery of Products to Distributor. Delivery Dates for the Products shall be set out in the Purchase Order or as expressly agreed to by Distributor and Manufacturer in writing.
- 5.3 **Carrier.** Manufacturer shall appoint the Carrier which shall be responsible for the transportation of the Products from the Place of Origin to Distributor Locations in accordance with the Contract Documents.
- 5.4 **Import and Export.** Manufacturer or Carrier shall obtain any export and import licenses and other official authorization and carry out all customs formalities necessary for the export of the Product, for their transport through any country and for their import. Distributor shall cooperate with Manufacturer and provide any necessary information or documentation for import of the Product to the countries of Distributor Locations.
- 5.5 **Method of Shipping.** Manufacturer or its Carrier shall, using standard commercial practice, determine the method of shipping (the “**Method of Shipping**”) upon receipt of each Purchase Order (per section 4.2 above), in order to supply the Product to Distributor Location(s) by the Delivery Date(s). In the event the chosen Method of Shipping cannot accommodate the Delivery Date, Distributor and Manufacturer shall mutually agree in writing to either:
  - (a) change the Delivery Date; or
  - (b) change the Method of Shipping.

**5.6 Packaging and Shipping.** All Products ordered by Distributor shall be packed for shipment and storage in accordance with Manufacturer's standard commercial practices. It is Manufacturer's obligation to notify Distributor in writing of any special packaging or storage requirements (which shall be at Manufacturer's expense). The Products shall be packed and marked in a proper manner and in accordance with Manufacturer's instructions and any statutory requirements and any requirements of the Carrier. In particular the Products shall be marked with the Purchase Order number (or other reference number if appropriate) and the net, gross and tare weights, the name of the contents shall be clearly marked on each container.

**5.7 Distributor Locations.**

- (a) Manufacturer shall deliver to Distributor the Products purchased in accordance with each Purchase Order to the Distributor Location(s) stated in such Purchase Order.
- (b) Distributor shall ensure Distributor Locations are available and accessible for delivery of the Products on the Delivery Date, or sooner, if advised by Manufacturer or Carrier of any earlier Delivery Date, and prepared for immediate acceptance of the Products.
- (c) Where any special security access to Distributor's Locations is necessary in connection with the delivery of the Products, Distributor shall ensure that Manufacturer or Carrier are provided the information needed to access Distributor Locations, and arrange to have a Distributor representative available on the Delivery Date to facilitate such delivery.
- (d) Manufacturer is not responsible for unloading or stacking of the Products at Distributor Locations.

**5.8 Acceptance of Delivery.** Acceptance of the Products is deemed to occur once the Carrier delivers the Products to the Distributor Locations and executes with Distributor (or an authorized representative of Distributor) a document confirming proof of delivery ("**Acceptance of Delivery**").

**5.9 Transfer of Risk and Title.**

Notwithstanding the provisions of any applicable sale of goods legislation, including the *International Sale of Goods Act (British Columbia)*, or any similar legislation of any jurisdiction whatsoever applicable to the supply of the Products, title to the Products supplied by Manufacturer to Distributor shall remain with Manufacturer until delivered by Manufacturer to Distributor at Distributor Locations. Manufacturer shall bear all liability and any risk for loss or damage to the Products until Products have been delivered to Distributor Locations, at which point all risk of loss or damage to the Product shall transfer to Distributor.

**5.10 Inspections.**

- (a) At the time of delivery at Distributor Locations, Manufacturer shall permit Distributor or an authorized representative of Distributor to make any inspections of the Products which may reasonably be required. The Distributor shall, by

written notice to Manufacturer, notify Manufacturer of any of the Products which fail to meet the requirements set out in the Purchase Order relating to quantity or Product Specification. Such notice shall be given immediately to Manufacturer or its authorized representative following delivery of the Products to Distributor at the Distributor Locations.

- (b) If Distributor notifies Manufacturer in writing of any Product damage upon delivery of the Products to the Distributor Locations, Manufacturer shall as quickly as possible following such written notice from Distributor (within which the precise number of items shall be indicated), either replace or provide Distributor a credit for such Products that have been damaged in transit.
- (c) If Distributor notifies Manufacturer in writing of any Product shortfall upon delivery of the Product to Distributor Locations, Manufacturer shall, as quickly as possible following such written notice from Distributor (within which the precise number of items or Units shall be indicated), either replace or provide Distributor a credit for such Products for which a shortfall exists.
- (d) In the case of Product damage or Product shortfall, Manufacturer shall provide a credit to Distributor equal to the Price of the damaged, lost or missing Product.

