

**AMENDED AND RESTATED COLLABORATION AGREEMENT**

**THIS AMENDED AND RESTATED COLLABORATION AGREEMENT ("Agreement")** is made and entered into as of 19<sup>th</sup> of May, 2021 (the "**Effective Date**")

**BETWEEN:**

**BLACK ROSE ORGANICS CANADA INC.**, a corporation formed under the laws of the Province of Ontario ("**BRO**")  
-and-

**THE HASH CORPORATION**, a corporation formed under the laws of the Province of Ontario ("**HASHCO**")

(together, the "**Parties**")

**WHEREAS** the Parties hereto are parties to a collaboration agreement dated February 3, 2021 ("**Collaboration Agreement**");

**AND WHEREAS** The Parties wish to amend and restate the Collaboration Agreement as provided for in this Agreement;

**AND WHEREAS** BRO is a Canadian federally-licensed cannabis production and processing company, which is authorized to conduct the activities listed in Schedule "A" ("**BRO Licence A**") at the site located at 3475 14<sup>th</sup> Avenue, Markham, Ontario ("**BRO Facility A**") and which is authorized to conduct the activities listed in Schedule "B" ("**BRO Licence B**") at the site located at 1-3501 McNicoll Avenue, Scarborough, Ontario ("**BRO Facility B**");

**AND WHEREAS** HASHCO possesses the knowledge, skill, and ability to produce hashish and other cannabis concentrates from cannabis biomass (together, the "**Products**"), but does not hold a federal cannabis licence;

**AND WHEREAS** BRO and HASHCO desire to collaborate in the following ways on the terms set forth herein below:

- i. BRO desires to engage HASHCO's services to manufacture the Products for BRO;
- ii. BRO shall provide HASHCO with an approximately 1,000 square foot portion of the BRO Facility A, which is a licensed processing space (the "**Licensed Processing Space**");
- iii. BRO shall seek to obtain necessary amendments to its BRO Licence to ensure HASHCO is authorized to manufacture the Products for BRO, and that BRO is authorized to distribute and/or sell the Products;
- iv. HASHCO shall seek to obtain all necessary security clearances for its directors and officers, and necessary police record checks for its personnel;
- v. BRO shall provide HASHCO with licensed cannabis biomass;
- vi. BRO shall own all of the Products manufactured by HASHCO at the Licensed Processing Space for BRO; and
- vii. BRO shall be the exclusive distributor of all the Products manufactured by HASHCO at the Licensed Processing Space for BRO.

**NOW THEREFORE** in consideration of the foregoing promises and the mutual covenants set forth in

this Agreement, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby agree as follows:

## **ARTICLE I** **GENERAL MATTERS**

### **1.1 Definitions.**

In this Agreement, the following terms will have the meanings set out below unless the context requires otherwise:

"**Affected Obligations**" has the meaning set forth in Section 10.1(a).

"**Affiliate**" of a Party has the meaning ascribed thereto in the *Business Corporations Act* (Ontario).

"**Agreement**" means this Collaboration Agreement.

"**Applicable Law**" means any domestic or foreign statute, law (including the common law) ordinance, rule, regulation, restriction by-law (zoning or otherwise), order or any consent, exemption, approval or license of any Governmental Authority, that applies in whole or in part to the transactions contemplated by this Agreement, the Products, BRO, HASHCO and their respective Affiliates including, without limitation, the *Cannabis Act*, S.C. 2018, c. 16, the *Business Corporations Act*, R.S.O. 1990, c. B.16, and the *Excise Tax Act*, R.S.C., 1985, c. E-15, which all may be amended, modified or replaced from time to time.

"**Audit**" has the meaning set forth in Section 4.2(a).

"**Audit Report**" has the meaning set forth in Section 4.2(c).

"**Bankruptcy Proceeding**" means in relation to a Party: (a) the making of an assignment or arrangement for the benefit of creditors; (b) the filing by such Party of a petition or commencement of proceedings under any bankruptcy or similar law, or having such a petition filed or proceeding commenced with respect to such Party by another person, where such petition or proceeding of such other person is not dismissed for a period of 30 calendar days; (c) the levy of an attachment for execution against the whole or any material part of its assets; (d) such Party becoming insolvent or unable to pay its debts as they generally become due as determined by a court of competent jurisdiction; or (e) such Party tops suspends or threatens to stop or suspend payment of all or a material part of its indebtedness or begins negotiations or takes any other step with a view to the deferral rescheduling or other readjustment of all or a material part of its indebtedness.

"**Biomass**" means assorted parts of the harvested, dried and cured cannabis plant that are ready to be processed into cannabis concentrates and other derivative cannabis products.

"**BRO**" has the meaning set forth in the recitals to this Agreement.

"**BRO Biomass**" means Biomass produced by BRO.

"**BRO Branding Guidelines**" means the standards policies, guidelines color schemes and codes of conduct with respect to the packaging of the Products for sale by BRO under the name and brand of BRO or its Affiliates as determined by BRO in its sole discretion, all in accordance with Applicable Laws.

"**BRO Facility A**" and "**BRO Facility B**" have the meanings set forth in the recitals to this Agreement.

"**BRO Licence**" has the meaning set forth in the recitals to this Agreement.

"**BRO Supply Agreement**" has the meaning set forth in Section 2.3(b).

**"Calendar Quarter"** means, initially the period from the Effective Date to the first day of the immediately following January, April, July, or October (as the case may be) and thereafter any three-month period commencing on the first day of January, April, July and October of each consecutive 12-month period.