**5.11 Storage.**

- (a) Manufacturer shall not be responsible for any storage of the Products ordered by Distributor upon delivery of the Products to the Distributor Locations.
- (b) Once delivered to Distributor Locations, Distributor assumes all risk and responsibility for the storage of the Products.

**ARTICLE 6  
DELAY AND FORCE MAJEURE**

- 6.1 Delay.** Manufacturer shall promptly notify Distributor as soon as Manufacturer is aware or believes there is a reasonable possibility that an event has occurred or may occur which could result in Manufacturer not being able to supply the Product in accordance with a Purchase Order, including a delay in delivery of any such Product ordered by Distributor hereunder, a shortage of any Product or any other impairment or prevention of the ability of Manufacturer to supply any Product specified in a or Purchase Order.



- 6.2 **Force Majeure.** Should Manufacturer be obstructed or delayed in the delivery of the Products by any cause resulting from actions by Distributor or any cause beyond Manufacturer's control (a "**Force Majeure Event**") such as labour disruption, fire, flood, draught, wind, earthquake, or other events or circumstances that are beyond the control of Manufacturer, then Manufacturer shall be entitled to an extension of the Delivery Date for delivery of the Products to Distributor Locations. Manufacturer shall provide Distributor with prompt notice of such delay. Each Party agrees that it shall not make any claim or institute any lawsuit or take any other proceedings against the other Party for the purpose of recovering any loss, damage, extra cost or expense suffered or incurred by such Party by reason of any such Force Majeure Event.

## **ARTICLE 7 PRICING AND PAYMENT TERMS**

- 7.1 **Product Cost.** The price of the Products ("**Price**") payable by Distributor to Manufacturer is set out in Schedule "A". The Price is exclusive of any and all taxes or levies or any kind whatsoever (including, value-added taxes or any other tax now or hereafter imposed or applicable in connection with the sale of the Products, collectively, the "**Taxes**") and exclusive of any and all insurance and Carrier Charges. The Manufacturer shall bear all costs of insurance, duties, and Carriage Charges relating to the Products.
- 7.2 **Taxes and Carrier Charges.** Unless otherwise stated in the Purchase Order or in Manufacturer's invoice, all Product Prices are exclusive of applicable Taxes. Manufacturer's Purchase Orders or invoices shall indicate all Taxes owing with respect to the Products.
- 7.3 **Estimates.** Distributor acknowledges and agrees that at the time of execution of a Purchase Order, the Taxes will be estimates and that final Taxes will be determined following delivery of the Product to the Distributor Location(s) in accordance with each Purchase Order. Distributor agrees to pay the estimated Taxes at the time the Purchase Order is signed, and acknowledges any adjustments to be made will be done in accordance with section 7.5.
- 7.4 **Payment.** Distributor will provide payment to Manufacturer with a signed Purchase Order, which will include full payment of the Price of the Products and the estimated Taxes listed in each Purchase Order.
- 7.5 **Price Adjustments.** Upon confirmation by Manufacturer of the final amount of the Taxes related to each Purchase Order, Manufacturer shall determine whether a there exists a payment surplus or payment shortfall in the payment provided in accordance with section 7.4. In the event of a payment surplus, Distributor shall be offered a credit against the next Purchase Order in the amount of the payment surplus. In the event of a payment shortfall, Manufacturer will provide Distributor an invoice for the amount of the payment shortfall, and payment will become due to Manufacturer immediately for the payment shortfall amount.
- 7.6 **Interest.** Subject to the terms set out in any Purchase Order, interest, in the amount set out in the Purchase Order shall accrue thirty (30) days after of delivery of an invoice for payment shortfalls in accordance with section 7.5.

**ARTICLE 8  
CHANGES, CANCELLATION AND TERMINATION**

**8.1 Changes and Cancellations.** Distributor shall not have the right to make changes to the Purchase Order once signed (including changes to the quantity of Products and delivery times) or to cancel all or any part of a Purchase Order. Without limiting the generality of the foregoing, to the extent that Distributor would like to make changes to a Purchase Order, Manufacturer shall, to the extent possible in Manufacturer's sole discretion, attempt to accommodate reasonable requests of Distributor. In the event Manufacturer is able to accommodate such request, Distributor acknowledges and agrees that there may be an increase in the Price in respect of any such change, which shall be agreed by the Parties.

**8.2 Term and Termination.** The term of the Agreement ("**Term**") is for a period of two (2) years commencing on the date of this Agreement and expiring on the twentieth anniversary of the date of this Agreement. This Agreement shall be automatically renewed for additional one (1) year terms upon agreement of the Parties in writing (which agreement of the Parties shall include the entering into of Purchase Orders that extend beyond the Term).

This Agreement may be terminated prior to the expiry of the Term upon the mutual agreement of the Parties in writing, providing that the terms and conditions contained in this Agreement shall continue in full force and effect so long as a Purchase Order has been executed and is in effect.

**8.3 Effect of Termination.** Upon termination of this Agreement:

(a) The Manufacturer shall have the first right to purchase any remaining inventory of Products from Distributor on an exclusive basis at the Price listed in Schedule "A", such option which must be exercised in writing within two (2) weeks after such termination. Upon termination of this Agreement, if Manufacturer does not exercise its right to purchase the inventory under this Section Distributor may sell-off its remaining inventory to any third party.

(b) In the event this Agreement is terminated during the shipment of any Product in accordance with any Purchase Order, Manufacturer shall remain responsible for the delivery to the Distributor Location, and Distributor shall accept delivery of the Products from Manufacturer, and provide payment to Manufacturer for any amounts outstanding.

**8.4 Payment Upon Termination.** Notwithstanding any termination of this Agreement, each Party shall remain liable to the other for any amounts owing at the date of termination, and shall become payable immediately.

**8.5 Rights.** The exercise of the right of termination pursuant to this Article 8 shall be in addition to and not in lieu of any and all other rights or remedies available to such Party under this Agreement or any other rights or remedies such Party may have at law or in equity.

**ARTICLE 9  
COMPLIANCE WITH LAWS**

- 9.1 General.** Distributor and Manufacturer each shall comply with all Applicable Laws in the exercise of its rights and the performance of its obligations under this Agreement.
- 9.2 Licenses and Permits.** Distributor and Manufacturer each agree to obtain, maintain, renew, and comply with, in all material respects, with all permits, certificates, licenses, approvals, registrations and authorizations required by it in connection with the conduct of its business under all Applicable Laws.
- 9.3 Labeling.**
- [Left blank]

**ARTICLE 10  
INTELLECTUAL PROPERTY**

- 10.1 Ownership.** The Distributor acknowledges and agrees that it shall not have any right, title or interest in and to any and all propriety rights relating to the Products, including, without limitation, design, copyright, marketing or other intellectual property rights, and Distributor shall not in any way infringe upon or contribute to the infringement by others of such rights.
- 10.2 Marketing and Advertising.**
- (a) The Distributor acknowledges and agrees that all intellectual and industrial property rights including, without limitation, copyrights, patents, trade-mark rights and trade secret rights, logos, insignias, Product descriptions and any other information or identifiers of the Products (the "**Manufacturer Intellectual Property**") is, and shall remain, the sole and exclusive property of Manufacturer, and Distributor shall not, without the written consent of Manufacturer, use, procure, market, advertise or otherwise utilize such Manufacturer Intellectual Property.
- (b) Manufacturer shall provide to Distributor written instructions regarding the manner in which the Manufacturer Intellectual Property may be used, which may also include any requirements for prior approvals, licensing or sub-licensing, translation requirements or co-branding considerations. Distributor shall comply at all times with any and all instructions provided by Manufacturer with respect to the Manufacturer Intellectual Property. For further certainty, in the event Manufacturer issues a cease and desist order relating to Distributor's use of the Manufacturer Intellectual Property, Distributor shall forthwith comply with such order.
- (c) Distributor and Manufacturer agree to support each other's efforts to promote the Products in a manner agreed to in writing by Manufacturer and Distributor.

**ARTICLE 11  
LIMITATION OF LIABILITY**

**11.1 Limitation of Liability.**

UNDER NO CIRCUMSTANCES SHALL DISTRIBUTOR, ITS AFFILIATES AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, REPRESENTATIVES, SUCCESSORS AND ASSIGNS BE LIABLE FOR ANY CONSEQUENTIAL, INDIRECT, SPECIAL, PUNITIVE, OR INCIDENTAL DAMAGES OR LOST PROFITS, WHETHER FORESEEABLE OR UNFORESEEABLE, THAT MAY BE SUFFERED BY MANUFACTURER, INCLUDING FOR CERTAINTY ANY CLAIMS OF MANUFACTURER, OR ANY OTHER PARTY ARISING OUT OF BREACH OR FAILURE OF EXPRESS OR IMPLIED WARRANTY, BREACH OF CONTRACT, MISREPRESENTATION, NEGLIGENCE, STRICT LIABILITY IN TORT, FAILURE OF ANY REMEDY TO ACHIEVE ITS ESSENTIAL PURPOSE, OR OTHERWISE. NOTWITHSTANDING THE FORM (WHETHER IN CONTRACT, TORT OR OTHERWISE) IN WHICH ANY LEGAL OR EQUITABLE ACTION MAY BE BROUGHT.