**"Change of Law"** has the meaning set forth in Section 10.1(a).

**"Change of Law Amendment"** has the meaning set forth in Section 10.1(b).

**"Change of Law Notice"** has the meaning set forth in Section 10.1(a).

**"Change Period"** has the meaning set forth in Section 10.1(b).

**"Confidential Information"** means non-public, confidential, personal or proprietary information concerning a Party and its Affiliates and its and their respective businesses and affairs that is or has been disclosed by one Party ("**Disclosing Party**") to the other Party ("**Recipient**") in connection with the transactions contemplated by this Agreement, including the existence of the terms and conditions of, the status of the transaction contemplated by, or any other facts pertaining to this Agreement any information about identifiable individuals or any other information relating to a Party and its Affiliates customers suppliers partners investors employees and consultants but in each case does not include: (a) information that the Recipient can demonstrate: (i) is or has become generally available to the public other than as a result of disclosure by the Disclosing Party or its Affiliates or representatives; (ii) is received by the Recipient or its Affiliates or representatives from an independent third-party that obtained it lawfully and was under no duty of confidentiality; (iii) was in its possession or the possession of its Affiliates or representatives prior to the disclosure of such information by the Disclosing Party; (iv) was independently developed by the Recipient or its Affiliates or representatives without the use of or reference to any Confidential Information received from the Disclosing Party; or (v) is disclosed pursuant to a valid and enforceable order of a court or other Governmental Authority having jurisdiction over the Recipient provided that the Recipient shall to the extent possible, first notify the Disclosing Party in writing of such requirement and fully cooperate with respect to any reasonable steps possible to further protect the Confidential Information; nor (b) any information that is disclosed pursuant to a written or verbal request from Health Canada or the Minister of Health provided that the Recipient shall, to the extent possible, first notify the Disclosing Party of such requirement.

**"Designated Representative"** has the meaning set forth in Section 5.1(a).

**"Effective Date"** has the meaning set forth in the recitals.

**"Event of Default"** has the meaning set forth in Section 11.2.

**"First Commercial Sale"** shall mean the first commercial sale of Products by BRO as contemplated in this Agreement in exchange for cash or some equivalent to which value can be assigned, after all Regulatory Approvals have been granted by a Regulatory Authority, other than the use of Products for testing purposes and/or a sale for experimental, promotional, compassionate named patient or test market purposes.

**"Governmental Authority"** means any: (a) multinational national, federal, provincial territorial, state, regional, municipal, local or other government or any governmental or public department court, tribunal, arbitral body, statutory body, commission, board, bureau or agency; (b) self-regulatory organization, regulatory authority, administrative tribunal or authority; (c) agent, commission board or authority of any of the foregoing; or (d) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing.

**"HASHCO"** has the meaning set forth in the recitals.

**"HASHCO Branding Guidelines"** means the standards, policies, guidelines, colour schemes and codes of conduct with respect to the packaging of the Products manufactured by HASHCO and the name and brand of HASHCO or its Affiliates as determined by HASHCO in its sole discretion, all in accordance with Applicable Laws.

**"HASHCO Equipment"** means the manufacturing and quality assurance equipment used by HASHCO to manufacture the Products.

**"HASHCO Product Application"** has the meaning set forth in Section 2.2(b).

**"Indemnified Party"** has the meaning set forth in Section 9.1(a).

**"Indemnifying Party"** has the meaning set forth in Section 9.1(a).

**"Lease"** has the meaning set forth in Section 2.1(c).

**"License"** has the meaning set forth in the recitals.

**"Losses"** means any loss, in jury, liability, damage cost expense including reasonable legal and consulting fees and disbursements), or deficiency of any kind or nature, suffered or incurred by a Party, including in respect of any proceeding, assessment, judgment, settlement or compromise relating thereto.

**"Monthly Cost"** has the meaning set forth in Section 3.3(a)(iv).

**"Monthly Revenue"** has the meaning set forth in Section 3.3(a)(iv).

**"Overpayment"** has the meaning set forth in Section 4.2(d).

**"Parties"** means BRO and HASHCO and **"Party"** means either one of them.

**"Products"** has the meaning set forth in the recitals to this Agreement.

**"Records"** means all ancillary, intermediate and final documents, work product records, reports, manuals, notes designs, specifications, configurations and materials prepared by the Parties or any of their Affiliates or representatives in connection with the transactions contemplated by this Agreement including all books, records, logs, files, assessments and reports relating to: (a) the Sales Reports; (b) the Products; (c) the Monthly Revenue derived from the sale of Products; and/or (d) the Monthly Cost.

**"Records Request"** has the meaning set forth in Section 4.1 (c).

**"Regulations"** means the *Cannabis Regulations*, SOR/2018-144, which may be amended, modified or replaced from time to time.

**"Regulatory Approval"** means all requisite approvals by a Regulatory Authority, including Health Canada, for HASHCO to process and sell Products.

**"Regulatory Authority"** means any applicable government entity regulating or otherwise exercising authority with respect to the development and commercialization of the Products.

**"Retention Period"** has the meaning set forth in Section 4.1(b).

**"Sales Amount"** means the amounts (cash or equivalent to which value can be assigned) actually invoiced by and received by BRO or its Affiliates for the sale of Products manufactured by HASHCO for BRO, exclusive of applicable taxes.

**"Sales Reports"** has the meaning set forth in Section 3.3(a).

**"Service Contract"** has the meaning set forth in Section

**"Service Fee"** has the meaning set forth in Section 3.1(a).

**“Statement of Work”** means a simplified scope of work issued by HASHCO to BRO for the initial project to be completed by the parties pursuant to this Agreement.

**"Underpayment"** has the meaning set forth in Section 4.2(d).

## **1.2 Schedule.**

The following Schedule are attached to this Agreement and are incorporated into this Agreement by reference and are deemed to be part hereof:

Schedule “A” BRO Licence A

Schedule “B” BRO Licence B

## **1.3 Currency.**

Unless otherwise indicated, all dollar amounts referred to in this Agreement are stated in lawful money of Canada and “\$” refers to Canadian dollars.

## **1.4 Interpretation Not Affected by Headings or Party Drafting.**

The division of this Agreement into articles, section, paragraphs, subparagraphs and clauses and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement" "hereof" "here in", "hereunder" and similar expressions refer to this Agreement and the Schedules hereto and not to any particular article section paragraph clause or other portion hereof and include any agreement or instrument supplementary or ancillary here to. The Parties acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement and the Parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party shall not be applicable in the interpretation of this Agreement.

## **1.5 Inclusive Language.**

The words "include", "includes" and "including" and other derivations thereof shall be read as if followed by the phrase "without limitation".

## **1.6 Number and Gender.**

In this Agreement unless there is something in the subject matter or context inconsistent therewith: (a) words in the singular number include the plural and such words will be construed as if the plural had been used; (b) words in the plural include the singular and such words will be construed as if the singular had been used; and (c) words importing the use of any gender include all genders where the context or Party referred to so requires and the rest of the affected sentence will be construed as if the necessary grammatical and terminological changes had been made.

## **1.7 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.

## **1.8 Recitals.**

The parties hereto covenant, agree and acknowledge that the recitals to this Agreement are true and correct in substance and in fact, are incorporated herein by reference and form an integral part of this Agreement.

**ARTICLE II**  
**DEVELOPMENT AND MANUFACTURING**

**2.1 Licensed Processing Space.**

- (a) It is acknowledged that BRO is providing HASHCO with Licensed Processing Space, which consists of approximately 1,000 square feet of licensed space in BRO Facility A, which is licensed pursuant to BRO Licence A.
- (b) HASHCO has located the HASHCO Equipment at the Licensed Processing Space.
- (c) The Parties agree that, subject to BRO's approval at all times, which will not be unreasonably withheld or delayed, HASHCO shall assume primary carriage of the Licensed Processing Space and provide or procure such services as may be necessary or appropriate in connection with such development and as may otherwise be approved by BRO, acting reasonably from time to time in accordance with the terms of this Agreement, including with respect to the design of the Licensed Processing Space and the management and supervision of all professional services performed in connection therewith including architectural services, engineering services, construction services and security services.

**2.2 Licensing.**

- (a) It is acknowledged that the Licensed Processing Space at BRO is licensed for cannabis processing pursuant to the BRO Licence and as defined in the *Cannabis Act* and Regulations.
- (b) The Parties agree that they will work together to prepare, if necessary, a notification from BRO and HASHCO to Health Canada to obtain any licence amendments permitting HASHCO to produce the Products in the HASHCO Premises, and permitting BRO to sell the Products ("**HASHCO Product Application**") in accordance with all Applicable Laws.
- (c) In connection with preparing the HASHCO Product Application BRO shall, subject to and in accordance with all Applicable Laws provide the following services to HASHCO:
  - (i) Drafting, or assisting in the drafting, of all application materials, including sourcing the appropriate consultants to draft the HASHCO Product Application in consultation with HASHCO and its advisors.
  - (ii) Sourcing together with HASHCO all necessary third-party consultants required to prepare the HASHCO Product Application including: (A) quality assurance reports; (B) standard operating procedures ("**SOPs**"); (C) record keeping software and related service providers; and
  - (iii) HASHCO and BRO shall approve in writing all necessary third-party consultants required to prepare the HASHCO product Application which approval shall not be unreasonably withheld;
  - (iv) Communicating with Health Canada, as necessary throughout the application process, and BRO agrees to share such information with HASHCO;
  - (v) BRO shall provide HASHCO with BRO's Biomass or the biomass of another licence holder to produce the samples required for the HASHCO Product Application.
- (d) HASHCO shall be responsible for all costs, expenses and fees payable: (i) to third-party consultants which have been sourced and hired in relation to the HASHCO Product Application; (ii) to any Governmental Authority in respect of the HASHCO Product Application; and (iii) otherwise payable to complete and submit the HASHCO Product Application. HASHCO shall reimburse BRO for all reasonable out-of-pocket costs and expenses incurred by BRO in connection with the foregoing

activities.

### **2.3 Manufacturing.**

- (a) HASHCO will manufacture the Products at the Licensed Processing Space under the supervision of BRO's quality assurance personnel in compliance with and subject to Applicable Laws.
- (b) The Parties shall enter into a supply and branding agreement with respect to the supply of Product for the purposes of sale by BRO ("**BRO Supply Agreement**"), which agreement will be subject to and in compliance with Applicable Law, allowing for recognition on all packaging to HASHCO, and which will contain the following terms and conditions:
  - (i) HASHCO will manufacture or otherwise supply Products to BRO, HASHCO agreeing to make available to BRO an agreed quantity of Product per Calendar Quarter and applicable payment terms, or such other arrangements for the supply of Products by HASHCO to BRO as the Parties may agree;
  - (ii) HASHCO manufacturing the Product following standard operating procedures in compliance with good production practices and standards under the supervision of BRO quality assurance personnel while adhering to Applicable Laws and providing appropriate warranties in respect of the Products;
  - (iii) HASHCO shall request for BRO to purchase and/or provide certain quantities of Biomass, to be determined by the parties hereto, which BRO requires to manufacture the Products at a purchase price equal to BRO's cost;
  - (iv) **Intellectual Property.**
    - A. BRO granting a limited, non-exclusive license of its trademarks, logos, slogans, packaging and designs owned by BRO and/ or its Affiliates required for such purpose for HASHCO to use in accordance with BRO Branding Guidelines;
    - B. HASHCO granting a limited, non-exclusive license of its trademarks, logos, slogans, packaging and designs of HASHCO and/or its Affiliates required for such purpose to BRO to use in accordance with HASHCO Branding Guidelines.
  - (v) the fee provisions contemplated in Section 3.1.

## **ARTICLE III PAYMENT TERMS**

### **3.1 Service Fee.**

All revenue received by BRO from the sales of Products manufactured by HASHCO in the Licensed Processing Space shall be paid to HASHCO as a service fee, which is defined as the amount of net sales (which is further defined as the sale price of the Products sold, less the cost to manufacture and sell the Products ("**Net Sales**")), less a royalty payable by HASHCO to BRO equal to 50% of Net Sales ("**Service Fee**").

### **3.2 Due Dates for Payment.**

All payments shall be reconciled on a monthly basis, and BRO shall remit 100% of the balance owing under Section 3.1 to HASHCO within 5 business days of the receipt of funds from customer.

### **3.3 Sales Reports.**

- (a) **Sales Reports.** With respect to the payments due pursuant to Sections 3.1 and 3.2, BRO shall deliver to HASHCO a report detailing the sales made during the previous Calendar Quarter and identifying all payments due with respect to such sales within 60 days following the end of such Calendar Quarter ("Sales Reports"). Each Sales Report shall be in a form acceptable to HASHCO, acting reasonably, provided that such form must contain:
- (i) calculations of the total volume of Product sold, the number of customers, and the frequency of such sales;
  - (ii) any recalls or refunds;
  - (iii) Calculations of the price at which Product is sold; and the total amount collected from the sales of Products ("**Monthly Revenue**"); and
  - (iv) the total corresponding cost incurred ("**Monthly Cost**").
- (b) Any and all information data or reports supplied by BRO pursuant to the provisions of Section 3.3(a) shall be treated as its Confidential Information.

### **3.4 Payment Method.**

Unless otherwise agreed by the Parties, all amounts due under this Agreement will be paid in Canadian dollars by wire transfer in immediately available fund to accounts designated in writing by the Parties. Banking fees for wire transfer will be borne by HASHCO, capped at \$25.00 per transaction.

### **3.5 Taxes.**

- (i) All payments hereunder shall be exclusive of any sales taxes eligible thereon including, for greater certainty, any HST. Any such taxes shall be collected by BRO on behalf of HASHCO and shall be delivered to HASHCO and HASHCO shall remit same pursuant to Applicable Laws.
- (ii) Subject to any Applicable Laws the Parties shall cooperate with each other to minimize each other's applicable taxes and each Party shall use its commercially reasonable efforts to provide the other Party with any reasonable certificates or documents which are useful for such purpose.

## **ARTICLE IV RECORDS AND AUDIT RIGHTS**

### **4.1 Record Retention.**

- (a) Each Party will maintain complete and accurate books, records and accounts that fairly reflects all Sales Amounts, in sufficient detail to confirm the accuracy of any payments required hereunder, including:
- (i) such documents, Records and other information required by Applicable Law and the provisions of this Agreement;
  - (ii) detailed, accurate, complete and current financial Records regarding the sale of Products during the Term including the Sales Reports; and



- (iii) the Designated Representatives of the Parties may mutually agree to such other additional documents, books, Records and other information as in writing from time to time.
- (b) The Parties shall, and shall cause their respective Affiliates and representatives to, retain accurate and complete copies of all Records for such period of time: (i) as required by Applicable Law; or (ii) until five years after the expiration or termination of this Agreement, whichever is greater. Notwithstanding the foregoing, the Parties confirm acknowledge and agree that they shall, and shall cause each of their respective Affiliates and representatives to retain accurate and complete copies of all financial Records relating to the sale of Products until five years after the date that all payments which are payable pursuant to the provisions of this Agreement have been paid in full ("**Retention Period**").
- (c) At any time, and from time to time during the Term and the Retention Period, the Parties may make a written request for a copy of the Records created and maintained by the other Party ("**Records Request**"). The applicable Party shall provide the requested Records as soon as reasonably practicable after the date of its receipt of the Records Request and, in any event no later than 30 calendar days after its receipt of the Records Request. For greater certainty, a Records Request shall not be considered an Audit for the purposes of this Agreement.

#### **4.2 Audit Rights.**

- (a) Each party shall have the right at its sole cost and expense to inspect the books and records of the other party (including the Records) in respect of all matters pertaining to this Agreement (each an "**Audit**") upon request, acting reasonably, and as may be mandated by a Regulatory Authority or Applicable Laws.
- (b) With respect to each Audit:
  - (i) Each party shall use commercially reasonable efforts to provide the other party with 15 calendar days' prior written notice of its intention to conduct such Audit;
  - (ii) to the extent permitted by Applicable Laws each party shall provide the other party and its external advisors with reasonable access, during normal business days and hours to such party's place of business, its books and records (including the Records), and the Designated Representative of such party for the purposes of conducting the Audit;
  - (iii) Each party confirms and acknowledges that the other party and its external advisors will at all times be accompanied by a representative of the other party;
  - (iv) the Audit shall be conducted as efficiently as possible and with as little disruption to the business operations of the party being audited as reasonably possible;
  - (v) as a condition precedent to the obligation of a party to grant the other party's external advisors access to such party's premises and books and records (including the Records), such external advisors must first execute a confidentiality agreement in favour of the party being audited in a form reasonably satisfactory to such party which provides for obligations of confidentiality which are substantially similar to the obligations of confidentiality provided for in Section 8.1 and
  - (vi) all costs and expenses incurred by the auditing party in connection with such Audit shall be for the sole account of such party, provided that if such Audit reveals an Underpayment which is greater than five percent (5%), the party being audited shall reimburse the auditing party for such costs and expenses promptly upon presentation of an invoice therefor.
- (c) The results of each Audit (each an "**Audit Report**") shall be provided by the auditing party to the Designated Representative of the other party within seven calendar days after receipt of the Audit

Report by such party. With respect to each Audit Report, the Designated Representatives of the Parties shall meet (in person or by telephone) within 30 calendar days of the provision of the Audit Report to the Designated Representative of the party being audited in order to discuss the findings of the Audit Report.

- (d) If the Designated Representatives of the Parties mutually agree on the findings set out in the Audit Report, then: (i) any underpayment of any fees or other payments which are payable by the party which was audited pursuant to the provisions of this Agreement during the audited period (each an "**Underpayment**") shall be promptly paid to the other party in immediately available funds; (ii) any overpayment of any fees or other payments which are payable pursuant to the provisions of this Agreement during the audited period (each an "**Overpayment**") shall be set-off against any outstanding or future payments due to such party; and (iii) the Designated Representatives of each Party shall take such other actions as are reasonably necessary to address any other item dispute or deficiency set out in the Audit Report.
- (e) Either party may submit any dispute regarding the calculations set forth in this section or with respect to the results of any audit to arbitration as hereinafter set forth. The matter shall be submitted to a chartered accountant who is a partner of a national Canadian accounting firm acceptable to both parties whose decision shall be final and binding on the parties. In the event the parties cannot agree on the accountant, either party may apply for the appointment of an arbitrator under the *Arbitrations Act (Ontario)*. The decision of the arbitrator so appointed will be final and binding on the parties.

#### **4.3 Confidentiality.**

Each Party will treat all information subject to review under this Article IV in accordance with the confidentiality provisions of Article VIII below.

### **ARTICLE V DESIGNATED REPRESENTATIVES**

#### **5.1 Designated Representative.**

- (a) Each Party shall appoint a representative that will have general oversight and management responsibility for the general administration of this Agreement and to whom the questions and concerns of each Party with respect to the rights, obligations and performance of this Agreement (each such person a "**Designated Representative**") shall be directed in the first instance. For greater certainty, each Designated Representative must obtain Health Canada security clearance (at the sole cost of the individual) and shall have decision-making authority and the ability to bind his or her respective Party. As at the Effective Date the Designated Representatives of each Party are as follows:

BRO: Joseph Davis, Project Manager

HASHCO: Chris Savoie, Chief Executive Officer

Each Party may change its Designated Representative upon five business days' prior written notice of such change to the other Party.

- (b) The Designated Representative of each Party shall:
  - (i) meet at least once during each Calendar Quarter, or otherwise as may be mutually agreed by the Parties;
  - (ii) generally review the performance of this Agreement and facilitate the cooperation of the Parties in the performance of this Agreement;

- (iii) maintain the Records as contemplated by Article IV;
- (iv) perform those obligations designated in the provisions of this Agreement as responsibilities of the Designated Representatives;
- (v) have overall responsibility for the consideration of any proposed amendment or modification to this Agreement, including, without limitation, any Change of Law Amendment (as defined below); and
- (vi) have such other responsibilities and obligations or perform such other duties as are expressly contemplated by this Agreement or as the Parties may mutually agree in writing from time to time.
- (vii) Be responsible for ensuring that the BRO Quality Agreement, Lease and SOPs within BRO Facility A and the Licensed Processing Space are in compliance with the *Cannabis Regulations*.

**ARTICLE VI**  
**REPRESENTATIONS AND WARRANTIES**

**6.1 Mutual Representations and Warranties.**

Each Party hereby represents and warrants to and in favour of, and covenants with, the other Party as follows and acknowledges that the other Party is relying upon the following representations, warranties and covenants in connection with its execution delivery and performance of this Agreement and the consummation of the transactions contemplated hereunder:

- (a) the Party is a corporation validly formed and existing in good standing under the laws of its jurisdiction of formation;
- (b) the Party has all necessary power, authority and capacity to enter into this Agreement and to perform its obligations under this Agreement. The execution delivery and performance of this Agreement has been duly authorized by all necessary action of the Party. This Agreement has been duly and validly executed by the Party and constitutes a valid and binding obligation of the Party enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors generally and by general principles of equity regardless of whether asserted in a proceeding in equity or law;
- (c) the authorization of, execution and delivery of and the performance by the Party of its obligations under, this Agreement and every other agreement or document to be entered into or delivered hereunder, will not constitute or result in the violation or breach of or default under or cause the acceleration of, any obligations of the Party under:
  - (i) any term or provision of the articles by-law or other constating documents of the Party;
  - (ii) the terms of any material agreement (written or oral), indenture, instrument or understanding or other obligation or restriction to which the Party is a party or by which it is bound except as would not reasonably be expected to have a material adverse effect on the Party's ability to perform its obligations under this Agreement;
  - (iii) any Applicable Law or consent or approval issued by a Governmental Authority, except as would not reasonably be expected to have a material adverse effect on the Party's ability to perform its obligations under this Agreement; or

- (iv) any term or provision of any order of any court applicable to the Party except as would not reasonably be expected to have a material adverse effect on the Party's ability to perform its obligations under this Agreement.
- (d) except as contemplated by Article 2 hereof, no consent or approval of any Governmental Authority or filing with or notice to any Governmental Authority, court or other Person is required in connection with the execution delivery or performance of this Agreement by the Party, except for any such consent, approval, filing or notice that would not have a materially adverse effect on the Party's ability to perform its obligations under this Agreement.
- (e) the Party has conducted and is conducting its business in compliance in all material respects with all Applicable Laws and has held and maintained and will hold and maintain in good standing all necessary licenses, leases, permits authorizations and other approvals necessary to permit it to conduct its business or to own, lease or operate its properties and assets, except where the failure to obtain any license, lease, permit, authorization or other approval would not have a material adverse effect on the Party;
- (f) there are no actions, suits or proceedings judicial or administrative (whether or not purportedly on behalf of the Party) pending, or to the best of the knowledge of the Party after due inquiry, threatened against or affecting the Party at law or in equity, or before or by any court or other Governmental Authority, domestic or foreign, that would materially adversely affect the Party's ability to perform its obligations under this Agreement; and
- (g) there are no Bankruptcy Proceedings pending or being contemplated by the Party or, to the best of its knowledge after due inquiry threatened against or affecting the Party.

**6.2 Covenants Regarding IP.**

Each party covenants and agrees as follows and acknowledges that the other party hereto is relying upon such covenants in entering into this Agreement:

- (a) such party is the legal and beneficial owner of all of the intellectual property of any product produced by it, including, equipment, free and clear of all encumbrances and rights of others;
- (b) the manufacture and sale of the Products by such party shall not violate the proprietary rights of any person, firm, corporation, or other entity; and
- (c) each party shall take all necessary steps to protect and where applicable register its proprietary rights in and to its products, processes, and intellectual property.

**6.3 Disclaimer.**

EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, THERE ARE NO OTHER EXPRESS WARRANTIES AND THERE ARE NO IMPLIED WARRANTIES, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

**ARTICLE VII  
LIMITATION OF LIABILITY**

Except in the case of a willful or fraudulent misrepresentation under Article VI in no event shall either Party be liable to the other Party or any of its Affiliates for any consequential incidental, indirect, special, punitive or exemplary damages (including, without limitation lost profits business or goodwill) suffered or incurred by such other Party or its Affiliates, whether based upon a claim or action of contract, warranty, negligence or tort or otherwise arising out of this Agreement. This provision does not include the liability of HASHCO regarding the suspension, revocation or refusal to renew or amend the BRO License due to HASHCO's actions or omissions.

**ARTICLE VIII**  
**CONFIDENTIALITY**

**8.1 Confidential Information.**

- (a) The Parties shall treat all Confidential Information as confidential and will not either disclose Confidential Information or use it other than for *bona fide* purposes in connection with this Agreement or any other agreements or instruments to be executed and delivered pursuant to the terms hereof and without the prior written consent of the other Party to this Agreement, first notifying the Disclosing Party in writing of such requirement and fully cooperating with respect to any reasonable steps possible to further protect the Confidential Information, except that consent is not required for disclosure to:
- (i) an Affiliate of a Party or their respective directors, officers or employees, as long as they in turn are required to treat the Confidential Information as confidential on terms substantially the same as those set out in this Section 8.1;
  - (ii) accountants, professional advisors, bankers and other lenders, whether current or prospective, as long as they are subject to statutory professional secrecy rules or similar legal concepts under Applicable Laws or, in turn, are required to treat the Confidential information as confidential on terms substantially the same as those set out in this Section 8.1;
  - (iii) any Governmental Authority having jurisdiction over a Party to the extent legally required, and then only after, to the extent permitted by law informing the other Parties thereof and, to the extent possible, with sufficient notice in advance to permit the other Parties to seek a protective order or other remedy;
  - (iv) any person to the extent required by any Applicable Laws, judicial process or the rules and regulations of any recognized stock exchange, and then only subject to prior consultation with the other Party; or
  - (v) any intended assignee of the rights and interests of a Party under this Agreement or to a person intending to acquire an interest in a Party to this Agreement as long as the intended assignee or acquirer in turn is required by that Party to treat the Confidential Information as confidential in favour of the other Party on terms substantially the same as those set out in this Section 8.1.

**8.2 Irreparable Harm.**

Each Party acknowledges and confirms that the actual or threatened breach of a Party's obligations of confidentiality set out herein shall cause the non-breaching Party immediate and irreparable harm and such non-breaching Party shall be entitled to seek immediate injunctive relief restraining the breaching Party from such breach or threatened breach, in addition to any other remedies available to it in law or equity.

**8.3 Public Statements.**

No public announcement or statement concerning the execution and delivery of this Agreement and the transactions contemplated by this Agreement shall be made by a Party, its Affiliates or their respective directors, officers, employees or shareholders without the prior written consent of the other Party (in each such case such consent not to be unreasonably withheld or delayed) unless such disclosure is required by Applicable Law, a recognized stock exchange or a Governmental Authority and, in such circumstances subject to prior consultation with the other Party. Notwithstanding the foregoing, if at any time during the Term there is a

mandatory or voluntary recall of a Product or a "serious adverse reaction" (as that term is defined in the Regulations) by any person to the Products, the Parties shall consult with one another prior to releasing any public announcement or statement concerning the foregoing.

## **ARTICLE IX INDEMNIFICATION**

### **9.1 Mutual Indemnification.**

- (a) Subject in all cases to the limitations of liability expressly set out in this Agreement, each Party (each an "**Indemnifying Party**") agrees to indemnify, defend or hold harmless the other Party, its Affiliates and each of their respective officers, directors, employees agents, representatives, successors and assigns (each, an "**Indemnified Party**") from any and all Losses arising from or in connection with any of the following:
- (i) any inaccuracy determined by Audit of any representation or warranty given by the Indemnifying Party in this Agreement or any agreement instrument or document executed in connection with this Agreement;
  - (ii) any breach by the Indemnifying Party of any covenant or provision of this Agreement and all other agreements that are referred to herein, (including the Lease, licenses, Statement of Work) including any breach by the Indemnifying Party that was caused by or contributed to by any act or omission of its Affiliates, and their respective officers, directors, employees, agents, representatives, successors and assign; and
  - (iii) the failure of the Indemnifying Party its Affiliates, and their respective officers, directors employees, agents, representatives successors, and assigns to comply with Applicable Law in the performance of its obligations here under.
- (b) In addition, subject in all cases to the limitations of liability expressly set out in this Agreement, the HASHCO Indemnifying Party agrees to indemnify, defend or hold harmless the BRO Indemnified Party from any and all Losses arising from or in connection with any defect or deficiency related to the Products, including any Losses arising from or in connection with any adverse reaction experienced by any person to a Product resulting in a recall not caused by BRO.

### **9.2 Conditions to Indemnity.**

Each Party's agreement to indemnify and hold the other harmless is conditioned upon the Indemnified Party: (a) providing written notice to the Indemnifying Party of any claims, demand or action arising out of the indemnified activities within 30 calendar days after the Indemnified Party has knowledge of such claim, demand or action; (b) permitting the Indemnifying Party to assume full responsibility to investigate, prepare for and defend against any such claim or demand; (c) assisting the Indemnifying Party, at the Indemnifying Party's reasonable expense, in the investigation of, preparation of and defense of any such claim or demand; and (d) the Indemnifying Party not compromising or settling such claim or demand without the Indemnified Party's prior written consent , unless such settlement includes as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party a complete release from all liability in respect of such claim or litigation. *provided, however that* , if the Party entitled to indemnification fails to promptly notify the Indemnifying Party pursuant to the foregoing clause (a), the Indemnifying Party shall only be relieved of its indemnification obligation to the extent it is prejudiced by such failure and provided further that the Indemnified Party is not obligated to notify the Indemnifying Party of claims, demands and/or actions made directly against the Indemnifying Party only. Notwithstanding the foregoing, if in the reasonable judgment of the Indemnified Party, such suit or claim involves an issue or matter which could have a materially adverse effect on the business, operations or assets of the Indemnified Party the Indemnified Party may waive its rights to indemnity under this Agreement and control the defense or settlement thereof, but in no event shall any such

waiver be construed as a waiver of any indemnification rights such Indemnified Party may have at law or in equity.

### **9.3 Insurance.**

Each Party shall maintain, at its own cost, comprehensive product liability insurance and general commercial liability insurance and HASHCO shall maintain manufacturer's errors and omissions insurance. Each such insurance policy shall be in an amount of not less than \$5,000,000. Such insurance shall be with a reputable insurance HASHCO and where reasonably possible (taking into account the availability of such insurance) shall be maintained for not less than six years following the expiry or termination of this Agreement. HASHCO must have BRO listed as additional insured on their policy. As part of its policy or in addition to its policy, BRO shall maintain product recall insurance coverage.

## **ARTICLE X CHANGE IN LAW**

### **10.1 Change in Law.**

- (a) The Parties acknowledge and confirm that the business of producing and selling the Products is subject to extensive regulation and Applicable Law. The Parties have attempted to structure their relationship pursuant to this Agreement in compliance with all Applicable Law. However if, at any time during the Term, there is any change in any Applicable Law with which a Party is required to comply and, as a result of such compliance such Party is no longer able to comply with one or more provisions of this Agreement (each such change, a "**Change of Law**") the affected Party shall promptly notify (a "**Change of Law Notice**") in writing the non-affected Party of the Change of Law and any such notice shall contain a description of the Change of Law (with supporting documentation), the exact obligations under this Agreement which the affected Party is delayed or prevented from performing as a result of such Change of Law (the "**Affected Obligations**").
- (b) Upon delivery of a Change of Law Notice, the Designated Representatives of each Party will meet within 10 calendar days and, in good faith, use their commercially reasonable efforts to agree on amendments to this Agreement necessary and appropriate to take account of the Change of Law so that this Agreement may continue in force (a "**Change of Law Amendment**"). All Change of Law Amendments shall be agreed to by the Designated Representatives of the Parties no later than 30 calendar days from the date of the Change of Law Notice, or such later date as the Designated Representatives of the Parties may mutually agree in writing (the "**Change Period**"). Without limiting the generality of the foregoing where a Change of Law Amendment would result in additional costs being incurred disproportionately by one Party, the Parties shall negotiate in good faith to ensure that the contractual arrangements remain beneficial to both Parties.
- (c) During the Change Period the obligation of the affected Party to perform the Affected Obligations shall be suspended and the affected Party shall not suffer or incur any liability to the non-affected Party or other person in connection with its delayed or non-performance of the Affected Obligations provided that the affected Party has used; and continues to use its commercially reasonable good faith efforts to minimize the impact of its delay or non-performance of the Affected Obligations, including cooperating and collaborating with the non-affected Party to impose interim procedures or workarounds to minimize the impact of its delay or non-performance of the Affected Obligations.

## **ARTICLE XI TERM AND TERMINATION**

### **11.1 Term.**

This Agreement shall commence on the Effective Date and shall remain in effect for a period of 2 years

at which time it will be renewed for additional terms of one year each unless terminated or renegotiated by either party. Either party may terminate this Agreement on 90 days' notice to the other party prior to the expiry of the initial term or any renewal term.

### **11.2 Event of Default.**

The occurrence of any one or more of the following events shall constitute an "**Event of Default**" hereunder:

- (a) a Party is in breach of any payment obligation of this Agreement or any other agreement, document or instrument executed and delivered in connection therewith, and such breach is not cured within 30 calendar days of written notice from the non-defaulting Party to the defaulting Party;
- (b) a Party is in breach of any provisions not relating to a payment obligation of this Agreement or any other agreement document or instrument executed and delivered in connection therewith and such breach is not cured within 60 calendar days of written notice from the non-defaulting Party to the defaulting Party;
- (c) a Party commits an act of fraud or is convicted of committing an indictable criminal offense as determined by a court of competent jurisdiction;
- (d) a Party assigns or attempts to assign or transfers or attempts to transfer, by operation of law or otherwise, including by way of merger or amalgamation this Agreement or any rights hereunder other than in accordance with the provisions of this Agreement;
- (e) the commencement of any Bankruptcy Proceeding in respect of a Party and such Bankruptcy Proceeding is not abandoned within 30 calendar days of written notice from the non-defaulting Party; or
- (f) HASHCO shall be entitled to terminate this Agreement at any time if the BRO Licence is suspended, revoked or is refused to be renewed or amended under the *Cannabis Act* or related legislation.
- (g) A Party commences dissolution, liquidation or winding-up proceedings and such proceedings are not abandoned within 30 calendar days of written notice from the non-defaulting Party.

### **11.3 Effect of Termination.**

- (a) Upon the termination or expiration of this Agreement, each Party shall promptly return to the other Party or destroy all Confidential Information of the other Party in the possession or control of the Party or its Affiliates and their respective officers, directors, employees, agents, Affiliates' representatives, successor or assigns, except such Confidential Information retained pursuant to applicable document retention policies and electronic backup systems.
- (b) The termination or expiry of this Agreement shall not release either of the Parties from any liability, which at the time of termination or expiry has already accrued to the other Party, and shall be without prejudice to the rights and remedies of either Party with respect to any antecedent breach of the provisions of this Agreement, and shall not affect in any way the survival of any other right, duty or obligation of the Parties which is expressly stated elsewhere in this Agreement to survive such termination or expiry.
- (c) For greater certainty, all payment obligations shall continue after termination with respect to all Products produced at the Licensed Processing Space, whether before or after such termination.

## **ARTICLE XII MISCELLANEOUS**



### **12.1 Exclusivity.**

The Parties acknowledge and confirm that the arrangement between the Parties under this Agreement is non-exclusive to BRO and HASHCO and nothing herein shall prevent HASHCO and/or BRO from entering into similar arrangements with other licence holders.

### **12.2 Enurement.**

This Agreement shall ensure to the benefit of and be binding upon the Parties and their respective successors, legal representatives and permitted assigns.

### **12.3 Assignment.**

Neither Party may assign this Agreement or its rights hereunder without the prior written consent of the other Party which consent may not be unreasonably withheld.

### **12.4 Notices.**

All notices or other communications that are required or permitted hereunder will be in writing and delivered personally with acknowledgement of receipt sent by electronic mail (provided receipt is acknowledged) facsimile (and promptly confirmed by personal delivery, registered or certified mail or overnight courier as provided herein), sent by nationally-recognized overnight courier or sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to HASHCO :  
801-1 Adelaide St. E.  
Toronto, ON M5C 2V9  
Attention: Chris Savoie, CEO

If to BRO:  
3475 14<sup>th</sup> Avenue  
Markham, ON L3R 5M1  
Attn.: Maged

or to such other address as the Party to whom notice is to be given may have furnished to the other Party in writing in accordance herewith. Any such communication will be deemed to have been given: (a) when delivered, if personally delivered; (b) on the business day (on the receiving end) after dispatch, if sent by nationally-recognized overnight courier (third business day if sent internationally); (c) on the third business day following the date of mailing, if sent by mail; and (d) on the first business day (on the receiving end) after being sent by facsimile or by electronic. It is understood and agreed that this Section 12.4 is not intended to govern the day-to-day business communications necessary between the Parties in performing their duties in due course, under the terms of this Agreement.

### **12.5 Independent Contractors.**

The Parties are independent contractors. There is no relationship of partnership, joint venture, employment, franchise or agency between the Parties. Within this document, any terms used to describe the Parties or the nature of their activities is purely for convenience, and not of legal significance. Neither Party shall have any power to bind the other Party or incur obligations on the other Party's behalf without the other Party's prior written consent. Neither Party shall represent itself in any way that implies that it is an agent employee, joint venture partner or Affiliate of the other Party.

**12.6 Severability.**

Each of the provisions contained in this Agreement are distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

**12.7 Governing Law.**

This Agreement will be governed by and construed in accordance with the law of the Province of Ontario, Canada and the Parties shall irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

**12.8 Entire Agreement; Modifications.**

This Agreement sets forth and constitutes the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes all prior agreements, understanding promises and representations, whether written or oral. Each Party confirms that it is not relying on any representation or warranties of the other Party except as specifically set forth herein. No amendment modification release or discharge will be binding upon the Parties unless in writing and duly executed by authorized representatives of both Parties.

**12.9 Waiver.**

Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof but no such waiver will be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. Any such waiver will not be deemed a waiver of any other right or breach hereunder.

**12.10 No Third Party Beneficiaries.**

The representations warranties, covenants and agreements set forth in this Agreement are for the sole benefit of the Parties hereto and their successors and permitted assigns, and they will not be construed as conferring any rights on any other parties.

**12.11 Further Assurance.**

Each Party will duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things , including the filing of such assignments , agreements, document and instruments , as may be necessary to carry out the provisions and purposes of this Agreement.

**12.12 Counterparts.**

This Agreement may be executed in any number of counterparts and by the Parties on separate counterparts, each of which is an original but all of which together constitute one and the same instrument.

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**IN WITNESS WHEREOF**, the Parties hereto have caused this Collaboration and License Agreement to be executed on the date first above written.

**THE HASH CORPORATION**

Per: signed "Chris Savoie"  
Authorized Signing Officer

**BLACK ROSE ORGANICS CANADA INC.**

Per: signed "Maged Barbara"  
Authorized Signing Offi

## SCHEDULE "A"

### BRO Licence

BRO holds Licence No. LIC-4K13KNGYVQ-2019, issued in accordance with the *Cannabis Act*, which authorizes BRO to conduct the following activities for its three licences, which are (i) Standard Cultivation, (ii) Standard Processing and (iii) Sale for Medical Purposes:

- to possess cannabis
- to obtain dried cannabis, fresh cannabis, cannabis plants or cannabis plant seeds by cultivating, propagating and harvesting cannabis
- to produce cannabis, other than obtain it by cultivating, propagating or harvesting it
- to sell cannabis in accordance with subsection 11(5) of the *Cannabis Regulations*
- to sell cannabis in accordance with subsection 17(5) of the *Cannabis Regulations*
- to sell cannabis in accordance with section 27 of the *Cannabis Regulations*.

Schedule "B"  
Quality Agreement (Internal)

This agreement between Black Rose Organics Canada Inc. and the internal department, HASHCO, dated May 19, 2021.

The purpose of this agreement is to outline the quality assurance obligations and timelines to be followed in respect of operations at the Black Rose organics Facility, 3475 14<sup>th</sup> Avenue Markham ON L3R 0H4, under the license Standard Cultivation, Processing and Sale license, LIC-CHKGAGHCO 1-2020

Whereas:

- i. Black Rose Organics Canada Inc. ("BRO") is a licensed producer of cannabis products in Canada
- ii. HASHCO has entered into a collaboration agreement to operate under the Processing Division at BRO subject to regulatory compliance
- iii. All processing activities are to be conducted at the licensed facility, 3475 14<sup>th</sup> Avenue, Markham, Ontario.
- iv. HASHCO and the Quality Department at BRO have generated SOPs, Forms, and Records that document all activities at the licensed facility.

Now Therefore, the parties hereto hereby agree as follows:

1. HASHCO shall comply with, oblige to, and follow diligently all SOPs produced, provided and trained on at the BRO Cannabis Facility.
2. HASHCO shall ensure all employees provide a security clearance for BRO records.
3. HASHCO shall notify the QAP/AQAP of the following activities provided the applicable notice

<b>Activity</b>	<b>Notification Period</b>	<b>Qualification Period</b>
Request for Vendor Qualification	Prior to purchasing from Vendor or Supplier	5 Business days
Shipping out Cannabis Products	Prior to conducting shipping activity	5 Business days
Request for Cannabis or Controlled Material (ingredients, nutrients, additives) Receiving Review and Signature	Prior to removing product from Holding	3 Business days
New Product Type (ex. strainer form)	Prior to implementation	10 business days

Batch Record Review and Approval	Prior to initiating release activities	5 Business days
Deviations from predetermined procedures or specifications	As per occurrence	Immediately after occurrence

4. HASHCO agrees to provide bi-weekly production schedules to allow sufficient time and allocation of personnel and material resources (example in-process checks, excise stamps, barcodes, etc.)
5. HASHCO agrees to arrange for product shipments between the hours of 9:00 AM and 3:00 PM to ensure the quality department is on site.

This agreement shall be followed by all employees of the said department, it is the responsibility of the department lead to ensure all employees follow the agreement and protocols,

BLACK ROSE ORGANICS CANADA INC.

By: *signed "Maged Barbara"*