**11.2 Limitation on Rights or Remedies.** This Section sets forth the sole rights and remedies of each Party in connection with (i) the transactions contemplated herein, and (ii) any act, omission, circumstance or other matter arising out of, resulting from, attributable to or connected with any breach of the Agreement made by the other Party, and such first mentioned Party shall have no further right or remedy (whether legal, equitable, fiduciary or in tort) whatsoever, against the other party, or its affiliates or their respective directors, officers, servants, agents, advisors or employees.

**ARTICLE 12  
REPRESENTATIONS**

**12.1** Manufacturer represents and warrants to Distributor and understands and agrees that its representations were material in inducing Distributor to enter this Agreement:

- (a) The Manufacturer is a Limited Liability Corporation, duly organized, validly existing under the laws of Missouri.
- (b) The Manufacturer has the requisite corporate capacity, power and authority to execute this Agreement and the other agreements and documents required to be delivered hereby and to perform the obligations to which it thereby becomes subject.

**12.2** Distributor represents and warrants to Manufacturer and understands and agrees that its representations were material in inducing Manufacturer to enter this Agreement:

- (a) Distributor is a corporation, duly organized and validly existing under the laws of British Columbia.
- (b) Distributor holds licenses from Health Canada allowing it to legally produce and sell the following in accordance with applicable laws:
  - (i) Dried medical marijuana;

- (ii) Cannabis oil; and,
  - (iii) medical marijuana plants and seeds
- (c) Distributor has the requisite corporate capacity, power and authority to execute this Agreement and the other agreements and documents required to be delivered hereby and to perform the obligations to which it thereby becomes subject.

### **ARTICLE 13 CONFIDENTIALITY**

**13.1 Confidentiality and Non-Disclosure.** Distributor and Manufacturer each covenants and agrees that it shall not, directly or indirectly, make use of or disclose to any person or entity any Confidential Information for the duration of this Agreement and for a period of five years after termination of this Agreement.

As used herein, the term "**Confidential Information**" shall mean information disclosed to, used by, developed by or known to either Party in the course of conducting its business operations, including, but not limited to, all oral and written information concerning the operation of each Party and its services, including, but not limited to, any of either Party's policies or operation manuals; know-how and trade secrets; names of all suppliers and customers; any documents, brochures, illustrations, trademarks, copyrights, designs, programs, software, techniques, forms, sales methods and similar items used by either Party in connection with the manufacture, promotion, distribution and sale of the Products and the information treated as proprietary by either Party which has been or is disclosed or entrusted to the other Party including, but not limited to, information relating to the operations, business plans, projects, pricing data, production costs, research data, results, inventions or other work product developed by or for the disclosing Party.

The provisions of section 13.1 shall not apply to:

- (a) any information to the extent that it is, at the commencement of the term of this Agreement or at some later date, publicly known under circumstances involving no breach of this Agreement;
- (b) disclosure of Confidential Information to the extent such disclosure is required by law, court order, court proceedings or the rules or policies of any stock exchange or government or regulatory authority having jurisdiction in the matter; or
- (c) disclosure of Confidential Information to the extent that such disclosure is consented to in writing by the owner of the Confidential Information.

**13.2 Publicity.** The Parties shall cooperate with each other in relaying to third parties information concerning this Agreement and the transactions contemplated herein, and shall discuss drafts of all press releases and other releases of information for dissemination to the public pertaining hereto.

- 13.3 Material Disclosure** The Parties shall further cooperate with each other in relation to any disclosure or filings required under Applicable Law or requested by any Authorized Authority with respect to this Agreement and the relationship between the Parties. The Manufacturer acknowledges and agrees that, as a public company, the Distributor shall be required to make and shall make, with or without the consent of Manufacturer, such public disclosure to regulatory authorities and the public as required by any regulatory authorities, securities exchanges or commissions and Applicable Law.

## **ARTICLE 14 MISCELLANEOUS PROVISIONS**

- 14.1 Waiver of Breach of this Agreement.** With respect to an Agreement Default:
- (a) no waiver by a Party hereto of any provision, or the breach of any provision, of this Agreement shall be effective unless it is contained in a written instrument duly executed by the authorized officers or representatives of the Party hereto, and such written waiver shall affect only the matter specifically identified in the instrument granting the waiver and shall not extend to any other matter, provision or breach;
  - (b) the failure of a Party hereto to give notice to any other Party hereto or to take any other steps in exercising any right, or in respect of the breach or nonfulfillment of any provision of this Agreement, shall not operate as a waiver of that right, breach or provision nor shall any single or partial exercise of any right preclude any other or future exercise of that right or the exercise of any other right, whether in law or in equity or otherwise; and
  - (c) acceptance of payment by a Party hereto after the breach or nonfulfillment of any provision of this Agreement by another Person shall not constitute a waiver of the provisions of this Agreement, other than the breach cured by such payment.
- 14.2 No Amendment Except In Writing.** This Agreement may be amended only by written instrument executed by both Parties.
- 14.3 Assignment.** Neither party may assign its interest in or under this Agreement without the prior written consent of the other Party.
- 14.4 Delivery of Notices.** Notwithstanding anything to the contrary contained herein, all notices required or permitted hereunder shall be in writing to the address listed below. Any notice to be given hereunder shall be deemed received by addressee within 24 hours if sent by facsimile. The addresses and facsimile numbers for delivery of notices hereunder of each of the Parties shall be as follows:

If to Distributor:

THC BioMed Intl Ltd.  
[jm@thcmeds.ca](mailto:jm@thcmeds.ca)  
Attn: John Miller

With a copy to:

Email: krichardson@bacchuscorplaw.com  
Attn: Kari Richardson

If to Manufacturer:

Clone Shipper, LLC  
Larry Fenner  
Email: larry@cloneshipper.com

With a copy to:

Phillip K. Dzwowa  
Email: pdzwowa@gmail.com

A Party may change its address or facsimile number for delivery by notice to the other Party, and such changed address for notices thereafter shall be effective for all purposes of this Agreement.

- 14.5 Conflicts.** To the extent there is an inconsistency between this Agreement and its Schedules or any other document delivered pursuant to this Agreement and a Purchase Order, the terms and conditions within such Purchase Order shall prevail.
- 14.6 Further Assurances.** From time to time, each Party shall, at the reasonable request of the other Party, take all action, do all such acts and execute and deliver all agreements, instruments, documents or other writings desired or required by such other Party in connection with the performance of this Agreement and take all action and execute and deliver all such further agreements, instruments, documents or other writings reasonably desired or required by such other Party so as to fully perform or carry out the terms, intents or purposes of this Agreement.
- 14.7 Dispute Resolution; Governing Law; Etc.**
- (a) The interpretation and construction of this Agreement shall be governed by, and interpreted in accordance with, the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The Parties agree that the application of the *United Nations Convention on Contracts for the International Sale of Goods* shall not apply to this Agreement or to any part of any transaction which may result from any negotiations, discussions, or agreements between the Parties.
- 14.8 Invalidity of Provisions.** If any of the provisions of this Agreement are determined to be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

- 14.9 Supersedes Earlier Agreements.** This Agreement constitutes the whole and entire agreement among the Parties in connection with the transactions contemplated herein and cancels and supersedes any prior agreements, undertakings, declarations, commitments, representations, written or oral, in respect thereof, and there are no express or implied terms, conditions, agreements, undertakings, declarations, commitments, representations or warranties or other duties (legal, equitable, fiduciary or in tort) whatsoever among the Parties not expressly provided for in this Agreement.
- 14.10 Successors and Assigns.** This Agreement shall be binding upon and shall enure to the benefit of the Parties hereto and their respective successors and permitted assigns.
- 14.11 Counterpart Execution.** This Agreement and any document or instrument to be executed and delivered by the Parties hereunder or in connection herewith (including, for greater certainty, any Purchase Order), may be executed and delivered in separate counterparts and delivered by one party to the other by facsimile, each of which when so executed and delivered shall be deemed an original and all such counterparts shall together constitute one and the same agreement, if this Agreement or any such document or instrument is delivered by facsimile, the party so delivering this Agreement or such document or instrument shall within a reasonable time after such delivery deliver an originally executed copy to the other.

*[The remainder of this page is intentionally left blank.]*

**THIS AGREEMENT** executed effective the date first written above.

**CLONE SHIPPER, LLC**

/s/ Larry Fenner

Name:

Title:

**THC BIOMED INTL LTD.**

/s/ John Miller

Name:

Title: