

THIS RESTATED SHARE EXCHANGE AGREEMENT is dated July 22, 2022 and made between:

- (1) **CANADA HOUSE CANNABIS GROUP INC.**, a corporation formed under the laws of Canada, doing business as Canada House Wellness Group (the **Purchaser**);
- (2) **MONTRÉAL CANNABIS MÉDICAL INC.**, a corporation incorporated under the laws of Canada (**MC**);
- (3) **THE DAVID BOW FAMILY TRUST, THE MICHAEL RANCOURT FAMILY TRUST, THE MICHEL CLEMENT FAMILY TRUST AND THE RICHARD CLEMENT FAMILY TRUST, AND THE MASSIMO CAPORUSSO FAMILY TRUST (2021)** (collectively, the **MC Shareholders**); and
- (4) **MICHEL CLEMENT AND RICHARD CLEMENT** (collectively, the **MC Principals**).

RECITALS:

- (A) The Purchaser is a company whose common shares are listed on the CSE (as hereinafter defined).
- (B) The MC Shareholders (as defined herein) are the beneficial and legal owners of all of the issued and outstanding MC Shares (as defined herein).
- (C) The Parties entered into a Share Exchange Agreement dated August 9, 2021, as amended (the "**Original Agreement**"), pursuant to which the Purchaser would purchase and acquire all of the issued and outstanding MC Shares from the MC Shareholders in exchange for the consideration set out in the Original Agreement.
- (D) The Original Agreement was never concluded and the Parties wish to acknowledge same.
- (E) The Parties desire to terminate and replace the Original Agreement in order to, among other things, now conclude the transactions contemplated by the Original Agreement over two tranches with certain other amendments to the terms of the Original Agreement, the whole as set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties (each, a **Party** and, together, the **Parties**) covenant and agree as follows:

Article 1 Interpretation

1.1 Definitions

In this Agreement the following words and phrases will have the following meanings:

Accounts Receivable means all accounts receivable, notes receivable, trade receivables, rights to receive payment, book debts and other amounts, due, owing or accruing due to MC, together with any security interest, letters of credit or other credit support documents granted in favour of MC as security therefor.

Affiliate with respect to any specified Person at any time, means each Person directly or indirectly, through one or more intermediaries, controlling, controlled by or under direct or indirect common control with, such specified Person at such time.

Agreement means this Restated Share Exchange Agreement and all of the schedules, exhibits and other documents attached hereto or delivered pursuant to the terms hereof, as it may from time-to-time be supplemented or amended.

Anti-Corruption Legislation has the meaning set forth in Section 4.33(a).

Anti-Dilution Adjustment Date means the date of the issuance of Purchaser Shares on the account of an Anti-Dilution Event as set forth in Section 2.2(a)(iii).

Anti-Dilution Event means the issuance of Purchaser Shares on the account of the conversion of the principal and/or interest of any of the Anti-Dilution Securities.

Anti-Dilution Event Consideration Shares has the meaning set forth in Section 2.2(a)(iii).

Anti-Dilution Securities means the Archerwill Convertible Debenture and any other convertible debenture issued by the Purchaser on or prior to the Tranche One Closing.

Applicable Securities Laws means all applicable Canadian securities laws relevant to the issuance of securities of the Purchaser or the purchase and sale of the MC Shares pursuant to the terms of this Agreement, including the published rules and policies of the CSE.

Archerwill Convertible Debenture means the 8.00% Secured Convertible Debenture in the principal amount of \$6,500,000 due August 5, 2025.

Authorization means, with respect to any Person, any Order, permit, approval, consent, waiver, licence or other authorization issued, granted, given or authorized by, or made applicable under the authority of, any Governmental Authority having jurisdiction over the Person.

Business Day means a day other than a Saturday, Sunday or other day on which commercial banks in the City of Toronto, Ontario, Canada are closed during regular banking hours.

Cannabis and **cannabis** includes cannabis products as defined in the Cannabis Regulations with reference to Schedule 4 of the Cannabis Act and industrial hemp as defined in the Industrial Hemp Regulations made under the Cannabis Act.

Cannabis Act means the *Cannabis Act* (Canada), as amended from time to time.

Cannabis Regulations mean the *Cannabis Regulations* made under the Cannabis Act, as amended from time to time.

Claims means claims, demands, complaints, grievances, actions, applications, suits, causes of action, charges, indictments, prosecutions, information or other similar processes.

Closings means the Tranche One Closing and/or the Tranche Two Closing and Closings has the meaning set forth in Section 6.1.

Closing Date means, as the context requires, the Tranche One Closing Date or the Tranche Two Closing Date.

Closing Period means the period between the close of business on the Execution Date and the Tranche Two Closing.

Confidentiality Agreement means the confidentiality agreement between MC and the Purchaser dated June 22, 2021.

Consideration Shares means, collectively, the Tranche One Consideration Shares, the Tranche Two Consideration Shares and, if applicable, the Anti-Dilution Event Consideration Shares.

Contract means any contract, agreement, option, lease, license, commitment or other instrument of any kind, whether written or oral, to which a Person is a party or a beneficiary or pursuant to which any of its property or assets are or may be affected.

CSE means the Canadian Securities Exchange.

Deemed Issued and Outstanding Basis means the number of Purchaser Shares equal to the sum of:

- (a) the number of issued and outstanding Purchaser Shares as at the Tranche One Closing Date, plus
- (b) (i) for the purposes of Section 2.2(a)(i), the number of Purchaser Shares issued to the MC Shareholders on the Tranche One Closing Date, (ii) for the purposes of Section 2.2(a)(ii), the number of Purchaser Shares issued to the MC Shareholders on the Tranche One Closing Date and the Tranche Two Closing Date, and (iii) for the purposes of Section 2.2(a)(iii), the number of Purchaser Shares issued to the MC Shareholders on the Tranche One Closing Date the Tranche Two Closing Date and all Anti-Dilution Adjustment Dates.
- (c) (b) plus (c) the number of Purchaser Shares that were issued on the account of an Anti-Dilution Event as at: (i) the Tranche One Closing for purposes of calculating the number of Tranche One Consideration Shares; (ii) the Tranche Two Closing for purposes of calculating the number of Tranche Two Consideration Shares, and (iii) the applicable Anti-Dilution Adjustment Date for purposes of calculating the number of Anti-Dilution Event Consideration Shares.

Disclosure Letters means, collectively, the MC Disclosure Letter and the Purchaser Disclosure Letter.

Drop Dead Date means March 31, 2023, or such other date as the Parties may mutually approve in writing.

Earnout Consideration has the meaning set forth in Section 2.2(b).

Effective Time means 9:00 am (Eastern Time) on the Tranche One Closing Date or the Tranche Two Closing Date.

Electing Shareholder has the meaning set forth in Section 2.6(a).

Employee means any full-time or part-time employee of MC including any such employee on disability (long-term or short-term), workplace safety and insurance, workers' compensation, pregnancy or parental or other statutory or approved leave.

Employee Contracts means any written or verbal employment Contract for employment between MC and any Employee.

Employee Plan refers to any plan, program, policy, practice, Contract or other arrangement providing for bonuses, severance, termination pay, performance awards, stock or stock-related awards, fringe benefits

or other benefits of any kind, whether formal or informal, funded or unfunded, and whether or not legally binding, pursuant to which a Person has, or may have, any material Liability, contingent or otherwise.

Environmental Authorization means all Authorizations issued pursuant to any Environmental Laws in connection with the operation of the MC Business or the ownership and use by MC of the property and assets (including the Leased Properties) of MC.

Environmental Laws mean all Laws relating to environmental matters, including any Laws having as a purpose or effect the protection of the environment, the prevention or reduction to acceptable levels of pollution or the provision of remedies in respect of damage arising therefrom.

Environmental Notice means any written directive or notice of infraction or written notice respecting any claim, investigation, proceeding or judgment from any Governmental Authority relating to non-compliance with or breach of any Environmental Laws or Environmental Authorizations.

Environmental Release means any emission, discharge, release, deposit, issuance, spray, injection, abandonment, escape, spill, leak, seepage, disposal or exhaust (other than exhaust from a vehicle) of an Environmentally Hazardous Substance, or other occurrence or event defined as such in any Environmental Laws.

Environmentally Hazardous Substance means any material or substance that could reasonably be expected to impair the quality of the environment or that causes or could reasonably be expected to cause an adverse effect on the environment for any use which can be made of it and as to which liabilities or standards of conduct are imposed pursuant to Environmental Laws, including any material or substance that is deemed pursuant to any Environmental Law to be “hazardous”, “toxic”, “deleterious”, “caustic”, “dangerous”, a “contaminant”, a “hazardous waste”, a “source of contaminant” or a “pollutant” and any of the following substances: asbestos, urea formaldehyde, hydrocarbons, lead and polychlorinated biphenyls and any material or equipment containing one of these substances.

Equity Interests of a Person means options, warrants, calls, pre-emptive rights, subscriptions or other rights, restricted share awards, restricted share unit awards, agreements, arrangements, understandings or commitments of any kind relating to the issued or unissued shares in the capital of such Person, or other equity interests of such Person.

Exemptions has the meaning set forth in Section 2.5(a).

Execution Date means the date of this Agreement.

Governmental Authority means any (a) multinational, federal, provincial, territorial, state, municipal, local or other governmental or public department, central bank, court, commission, board, arbitrator, tribunal, bureau or agency, domestic or foreign, (b) any subdivision or authority of any of the above, or (c) any quasi-governmental or private body exercising any regulatory, expropriation or tax authority under or for the account of any of the above.

ICM means IsoCanMed Inc.

ICM Notes means those certain 5% promissory notes issued by the Purchaser and due on dates between December 12, 2023 and December 12, 2024 to Gestion-R RB50 Inc., Gestion Erik Bertacchini Inc. and Gestion Eric Bouvier Inc. in the aggregate principal amount of \$12,500,000

IFRS means generally accepted accounting principles in Canada from time to time including, for the avoidance of doubt, the standards prescribed in Part I of the CPA Canada Handbook – Accounting (which

incorporates International Financial Reporting Standards, as issued by the International Accounting Standards Board) as the same may be amended, supplemented or replaced from time to time.

Industrial Hemp Regulations mean the *Industrial Hemp Regulations* made under the Cannabis Act, as amended from time to time.

Information Technology means computer hardware, software in source code and object code form (including documentation, interfaces and development tools), websites, databases, telecommunications equipment and facilities and other information technology systems owned, licensed, used or held by a Person.

Intellectual Property means all intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to the applicable Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all: (a) trademarks, service marks, trade names, brand names, logos, slogans, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use of, and symbolized by, and all registrations, applications and renewals for, any of the foregoing, (b) internet domain names, whether or not trademarks, web addresses, web pages, websites and related content and URLs, (c) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights, author, performer, moral and neighboring rights, and all registrations, applications for registration and renewals of such copyrights and (d) patents (including all reissues, divisionals, provisionals, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications, and other patent rights and any other Governmental Authority-issued indicia of invention ownership (including inventor's certificates, petty patents and patent utility models).

ITA means the Canada *Income Tax Act*, RSC 1985, c 1 (5th Supp).

Know How means inventions, discoveries, trade secrets, business and technical information and know-how, databases, data collections and other confidential and proprietary information and all rights therein.

Laws means any and all (a) laws, constitutions, treaties, statutes, codes, ordinances, orders, decrees, rules, regulations and municipal by-laws of any Governmental Authority and (b) Orders.

Leased Properties means the lands and premises set out and described in Section 4.27(a) of the MC Disclosure Letter by reference to their municipal address and proper legal description.

Leases means the leases and offers to lease in respect of the Leased Properties set out and described in Section 4.27(a) of the MC Disclosure Letter.

Liabilities means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

Lien means any lien, claim, charge, pledge, hypothecation, security interest, mortgage, restriction, assignment, trust or deemed trust, title defect or objection, title retention agreement, option or encumbrance of any nature or kind whatsoever, whether contractual, statutory or otherwise arising, any other encumbrance of any nature or any arrangement or condition which, in substance, secures payment or performance of an obligation.

Lock-up Agreement means an agreement to be entered into between the Purchaser and the MC Shareholders pursuant to which the MC Shareholders will covenant not to sell, transfer or otherwise dispose of:

- i. with respect to 25% of the Consideration Shares, for a period ending on the 6-month anniversary of the Tranche Two Closing Date or the 6-month anniversary of the termination of this Agreement if terminated prior to the Tranche Two Closing;
- ii. with respect to an additional 25% of the Consideration Shares, for a period ending on the 12-month anniversary of the Tranche Two Closing Date or the 6-month anniversary of the termination of this Agreement if terminated prior to the Tranche Two Closing;
- iii. with respect to an additional 25% of the Consideration Shares, for a period ending on the 18-month anniversary of the Tranche Two Closing Date or the 6-month anniversary of the termination of this Agreement if terminated prior to the Tranche Two Closing; and
- iv. with respect to an additional 25% of the Consideration Shares, for a period ending on the 24-month anniversary of the Tranche Two Closing Date or the 6-month anniversary of the termination of this Agreement if terminated prior to the Tranche Two Closing.

Material Adverse Effect means, (a) in respect of a Party, any effect or change that is, individually or together with other effects or changes, materially adverse to (1) the results of operations and financial condition of the business of such Party and, if applicable, its subsidiaries, taken as a whole, or; (2) the Party's ability to consummate the transactions contemplated by this Agreement, and (b) in respect of the Party's assets, an effect that is individually or together with other effects or changes, materially adverse to such assets, taken as a whole; provided that a "Material Adverse Effect" does not include any effect or change arising from (i) any change affecting the cannabis industry as a whole, (ii) changes in applicable Laws, (iii) changes in IFRS, (iv) any change in general economic, business, regulatory, political (including the outbreak or escalation of war or acts of terrorism) or market conditions or in national or global financial or capital markets, (v) any natural disaster, (vi) any depreciation in the market price of such Party's securities resulting solely or primarily from a Share Consolidation, or (vii) this Agreement or the completion of the transactions contemplated by this Agreement other than, in respect of each of clauses (i), (ii), (iii), (iv), and (v), any such effect that specifically relates to or disproportionately affects in an adverse manner the Party's business.

Material Authorizations has the meaning set forth in Section 4.16.

MC means Montréal Cannabis Médical Inc.

MC Books and Records means all books of account, financial statements, tax records, personnel records of Employees, historic documents relating to MC, sales and purchase records, cost and pricing information, customer and supplier lists and files, referral sources, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, business reports, plans and projections and all other documents, files, correspondence and other information of MC (whether in written, electronic or other form).

MC Business means the business carried on by MC on the Execution Date in Canada, consisting of operating the MC Facilities.

MC Disclosure Letter means the disclosure letter delivered by the MC Shareholders to the Purchaser on the Execution Date.

MC Facilities means the licensed cannabis cultivation, extraction, distribution facilities and office space located at 815 Tecumseh Avenue, Pointe Claire, QC H9R 4B1 and at 4225 Trans Canada Highway, Pointe Claire, Quebec H9R 0B6.

MC Financial Statements means the audited financial statements of MC for the fiscal years ended March 31, 2021 and 2022 prepared in accordance with IFRS.

MC IP has the meaning set forth in Section 4.24(a).

MC Material Contracts has the meaning set forth in Section 4.19.

MC Principals has the meaning set forth in the preamble to this Agreement.

MC Reference Date means April 1, 2021.

MC Shareholders has the meaning set forth in the preamble to this Agreement.

MC Shares means, collectively, the Class "A" common shares, the Class "B" common shares, the Class "C" preferred shares, the Class "D" preferred shares, the Class "E" preferred shares, the Class "F" preferred shares, the Class "G" preferred shares, the Class "H" preferred shares and the Class "I" preferred shares in the capital of MC.

MC Specified Representations has the meaning set forth in Section 7.2(a).

MC USA means the unanimous shareholders' agreement in respect of MC substantially in the form of the shareholders' agreement of MC dated February 1, 2020 modified to give effect to the Tranche One Closing and the terms and conditions set out in Section 6 of the term sheet entered into between MC, the Purchaser and the MC Shareholders dated June 28, 2022.

Misrepresentation means an untrue statement of a material fact or an omission to state a material fact required or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made.

Name Change means the change of the name of the Purchaser to "MTL Cannabis Inc." or such other name to be mutually agreed by the Purchaser and MC and that is acceptable to applicable regulatory authorities.

Order means any award, decision, injunction, judgment, order, ruling, subpoena or verdict entered, issued, made or rendered by any Governmental Authority.

Ordinary Course means, with respect to an action taken by a Person, that such action is (i) consistent with the past practices of the Person and is taken in the ordinary course of business of the normal operations of the Person or its business, and (ii) would be similar in nature to actions customarily taken in the ordinary course of the day to day operations of other Persons that are in the same line of business as such Person.

Parties means, collectively, the Purchaser, MC and the MC Shareholders and **Party** means any one of them.

Permitted Encumbrances means (a) Liens for Taxes, assessments or governmental charges or levies which relate to obligations not yet due or delinquent, the validity of which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with IFRS have been made in the MC Books and Records or the Purchaser Books and Records, as the case may be, (b) easements, servitudes, encroachments and other minor imperfections of title which do not, individually or in the

aggregate, detract from the value of or impair the use or marketability of any real property, (c) undetermined or inchoate Liens arising under statutory provisions which have not at the time been filed or registered in accordance with applicable Laws or of which written notice has not been given in accordance with applicable Laws, (d) Liens set out and described in Section 4.11 of the MC Disclosure Letter or Section 3.10 of the Purchaser Disclosure Letter but only to the extent such Liens conform to their description in such Disclosure Letter and (e) Liens that would not reasonably be expected to have a Material Adverse Effect.

Person includes an individual, sole proprietor, corporation, body corporate, partnership, joint venture, association, trust, unincorporated organization or any other entity, or any trustee, executor, administrator or other legal representative thereof.

Purchase Price has the meaning set forth in Section 2.2.

Purchased MC Shares means the 10,000 Class “A” MC Shares to be purchased by the Purchaser pursuant to Article 2.

Purchaser has the meaning set forth in the recitals.

Purchaser Articles of Amendment means the articles of amendment of the Purchaser with respect to the Name Change and the Share Consolidation.

Purchaser Books and Records means all books of account, financial statements, tax records, personnel records of the Purchaser Employees, historic documents relating to the assets or business of the Purchaser Entities, sales and purchase records, cost and pricing information, customer and supplier lists and files, referral sources, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, business reports, plans and projections and all other documents, files, correspondence and other information of a Purchaser Entity (whether in written, electronic or other form).

Purchaser Disclosure Letter means the disclosure letter delivered by the Purchaser to the MC Shareholders on the Execution Date.

Purchaser Employee means any full-time or part-time employee of the Purchaser or any Purchaser Entity, including any such employee on disability (long-term or short-term), workplace safety and insurance, workers' compensation, pregnancy or parental or other statutory or approved leave.

Purchaser Employee Contracts means any written or verbal employment Contract for employment between any Purchaser Entity and any other Person engaged in the business of any Purchaser Entity.

Purchaser Employee Plans has the meaning set forth in Section 3.30(a).

Purchaser Entities means, collectively, the Purchaser and its subsidiaries.

Purchaser Financial Statements means the audited financial statements of the Purchaser for the years ended April 30, 2021 and 2020, and the unaudited financial statements of the Purchaser for the three and nine months ended January 31, 2022 and 2021, all prepared in accordance with IFRS.

Purchaser IP has the meaning set forth in Section 3.23(a).

Purchaser Leased Properties means the lands and premises set out and described in Section 3.26(a) of the Purchaser Disclosure Letter by reference to their municipal address and proper legal description.

Purchaser Leases means the leases and offers to lease in respect of the Leased Properties set out and described in Section 3.26(a) of the Purchaser Disclosure Letter.

Purchaser Material Authorizations has the meaning set forth in Section 3.15.

Purchaser Material Contracts has the meaning set forth in Section 3.18.

Purchaser Owned Properties means the lands and premises set out and described in Section 3.25 of the Purchaser Disclosure Letter by reference to their municipal address and proper legal description.

Purchaser Reference Date means February 1, 2022.

Purchaser Shares means common shares in the capital of the Purchaser, and **Purchaser Share** means any one of them.

Purchaser Specified Representations has the meaning set forth in Section 8.2(a).

Purchaser Structures has the meaning set forth in Section 3.25.

QTA means the *Quebec Taxation Act* (CQLR, c I-3;).

Share Consolidation means the consolidation of the Purchaser Shares on the basis of thirty (30) pre-consolidation Purchaser Shares for each one (1) post-consolidation Purchaser Share.

SEDAR means the System for Electronic Document Analysis and Retrieval, the electronic filing system for the disclosure documents of issuers across Canada.

Tax means any taxes, duties, fees, premiums, assessments, imposts, levies and other similar charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Québec and other government pension plan premiums or contributions.

Tax Act means the ITA or the QTA, as the context requires.

Tax Return means any return (including any information return), report, statement, schedule, notice, form or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Authority in connection with the determination, assessment, collection or payment of any Tax, or in connection with the administration, implementation or enforcement of, or compliance with, any Law relating to any Tax.

Tranche One Closing means the closing of the Tranche One Purchased MC Shares.

Tranche One Closing Date has the meaning set forth in Section 6.1(b).

Tranche One Consideration Shares has the meaning set forth in Section 2.2(a)(i).

Tranche One Purchased MC Shares means such number of MC Shares as is equal to 24.99% of the issued and outstanding MC Shares at the Tranche One Closing being, at the date hereof, 2,499 MC Shares to be purchased by the Purchaser pursuant to Article 2.

Tranche Two Closing means the closing of the Tranche Two Purchased MC Shares.

Tranche Two Closing Date has the meaning set forth in Section 6.1(c).

Tranche Two Consideration Shares has the meaning set forth in Section 2.2(a)(ii).

Tranche Two Effective Time means 9:00 a.m. (Eastern Time) on the Tranche Two Closing Date (or such other time as may be agreed to by the Parties).

Tranche Two Purchased MC Shares means the remaining issued and outstanding MC Shares at the Tranche Two Closing not purchased by the Purchaser at the Tranche One Closing, being at the date hereof, 7,501 MC Shares to be purchased by the Purchaser pursuant to Article 2.

Transaction means, collectively, the purchase and sale of the Purchased MC Shares, the issuance of the Consideration Shares and all other transactions contemplated by this Agreement.

Transaction Documents means this Agreement, the Lock-Up Agreement, the MC USA and all other agreements, certificates and other instruments or documents given pursuant to this Agreement.

1.2 Gender and Number

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 are to be construed as if the plural had been used and *vice versa*, and (b) words importing the use of any gender include all genders where the context or party referred to so requires, and the rest of the sentence is to be construed as if the necessary grammatical changes had been made.

1.3 Certain Phrases and Calculation of Time

In this Agreement, unless otherwise specified:

- (a) the words “including” and “includes” mean “including (or includes) without limitation”;
- (b) “Article” and “Section” followed by a number mean and refer to the specified Article or Section of this Agreement;
- (c) the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”; if the last day of any such period is not a Business Day, such period will end on the next Business Day; and
- (d) when calculating the period of time “within” which or “following” which any act or event is required or permitted to be done, notice given or steps taken, the date which is the reference date in calculating such period is to be excluded from the calculation. If the last day of any such period is not a Business Day, such period will end on the next Business Day.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect or be used in the construction or interpretation of this Agreement.

1.5 Disclosure Letters and Exhibits

The Disclosure Letters and the exhibits attached to this Agreement are incorporated by reference into this Agreement and form an integral part hereof.

1.6 Purpose of the Disclosure Letters

The purpose of the Disclosure Letters is to set out the qualifications, exceptions and other information called for in this Agreement. The disclosure of any fact or item in any section of a Disclosure Letter shall be deemed to be an exception to (or, as applicable, a disclosure for purposes of) (i) the representations and warranties of MC and the MC Shareholders or the Purchaser, as the case may be, that are contained in the corresponding Section of this Agreement; and (ii) any other representations and warranties of the MC and the MC Shareholders or the Purchaser, as the case may be, contained in this Agreement, where it is reasonably apparent that such matter is pertinent to such other representation or warranty.

1.7 Currency

In this Agreement, unless otherwise specified, all references to dollars or to \$ are references to Canadian dollars.

1.8 Knowledge

Where any representation or warranty in this Agreement is expressly qualified by reference to the knowledge of the Purchaser (or similar phrases), it is deemed to refer to the actual knowledge of, in the case of Purchaser any officer or director of the Purchaser after due inquiry and, in the case of the MC Principals, the actual knowledge of the MC Principals after due inquiry.

1.9 Accounting Terms

All accounting and financial terms and references not defined in this Agreement are to be interpreted in accordance with IFRS.

1.10 Instruments and Statutes

Any agreement, instrument or statute (including any specific provision) defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute (including any specific provision and in the case of a statute any regulations promulgated thereunder) as amended, restated, replaced, modified, qualified or supplemented, including (in the case of agreements and instruments) by waiver or consent and (in the case of statute) by succession of comparable successor statutes and all attachments thereto and instruments incorporated therein.

1.11 Governing Law; Venue

This Agreement shall be governed by and interpreted and construed in accordance with the laws of the Province of Quebec and the federal laws of Canada applicable therein without regard to applicable choice of law provisions thereof. The Parties agree that any action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby will be brought in a suitable court located in the Province of Quebec and each Party irrevocably submits to the exclusive jurisdiction of those courts.

1.12 Predecessor Entities

For the purposes of Article 4, any reference to MC shall include any predecessor entities of MC.

Article 2 Share Exchange

2.1 Purchase and Sale of the MC Shares

- (a) Subject to the terms and conditions hereof, each MC Shareholder covenants and agrees to sell, assign and transfer to the Purchaser and the Purchaser covenants and agrees to purchase from each MC Shareholder, the MC Shares as follows:

Name of MC Shareholder	Number and Class of Purchased MC Shares
The David Bow Family Trust	<redacted - confidential information>
The Michael Rancourt Family Trust	<redacted - confidential information>
The Michel Clement Family Trust	<redacted - confidential information>
The Richard Clement Family Trust	<redacted - confidential information>
The Massimo Caporusso Family Trust (2021)	<redacted - confidential information>

- (b) The purchase and sale of the MC Shares as described in Section 2.1(a) shall occur over two tranches, being the Tranche One Closing and the Tranche Two Closing on a pro rata basis as between the MC Shareholders.

2.2 Purchase Price

- (a) In consideration for the acquisition of the Purchased MC Shares, the Purchaser will pay a purchase price (the “**Purchase Price**”) as follows:
- (i) by the issuance on the Tranche One Closing Date of such number of Purchaser Shares in the capital of the Purchaser, determined as of immediately prior to the Tranche One Effective Time, as would constitute, on a *pro forma* basis 49.99% of the aggregate number of Purchaser Shares on a Deemed Issued and Outstanding Basis as of immediately following the Tranche One Closing (the “**Tranche One Consideration Shares**”) at a deemed price per Purchaser Share of \$0.035 (or its post-Share Consolidation equivalent). Based on the issued and outstanding Purchaser Shares as of the date hereof, the Consideration Shares would amount to 683,380,223 Purchaser Shares;
- (ii) by the issuance on the Tranche Two Closing Date of such number of Purchaser Shares in the capital of the Purchaser, determined as of immediately prior to the Tranche Two Effective Time, as when added to the Tranche One Consideration Shares would constitute, on a *pro forma* basis 80.00% of the aggregate number of Purchaser Shares on a Deemed Issued and Outstanding Basis as of immediately following the Tranche Two Closing (the “**Tranche Two Consideration Shares**”) at a deemed price per Purchaser Share of \$0.035 (or its post-Share Consolidation equivalent). Based on the issued and outstanding Purchaser Shares as of the date

hereof, the Consideration Shares would amount to 2,051,234,297 Purchaser Shares;

- (iii) by the issuance between the Tranche One Closing Date and the Tranche Two Closing Date, upon the occurrence of an Anti-Dilution Event of such number of Purchaser Shares in the capital of the Purchaser, determined as of immediately following the Anti-Dilution Event, as when added to the Tranche One Consideration Shares would constitute, on a *pro forma* basis 49.99% of the aggregate number of Purchaser Shares on a Deemed Issued and Outstanding Basis as of the applicable Anti-Dilution Adjustment Date ("**Anti-Dilution Event Consideration Shares**");
 - (iv) by the issuance following the Tranche Two Closing Date, upon the occurrence of an Anti-Dilution Event of such number of Anti-Dilution Event Consideration Shares, determined as of immediately following the Anti-Dilution Event, as when added to the Tranche One Consideration Shares, the Tranche Two Consideration Shares and any Anti-Dilution Event Consideration Shares issued pursuant to 2.2(a)(iii) would constitute, on a *pro forma* basis 80.00% of the aggregate number of Purchaser Shares on a Deemed Issued and Outstanding Basis as of the applicable Anti-Dilution Adjustment Date; and
 - (v) a performance-based earnout payment of Five Million Dollars (\$5,000,000) (the "**Earnout Consideration**"), contingent on MC gross revenue from the production facilities of MC and of ICM net of excise tax being at least \$30,000,000 for each of the first twelve months and the second twelve months following the Tranche Two Closing Date.
- (b) Anti-Dilution Event Consideration Shares issued pursuant to either 2.2(a)(iii) and 2.2(a)(iv) shall be issued at a deemed price per Purchaser Share of \$0.035 (or its post-Share Consolidation equivalent) and shall be issued and delivered to the MC Shareholders within ten (10) Business Days of each and every Anti-Dilution Event. For greater certainty, no issuance of Purchaser Shares will trigger an Anti-Dilution Event other than the issuance of Purchaser Shares issued in connection with Anti-Dilution Securities;
 - (c) For the purpose of determining the amount of MC and ICM gross revenue in either of the first twelve months or the second twelve months following the Tranche Two Closing Date, the Parties agree that wholesale dried flower sales (excluding trim sales) at less than \$1.50/gram shall not be included in the calculation for the purposes of Section 2.2(b) above.
 - (d) The Earnout Consideration, if achieved, shall be payable by the Purchaser only upon the principal amount due under the ICM Notes having been reduced to \$5,000,000 in the aggregate, and thereupon the Earnout Consideration shall be paid *pro rata* on a dollar-for-dollar basis as between payments made on account of the Earnout Consideration and payments made on the then outstanding aggregate principal of the ICM Notes. Such payments shall be made by wire transfer of immediately available funds to the account, and as directed by, the MC Shareholders.

The Parties agree to allocate the Purchase Price on a basis to be agreed between the Parties prior to the Tranche One Closing. In conjunction therewith, each of the Parties will review with their respective legal, accounting and financial advisors the most tax effective structure for allocating the Purchase Price with respect to the Transaction. The Parties agree to execute and file all Tax Returns, and prepare all financial statements, on the basis of such allocation and agree not to take any position inconsistent therewith in any Tax Return, in any Tax refund claim, in any litigation or otherwise.

2.3 Delivery of Purchased MC Shares

- (a) Subject to the fulfilment of all of the terms and conditions to the Tranche One Closing (unless waived as herein provided), at the Tranche One Effective Time, the MC Shareholders shall be deemed to have delivered to the Purchaser certificates or equivalents representing the Tranche One Purchased MC Shares (on a *pro rata* basis to the number of MC Shares held by such MC Shareholder) to the Purchaser.
- (b) Subject to the fulfilment of all of the terms and conditions to the Tranche Two Closing (unless waived as herein provided), at the Tranche Two Effective Time, the MC Shareholders shall be deemed to have delivered to the Purchaser certificates or equivalents representing the Tranche Two Purchased MC Shares to the Purchaser.

2.4 Purchase of Entire Interest

It is the understanding of the parties hereto that this Agreement, assuming the occurrence of the Tranche Two Closing provides for the purchase of all of the issued and outstanding MC Shares at the Tranche Two Effective Time, whether same are owned as at the date hereof or to be acquired after the date hereof and prior to the Tranche Two Effective Time, and the MC Shareholders therefore covenant and agree with the Purchaser that, if prior to the Tranche Two Effective Time, they acquire any further MC Shares, in addition to those set forth in this Agreement, then such MC Shares shall be subject to the terms of this Agreement, and MC Shares shall be delivered or such rights shall be transferred to the Purchaser at the Tranche Two Effective Time, without the payment of any additional or further consideration.

2.5 Acknowledgements

Each MC Shareholder hereby acknowledges and agrees with the Purchaser as follows:

- (a) The transfer of the MC Shares to the Purchaser, and the issuance of the Consideration Shares to the MC Shareholders will be made pursuant to appropriate exemptions (the “**Exemptions**”) from the formal prospectus (or equivalent) requirements of applicable securities laws;
- (b) as a consequence of acquiring the Consideration Securities pursuant to the Exemptions:
 - (i) the Purchaser is relying on an exemption from the requirements to provide the MC Shareholders with a prospectus and to, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the Applicable Securities Laws, including statutory rights of rescission or damages, will not be available to the MC Shareholders;
 - (ii) the MC Shareholders may not receive information that might otherwise be required to be provided to the MC Shareholders, and the Purchaser is relieved from certain obligations that would otherwise apply under the Securities Acts if the Exemptions were not being relied upon by the Purchaser;
 - (iii) there is no government or other insurance covering the Consideration Shares;
 - (iv) there are risks associated with the acquisition of the Consideration Shares; and
 - (v) no securities commission, stock exchange or similar regulatory authority has reviewed or passed on the merits of an investment in the Consideration Shares;
- (c) each MC Shareholder is knowledgeable of, or has been independently advised as to, the Applicable Law of that jurisdiction which applies to the sale of the MC Shares and the issuance of the Consideration Shares which may impose restrictions on the resale of such

Consideration Shares in that jurisdiction and it is the responsibility of each MC Shareholder to become aware of what those resale restrictions are, and to comply with them before selling or distributing any of the Consideration Shares; and

- (d) the Consideration Shares may be subject to certain resale restrictions under applicable Law, and each MC Shareholder agrees to comply with such restrictions and acknowledges that the certificates for the Consideration Shares may bear an applicable legend or legends respecting restrictions on transfers as required under applicable Law if and as required by Section 2.5 of this Agreement (or legend notation on each applicable Consideration Share issued electronically in a direct registration system), and that the MC Shareholders have been advised to consult its own legal advisor with respect to applicable resale restrictions and that each is solely responsible for complying with such restrictions.

2.6 Tax Election

- (a) The Purchaser will jointly elect with the MC Shareholders, if any MC Shareholder is eligible to make such an election, and request the Purchaser to make such an election, in accordance with the provisions of this Section 2.6 (the “**Electing Shareholder**”), to have the provisions of subsection 85(1) of the ITA and subsection 518 of the QTA apply to the transfer of the MC Shares by the Electing Shareholder to the Purchaser in consideration for the issuance of the respective Consideration Shares contemplated by this Agreement. In order to make an election under subsection 85(1) of the ITA and subsection 518 of the QTA, the Electing Shareholder must provide to the Purchaser, at the address set out in this Agreement within 90 days following the applicable Closing Date, two signed copies of Canada Revenue Agency Form T2057 and of revenue Quebec form TP-518 duly completed with the details of the respective number of MC Shares transferred by the Electing Shareholder and the applicable agreed amount(s) for the purposes of the election. The agreed amount specified in the election form must be an amount that is not less than the cost amount to the Electing Shareholder at the applicable Closing Date of the MC Shares transferred by the Electing Shareholder, and not greater than the fair market value at the applicable Closing Date of the MC Shares transferred by the Electing Shareholder. For further clarification, the Parties agree that for the interpretation of the present section, the agreed amount represents the proceed of disposition for the Shareholders and the adjusted cost base for the Purchaser.
- (b) The Electing Shareholder shall send the completed and signed election forms to the Purchaser and shall appoint the Purchaser to file the election form on its behalf. Subject to Section 2.6(c), upon receipt of the signed election forms from an Electing Shareholder, the Purchaser shall sign the election form and file the completed and signed election form within the time period designated for doing so pursuant to the Tax Act.
- (c) If the Purchaser receives an election form that the Purchaser determines is not completed, is incorrectly completed, or if an MC Shareholder is not eligible to make an election under subsection 85(1) of the ITA or subsection 518 of the QTA, the Purchaser will not sign the election form and shall deliver the unsigned form back to such MC Shareholder by mail within 10 days with an explanation. If applicable, the MC Shareholder will have the option of resubmitting the corrected election form for signature and delivery by the Purchaser based on the terms above. Despite the Purchaser’s right to refuse to sign an election form in the foregoing circumstances, it shall be the sole responsibility of the MC Shareholder to determine such MC Shareholder’s eligibility to make the election under subsection 85(1) of the ITA or of subsection 518 of the QTA, to complete the election form other than the signature of the Purchaser, and, if the Electing Shareholder has notified the Purchaser that it wishes to file the election form, to file the completed and signed election form within the time period designated for doing so pursuant to the Tax Act, and the Purchaser shall not be responsible for determining eligibility of the MC Shareholders to make the election, for the preparation of any election form, for verifying the accuracy of the information contained

in any election form, or for filing any election form other than in circumstances where the Electing Shareholder has notified the Purchaser that it appoints the Purchaser to file the election form on its behalf. If an Electing Shareholder who has completed and filed an election under subsection 85(1) of the ITA or subsection 518 of the QTA subsequently wishes to amend the election, the Purchaser covenants and agrees to complete an amended election form for that purpose based on the terms above.

- (d) Furthermore, the Purchaser and MC Shareholders hereby undertake to sign and execute, any and all related documents, forms or election forms and to take any other action that may be necessary or useful in order to give full effect to the present section.

2.7 Joint Tax Election.

The Purchaser and the MC Shareholders each hereby acknowledge and agree that no portion of the Purchase Price is allocated to, or is considered or regarded as consideration paid or payable for, the undertakings contained in this Agreement. The Parties acknowledge and agree that the purpose of the undertakings set forth in any of the restrictive covenants of this Agreement is to maintain and protect the fair market value of the Purchased MC Shares and that it is intended by the Parties that subsections 56.4(5) and (7) of the ITA, and the corresponding provisions of the QTA, apply with respect to the undertakings described in those restrictive covenants, subject, however, to subsections 56.4(5) and (7) of the ITA and the corresponding provisions of the QTA being applicable to such undertakings. To the extent that Section 56.4 of the ITA, and the corresponding provisions of the QTA require the filing of a joint election in order for these subsections to apply, the Purchaser hereby undertakes to execute such joint elections submitted by the MC Shareholders and filed by them with the appropriate Governmental Authority.

2.8 Agreement to be Bound

Each Person who becomes an MC Shareholder subsequent to the Tranche One Effective Date, or acquires additional MC Shares subsequent to the Tranche One Effective Date must concurrently with becoming an MC Shareholder or acquiring such additional MC Shares execute and deliver to the Purchaser an agreement in form and substance satisfactory to the Purchaser, agreeing to be bound by this Agreement.

Article 3 Representations and Warranties of the Purchaser

The Purchaser makes the following representations to the MC Shareholders, and acknowledges and agrees that the MC Shareholders are relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

3.1 Incorporation, Corporate Power and Registration

- (a) The Purchaser is a corporation validly existing and in good standing under the federal laws of Canada and has all necessary corporate power, authority and capacity to own or lease its property and to carry on its business as presently conducted.
- (b) Neither the nature of the Purchaser Entities' business nor the location or character of the assets owned or leased by the Purchaser Entities requires any Purchaser Entity to be registered, licensed or otherwise qualified as an extra-provincial or foreign corporation in any jurisdiction other than in jurisdictions where it is duly registered, licensed or otherwise qualified for such purpose and other than jurisdictions where the failure to be so registered, licensed or qualified does not have a Material Adverse Effect.

3.2 Qualification

Each Purchaser Entity is qualified, licensed or registered to carry on business in the jurisdictions set out in Section 3.2 of the Purchaser Disclosure Letter. The jurisdictions set out in Section 3.2 of the Purchaser Disclosure Letter include all jurisdictions in which (a) the nature of the Purchaser Entities' business makes such qualification necessary, (b) the Purchaser Entity owns or leases any material property or assets which form part of the Purchaser Entity's business or (c) the Purchaser Entity conducts the Purchaser Entity's business, in each case except as would not have a Material Adverse Effect.

3.3 Due Authorization and Enforceability of Obligations

- (a) The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement.
- (b) The execution and delivery of this Agreement and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Purchaser.
- (c) This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against it in accordance with its terms.

3.4 No Conflict with Authorizations, Laws, etc.

Except as set out in Section 3.4 of the Purchaser Disclosure Letter or as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by the Purchaser of this Agreement and each of the Transaction Documents to which it is a party do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (a) result in a breach or a violation of, conflict with, or cause the termination or revocation of, any Authorization held by the Purchaser or necessary to the ownership of the assets owned by the Purchaser Entities or the operation of the Purchaser Entities' business;
- (b) result in or require the creation of any Lien upon any of the assets owned by the Purchaser Entities;
- (c) result in a breach or a violation of, or conflict with, any judgement, order or decree of any Governmental Authority; or
- (d) result in a material breach or a material violation of, or materially conflict with, any Law applicable to the Purchaser Entities.

3.5 No Conflict with Contracts

Except as set out in Section 3.5 of the Purchaser Disclosure Letter or as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by the Purchaser of this Agreement and each of the Transaction Documents to which it is a party, do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (a) result in a material breach or a material violation of, or materially conflict with, any Purchaser Material Contract; or
- (b) result in or give any Person the right to cause (i) the termination, cancellation, amendment or renegotiation of any Purchaser Material Contract, or (ii) the acceleration of any debt or other obligation of the Purchaser.

3.6 Purchaser Financial Statements

The Purchaser Financial Statements have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly in all material respects:

- (a) the financial position of the Purchaser Entities on a consolidated basis as at such dates; and
- (b) the results of operation and changes in financial position of the Purchaser Entities on a consolidated basis for the periods then ended.

3.7 Conduct of Purchaser's Business in Ordinary Course

Except as set out in Section 3.7 of the Purchaser Disclosure Letter or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, since the Purchaser Reference Date, the Purchaser Entities' business has been carried on in the Ordinary Course. Without limiting the generality of the foregoing, the Purchaser Entities have not, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

- (a) sold, transferred or otherwise disposed of any assets other than inventory sold in the Ordinary Course;
- (b) granted or suffered any Lien upon any assets other than Permitted Encumbrances and unsecured current obligations and liabilities incurred in the Ordinary Course;
- (c) made any capital expenditures in excess of \$250,000;
- (d) cancelled any debts or claims owed to it or amended, terminated or waived any rights of value to a Purchaser Entity;
- (e) made any bonus or other extraordinary payment to a Purchaser Employee, officer, director, former director or related party other than regular amounts payable to each such Person by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;
- (f) suffered any extraordinary loss, damage or destruction in respect of any of its assets, whether or not covered by insurance;
- (g) terminated or suffered the termination of, any Purchaser Material Contract other than due to its expiration in accordance with its terms and not as a result of the potential completion of the transactions contemplated by the Agreement;
- (h) written down the value of any assets owned or used by a Purchaser Entity, including inventory and capital lease assets, except on account of normal depreciation and amortization;
- (i) written off as uncollectible any accounts receivable or any part thereof;
- (j) suffered any material shortage or any cessation or material interruption of inventory shipments, supplies or ordinary services;
- (k) made any forward commitments either in excess of the requirements for normal operating purposes or at prices higher than the current market prices;

- (l) compromised or settled any litigation or governmental action relating to assets owned or used by a Purchaser Entity;
- (m) cancelled or reduced any insurance coverage on its business, property and assets;
- (n) permitted any of its facilities to be shut down for any period of time in excess of 12 hours;
- (o) made any change in any method of accounting or auditing practice except in each case as required by IFRS;
- (p) made any change in the method of billing or the credit terms made available to its customers; or
- (q) authorized, agreed or otherwise committed, whether or not in writing, to do any of the foregoing.

3.8 Capitalization of the Purchaser

The authorized capital of the Purchaser consists of an unlimited number of Purchaser Shares. As at the Execution Date, there are 683,653,630 Purchaser Shares issued and outstanding. In addition, as at the Execution Date, there are issued and outstanding (i) options to purchase, in the aggregate, 37,950,000 Purchaser Shares, (ii) warrants exercisable for, in the aggregate, 271,197,232 Purchaser Shares; and (iii) the Archerwill Debenture, convertible as per Appendix A. All of the issued and outstanding shares in the capital of each subsidiary of the Purchaser are owned by the Purchaser. Except as set forth in this Section 3.8, no other Purchaser Shares are issued and outstanding as at such date and there are no existing Equity Interests in, the Purchaser or any of its subsidiaries obligating the Purchaser or such subsidiary to issue, transfer, register or sell or cause to be issued, transferred, registered or sold any shares in the capital of, or voting debt securities of, or other Equity Interest in, the Purchaser or such subsidiary or securities convertible into or exchangeable for such shares or Equity Interests or other securities. All of the outstanding Purchaser Shares were duly authorized and validly issued, and are fully paid and non-assessable.

3.9 Litigation

Except as set out in Section 3.9 of the Purchaser Disclosure Letter or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, there are no actions, suits or proceedings, at law or in equity, by any Person (including the Purchaser Entities), nor any arbitration, administrative or other proceeding by or before (or to the knowledge of the Purchaser any investigation by) any Governmental Authority, current or pending, or, to the knowledge of the Purchaser, threatened against the Purchaser Entities' business or any of the Purchaser Entities' assets, including the Purchaser Owned Properties, the Purchaser Leased Properties, or the Purchaser IP, or in respect of any employment matters.

3.10 Title to Assets

Except as set out in Section 3.10 of the Purchaser Disclosure Letter, each Purchaser Entity has good and marketable title to, and legal and beneficial ownership of, all the material assets used by it in carrying on its business free and clear of all Liens except for Permitted Encumbrances.

3.11 No Options, etc.

No Person has any written or oral agreement, option, understanding or commitment, or any right or privilege (whether by law, contractual or otherwise) capable of becoming such for the purchase or other acquisition from the Purchaser Entities of any of the property and assets other than pursuant to purchase orders for inventory sold in the Ordinary Course.

3.12 Condition of Assets

Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the buildings, structures, fixtures, vehicles, equipment and other tangible personal property of the Purchaser Entities are structurally sound, in good operating condition and repair having regard to their use and age and are adequate and suitable for the uses to which they are being put, and none of such buildings, structures, fixtures, vehicles, equipment or other property are in need of maintenance or repairs except for ordinary routine maintenance and repairs that are not material in nature or cost.

3.13 Collectability of Accounts Receivable

The Purchaser Entities' accounts receivable are good and collectible at the aggregate recorded amounts, except to the extent of any reserves and allowances for doubtful accounts provided for such accounts receivable in the Purchaser Books and Records, copies of which have been provided to the MC Shareholders, and are not subject to any defence, counterclaim or set off.

3.14 Compliance with Law

- (a) Each Purchaser Entity:
 - (i) is conducting its business in compliance with all applicable Laws, in all material respects, including the Cannabis Act, any and all Laws prescribed by and in respect of the Cannabis Act and its regulations and all other Laws relating to Cannabis which are applicable to the Purchaser Entities' business;
 - (ii) has not received, since the Purchaser Reference Date, any correspondence or notice from Health Canada or any other Governmental Authority alleging or asserting any material noncompliance with applicable Laws, including the Cannabis Act, any and all Laws prescribed by and in respect of the Cannabis Act and its regulations and all other Laws relating to Cannabis which are applicable to its business, or any Authorization; and
 - (iii) has, or has had on its behalf, since the Purchaser Reference Date, filed, declared, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments as required by any applicable Laws or Authorizations and to keep its Authorizations in good standing and that all such reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission).
- (b) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all cannabis products sold or stored by the Purchaser Entities:
 - (i) meet the applicable specifications for the product;
 - (ii) are fit for the purpose for which they are intended by the Purchaser Entities, and of merchantable quality;
 - (iii) have been cultivated, processed, packaged, labelled, imported, tested, stored, transported and delivered in accordance in all material respects with the Purchaser Material Authorizations and all applicable Laws;
 - (iv) are not adulterated, tainted or contaminated and do not contain any substance not permitted by applicable Laws;

- (v) have been cultivated, processed, packaged, labelled, imported, tested, stored and transported in facilities authorized by the Purchaser Material Authorizations in accordance in all material respects with the terms of such Authorization; and
- (vi) are not the object of any claims pursuant to any product warranty or with respect to the production, distribution or sale of defective or inferior products or with respect to any warnings or instructions concerning such products.

3.15 Governmental Authorizations

The Purchaser Entities own, possess or lawfully use all material Authorizations which are necessary to conduct their business or for the ownership and use of their assets (including the Purchaser Leased Properties). All such Authorizations are set out in Section 3.15 of the Purchaser Disclosure Letter (the **Purchaser Material Authorizations**). Each Purchaser Material Authorization is valid, subsisting and in good standing. The Purchaser is not in default or breach of any Purchaser Material Authorization in any material respect and no proceedings are pending or, to the knowledge of the Purchaser, threatened to revoke or limit any Purchaser Material Authorization.

3.16 Required Purchaser Authorizations

There is no requirement for any Purchaser Entity to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Authority or stock exchange in connection with or as a condition to the lawful completion of, the Transaction, except for the filings, notifications and Authorizations set out in Section 3.16(a) of the Purchaser Disclosure Letter as it relates to the Tranche One Closing and as set out in Section 3.16(b) of the Purchaser Disclosure Letter as it relates to the Tranche Two Closing.

3.17 Third Party Consents

There is no requirement for any Purchaser Entity to make any filing with, give any notice to, or obtain any consent of, any Person who is a party to a Purchaser Material Contract binding on or affecting the Purchaser Entities in connection with or as a condition to the lawful completion of, the transactions contemplated by this Agreement or any of the Transaction Documents, except for the filings, notifications and consents set out in Section 3.17(a) of the Purchaser Disclosure Letter as it relates to the Tranche One Closing and as set out in Section 3.17(b) of the Purchaser Disclosure Letter as it relates to the Tranche Two Closing.

3.18 Material Contracts

Except for the Contracts set out in Section 3.18 of the Purchaser Disclosure Letter, the Purchaser Leases, the Purchaser Employee Contracts, the Purchaser Employee Plans and the Purchaser IP (collectively, the **Purchaser Material Contracts**), no Purchaser Entity is a party to or bound by any Contract material to its business or the ownership of its assets including:

- (a) any distributor, sales or advertising Contract;
- (b) any Contract for the purchase or sale of materials, supplies, equipment or services (i) involving in the case of any such Contract, the payment by a Purchaser Entity of more than \$100,000 in aggregate in any 12-month period or (ii) which contains minimum purchase commitments or requirements or other terms that restrict or limit the purchasing or selling ability of a Purchaser Entity;
- (c) any Contract that expires, or may be renewed at the option of any Person other than a Purchaser Entity so as to expire, more than one year after the Execution Date;
- (d) any Contract for capital expenditures in excess of \$100,000 in the aggregate;

- (e) any confidentiality, secrecy or non-disclosure Contract or any Contract limiting the freedom of a Purchaser Entity to engage in any line of business, compete with any Person, solicit any Person, operate its assets at maximum production capacity or otherwise restricting its ability to carry on its business;
- (f) any Contract pursuant to which a Purchaser Entity is a lessor or lessee of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property;
- (g) any Contract with any Affiliate of a Purchaser Entity or any other Person with whom a Purchaser Entity does not deal at arm's length within the meaning of the Tax Act;
- (h) any Contract relating to grants or other forms of assistance received by a Purchaser Entity from any Governmental Authority;
- (i) any Contract for indebtedness of a Purchaser Entity in excess of \$100,000 in the aggregate; or
- (j) any Contract made outside of the Ordinary Course.

True, correct and complete copies of all Purchaser Material Contracts have been provided to the MC Shareholders.

3.19 No Breach of Material Contracts

Each of the Purchaser Entities has performed in all material respects all of the obligations required to be performed by it pursuant to, and is not alleged to be in default or breach of, any Purchaser Material Contract. Each of the Purchaser Material Contracts is in full force and effect, unamended, to the knowledge of the Purchaser, no party is in material breach of any of its covenants thereunder and there exists no default or event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or circumstance, would reasonably be expected to become a material breach of, or a default or event of default under, any Purchaser Material Contract.

3.20 Related Party Transactions

Except as set out in Section 3.20 of the Purchaser Disclosure Letter or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all Contracts, binding upon or affecting the Purchaser Entities have been entered into on an arm's length basis (within the meaning of the Tax Act) and any amounts due and payable by a Purchaser Entity to any Affiliate of a Purchaser Entity in relation to such Contracts are recorded on the Purchaser Books and Records at their fair market value.

3.21 Insurance

The Purchaser Entities maintain such policies of insurance as are appropriate to their business and assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets. Section 3.21 of the Purchaser Disclosure Letter is a list of insurance policies which are maintained by or on behalf of a Purchaser Entity setting out, in respect of each policy, a description of the type of policy, the name of insurer, the coverage, the expiration date, the annual premium and any pending claims. No Purchaser Entity is in default in any material respect with respect to any of the provisions contained in the insurance policies. True, correct and complete copies of all insurance policies held by or on behalf of a Purchaser Entity and the most recent inspection reports received from insurance underwriters have been delivered to the MC Shareholders.

3.22 Books and Records

All accounting and financial Purchaser Books and Records have been fully, properly and accurately kept and are complete in all material respects.

3.23 Intellectual Property

- (a) Section 3.23(a) of the Purchaser Disclosure Letter sets out a true, correct and complete list, and, where appropriate, a description of (i) all of the registered Intellectual Property owned or used by a Purchaser Entity in connection with a Purchaser Entity's business (collectively, the **Purchaser IP**), and (ii) all licenses or similar agreements or arrangements to which any Purchaser Entity is a party, either as licensee or licensor, with respect to Intellectual Property necessary for the carrying on of a Purchaser Entity's business as presently conducted.
- (b) One of the Purchaser Entities is the exclusive owner of all right, title and interest in and to, or possesses the exclusive right to use the Purchaser IP, free and clear of all Liens other than Permitted Encumbrances. Other than as disclosed in Section 3.23(b) of the Purchaser Disclosure Letter, the Purchaser Entities have not assigned, licensed or otherwise conveyed any of the Purchaser IP.
- (c) The Purchaser Entities have maintained or caused to be maintained the rights to any of the registered Purchaser IP in full force and effect and, without limiting the generality of the foregoing, have renewed or have made application for renewal of any registered Purchaser IP owned by a Purchaser Entity and subject to expiration on or prior to the applicable Closing Date.
- (d) The Purchaser IP has not been used, not used, enforced or not enforced in a manner that would reasonably be expected to result in the abandonment, cancellation or unenforceability of any of the Purchaser IP. In the past five years, no Purchaser Entity has received written notice of any alleged infringement or misappropriation from any Person with respect to the Purchaser IP. During such period, no Purchaser Entity has infringed and is not currently infringing on the Intellectual Property of any other Person in any material respect.
- (e) The Purchaser Entities have the full right and authority to use the Purchaser IP in connection with the conduct of their business in the manner presently conducted, and such use or continuing use does not infringe upon or violate any rights of any other Person. The Purchaser IP is sufficient to conduct the Purchaser Entities' business as presently conducted. All licenses to which a Purchaser Entity is a party relating to Purchaser IP are in good standing, binding and enforceable in accordance with their respective terms and no default exists on the part of a Purchaser Entity thereunder.
- (f) To the knowledge of the Purchaser, no Person is infringing, or is threatening to infringe, upon or otherwise violate any of the Purchaser IP.
- (g) To the knowledge of the Purchaser, subject to and in compliance with applicable Laws, no current or former officer, employee or independent contractor of a Purchaser Entity owns or has claimed an ownership interest in any of the Purchaser IP, nor has any right to a royalty or other consideration as a result of its marketing, licensing or assignment.
- (h) Each Purchaser Entity has used commercially reasonable efforts (including measures to protect secrecy and confidentiality, where appropriate) to protect Purchaser IP and confidential information relating thereto. To the knowledge of the Purchaser, there has not been any material unauthorized disclosure of Intellectual Property such as to prevent the

Purchaser Entities from obtaining or enforcing any right that it could otherwise have obtained or enforced with respect to such Intellectual Property.

3.24 Information Technology

- (a) Except as set out in Section 3.24 of the Purchaser Disclosure Letter, the Information Technology owned, licensed, used or held for use in connection with the Purchaser Entities' businesses is sufficient for the conduct of the Purchaser Entities' businesses in the Ordinary Course after Closing. The Purchaser Entities use reasonable means, consistent with industry practice, to protect the security and integrity of all such Information Technology.
- (b) In the past three years, no notice of a defect or default has been sent or received by a Purchaser Entity in respect of any license or lease under which the Purchaser Entities receive Information Technology.

3.25 Owned Property

Except as set out in Section 3.25 of the Purchaser Disclosure Letter or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the Purchaser Entities are the absolute registered and beneficial owner of, and have good and marketable title to, the Purchaser Owned Properties free and clear of all Liens other than Permitted Encumbrances. The Purchaser Entities are not the owner of, or party to any agreement, option or right to own, any real property or any interest in any real property used in connection with the Purchaser Entities' business, other than the Purchaser Owned Properties. To the knowledge of the Purchaser, all of the Purchaser Owned Properties and the buildings, improvements and fixtures (including fences, if any) on the Purchaser Owned Properties (collectively, the **Purchaser Structures**) were constructed in accordance with all applicable Laws. The Purchaser Entities have adequate rights of ingress and egress to, from and over the Purchaser Owned Properties for the operation of the Purchaser Entities' businesses in the Ordinary Course. To the knowledge of the Purchaser, all Purchaser Owned Properties and the Purchaser Structures are free from structural or material defects (latent or otherwise). None of the Purchaser Owned Properties nor any Purchaser Structures, nor their use, operation or maintenance for the purpose of carrying on the Purchaser Entities' business, violate any restrictive covenant applicable thereto. None of the Purchaser Owned Properties nor any buildings thereon encroach on any property owned by any other Person or infringe on rights of way, easements, or similar Liens in any material respect. None of the Purchaser Owned Properties nor any buildings thereon are subject to claims by adjoining landowners or otherwise, nor are there any claims by a Purchaser Entity against any adjoining landowners in respect of any encroachment onto any of the Purchaser Owned Properties. No condemnation, rezoning, dedication or expropriation proceeding is pending or, to the knowledge of the Purchaser, threatened against any of the Purchaser Owned Properties or the Purchaser Structures, and to the knowledge of the Purchaser, there is no plan, study, notice of intent or pending by-law which, if implemented, would materially and adversely affect the ability of the Purchaser Entities to carry on their business in the Ordinary Course.

3.26 Leases and Leased Property

- (a) Section 3.26(a) of the Purchaser Disclosure Letter contains a list of all of the Purchaser Leases setting out, in respect of each Purchaser Lease, the identity of the lessor and the lessee, a description of the leased premises (by municipal address and proper legal description), the term of the Purchaser Lease, the rental payments under the Purchaser Lease (specifying any breakdown of base rent and additional rents), any rights of renewal and the term thereof, and any restrictions on assignment. No Purchaser Entity is a party to, or under any agreement to become a party to, any real property lease other than the Purchaser Leases, true, correct and complete copies of which have been provided to the MC Shareholders. Each Purchaser Lease is in good standing, creates a good and valid leasehold estate in favour of the Purchaser Entities in the Purchaser Leased Properties

thereby demised and is in full force and effect without amendment, except as set out in Section 3.26(a) of the Purchaser Disclosure Letter. With respect to each Purchaser Lease pursuant to which a Purchaser Entity is tenant, except as would not individually or in the aggregate have a Material Adverse Effect, (i) all base rents and additional rents have been paid, (ii) no waiver, indulgence or postponement of the applicable Purchaser Entity's obligations has been granted by the lessor, (iii) there exists no event of default or event, occurrence, condition or act which, with the giving of notice, the passage of time or the happening of any other event or circumstance, would become a default under the Purchaser Lease or give rise to a right of amendment, cancellation or termination of the Purchaser Lease or restrict the ability of the Purchaser Entities to exercise any of its rights as lessee thereunder, including any rights of renewal or first rights of refusal contained therein and (iv) to the knowledge of the Purchaser, all of the covenants to be performed by any party (other than the Purchaser Entities) under the Purchaser Lease have been fully performed in all material respects.

- (b) The Purchaser Entities have adequate rights of ingress and egress to, from and over the Purchaser Leased Properties for the operation of their business in the Ordinary Course. To the knowledge of the Purchaser, there is no plan, study, notice of intent or pending by-law which, if implemented, would materially and adversely affect the ability of the Purchaser Entities to carry on their business in the Ordinary Course.

3.27 Customers and Suppliers

Section 3.27 of the Purchaser Disclosure Letter sets out a true, correct and complete list of the ten largest customers and ten largest suppliers of the Purchaser Entities by dollar amount for the 12-month period ending the Purchaser Reference Date. Such list includes the approximate value of the sales and purchases for each such customer and supplier during that time. To the knowledge of the Purchaser, no such supplier or customer has any intention to change its relationship or the terms upon which it conducts business with the Purchaser Entities as a result of the Transaction.

3.28 Environmental Matters

Except as set out in Section 3.28 of the Purchaser Disclosure Letter or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

- (a) in the past five years, no Purchaser Entity has received any Environmental Notice with respect to a matter relating to a Purchaser Entity's business, material assets used by it in carrying on its business or any other property or assets used by a Purchaser Entity in carrying on a Purchaser Entity's business which has not been remedied, corrected or cured;
- (b) no Environmental Authorization will become void or voidable as a result of the completion of the transactions contemplated by this Agreement nor is any consent or Authorization required in connection with the transactions contemplated by this Agreement in order to maintain any Environmental Authorization in full force and effect;
- (c) no order, direction or notice or other mandatory communication from a Governmental Authority has been issued in respect of a Purchaser Entity's business, the Purchaser Owned Properties, the material assets used by it in carrying on its business or any other property or assets used by a Purchaser Entity in carrying on the Purchaser Entities' businesses (including the Purchaser Leased Properties) which has not been complied with nor has any Purchaser Entity, in the past five years, been charged with or convicted of an offence for non-compliance with any applicable Environmental Laws;

- (d) no Purchaser Entity is in default in any material respect in filing any report or information with any Governmental Authority in respect of the material assets used by it in carrying on its business, the Purchaser Owned Properties, the Purchaser Leased Properties or the Purchaser Entities' businesses as required pursuant to any applicable Environmental Laws;
- (e) no Purchaser Entity has caused or permitted any Environmental Release and to the knowledge of the Purchaser, there is no Environmental Release nor, except in compliance with Environmental Laws, any presence of, any Environmentally Hazardous Substance at, on, from or under any of the Purchaser Owned Properties or the Purchaser Leased Properties;
- (f) no unbudgeted works or additional expenditure is required or planned in relation to a Purchaser Entity's business, material assets used by the Purchaser Entities in carrying on their businesses, the Purchaser Owned Properties or any other property or assets used by a Purchaser Entity in carrying on the Purchaser Entities' businesses (including the Purchaser Leased Properties) to ensure compliance with applicable Environmental Laws or Environmental Authorizations.

3.29 Employee Matters

- (a) No Purchaser Entity is a party to, subject to, or affected by any certification order or any collective agreement.
- (b) Section 3.29 of the Purchaser Disclosure Letter includes a complete list of all Purchaser Employees engaged in the Purchaser Entities' businesses. The list includes, to the extent applicable, each Person's:
 - (i) position or title with the Purchaser Entities;
 - (ii) material terms and conditions of employment;
 - (iii) current wages, salaries or hourly rate of pay and bonus (whether monetary or otherwise) paid since the beginning of the most recently completed financial year or payable in the current financial year of the Purchaser Entity to such Person;
 - (iv) the date upon which the wage, salary, rate or bonus in Section 3.29(b)(iii) became effective;
 - (v) the date upon which such Person was first hired or engaged;
 - (vi) the Purchaser Employee Plans in which the Person participates; and
 - (vii) accrued vacation, if any.
- (c) To the knowledge of the Purchaser, there are no ongoing union certification drives. There are no pending proceedings for certifying a union for a Purchaser Entity and no Purchaser Entity is unionized and does not have an employee association.
- (d) No complaint, grievance, claim, proceeding, civil action, work order or investigation has been filed, made or commenced against a Purchaser Entity in respect of, concerning or affecting any of the Purchaser Employees.
- (e) Each Purchaser Entity has observed and complied, in all material respects, with the provisions of all applicable Laws respecting employment, including employment standards

Laws as well as Laws relating to human rights, occupational health and safety, workplace safety and insurance, labour relations and pay equity.

- (f) There are no outstanding decisions or settlements or pending settlements under any applicable employment Laws which place any obligation upon the Purchaser Entities to do or refrain from doing any act or which place a financial obligation upon a Purchaser Entity.
- (g) In the past three years, no Purchaser Entity has received any written remedial order, notice of offence or conviction under occupational health and safety, pay equity or employment standards Laws.
- (h) The Purchaser Entities have developed and implemented all necessary employee policies, which implementation includes employee training with respect to harassment, occupational health and safety and accessibility for people with disabilities requirements.
- (i) There is no labour strike, picketing, slow down, work stoppage or lock out, existing, pending, or to knowledge of the Purchaser Entities, threatened against or directly or indirectly affecting a Purchaser Entity's business, a Purchaser Entity or any of their respective operations. No Purchaser Entity has, in the past three years, experienced any labour strike, picketing, slowdown, work stoppage, lock out or other collective labour action by or with respect to its Purchaser Employees. There are no charges or complaints pending, or to the knowledge of the Purchaser, threatened with respect to or relating to a Purchaser Entity before any Governmental Authority in relation to unlawful employment practices. No Purchaser Entity has received any written notice from any such Governmental Authority responsible for the enforcement of labour or employment Laws of an intention to conduct an investigation of a Purchaser Entity or any of its business concerning its employment practices, wages, hours and terms and conditions of employment and no such investigation is, to the knowledge of the Purchaser Entity, threatened.

3.30 Employee Benefit Plans

- (a) Section 3.30 of the Purchaser Disclosure Letter sets out a true, correct and complete list and, where appropriate, a description of all retirement, pension, supplemental pension, savings, retirement savings, retiring allowance, bonus, profit sharing, stock purchase, stock option, phantom stock, share appreciation rights, deferred compensation, severance or termination pay, life insurance, medical, hospital, dental care, vision care, drug, sick leave, short term or long term disability, salary continuation, unemployment benefits, vacation, incentive, compensation or other employee benefit plan, program, arrangement, policy or practice whether written or oral, formal or informal, funded or unfunded, registered or unregistered, insured or self-insured that is maintained or otherwise contributed to, or required to be contributed to, by or on behalf of the Purchaser Entities for the benefit of current, former or retired employees, directors, officers, shareholders, independent contractors or agents of the Purchaser Entities other than government sponsored pension, employment insurance, workers compensation and health insurance plans, but excluding for the avoidance of doubt any Purchaser Employee Contracts containing any such provisions (collectively, the **Purchaser Employee Plans**). None of the Purchaser Employee Plans is a registered pension plan under the Tax Act.
- (b) Each Purchaser Employee Plan has been maintained and administered in compliance with its terms and with the requirements of all applicable Laws in all material respects. Each Purchaser Employee Plan that is required to be registered under applicable Laws is duly registered with the appropriate Governmental Authorities.
- (c) All contributions or premiums required to be paid, deducted or remitted and all obligations required to be performed by each Purchaser Entity pursuant to the terms of any Purchaser

Employee Plan or by applicable Laws, have been paid, deducted, remitted or performed, as the case may be, in a timely fashion, and in all material respects, and there are no outstanding defaults or violations with respect to same.

- (d) There is no pending termination or winding-up procedure in respect of any of the Purchaser Employee Plans, and no event has occurred or circumstance exists under which any of the Purchaser Employee Plans would reasonably be expected to be declared terminated or wound-up, in whole or in part.
- (e) No Purchaser Employee Plan has a deficit and the liabilities of the Purchaser Entities in respect of all Purchaser Employee Plans are properly accrued and reflected in the Purchaser Financial Statements in accordance with IFRS.
- (f) The Purchaser Entities have delivered true, correct and complete copies of each of the following to the MC Shareholders: the text of all Purchaser Employee Plans (where no text exists, a summary has been provided) and any related trust agreements, insurance contracts or other material documents governing those plans all as amended to the Execution Date, and, to the knowledge of the Purchaser, no fact, condition or circumstances exists or has occurred since the date of those documents which would materially affect or change the information contained in them.
- (g) No promises or commitments have been made by a Purchaser Entity to amend any Purchaser Employee Plan, to provide increased benefits or to establish any new benefit plan, except as required by applicable Laws or as set out in Section 3.30 of the Purchaser Disclosure Letter.
- (h) The transactions contemplated in this Agreement and in each of the Transaction Documents will not result in or require any payment or severance, or the acceleration, vesting or increase in benefits under any Purchaser Employee Plan.
- (i) No Purchaser Entity has an obligation to provide retirement benefits for any current, former or retired employees of the Purchaser Entities or to any other Person.
- (j) None of the Purchaser Employee Plans require or permit retroactive increases or assessments in premiums or payments.
- (k) No Purchaser Entity contributes and no Purchaser Entity is required to contribute to any multi-employer pension or benefit plan. None of the Purchaser Employee Plans is a multi-employer pension or benefit plan.
- (l) Each of the Purchaser Employee Plans can be amended or terminated without restrictions and the Purchaser Entities have the unrestricted power and authority to amend or terminate the Purchaser Employee Plans.

3.31 Tax Matters

- (a) The Purchaser Entities have paid or made arrangements for the payment of all Taxes in respect of the Purchaser Entities' businesses and the assets of the Purchaser Entities that are capable of forming or resulting in a Lien on the assets of the Purchaser Entities or becoming a liability or obligation of Purchaser.
- (b) All Tax Returns of the Purchaser Entities relating to the assets of the Purchaser Entities or the Purchaser Entities' businesses that are required to be filed prior to the applicable Closing Date have or will have been timely filed. All material Taxes shown to be due on such Tax Returns have or will be timely paid on or before the applicable Closing Date. Each such Tax Return is true, correct and complete in all material respects.

- (c) The Purchaser Entities have properly withheld and paid or remitted to the relevant Governmental Authority, in all material respects, all Taxes required to have been withheld and paid or remitted and which relate to the assets of the Purchaser Entities or the Purchaser Entities' businesses.
- (d) No written agreement or document extending the period of assessment or collection of any Tax payable which relates to the assets of the Purchaser Entities or the Purchaser Entities' businesses is currently in effect.
- (e) The Purchaser is duly registered for GST/HST under Part IX of the *Excise Tax Act* (Canada) and under Division I of Chapter VIII of the *Quebec Sales Tax Act* with respect to the Quebec sales tax.
- (f) The Purchaser is a "taxable Canadian corporation" and a "public corporation" within the meaning of the Tax Act.

3.32 Anti-Corruption

- (a) None of the Purchaser Entities nor any of their respective directors, officers, employees or other Persons acting on their behalf has, directly or indirectly: (i) made or authorized any contribution, payment, loan, reward, benefit or gift of funds or property or anything else of value to any official, employee or agent of any Governmental Authority or public international organization, or to any Person for the benefit of any Governmental Authority or public international organization or public international organizations; (ii) for the purpose of bribing any Governmental Authority established or maintained accounts which do not appear in any of the books and records that they are required to keep in accordance with applicable accounting and auditing standards, made transactions that are not recorded or that are inadequately identified, recorded non-existent expenditures, entered liabilities with incorrect identification of their object, knowingly used false documents, or intentionally destroyed accounting books and records earlier than permitted by law; or (iii) made any contribution to any candidate for public office; where either the payment or the purpose of such contribution, payment, loan, reward or gift was, is, or would be prohibited under Anti-Corruption Legislation.
- (b) None of the Purchaser Entities nor any of their respective directors, officers, employees or other Person acting on their behalf has breached or violated in any material respect any Law regulating lobbying, accounting, bids or conflicts of interest. To the knowledge of the Purchaser, no change, fact, event, circumstance, condition or omission has occurred that would reasonably be expected to result in the Purchaser from being suspended or debarred from doing business with a Governmental Authority or otherwise prevent the Purchaser from bidding on or applying for Contracts with a Governmental Authority after Closing.

3.33 No Broker

Except as disclosed in Section 3.33 of the Purchaser Disclosure letter, the Purchaser has carried on all negotiations relating to this Agreement and the Transaction directly and without intervention on its behalf of any other party in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the MC Shareholders.

3.34 Reporting Issuer

The Purchaser is a reporting issuer not in default (or the equivalent) under Applicable Securities Laws in each of the Provinces of British Columbia, Alberta, Ontario and Quebec, and the Purchaser Shares are listed for trading on the CSE. No order ceasing or suspending trading in any securities nor prohibiting the sale of any securities of the Purchaser has been issued by any Governmental Authority or is outstanding

against the Purchaser and, to the knowledge of the Purchaser, no investigation or proceeding for such purposes are pending or threatened. To the knowledge of the Purchaser it is not, and will not be at the time of Closing, in default under any of its obligations as a reporting issuer with securities regulatory authorities or the CSE.

3.35 Consideration Shares

The Consideration Shares to be issued pursuant to this Agreement will, immediately following their issuance to the MC Shareholders at, as applicable, the Tranche One Effective Time, Tranche Two Effective Time and Anti-Dilution Adjustment Date, (a) be duly and validly authorized and issued as fully paid and non-assessable Purchaser Shares in accordance with applicable Law and (b) be subject to resale restrictions under Applicable Securities Laws. Subject to the truth of the representations and warrants of the MC Shareholders, the distribution of the Consideration Shares to the MC Shareholders as set out herein will be exempt from the prospectus requirements of Applicable Securities Laws.

Article 4 Representations and Warranties Concerning Montréal Médical Cannabis Inc.

Each MC Shareholder makes the following representations to the Purchaser solidarily and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

4.1 Incorporation, Corporate Power and Registration

- (a) MC is a corporation validly existing and in good standing under the federal laws of Canada and has all necessary corporate power, authority and capacity to own or lease its property and to carry on its business as presently conducted.
- (b) Subject to 4.2, neither the nature of the MC Business, nor the location or character of the assets owned by MC, requires MC to be registered, licensed or otherwise qualified as an extra-provincial or foreign corporation in any jurisdiction other than in jurisdictions where it is duly registered, licensed or otherwise qualified for such purpose and other than jurisdictions where the failure to be so registered, licensed or qualified does not have a Material Adverse Effect.

4.2 Qualification

MC is qualified, licensed or registered to carry on business in the jurisdictions set out in Section 4.2 of the MC Disclosure Letter. The jurisdictions set out in Section 4.2 of the MC Disclosure Letter include all jurisdictions in which (a) the nature of the assets owned by MC or the MC Business makes such qualification necessary, (b) MC owns or leases any material property or assets which form part of MC Business, or (c) the MC Business is conducted, in each case except as would not have a Material Adverse Effect.

4.3 Due Authorization and Enforceability of Obligations

- (a) MC has all necessary corporate power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement.
- (b) The execution and delivery of this Agreement and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of MC.
- (c) This Agreement constitutes a valid and binding obligation of MC enforceable against it in accordance with its terms.

4.4 No Conflict with Authorizations, Laws, etc.

Except as set out in Section 4.4 of the MC Disclosure Letter or as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by MC of this Agreement and each of the Transaction Documents to which it is a party do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (a) result in a breach or a violation of, conflict with, or cause the termination or revocation of, any Authorization held by MC or necessary to the ownership and use of the assets owned by MC or the operation of the MC Business;
- (b) result in or require the creation of any Lien upon any of the assets owned by MC;
- (c) result in a breach or a violation of, or conflict with, any judgement, order or decree of any Governmental Authority; or
- (d) result in a material breach or a material violation of, or materially conflict with, any Law applicable to MC.

4.5 No Conflict with Contracts

Except as set out in Section 4.5 of the MC Disclosure Letter or as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by MC of this Agreement and each of the Transaction Documents to which it is a party, do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (a) result in a material breach or a material violation of, or materially conflict with, any MC Material Contract; or
- (b) result in or give any Person the right to cause (i) the termination, cancellation, amendment or renegotiation of any MC Material Contract, (ii) the acceleration of any debt or other obligation of MC, or (iii) the forfeiture or other loss, in whole or in part, of any benefit which would otherwise accrue to MC.

4.6 MC Financial Statements

The MC Financial Statements have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly in all material respects:

- (a) the financial position of MC on a consolidated basis as at such dates; and
- (b) the results of operation and changes in financial position of MC on a consolidated basis for the periods then ended.

4.7 Subsidiaries

MC does not have any subsidiaries (as such term is defined in Applicable Securities Laws).

4.8 Capitalization of MC

The authorized capital of MC consists of an unlimited number of MC Shares. As at the Execution Date, the only issued and outstanding shares in the capital of MC are the Purchased MC Shares. In addition, as at the Execution Date, no options, warrants or other rights to purchase or acquire shares or other securities of MC and no securities or obligations convertible into or exchangeable for shares or other securities of

MC have been authorized or agreed to be issued. Except as set forth in this Section 4.8, no other MC Shares are issued and outstanding and there are no existing Equity Interests in, MC or any of its subsidiaries obligating MC to issue, transfer, register or sell or cause to be issued, transferred, registered or sold any shares in the capital of, or voting debt securities of, or other Equity Interest in, MC or securities convertible into or exchangeable for such shares or Equity Interests or other securities. All of the outstanding MC Shares were duly authorized and validly issued and are fully paid and non-assessable.

4.9 Conduct of Business in Ordinary Course

Except as set out in Section 4.9 of the MC Disclosure Letter or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, since the MC Reference Date, the MC Business has been carried on in the Ordinary Course. Without limiting the generality of the foregoing, MC has not, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

- (a) sold, transferred or otherwise disposed of any assets, other than inventory sold in the Ordinary Course;
- (b) granted or suffered any Lien upon any assets other than Permitted Encumbrances and unsecured current obligations and liabilities incurred in the Ordinary Course;
- (c) made any capital expenditures;
- (d) cancelled any debts or claims owed to it or amended, terminated or waived any rights of value pertaining it;
- (e) made any bonus or other extraordinary payment to an Employee, officer, director, former director or related party other than regular amounts payable to each such Person by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;
- (f) suffered any extraordinary loss, damage or destruction in respect of the MC Business or any of its assets, whether or not covered by insurance;
- (g) terminated or suffered the termination of, any MC Material Contract other than due to its expiration in accordance with its terms and not as a result of the potential completion of the transactions contemplated by the Agreement;
- (h) written down the value of any assets, including inventory and capital lease assets, except on account of normal depreciation and amortization;
- (i) written off as uncollectible any Accounts Receivable or any part thereof;
- (j) suffered any material shortage or any cessation or material interruption of inventory shipments, supplies or ordinary services;
- (k) made any forward commitments either in excess of the requirements for normal operating purposes or at prices higher than the current market prices;
- (l) compromised or settled any litigation or governmental action relating to assets of MC (including the Leased Properties);
- (m) cancelled or reduced any insurance coverage on its business, property or assets;

- (n) made any change in any method of accounting or auditing practice except in each case as required by IFRS or to convert the financial statements of MC from being recorded using Accounting Standards for Private Enterprises to IFRS;
- (o) made any change in the method of billing or the credit terms made available to its customers; or
- (p) authorized, agreed or otherwise committed, whether or not in writing, to do any of the foregoing.

4.10 Litigation

Except as set out in Section 4.10 of the MC Disclosure Letter or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, there are no actions, suits or proceedings, at law or in equity, by any Person (including MC or the MC Shareholders), nor any arbitration, administrative or other proceeding by or before (or to the knowledge of the MC Principals any investigation by) any Governmental Authority, current or pending, or, to the knowledge of the MC Principals, threatened against MC or any property or assets used by MC, including the Leased Properties, or MC IP, or in respect of any employment matters.

4.11 Title to Assets

Except as set out in Section 4.11 of the MC Disclosure Letter, MC has good and marketable title to, and legal and beneficial ownership of, its assets free and clear of all Liens except for Permitted Encumbrances.

4.12 No Options, etc.

Except for the Purchaser under this Agreement, no Person has any written or oral agreement, option, understanding or commitment, or any right or privilege (whether by law, contractual or otherwise) capable of becoming such for the purchase or other acquisition from MC of any of the property and assets of MC other than pursuant to purchase orders for inventory sold in the Ordinary Course.

4.13 Condition of Assets

Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the buildings, structures, fixtures, vehicles, equipment and other tangible personal property of MC or leased for use by MC are structurally sound, in good operating condition and repair having regard to their use and age and are adequate and suitable for the uses to which they are being put, and none of such buildings, structures, fixtures, vehicles, equipment or other property are in need of maintenance or repairs except for ordinary routine maintenance and repairs that are not material in nature or cost.

4.14 Collectability of Accounts Receivable

The Accounts Receivable are good and collectible at the aggregate recorded amounts, except to the extent of any reserves and allowances for doubtful accounts provided for such Accounts Receivable in the MC Books and Records, copies of which have been provided to the Purchaser, and are not subject to any defence, counterclaim or set off.

4.15 Compliance with Law

- (a) To the knowledge of the MC Principal, MC:

- (i) is conducting the MC Business in compliance with all applicable Laws, in all material respects, including the Cannabis Act, any and all Laws prescribed by and in respect of the Cannabis Act and its regulations and all other Laws relating to Cannabis which are applicable to the MC Business;
 - (ii) has not received, since the MC Reference Date, any correspondence or notice from Health Canada or any other Governmental Authority alleging or asserting any material noncompliance in respect of the MC Business with applicable Laws, including the Cannabis Act, any and all Laws prescribed by and in respect of the Cannabis Act and its regulations and all other Laws relating to Cannabis which are applicable to the MC Business, or any Authorization; and
 - (iii) has, or has had on its behalf, since the MC Reference Date, filed, declared, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments relating to the MC Business as required by any applicable Laws or Authorizations and to keep its Authorizations relating to the MC Business in good standing and that all such reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission).
- (b) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all cannabis products sold or stored by MC:
- (i) meet the applicable specifications for the product;
 - (ii) are fit for the purpose for which they are intended, and of merchantable quality;
 - (iii) have been cultivated, processed, packaged, labelled, imported, tested, stored, transported and delivered in accordance in all material respects with Material Authorizations and all applicable Laws;
 - (iv) are not adulterated, tainted or contaminated and do not contain any substance not permitted by applicable Laws;
 - (v) have been cultivated, processed, packaged, labelled, imported, tested, stored and transported in facilities authorized by the Material Authorizations in accordance in all material respects with the terms of such Authorization; and
 - (vi) are not the object of any claims pursuant to any product warranty or with respect to the production, distribution or sale of defective or inferior products or with respect to any warnings or instructions concerning such products.

4.16 Governmental Authorizations

MC owns, possesses or lawfully uses in the operation of the MC Business all material Authorizations which are necessary to conduct the MC Business or for the ownership and use of its assets. All such Authorizations are set out in Section 4.16 of the MC Disclosure Letter (the **Material Authorizations**). Each Material Authorization is valid, subsisting and in good standing. MC is not in default or breach of any Material Authorization in any material respect and no proceedings are pending or, to the knowledge of the MC Principals, threatened to revoke or limit any Material Authorization.

4.17 Required Authorizations

There is no requirement for MC or the MC Shareholders to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Authority or stock exchange in connection with or as a condition to the lawful completion of, the Transaction, except for the filings, notifications and Authorizations set out in Section 4.17(a) of the MC Disclosure Letter as it relates to the Tranche One Closing and as set out in Section 4.17(b) of the MC Disclosure Letter as it relates to the Tranche Two Closing.

4.18 Third Party Consents

There is no requirement for MC to make any filing with, give any notice to, or obtain any consent of, any Person who is a party to a MC Material Contract in connection with or as a condition to the lawful completion of, the transactions contemplated by this Agreement or any of the Transaction Documents, except for the filings, notifications and consents set out in Section 4.18(a) of the MC Disclosure Letter in the case of consents required for the Tranche One Closing and set out in Section 4.18(b) of the MC Disclosure Letter in the case of consents required for the Tranche Two Closing.

4.19 Material Contracts

Except for the Contracts set out in Section 4.19 of the MC Disclosure Letter, the Leases, the Employee Contracts, the Employee Plans and the MC IP (collectively, the **MC Material Contracts**), MC is not a party to or bound by any Contract material to it including:

- (a) any distributor, sales or advertising Contract;
- (b) any Contract for the purchase or sale of materials, supplies, equipment or services (i) involving in the case of any such Contract, the payment by MC of more than \$100,000 in aggregate in any 12-month period or (ii) which contains minimum purchase commitments or requirements or other terms that restrict or limit the purchasing or selling ability of MC;
- (c) any Contract that expires, or may be renewed at the option of any Person other than MC so as to expire, more than one year after the Execution Date;
- (d) any Contract for capital expenditures in excess of \$100,000 in the aggregate;
- (e) any confidentiality, secrecy or non-disclosure Contract limiting the freedom of MC to engage in any line of business, compete with any Person, solicit any Person, operate its assets at maximum production capacity or otherwise restricting its ability to carry on business;
- (f) any Contract pursuant to which MC is a lessor or lessee of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property;
- (g) any Contract with any Person with whom MC or the MC Shareholders do not deal at arm's length within the meaning of the Tax Act;
- (h) any Contract relating to grants or other forms of assistance received by MC from any Governmental Authority;
- (i) any Contract for indebtedness in excess of \$100,000 in the aggregate; or
- (j) any Contract made outside of the Ordinary Course.

True, correct and complete copies of all MC Material Contracts have been provided to the Purchaser.

4.20 No Breach of Material Contracts

Except as set out in Section 4.18 of the MC Disclosure Letter, MC has performed in all material respects all of the obligations required to be performed by it pursuant to, and is not alleged to be in default or breach of, any MC Material Contract. Each of the MC Material Contracts is in full force and effect, unamended, to the knowledge of the MC Principals, no party is in material breach of any of its covenants thereunder and there exists no default or event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or circumstance, would reasonably be expected to become a material breach of, or a default or event of default under, any MC Material Contract. Except as set out in Section 4.18 of the MC Disclosure Letter, no consent or notice is required for a valid assignment to the Purchaser of any MC Material Contract.

4.21 Related Party Transactions

Except as set out in Section 4.21 of the MC Disclosure Letter or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all Contracts, binding upon or affecting MC have been entered into on an arm's length basis (within the meaning of the Tax Act) and any amounts due and payable by MC in relation to such Contracts are recorded on the MC Books and Records at their fair market value.

4.22 Insurance

MC maintains such policies of insurance as are appropriate to the MC Business and the Leased Properties, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets. Section 4.22 of the MC Disclosure Letter is a list of insurance policies which are maintained by or on behalf of MC setting out, in respect of each policy, a description of the type of policy, the name of insurer, the coverage, the expiration date, the annual premium and any pending claims. MC is not in default in any material respect with respect to any of the provisions contained in such insurance policies. True, correct and complete copies of all insurance policies held by or on behalf of MC and the most recent inspection reports received from insurance underwriters have been delivered to the Purchaser.

4.23 Books and Records

- (a) All accounting and financial MC Books and Records have been fully, properly and accurately kept and are complete in all material respects. Such MC Books and Records are not recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which are not or will not be available to the Purchaser in the Ordinary Course after Closing.
- (b) MC Books and Records stored on computer-related or other electronic media are appropriately organized and indexed and no data conversions, translations or technology upgrades are required before such data can be accessed, read, searched and used by MCs current Information Technology.

4.24 Intellectual Property

- (a) Section 4.24(a) of the MC Disclosure Letter sets out a true, correct and complete list, and, where appropriate, a description of (i) all of the registered Intellectual Property owned or used by MC (collectively, the **MC IP**) and (ii) all licenses or similar agreements or arrangements to which MC is a party, either as licensee or licensor, with respect to Intellectual Property necessary for the carrying on of the MC Business as presently conducted.

- (b) MC is the exclusive owner of all right, title and interest in and to, or possesses the exclusive right to use the MC IP, free and clear of all Liens other than Permitted Encumbrances. Other than as disclosed in Section 4.24(b) of the MC Disclosure Letter, MC has not assigned, licensed or otherwise conveyed any of the MC IP.
- (c) MC has maintained or caused to be maintained the rights to any of the registered MC IP in full force and effect and, without limiting the generality of the foregoing, have renewed or have made application for renewal of any registered MC IP subject to expiration on or prior to the applicable Closing Date.
- (d) The MC IP has not been used, not used, enforced or not enforced in a manner that would reasonably be expected to result in the abandonment, cancellation or unenforceability of any of the MC IP. In the past five years, MC has not received written notice of any alleged infringement or misappropriation from any Person with respect to the MC IP. During such period, MC has not infringed and is not currently infringing on the Intellectual Property of any other Person in any material respect.
- (e) MC has the full right and authority to use, and the Purchaser will be entitled to continue to use after the Tranche Two Closing Date, the MC IP in the manner presently conducted, and such use or continuing use does not infringe upon or violate any rights of any other Person. The MC IP is sufficient to conduct the MC Business as presently conducted. All licenses to which MC is a party relating to MC IP are in good standing, binding and enforceable in accordance with their respective terms and no default exists on the part of MC thereunder.
- (f) To the knowledge of the MC Principals, no Person is infringing, or is threatening to infringe, upon or otherwise violate any of the MC IP.
- (g) To the knowledge of the MC Principals, subject to and in compliance with applicable Laws, no current or former officer, employee or independent contractor of MC owns or has claimed an ownership interest in any of the MC IP, nor has any right to a royalty or other consideration as a result of its marketing, licensing or assignment.
- (h) MC has used commercially reasonable efforts (including measures to protect secrecy and confidentiality, where appropriate) to protect MC IP and confidential information relating thereto. To the knowledge of the MC Principals, there has not been any material unauthorized disclosure of Intellectual Property such as to prevent MC from obtaining or enforcing any right that it could otherwise have obtained or enforced with respect to such Intellectual Property.

4.25 Information Technology

- (a) Except as set out in Section 4.25 of the MC Disclosure Letter, the Information Technology owned, licensed, used or held for use in connection with the MC Business is sufficient for the conduct of the MC Business in the Ordinary Course after Closing. MC uses reasonable means, consistent with industry practice, to protect the security and integrity of all such Information Technology.
- (b) In the past three years, no notice of a defect or default has been sent or received by MC in respect of any license or lease under which MC receives Information Technology.

4.26 Owned Property

MC does not own any real property or any interest in any real property.

4.27 Leases and Leased Property

- (a) MC is not a party to, or under any agreement to become a party to, any real property lease other than the Leases, true, correct and complete copies of which have been provided to the Purchaser. Each Lease is in good standing, creates a good and valid leasehold estate in favour of MC in the Leased Properties thereby demised and is in full force and effect without amendment. With respect to each Lease pursuant to which MC is tenant (i) all base rents and additional rents have been paid, (ii) no waiver, indulgence or postponement of MCs obligations has been granted by the lessor, (iii) there exists no event of default or event, occurrence, condition or act which, with the giving of notice, the passage of time or the happening of any other event or circumstance, would become a default under the Lease or give rise to a right of amendment, cancellation or termination of the Lease or restrict the ability of MC to exercise any of its rights as lessee thereunder, including any rights of renewal or first rights of refusal contained therein and (iv) to the knowledge of the MC Principals, all of the covenants to be performed by any party (other than MC) under the Lease have been fully performed in all material respects. Section 4.27(a) of the MC Disclosure Letter contains a list of all of the Leases setting out, in respect of each Lease, the identity of the lessor and the lessee, a description of the leased premises (by municipal address and proper legal description), the term of the Lease, the rental payments under the Lease (specifying any breakdown of base rent and additional rents), any rights of renewal and the term thereof, and any restrictions on assignment.
- (b) MC has adequate rights of ingress and egress to, from and over the Leased Properties in the Ordinary Course. To the knowledge of the MC Principals, there is no plan, study, notice of intent or pending by-law which, if implemented, would materially and adversely affect the ability of MC to carry on business in the Ordinary Course.

4.28 Customers and Suppliers

Section 4.28 of the MC Disclosure Letter sets out a true, correct and complete list of the ten largest customers (or, if MC has fewer than ten customers, all of the customers) and ten largest suppliers of MC by dollar amount for the 12-month period ending the MC Reference Date. Such list includes the approximate value of the sales and purchases for each such customer and supplier during that time. To the knowledge of the MC Principals, no such supplier or customer has any intention to change its relationship or the terms upon which it conducts business with MC Business.

4.29 Environmental Matters

To the knowledge of the MC Principals and except as set out in Section 4.29 of the MC Disclosure Letter or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

- (a) in the past five years, MC has not received any Environmental Notice which has not been remedied, corrected or cured;
- (b) no Environmental Authorization will become void or voidable as a result of the completion of the transactions contemplated by this Agreement nor is any consent or Authorization required in connection with the transactions contemplated by this Agreement in order to maintain any Environmental Authorization in full force and effect;
- (c) no order, direction or notice or other mandatory communication from a Governmental Authority has been issued in respect of MC or the property or assets used in carrying on the MC Business (including the Leased Properties) which has not been complied with nor has MC, in the past five years, been charged with or convicted of an offence for non-compliance with any applicable Environmental Laws;

- (d) MC is not in default in any material respect in filing any report or information with any Governmental Authority in respect of the Leased Properties or the MC Business as required pursuant to any applicable Environmental Laws;
- (e) MC has not caused or permitted any Environmental Release and to the knowledge of the MC Principals, there is no Environmental Release nor, except in compliance with Environmental Laws, any presence of, any Environmentally Hazardous Substance at, on, from or under any of the Leased Properties;
- (f) no unbudgeted works or additional expenditure is required or planned in relation to a MC Business or the property or assets used by MC in carrying on the MC Business (including the Leased Properties) to ensure compliance with applicable Environmental Laws or Environmental Authorizations.

4.30 Employee Matters

- (a) MC is not a party to, subject to, or affected by any certification order or any collective agreement.
- (b) Section 4.30 of the MC Disclosure Letter includes a complete list of all Employees. The list includes each Person's:
 - (i) position or title with MC;
 - (ii) material terms and conditions of employment, including reference to any Employee Plans to which such Person participates and a summary of such Person's benefits thereunder;
 - (iii) current wages, salaries or hourly rate of pay and bonus (whether monetary or otherwise) paid since the beginning of the most recently completed financial year or payable in the current financial year to such Person;
 - (iv) the date upon which the wage, salary, rate or bonus in Section 4.30(b)(iii) became effective;
 - (v) the date upon which such Person was first hired or engaged;
 - (vi) the Employee Plans in which the Person participates; and
 - (vii) accrued vacation, if any.
- (c) To the knowledge of the MC Principals, there are no ongoing union certification drives. There are no pending proceedings for certifying a union for MC and MC is not unionized and does not have an employee association.
- (d) No complaint, grievance, claim, proceeding, civil action, work order or investigation has been filed, made or commenced against MC in respect of, concerning or affecting any of the Employees.
- (e) MC has observed and complied, in all material respects, with the provisions of all applicable Laws respecting employment, including employment standards Laws as well as Laws relating to human rights, occupational health and safety, workplace safety and insurance, labour relations and pay equity.

- (f) There are no outstanding decisions or settlements or pending settlements under any applicable employment Laws which place any obligation upon MC to do or refrain from doing any act or which place a financial obligation upon MC.
- (g) In the past three years, MC has not received any written remedial order, notice of offence or conviction under occupational health and safety, pay equity or employment standards Laws.
- (h) MC has developed and implemented all necessary employee policies, which implementation includes employee training with respect to harassment, occupational health and safety and accessibility for people with disabilities requirements.
- (i) Except as set out in Section 4.30 of the MC Disclosure Letter, there is no labour strike, picketing, slow down, work stoppage or lock out, existing, pending, or to knowledge of the MC Principals, threatened against or directly or indirectly affecting MC or its operations. MC has not, in the past three years, experienced any labour strike, picketing, slowdown, work stoppage, lock out or other collective labour action by or with respect to its Employees. There are no charges or complaints pending, or to the knowledge of the MC Principals, threatened with respect to or relating to MC before any Governmental Authority in relation to unlawful employment practices. MC has not received any written notice from any such Governmental Authority responsible for the enforcement of labour or employment Laws of an intention to conduct an investigation of MC concerning its employment practices, wages, hours and terms and conditions of employment and no such investigation is, to the knowledge of the MC Principals, threatened.

4.31 Employee Benefit Plans

- (a) Section 4.31 of the MC Disclosure Letter sets out a true, correct and complete list and, where appropriate, a description of all retirement, pension, supplemental pension, savings, retirement savings, retiring allowance, bonus, profit sharing, stock purchase, stock option, phantom stock, share appreciation rights, deferred compensation, severance or termination pay, life insurance, medical, hospital, dental care, vision care, drug, sick leave, short term or long term disability, salary continuation, unemployment benefits, vacation, incentive, compensation or other employee benefit plan, program, arrangement, policy or practice whether written or oral, formal or informal, funded or unfunded, registered or unregistered, insured or self-insured that is maintained or otherwise contributed to, or required to be contributed to, by or on behalf of MC for the benefit of current, former or retired employees, directors, officers, shareholders, independent contractors or agents of MC other than government sponsored pension, employment insurance, workers compensation and health insurance plans, but excluding for the avoidance of doubt any Employee Contracts containing any such provisions (collectively, the **Employee Plans**). None of the Employee Plans is a registered pension plan under the Tax Act.
- (b) Each Employee Plan has been maintained and administered in compliance with its terms and with the requirements of all applicable Laws in all material respects. Each Employee Plan that is required to be registered under applicable Laws is duly registered with the appropriate Governmental Authorities.
- (c) All contributions or premiums required to be paid, deducted or remitted and all obligations required to be performed by MC pursuant to the terms of any Employee Plan or by applicable Laws, have been paid, deducted, remitted or performed, as the case may be, in a timely fashion, and in all material respects, and there are no outstanding defaults or violations with respect to same.
- (d) There is no pending termination or winding-up procedure in respect of any of the Employee Plans, and no event has occurred or circumstance exists under which any of the Employee

Plans would reasonably be expected to be declared terminated or wound-up, in whole or in part.

- (e) No Employee Plan has a deficit and the liabilities of MC in respect of all Employee Plans are properly accrued and reflected in the MC Financial Statements in accordance with IFRS.
- (f) MC has delivered true, correct and complete copies of each of the following to the Purchaser: the text of all Employee Plans (where no text exists, a summary has been provided) and any related trust agreements, insurance contracts or other material documents governing those plans all as amended to the Execution Date and, to the knowledge of the MC Principals, no fact, condition or circumstances exists or has occurred since the date of those documents which would materially affect or change the information contained in them.
- (g) No promises or commitments have been made by MC to amend any Employee Plan, to provide increased benefits or to establish any new benefit plan, except as required by applicable Laws or as set out in Section 4.31 of the MC Disclosure Letter.
- (h) The transactions contemplated in this Agreement and in each of the Transaction Documents will not result in or require any payment or severance, or the acceleration, vesting or increase in benefits under any Employee Plan.
- (i) MC has no obligation to provide retirement benefits for any current, former or retired employees of MC or to any other Person.
- (j) None of the Employee Plans require or permit retroactive increases or assessments in premiums or payments.
- (k) MC does not contribute nor is MC required to contribute to any multi-employer pension or benefit plan. None of the Employee Plans is a multi-employer pension or benefit plan.
- (l) Each of the Employee Plans can be amended or terminated without restrictions and MC has the unrestricted power and authority to amend or terminate the Employee Plans.

4.32 Tax Matters

- (a) MC has paid or made arrangements for the payment of all Taxes in respect of the MC Business and the assets of MC that are capable of forming or resulting in a Lien on the assets of MC or becoming a liability or obligation of MC.
- (b) Except as set forth in Section 4.32(b) of the MC Disclosure Letter, all material Tax Returns of MC that are required to be filed prior to the applicable Closing Date have or will have been timely filed. All material Taxes shown to be due on such Tax Returns have or will be timely paid on or before the applicable Closing Date. Each such Tax Return is true, correct and complete in all material respects.
- (c) MC has properly withheld and paid or remitted to the relevant Governmental Authority, in all material respects, all Taxes required to have been withheld and paid or remitted by MC.
- (d) No written agreement or document extending the period of assessment or collection of any Tax payable which relates to MC is currently in effect.
- (e) MC is duly registered for GST/HST under Part IX of the *Excise Tax Act* (Canada) and its registration number is 71645 7320RT0001 and its Quebec Sales Tax registration number is 1224724752TQ0001.

4.33 Anti-Corruption

- (a) Neither MC nor its shareholders, directors, officers, employees or other Persons acting on their behalf has, directly or indirectly: (i) made or authorized any contribution, payment, loan, reward, benefit or gift of funds or property or anything else of value to any official, employee or agent of any Governmental Authority or public international organization, or to any Person for the benefit of any Governmental Authority or public international organization or public international organizations; (ii) for the purpose of bribing any Governmental Authority established or maintained accounts which do not appear in any of the books and records that they are required to keep in accordance with applicable accounting and auditing standards, made transactions that are not recorded or that are inadequately identified, recorded non-existent expenditures, entered liabilities with incorrect identification of their object, knowingly used false documents, or intentionally destroyed accounting books and records earlier than permitted by law; or (iii) made any contribution to any candidate for public office; where either the payment or the purpose of such contribution, payment, loan, reward or gift was, is, or would be prohibited under the *Canada Corruption of Foreign Public Officials Act*, the *US Foreign Corrupt Practices Act of 1977*, the *UK Bribery Act, 2010* and any related or similar rules, regulations or guidelines made, issued, administered or enforced by any Governmental Authority thereunder and any other applicable Laws of similar purpose and scope (collectively, **Anti-Corruption Legislation**).
- (b) Neither MC nor the MC Shareholders, directors, officers, employees or other Persons acting on their behalf has breached or violated in any material respect any Law regulating lobbying, accounting, bids or conflicts of interest. To the knowledge of the MC Principals, no change, fact, event, circumstance, condition or omission has occurred in respect of the MC Business that would reasonably be expected to result in the Purchaser from being suspended or debarred from doing business with a Governmental Authority or otherwise prevent the Purchaser from bidding on or applying for Contracts with a Governmental Authority after Closing.

4.34 No Predecessors

MC has not merged with any corporation, or by amalgamation, dissolution, arrangement or otherwise, in such a manner that MC is or may become liable for any liabilities (contingent or otherwise) of any kind whatsoever of that corporation.

4.35 No Broker

MC has carried on all negotiations relating to this Agreement and the Transaction directly and without intervention on its behalf of any other party in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the Purchaser.

Article 5 Representations and Warranties of the MC Shareholders

The MC Principals and the MC Shareholders make the following representations to the Purchaser on a solidary basis and acknowledge and agree that the Purchaser is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

5.1 Authorization

Each MC Shareholder has the capacity to enter into this Agreement and each Transaction Document to which it is a party, to perform all of its agreements and obligations hereunder and thereunder in accordance

with their terms and to consummate the Transaction. Each MC Shareholder has the capacity to sell to the Purchaser all of its MC Shares without any restriction other than restrictions on sales of securities under applicable securities Laws. Each MC Shareholder has duly executed and delivered this Agreement and each Transaction Document to which it is a party and, assuming the due authorization, execution and delivery by all parties thereto (other than the MC Shareholders), this Agreement and the Documents constitute valid and binding obligations of each MC Shareholder, enforceable against such MC Shareholder in accordance with their respective terms, except as such enforceability may be subject to applicable bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium and similar Laws affecting the enforcement of creditors' rights and remedies generally and by general principles of equity.

5.2 Title

Each MC Shareholder is the record and beneficial owner of the MC Shares and has good and marketable title to such MC Shares, free and clear of all Liens. Each MC Shareholder does not, nor does any other Person, own or have any interest in any shares in the capital of MC other than the MC Shareholders' ownership of the MC Shares. Immediately following the Tranche One Closing, the Purchaser will be the legal and beneficial owner of, and have good and marketable title to, all of the Tranche One Purchased MC Shares, free and clear of all Liens. Immediately following the Tranche Two Closing, the Purchaser will be the legal and beneficial owner of, and have good and marketable title to, all of the issued and outstanding MC Shares, free and clear of all Liens. Except pursuant to this Agreement, there is no agreement pursuant to which any MC Shareholder has, directly or indirectly, granted any option, warrant or other right to any Person to acquire any MC Shares.

5.3 Consents

No consent, waiver, approval, order or authorization of, or registration, declaration or filing with, or notice to any Governmental Authority or any other Person is required by, or with respect to, the valid and lawful authorization, execution, delivery and performance by each MC Shareholder of this Agreement or the consummation of the Transactions.

5.4 No Brokers

The MC Shareholders have carried on all negotiations relating to this Agreement and the Transaction directly and without intervention on its behalf of any other party in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the Purchaser.

5.5 Conflicts

The execution, delivery and performance by the MC Shareholders of this Agreement and the Transaction Documents to which it is party and the consummation of the Transactions do not and will not conflict with or result in any material violation of or material default under (with or without notice or lapse of time, or both) or give rise to a right of termination, cancellation, modification or acceleration of any material obligation or loss of any material benefit under, or result in the imposition or creation of any Lien upon the MC Shares or any of the MC Shareholders' properties or assets (tangible or intangible) under, (a) any agreement of the MC Shareholders, or (b) any Law applicable to the MC Shareholders.

5.6 Litigation

No Claim is pending or, to the MC Principals' or MC Shareholders' knowledge, threatened, against any MC Shareholder with respect to its execution, delivery and performance of this Agreement or any Transaction Document to which such MC Shareholder is to be a party or the consummation of the Transactions. No Claim is pending or, to any MC Principals' or any MC Shareholder's knowledge, threatened against it before any arbitrator or court or other Governmental Authority which (a) if adversely determined, would be reasonably likely to result in payments, penalties or fines payable by any MC Shareholder, or (b) challenges

the validity of this Agreement or any Transaction Document or any action taken or to be taken in connection herewith or therewith, including the MC Shareholders; sale and transfer of the MC Shares hereunder.

5.7 Tax Act Matters

No MC Shareholder is a non-resident of Canada for the purposes of the Tax Act.

Article 6 Closing

6.1 Closing

- (a) The Transaction will be concluded in two tranches, being the Tranche One Closing and the Tranche Two Closing.
- (b) Unless this Agreement is earlier terminated in accordance with its terms, the Tranche One Closing will be consummated as soon as practicable after all the conditions established in Section 7.1(a) and Section 8.1(a) of this Agreement have been satisfied or waived. The Tranche One Closing will be completed at the Tranche One Effective Time on the next Business Day following the date on which the conditions set out in Section 7.1(a) and Section 8.1(a) of this Agreement have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the Tranche One Closing, but subject to the satisfaction or waiver of such conditions at such time) or such other date prior to the Drop Dead Date as may be agreed to by the Parties (the **Tranche One Closing Date**).
- (c) Unless this Agreement is earlier terminated in accordance with its terms, the Tranche Two Closing will be consummated on the Tranche Two Effective Time on the last day of the month in which all the conditions established in Section 7.1(b) and Section 8.1(b) of this Agreement have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the Tranche Two Closing, but subject to the satisfaction or waiver of such conditions at such time) or such other date prior to the Drop Dead Date as may be agreed to by the Parties (the **Tranche Two Closing Date**).

6.2 Closing Mechanics

The Closings shall be completed by undertakings or the email exchange of documents between the respective legal counsel for the Purchaser and the MC Shareholders, provided such undertakings and exchanges are satisfactory to each Party's respective legal counsel.

6.3 Effective Time

The transfer of the Tranche One Purchased MC Shares is deemed to take effect at the Effective Time on the Tranche One Closing Date. The transfer of the Tranche Two Purchased MC Shares is deemed to take effect at the Effective Time on the Tranche Two Closing Date.

6.4 MC Closing Documents

- (a) At the Tranche One Closing, MC and the MC Shareholders will deliver, or cause to be delivered, to the Purchaser the documents set forth in Section 7.1, and such other documents as the Purchaser may reasonably require to effect the Tranche One Closing.

- (b) At the Tranche Two Closing, MC and the MC Shareholders will deliver, or cause to be delivered, to the Purchaser the documents set forth in Section 7.2, and such other documents as the Purchaser may reasonably require to effect the Tranche Two Closing.

6.5 Purchaser Closing Documents

- (a) At the Tranche One Closing, the Purchaser will deliver, or cause to be delivered, to MC and the MC Shareholders the documents set forth in Section 8.1, and such other documents as MC and the MC Shareholders may reasonably require to effect the Tranche One Closing.
- (b) At the Tranche Two Closing, the Purchaser will deliver, or cause to be delivered, to MC and the MC Shareholders the documents set forth in Section 8.2, and such other documents as MC and the MC Shareholders may reasonably require to effect the Tranche Two Closing.

Article 7 Purchaser's Conditions Precedent

7.1 Purchaser's Conditions to the Tranche One Closing

The obligation of the Purchaser to complete the Tranche One Closing will be subject to the satisfaction of, or compliance with, at or before the Closing, the conditions precedent set forth below:

- (a) (i) the representations and warranties contained in Section 4.1 [*Incorporation, Corporate Power and Registration*], Section 4.3 [*Due Authorization and Enforceability of Obligations*], Section 4.8 [*Capitalization of the Purchaser*], Section 4.11 [*Title to Assets*] (collectively, the **MC Specified Representations**) and in Article 5 shall be true and correct as of the Tranche One Closing Date other than for *de minimis* inaccuracies (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date; and (ii) the representations and warranties of MC and the MC Shareholders contained in this Agreement (other than the MC Specified Representations) shall be true and correct as of the Tranche One Closing Date (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date, except to the extent that the failure of such representations and warranties of MC and the MC Shareholders to be so true and correct (read for purposes of this Section 7.2(a) without any materiality, a Material Adverse Effect or similar qualification), individually or in the aggregate, has had or would reasonably be likely to have a Material Adverse Effect, and (iii) each of MC and the MC Shareholders shall have executed and delivered a certificate of a senior officer to that effect;
- (b) each of MC and the MC Shareholders shall have fulfilled, performed or complied with in all material respects all covenants contained in this Agreement to be fulfilled, performed or complied with by it at or prior to the Tranche One Closing, and each of MC and the MC Shareholders shall have executed and delivered a certificate of a senior officer to that effect;
- (c) the consents, approvals and notices listed in Sections 4.17(a) of the MC Disclosure Letter shall have been obtained on terms acceptable to the Purchaser, acting reasonably;

- (d) any approval of the directors and/or shareholders of the Purchaser relating to the Tranche One Closing required pursuant to applicable Law or the rules, policies or guidelines of CSE or relating to amendments proposed to the Archerwill Convertible Debenture shall have been obtained;
- (e) since the Execution Date, there shall not have occurred any Material Adverse Effect with respect to MC;
- (f) no Law is in effect nor shall there be any Order issued and in effect by any Governmental Authority to enjoin or prohibit (i) any of the transactions contemplated by the Tranche One Closing or any of the Transaction Documents delivered in connection with the Tranche One Closing, (ii) the right of the Purchaser to acquire the Tranche One Purchased MC Shares, or (iii) MC from operating the MC Business after the Tranche One Closing on substantially the same basis as currently operated;
- (g) each of MC and the MC Shareholders shall have delivered or caused to be delivered to the Purchaser the following:
 - (i) certified copies of (A) the articles and by-laws of such Party, (B) as applicable, the resolutions of the shareholders and/or the board of directors of such Party approving the entering into and completion of the transactions contemplated by this Agreement, and (C) a list of the officers and directors authorized to sign agreements together with their specimen signatures, all in form and substance satisfactory to the Purchaser, acting reasonably;
 - (ii) a certificate of status, compliance, good standing or like certificate with respect to such Party issued by appropriate government officials of its jurisdiction of incorporation;
 - (iii) executed copies of the Transaction Documents required for the Tranche One Closing executed by MC and/or the MC Shareholders, as applicable;
 - (iv) a copy of the MC USA executed by MC and the MC Shareholders;
 - (v) a copy of a consulting agreement duly executed by MC pursuant to which MC will engage the Purchaser to provide consulting services to MTL related to adopting accrual accounting, adopting IFRS standards; and preparing the financial statements and MD&A according to National Instrument 51-102 Continuous Disclosure Obligations necessary for the Tranche Two Closing;
 - (vi) a copy of a supply agreement duly executed by MC substantially on the terms and conditions set out in section 10 of the term sheet dated June 28, 2022 among MC, certain MC Shareholders and the Purchaser with respect to the Transaction;
 - (vii) a copy of the Lock-up Agreement duly executed by MC Shareholders;
 - (viii) the certificates referred to in Sections 7.2(a) and 7.2(b);
 - (ix) certificate(s) representing the Tranche One Purchased MC Shares, duly endorsed in blank for transfer or accompanied by duly executed stock transfer powers or other evidence authorizing the transfer of the Tranche One Purchased MC Shares to the Purchaser acceptable to the Purchaser, acting reasonably; and
 - (x) a direction with respect to the registration of the Tranche One Consideration Shares.

- (h) the Tranche One Consideration Shares and any Purchaser Shares to be issued at, or in connection with, the Tranche One Closing to any finder, broker or advisor under Section 3.33 of the Purchaser Disclosure letter shall have been conditionally approved for listing on the CSE, subject to the usual requirements of the CSE in respect of transactions of the nature of the Tranche One Closing as contemplated herein;
- (i) MC shall have delivered an executed lease agreement between MC and the landlord of the MC Facilities on terms acceptable to the Purchaser which terms shall include a right of first refusal in favour of MC in respect of any future sale, disposition or alienation of the real estate comprising the MC Facilities and which shall include lease payments determined based on the recommendations of a commercial real estate professional acceptable to the Purchaser, acting reasonably, that has expertise in the industry and market of the MC Facilities;
- (j) MC and the MC Shareholders shall have arranged for the irrevocable transfer and assignment to MC of any asset or entity which is necessary or incidental to the ongoing operation of the MC Business and that is held by a party not dealing at arm's length with MC as at the Execution Date; and
- (k) the Purchaser shall have received an opinion from an investment banking firm of nationally recognized standing in Canada (qualified to perform such task) to the effect that as of the date of such opinion, subject to the assumptions and limitations to be set out in the written opinion related thereto, the Transaction is fair from a financial point of view to the Purchaser and such opinion shall not have been withdrawn.

7.2 Purchaser's Conditions to the Tranche Two Closing

The obligation of the Purchaser to complete the Transaction will be subject to the satisfaction of, or compliance with, at or before the Tranche Two Closing, the conditions precedent set forth below:

- (a) (i) the representations and warranties contained in Section 4.1 [*Incorporation, Corporate Power and Registration*], Section 4.3 [*Due Authorization and Enforceability of Obligations*], Section 4.8 [*Capitalization of the Purchaser*], Section 4.11 [*Title to Assets*] (collectively, the **MC Specified Representations**) and in Article 5 shall be true and correct as of the Tranche Two Closing Date other than for *de minimis* inaccuracies (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date; and (ii) the representations and warranties of MC and the MC Shareholders contained in this Agreement (other than the MC Specified Representations) shall be true and correct as of the Tranche Two Closing Date (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date, except to the extent that the failure of such representations and warranties of MC and the MC Shareholders to be so true and correct (read for purposes of this Section 7.2(a) without any materiality, a Material Adverse Effect or similar qualification), individually or in the aggregate, has had or would reasonably be likely to have a Material Adverse Effect, and (iii) each of MC and the MC Shareholders shall have executed and delivered a certificate of a senior officer to that effect;
- (b) each of MC and the MC Shareholders shall have fulfilled, performed or complied with in all material respects all covenants contained in this Agreement to be fulfilled, performed or complied with by it at or prior to the Tranche Two Closing, and each of MC and the MC

- Shareholders shall have executed and delivered a certificate of a senior officer to that effect;
- (c) the consents, approvals and notices listed in Sections 4.17(b) of the MC Disclosure Letter shall have been obtained on terms acceptable to the Purchaser, acting reasonably;
 - (d) any approval of the directors and/or shareholders of the Purchaser relating to the Tranche Two Closing required pursuant to applicable Law or the rules, policies or guidelines of CSE shall have been obtained;
 - (e) since the Tranche One Closing Date, there shall not have occurred any Material Adverse Effect with respect to MC;
 - (f) no Law is in effect nor shall there be any Order issued and in effect by any Governmental Authority to enjoin or prohibit (i) any of the transactions contemplated by this Agreement or any of the Transaction Documents, (ii) the right of the Purchaser to acquire the Tranche Two Purchased MC Shares, or (iii) the Purchaser from operating the MC Business after the Tranche Two Closing on substantially the same basis as currently operated;
 - (g) each of MC and the MC Shareholders shall have delivered or caused to be delivered to the Purchaser the following:
 - (i) certified copies of (A) the articles and by-laws of such Party, (B) as applicable, the resolutions of the shareholders and/or the board of directors of such Party approving the entering into and completion of the transactions contemplated by this Agreement, and (C) a list of the officers and directors authorized to sign agreements together with their specimen signatures, all in form and substance satisfactory to the Purchaser, acting reasonably;
 - (ii) a certificate of status, compliance, good standing or like certificate with respect to such Party issued by appropriate government officials of its jurisdiction of incorporation;
 - (iii) executed copies of the Transaction Documents required for the Tranche Two Closing executed by MC and/or the MC Shareholders, as applicable;
 - (iv) a copy of a licensing and distribution agreement duly executed by MC substantially on the terms and conditions set out in section 9 of the term sheet dated June 28, 2022 among MC, certain MC Shareholders and the Purchaser with respect to the Transaction;
 - (v) the certificates referred to in Sections 7.2(a) and 7.2(b);
 - (vi) certificate(s) representing the Tranche Two Purchased MC Shares, duly endorsed in blank for transfer or accompanied by duly executed stock transfer powers or other evidence authorizing the transfer of the Tranche Two Purchased MC Shares to the Purchaser acceptable to the Purchaser, acting reasonably;
 - (vii) a direction with respect to the registration of the Tranche Two Consideration Shares; and
 - (viii) the MC Books and Records.
 - (h) the Tranche Two Consideration Shares and any Purchaser Shares to be issued at, or in connection with, the Tranche Two Closing to any finder, broker or advisor under Section

3.33 of the Purchaser Disclosure letter shall have been conditionally approved for listing on the CSE, subject to the usual requirements of the CSE in respect of transactions of the nature of the Transaction as contemplated herein;

- (i) MC and the MC Shareholders shall have delivered a copy of the financial statements and MD&A according to National Instrument 51-102 Continuous Disclosure Obligations necessary for the Tranche Two Closing in a form and substance satisfactory to the Purchaser;
- (j) the Purchaser shall have received an opinion from an investment banking firm of nationally recognized standing in Canada (qualified to perform such task) to the effect that as of the date of such opinion, subject to the assumptions and limitations to be set out in the written opinion related thereto, the Transaction is fair from a financial point of view to the Purchaser and such opinion shall not have been withdrawn; and
- (k) each of the Parties shall have agreed to allocation of the Purchase Price pursuant to Section 2.2.

7.3 Waiver

The conditions set forth in this Article 7 are for the exclusive benefit of the Purchaser and may be waived by the Purchaser in writing in whole or in part on or before, as applicable, the Tranche One Closing and the Tranche Two Closing, and the Tranche One Closing will be deemed to mean a waiver of all conditions of the Purchaser to Tranche One Closing, and the Tranche Two Closing will be deemed to mean a waiver of all conditions of the Purchaser to Tranche Two Closing.

7.4 Covenant of MC and the MC Shareholders

Each of MC and the MC Shareholders covenant to deliver all of the Closing documentation required to be delivered by each such party as set out in Section 7.1 and Section 7.2.

Article 8 MC's Conditions Precedent

8.1 MC's Conditions to the Tranche One Closing

The obligation of MC and the MC Shareholders to complete the Transactions will be subject to the satisfaction of, or compliance with, at or before the Tranche One Closing, the conditions precedent set forth below:

- (a) (i) the representations and warranties of the Purchaser contained in Sections 3.1 [*Incorporation, Corporate Power and Registration*], 3.3 [*Due Authorization and Enforceability of Obligations*], 3.8 [*Capitalization of the Purchaser*], 3.34 [*Reporting Issuer*] and 3.35 [*Consideration Shares*] (the **Purchaser Specified Representations**) shall be true and correct as of the Tranche One Closing Date other than for *de minimis* inaccuracies (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date; and (ii) the representations and warranties of the Purchaser contained in this Agreement (other than the Purchaser Specified Representations) shall be true and correct as of the Tranche One Closing Date (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made

on and as of such date, except to the extent that the failure of such representations and warranties of the Purchaser to be so true and correct (read for purposes of this Section 8.2(a) without any materiality, Material Adverse Effect or similar qualification), individually or in the aggregate, has had or would reasonably be likely to have a Material Adverse Effect; and (iii) the Purchaser shall have executed and delivered a certificate of a senior officer to that effect;

- (b) the Purchaser shall have fulfilled, performed or complied with in all material respects all other covenants contained in this Agreement to be fulfilled, performed or complied with by it at or prior to the Tranche One Closing, and the Purchaser shall have executed and delivered a certificate of a senior officer to that effect;
- (c) the CSE has provided any necessary approval in respect of the Tranche One Closing and this Agreement and the Purchaser Shares (including the Tranche One Consideration Shares) shall have been conditionally approved for listing, subject to customary conditions, on the CSE following completion of the Tranche One Closing;
- (d) the consents, approvals and notices listed in Section 3.16(a) of the Purchaser Disclosure Letter shall have been obtained on terms acceptable to the MC and the MC Shareholders, acting reasonably;
- (e) any approval of the shareholders of the Purchaser relating to the Tranche One Closing required pursuant to applicable Law or the rules, policies or guidelines of CSE shall have been obtained;
- (f) since the Execution Date, there shall not have occurred any Material Adverse Effect with respect to the Purchaser;
- (g) no Law is in effect nor shall there be any Order issued and in effect by any Governmental Authority to enjoin or prohibit (i) any of the transactions contemplated by the Tranche One Closing or any of the Transaction Documents delivered in connection with the Tranche One Closing, or (ii) the right of the MC Shareholders to sell the Tranche One Purchased MC Shares;
- (h) the Purchaser shall have delivered or caused to be delivered to MC and the MC Shareholders the following:
 - (i) certified copies of (A) the articles and by-laws of the Purchaser certified by Corporations Canada, (B) the resolutions of the board of directors of the Purchaser approving the entering into and completion of the transactions contemplated by this Agreement (C) the resolutions of the shareholders of the Purchaser approving the entering into and completion of the transactions contemplated by this Agreement that require such approval, and (D) a list of the officers and directors authorized to sign agreements together with their specimen signatures, all in form and substance satisfactory to MC and the MC Shareholders, acting reasonably;
 - (ii) a certificate of status, compliance, good standing or like certificate with respect to the Purchaser issued by appropriate government officials of its jurisdiction of incorporation dated within five (5) Business Days of the Tranche One Closing Date;
 - (iii) executed copies of the Transaction Documents required for the Tranche One Closing executed by the Purchaser;
 - (iv) a copy of the MC USA executed by the Purchaser;

- (v) the certificates referred to in Sections 8.2(a) and 8.2(b); and
- (vi) the Tranche One Consideration Shares;
- (i) the Purchaser shall have appointed Mr. Richard Clément and Mr. Michel Clément to the board of directors of the Purchaser and to the Corporate Governance, Nominations and Compensation Committee of the board of directors of the Purchaser;
- (j) the Purchaser shall appoint an individual identified by MC as an observer to the board of directors of the Purchaser to attend all meetings of the board of directors of the Purchaser in a non-voting observer capacity and, in this respect, shall give such individual copies of all notices, minutes, consents and other materials that it provides to its directors; provided, however, that such representative shall agree to hold in confidence and trust and to act in a fiduciary manner with respect to all information so provided; and, provided further that the Purchaser reserves the right to withhold any information and to exclude such individual from any meeting or portion thereof if such withholding of information or exclusion of the individual from any meeting is reasonably necessary to: (i) preserve the solicitor-client privilege between the Purchaser and its counsel or (ii) protect highly confidential proprietary information of the Purchaser;
- (k) the Purchaser Shares shall continue to be listed for trading on the CSE; and
- (l) each of the Parties shall have agreed to the allocation of the Purchase Price pursuant to Section 2.2.

8.2 MC's Conditions to the Tranche Two Closing

The obligation of MC and the MC Shareholders to complete the Transactions will be subject to the satisfaction of, or compliance with, at or before the Tranche Two Closing, the conditions precedent set forth below:

- (a) (i) the representations and warranties of the Purchaser contained in Sections 3.1 [*Incorporation, Corporate Power and Registration*], 3.3 [*Due Authorization and Enforceability of Obligations*], 3.8 [*Capitalization of the Purchaser*], 3.34 [*Reporting Issuer*] and 3.35 [*Consideration Shares*] (the **Purchaser Specified Representations**) shall be true and correct as of the Tranche Two Closing Date other than for *de minimis* inaccuracies (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date; and (ii) the representations and warranties of the Purchaser contained in this Agreement (other than the Purchaser Specified Representations) shall be true and correct as of the Tranche Two Closing Date (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date, except to the extent that the failure of such representations and warranties of the Purchaser to be so true and correct (read for purposes of this Section 8.2(a) without any materiality, Material Adverse Effect or similar qualification), individually or in the aggregate, has had or would reasonably be likely to have a Material Adverse Effect; and (iii) the Purchaser shall have executed and delivered a certificate of a senior officer to that effect;
- (b) the Purchaser shall have fulfilled, performed or complied with in all material respects all other covenants contained in this Agreement to be fulfilled, performed or complied with by

it at or prior to Tranche Two Closing, and the Purchaser shall have executed and delivered a certificate of a senior officer to that effect;

- (c) the CSE has provided any necessary approval in respect of the Transaction and this Agreement and the Purchaser Shares (including the Tranche Two Consideration Shares) shall have been conditionally approved for listing, subject to customary conditions, on the CSE following completion of the Transactions contemplated herein;
- (d) the consents, approvals and notices listed in Section 3.16(b) of the Purchaser Disclosure Letter shall have been obtained on terms acceptable to the MC and the MC Shareholders, acting reasonably;
- (e) any approval of the shareholders of the Purchaser relating to the Tranche Two Closing required pursuant to applicable Law or the rules, policies or guidelines of CSE shall have been obtained;
- (f) since the Tranche One Closing Date, there shall not have occurred any Material Adverse Effect with respect to the Purchaser;
- (g) no Law is in effect nor shall there be any Order issued and in effect by any Governmental Authority to enjoin or prohibit (i) any of the transactions contemplated by this Agreement or any of the Transaction Documents, or (ii) the right of the MC Shareholders to sell the Tranche Two Purchased MC Shares;
- (h) the Purchaser shall have delivered or caused to be delivered to MC and the MC Shareholders the following:
 - (i) certified copies of (A) the articles and by-laws of the Purchaser, including the Purchaser Articles of Amendment certified by Corporations Canada, certified by Corporations Canada, (B) the resolutions of the board of directors of the Purchaser approving the entering into and completion of the transactions contemplated by this Agreement (C) the resolutions of the shareholders of the Purchaser approving the entering into and completion of the transactions contemplated by this Agreement that require such approval, and (D) a list of the officers and directors authorized to sign agreements together with their specimen signatures, all in form and substance satisfactory to MC and the MC Shareholders, acting reasonably;
 - (ii) a certificate of status, compliance, good standing or like certificate with respect to the Purchaser issued by appropriate government officials of its jurisdiction of incorporation dated within five (5) Business Days of the Tranche Two Closing Date;
 - (iii) executed copies of the Transaction Documents required for the Tranche Two Closing executed by the Purchaser;
 - (iv) an employment agreement between the Corporation and Richard Clement executed by the Purchaser pursuant to which Mr. Clement is appointed as an executive officer of the Purchaser with operational control over all of the Purchaser's grow facilities post-Closing;
 - (v) the certificates referred to in Sections 8.2(a) and 8.2(b); and
 - (vi) the Tranche Two Consideration Shares;

- (i) board of directors of the Purchaser shall be reconstituted to consist of not less than seven (7) directors or such greater amount as may be agreed between the Purchaser and MC, of which:
 - (i) a majority of whom shall be independent directors, determined in accordance with section 1.4 of National Instrument 52-110 *Audit Committees*; and
 - (ii) four (4) individuals shall be nominated by the MC Shareholders and three (3) directors shall be nominated by the Purchaser, in all cases, subject to the receipt of all applicable regulatory approvals and all in a manner that complies with the regulations of the Exchange and applicable securities laws;
- (j) the Purchaser Shares shall continue to be listed for trading on the CSE; and
- (k) each of the Parties shall have agreed to the allocation of the Purchase Price pursuant to Section 2.2.

8.3 Waiver

The conditions set forth in this Article 8 are for the exclusive benefit of MC and the MC Shareholders and may be waived by MC and the MC Shareholders in writing in whole or in part on or before, as applicable, the Tranche One Closing and the Tranche Two Closing, and the Tranche One Closing will be deemed to mean a waiver of all conditions of MC and the MC Shareholders to Tranche One Closing, and the Tranche Two Closing will be deemed to mean a waiver of all conditions of MC and the MC Shareholders to Tranche Two Closing.

8.4 Covenant of the Purchaser

The Purchaser covenants to deliver all of the Closing documentation set out in Section 8.1 and Section 8.2.

Article 9 Covenants

9.1 Conduct of Business Prior to Tranche Two Closing

- (a) During the Closing Period, MC shall not, without the prior written consent of the Purchaser or as expressly contemplated herein, enter into any contract in respect of its business or assets, other than in the ordinary course of business, and MC shall continue to carry on its business and maintain its assets in the ordinary course of business, with the exception of reasonable costs incurred in connection with the Closings, the Transaction and, without limitation, but subject to the above exceptions, shall maintain payables and other liabilities at levels consistent with past practice, shall not engage in any extraordinary material transactions and shall make no distributions, dividends or special bonuses, shall not repay any shareholders' loans, or enter into or renegotiate any employment or consulting agreement with any senior officer, in each case without the prior written consent of the Purchaser.
- (b) During the Closing Period, neither MC nor the Purchaser shall, without the prior written consent of the Chief Executive Officer of the Purchaser (in the case of MC) or without the prior written consent of the Chief Executive Officer of MC (in the case of the Purchaser), in each case, acting reasonably, make or commit to an expenditure in excess of \$10,000.

9.2 Actions to Satisfy Closing Conditions

- (a) MC and the MC Shareholders shall take all such actions as are within its power to control and shall use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 7.1 in the case of the Tranche One Closing and in Section 7.2 in the case of the Tranche Two Closing. In addition, the MC Shareholders agree to vote any Tranche One Consideration Shares, to the extent such MC Shareholders are eligible to vote same, in favour of any matter related to the Transaction at the meeting of the shareholders of the Purchaser to approve the Tranche Two Closing and related transactions.
- (b) The Purchaser shall take all such actions as are within its power to control and shall use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 8.1 in the case of the Tranche One Closing and in Section 8.2 in the case of the Tranche Two Closing.

9.3 Consents, Approvals and Authorizations

- (a) MC and the MC Shareholders shall use commercially reasonable efforts to obtain, prior to the Tranche One Closing, all consents, approvals, waivers or other authorizations listed in Section 4.17(a) or 4.18(a) of the MC Disclosure Letter and, prior to the Tranche Two Closing all consents, approvals, waivers or other authorizations listed in Section 4.17(b) or Section 4.18(b) of the MC Disclosure Letter. Such consents shall be on such terms as are acceptable to the Purchaser, acting reasonably.
- (b) The Purchaser shall use commercially reasonable efforts to obtain, prior to the Tranche One Closing, all consents, approvals, waivers or other authorizations listed in Section 3.16(a) or Section 3.17(a) of the Purchaser Disclosure Letter and, prior to the Tranche Two Closing, all consents, approvals, waivers or other authorizations listed in Section 3.16(b) or Section 3.17(b) of the MC Disclosure Letter. Such consents shall be on such terms as are acceptable to MC and the MC Shareholders, acting reasonably.
- (c) Each Party hereby covenants that it shall promptly prepare, file and diligently pursue until received all necessary Authorizations and make such necessary filings as are required to be obtained under applicable Law or the rules, policies and guidelines of the CSE with respect to this Agreement and the Transaction as the same may be required for the applicable Closing. Each Party shall offer the other Parties a reasonable opportunity to review and comment on any such filing or other such submission.
- (d) MC and the MC Shareholders represent and warrant that any information or disclosure relating to MC that is furnished in writing by MC for inclusion in any filing or submission made pursuant to this Section 9.3 (such as any listing statement) will comply in all material respects with all applicable laws (including Applicable Securities Laws), and, without limiting the generality of the foregoing, that any filing or submission made pursuant to this Section 9.3 shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that neither MC nor the MC Shareholders shall be responsible for the accuracy of any information relating to the Purchaser that is furnished in writing by the Purchaser for inclusion in any filing or submission made pursuant to this Section 9.3).
- (e) Each Party shall keep the other Parties fully informed regarding the status of such consents, approvals and authorizations, and the other Parties, their representatives and counsel shall have the right to participate in any substantive discussions with CSE and any other applicable Governmental Authority in connection with the Transaction and provide

input into any applications for approval and related correspondence, which will be incorporated by such Party, acting reasonably. A Party will provide notice to the other Parties (and their counsel) of any proposed substantive discussions with the CSE or any other applicable Governmental Authority in connection with the Transaction. Promptly after any such consent, approval and authorization has been obtained by a Party and any such filing has been made by such Party, such Party shall notify the other Parties of same.

- (f) Without limiting the generality of the foregoing, the Purchaser shall promptly make all filings required by CSE and to obtain applicable Authorizations. If the approval of CSE is conditional on the making of customary deliveries to CSE, the Purchaser shall ensure that such filings are made as promptly as practicable and in any event within the time frame contemplated in the conditional approval letter from the CSE. The Purchaser shall offer MC and the MC Shareholders a reasonable opportunity to review and comment on any such filing or delivery.

9.4 Notification of Untrue Representation or Warranty or Breach

During the Closing Period, each Party will promptly notify the other Parties in writing if any such Party acquires knowledge of any fact or condition that causes or constitutes a breach of any of the representations and warranties set forth herein, or if such Party acquires knowledge of the occurrence of any fact or condition that would (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. During the Closing Period, each Party will promptly notify the other Parties of the occurrence of any breach of any covenant set forth herein or of the occurrence of any event of which it has knowledge that would reasonably be expected to make the satisfaction of the conditions to Closing set forth herein impossible. For clarity, no notice given pursuant to this Section 9.4 shall be deemed to cure any breach of, affect or otherwise diminish any representation or warranty made in this Agreement unless the non-breaching Parties specifically agrees thereto in writing.

9.5 Disclosure of Confidential Information

The Parties acknowledge that the Confidentiality Agreement continues to apply and that any information provided by one Party to the other Parties that is non-public and/or proprietary in nature shall be subject to the terms of the Confidentiality Agreement.

9.6 Exclusive Dealing

- (a) Except as specifically contemplated in the Mutual Waiver among MC, the MC Principals and the Purchaser dated March 31, 2022, each of MC and the MC Shareholders, directly or indirectly, through any officer, director, shareholder, employee, agent or other Affiliate, shall not (a) solicit, initiate or encourage the submission of any proposal or offer from any Person (other than the Purchaser) relating to the acquisition of any of the assets, business or securities of MC or the MC Shareholders, other than as expressly permitted or contemplated by this Agreement, (b) participate in any discussions or negotiations regarding, furnish any information with respect to, assist or participate in, or facilitate in any other manner, any effort or attempt by any Person to do or seek any of the foregoing or (c) enter into any agreement, arrangement or understanding with respect to the foregoing.
- (b) Except as specifically contemplated in the Mutual Waiver between MC and the Purchaser dated March 31, 2022, the Purchaser, directly or indirectly, through any officer, director, shareholder, employee, agent or other Affiliate, shall not (a) solicit, initiate or encourage the submission of any proposal or offer from any Person (other than MC and the MC Shareholders) relating to the acquisition of any of its assets, business or securities, other than as expressly permitted or contemplated by this Agreement, (b) participate in any discussions or negotiations regarding, furnish any information with respect to, assist or

participate in, or facilitate in any other manner, any effort or attempt by any Person to do or seek any of the foregoing or (c) enter into any agreement, arrangement or understanding with respect to the foregoing.

9.7 Public Communications

- (a) The Purchaser and MC Shareholders shall agree on the text of press releases by which the Purchaser will announce (i) the execution of this Agreement and (ii) the completion of the transactions contemplated herein. A Party must not issue any press release or make any other public statement or disclosure with respect to this Agreement or the transactions contemplated herein without the consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed), and neither Party shall make any filing with any Governmental Authority (except as contemplated by this Section 9.7) with respect to this Agreement or the transactions contemplated herein without the consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed); provided that any Party that is required to make disclosure by Laws shall use its commercially reasonable efforts to give the other Party prior oral or written notice and a reasonable opportunity to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing). The Party making such disclosure shall give reasonable consideration to any comments made by the other Party or its counsel, and if such prior notice is not possible, shall give such notice immediately following the making of such disclosure or filing.
- (b) Without limiting the generality of the foregoing and for greater certainty, MC and the MC Shareholders each acknowledges and agrees that the Purchaser shall file, in accordance with Applicable Securities Laws, this Agreement, together with a material change report related thereto, under the Purchaser's profile on SEDAR.

Article 10 Indemnity

10.1 Indemnification by the MC Principals and the MC Shareholders

- (a) The MC Principals and the MC Shareholders, on a solidary basis, shall indemnify and save harmless the Purchaser, the Purchaser Entities and their respective directors, officers, agents, employees and shareholders (in this Section collectively referred to as the "**Indemnified Parties**"), from and against all Claims, whether or not arising due to third party Claims, which may be made or brought against the Indemnified Parties, or which they may suffer or incur, directly or indirectly as a result of or in connection with:
 - (i) any non-fulfilment of any covenant or agreement on the part of MC, the MC Principals or the MC Shareholders under this Agreement or in any certificate or other document furnished by or on behalf of MC, the MC Principals and the MC Shareholders pursuant to this Agreement;
 - (ii) any misrepresentation or any incorrectness in or breach of any representation or warranty of MC, the MC Principals and the MC Shareholders contained in this Agreement or in any certificate or other document furnished by or on behalf of MC, the MC Principals or the MC Shareholders pursuant to this Agreement;
 - (iii) any Claims for Taxes of MC arising in or in respect of any period ending on, before or including the applicable Closing Date, including any Taxes relating to any period prior to the applicable Closing Date for which a reassessment is issued by a Governmental Authority after the applicable Closing Date;

- (iv) the MC Shareholders' right, title and interest in and to the Purchased MC Shares; and
 - (v) any Claim based on intentional misrepresentation or fraud.
- (b) The obligation of indemnification set out in Section 10.1(a) shall be subject to the following limitations:
- (i) subject to Section 10.1(b)(ii) and 10.1(b)(iii), the right of an Indemnified Party to seek indemnification from the MC Principals and the MC Shareholders under Section 10.1 shall terminate unless the Indemnified Party gives MC, the MC Principals or the MC Shareholders a written notice of claim for indemnification ("**Notice of Claim**") prior to the date which is two years following the Tranche Two Closing Date, or in the event this Agreement is terminated after the Tranche One Closing Date but before the Tranche Two Closing date, two years following the Tranche One Closing Date (the "**Indemnification Deadline**");
 - (ii) the right of an Indemnified Party to seek indemnification from the MC Principals and the MC Shareholders for any misrepresentation or any incorrectness in or breach of representations and warranties set out in Sections 4.1, 4.2, 4.3, 4.4, 4.8, 4.10, 4.24, 4.29, 5.1, 5.2, 5.3, 5.4 and 5.7 or pursuant to Sections 10.1(a)(iv) or 10.1(a)(vi) shall terminate unless the Indemnified Party gives a Notice of Claim prior to the applicable limitation period imposed by law (the "**Fundamental Representation Indemnification Deadline**");
 - (iii) the right of an Indemnified Party to seek indemnification from the MC Principals and the MC Shareholders for any misrepresentation or any incorrectness in or breach of representations and warranties relating to or impacted by Tax matters, including those set out in Section 4.32, arising from or in respect of a particular period ending on or before the Tranche Two Closing Date, shall terminate unless the Indemnified Party gives a Notice of Claim prior to the date which is 15 days after the relevant Tax authorities shall no longer be entitled to assess liability against MC for that particular period (the "**Tax Indemnification Deadline**"), having regard, without limitation, to any waivers given by the Corporation in respect of any taxation period;
 - (iv) the right of an Indemnified Party to seek indemnification from the MC Principals and the MC Shareholders under Section 10.1(a) shall not be applicable to any Claim until the aggregate amount of all Claims suffered or incurred exceeds \$50,000, in which case the MC Principals and the MC Shareholders shall be responsible for the aggregate amount of all Claims; and
 - (v) the aggregate liability of the MC Principals and the MC Shareholders to the Indemnified Party under Section 10.1(a) shall be reduced by the amount of any net insurance and/or counterclaim proceeds received by the Purchaser and/or the Corporation and shall be limited to the Share Purchase Price, except for indemnification from MC, the MC Principals or the MC Shareholders for any misrepresentation or any incorrectness in or breach of representations and warranties set out in Sections 4.1, 4.2, 4.3, 4.4, 4.8, 4.10, 4.24, 4.29, 5.1, 5.2, 5.3, 5.4 and 5.7 which shall not be subject to any limitation.
- (c) For further clarity, the Purchaser shall have the right to set-off against any amounts payable by it in respect of the Earnout Consideration any amount owing to the Purchaser by the MC Principals or the MC Shareholders in respect of the MC Principals' and the MC Shareholder's indemnification obligations set out in this Section 10.1.

10.2 Indemnification by the Purchaser

- (a) The Purchaser shall indemnify and save harmless the MC Shareholders (in this Section referred to as the “**Indemnified Party**”) from and against all Claims, whether or not arising due to third party claims, which may be made or brought against the Indemnified Party, or which the Indemnified Party may suffer or incur, directly or indirectly as a result of or in connection with:
 - (i) any non-fulfilment of any covenant or agreement on the part of the Purchaser under this Agreement or in any certificate or other document furnished by or on behalf of the Purchaser pursuant to this Agreement, including without limitation the Purchaser’s post-closing obligations pursuant to Article 3 of this Agreement;
 - (ii) any misrepresentation or any incorrectness in or breach of any representation or warranty of the Purchaser contained in this Agreement or in any certificate or other document furnished by or on behalf of the Purchaser pursuant to this Agreement; and
 - (iii) any Claim based on intentional misrepresentation or fraud.
- (b) Subject to Section 10.2(c), the obligation of indemnification set out in Section 10.2(a) above shall be subject to the limitation that the right of the Indemnified Party to seek indemnification from the Purchaser under Section 10.2(a) shall terminate unless the Indemnified Party gives the Purchaser a Notice of Claim prior to the Indemnification Deadline; and
- (c) The right of an Indemnified Party to seek indemnification from the Purchaser for any misrepresentation or any incorrectness in or breach of representations and warranties set out in Sections 3.1, 3.2, 3.3, 3.4, 3.8, 3.28 and 3.31 or pursuant to Section 10.2(a)(iii) shall terminate unless the Indemnified Party gives a Notice of Claim prior to the Fundamental Representation Indemnification Deadline.

10.3 Indemnification Procedures

- (a) In the case of Claims made by a third party with respect to which indemnification is sought, the Party seeking indemnification (in this Section, the “**Indemnified Party**”) shall give prompt notice, and in any event within 15 days, to the other Party or Parties (in this Section, the “**Indemnifying Party**”) of any such Claims made upon it. If the Indemnified Party fails to give such notice, such failure shall not preclude the Indemnified Party from obtaining such indemnification but its right to indemnification may be reduced to the extent that such delay prejudiced the defence of the Claim or increased the amount of liability or cost of defence and provided that no claim for indemnity in respect of the breach of any representation or warranty contained in this Agreement may be made unless notice of such Claim has been given prior to the Indemnification Deadline, the Fundamental Representation Indemnification Deadline or the Tax Indemnification Deadline, as applicable.
- (b) The Indemnifying Party shall have the right, at its sole expense, to have carriage of any negotiations with respect to, and to dispute and contest any Claims provided that it so notifies the Indemnified Party within 10 Business Days of receiving such notice and provided further that such dispute is prosecuted or negotiations conducted by the Indemnifying Party reasonably and in good faith.
- (c) The Indemnifying Party and the Indemnified Party shall cooperate with each other in any proceedings with respect to any Claims.

- (d) The rights and benefits provided in this Article 10 are supplemental to any other rights, actions or causes of action which may arise pursuant to any other Section of this Agreement.
- (e) Any Claim pursuant to the provisions of this Article 10 must be commenced within the time periods provided for herein.
- (f) The amount of any loss or damage which may be claimed by a party pursuant to the provisions of this Article 10 shall be calculated after giving effect to (i) any insurance proceeds received by the Indemnifying Party in relation to the subject matter of the Claim; and (ii) the value of any tax benefits realized or which will be realized relating thereto, less any tax imposed as a direct result of the receipt of the indemnification hereunder, in each case by the Indemnifying Party in favour of the Indemnified Party, in relation to the subject matter of the Claim.

Article 11 Termination

11.1 Termination

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

- (a) mutual written agreement of the Parties;
- (b) the written notice of the Purchaser to MC and the MC Shareholders if the Tranche Two Closing shall not have occurred on or before the Drop Dead Date, provided that the right to terminate this Agreement under this Section 11.1(b) shall not be available to the Purchaser if the failure of the Purchaser to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Tranche Two Closing to occur on or prior to the Drop Dead Date;
- (c) the written notice of the Purchaser to MC and the MC Shareholders if there has been a violation or breach by MC or the MC Shareholders of any representation, warranty, covenant or agreement set forth in this Agreement such that any condition specified in Section 7.1 or Section 7.2 would be incapable of being satisfied by the Drop Dead Date or if any such condition is otherwise incapable of being satisfied by the Drop Dead Date and, such violation or breach is not waived by the Purchaser or, in the case of a covenant breach, cured by MC and the MC Shareholders to the reasonable satisfaction of the Purchaser within ten (10) Business Days after notice of such breach is given by the Purchaser (except that no cure period will be provided for a breach by MC or the MC Shareholders that, by its nature, cannot be cured);
- (d) the written notice of MC and the MC Shareholders to the Purchaser if the Tranche Two Closing shall not have occurred on or before the Drop Dead Date, provided that the right to terminate this Agreement under this Section 11.1(d) shall not be available to MC and the MC Shareholders if the failure of MC or the MC Shareholders to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Tranche Two Closing to occur on or prior to such date;
- (e) the written notice of MC and the MC Shareholders to the Purchaser if there has been a violation or breach by the Purchaser of any representation, warranty, covenant or agreement set forth in this Agreement such that any condition specified in Section 8.1 or Section 8.2 would be incapable of being satisfied by the Drop Dead Date or if any such condition is otherwise incapable of being satisfied by the Drop Dead Date, and such violation or breach is not waived by MC and the MC Shareholders or, in the case of a

covenant breach, cured by the Purchaser to the reasonable satisfaction of MC and the MC Shareholders within ten (10) Business Days after notice of such breach is given by MC and the MC Shareholders (except that no cure period will be provided for a breach by the Purchaser that by its nature cannot be cured); or

- (f) any of the Parties if any Order preventing the consummation of the Transaction has become final and non-appealable.

11.2 Agreement of No Further Force or Effect

In the event of the termination of this Agreement by a Party as provided in Section 11.1, written notice thereof shall forthwith be given by the terminating Party to the other Parties, and this Agreement shall thereupon terminate and will be of no further force or effect, except as otherwise expressly contemplated hereby and provided that the provisions of Article 1, Section 9.5, Section 9.7, Article 12, and this Section 11.2 shall survive any termination hereof; and provided further that (a) such termination shall not relieve any Party of any liability for any breach of this Agreement (other than non-willful breaches of representations, warranties and covenants, as to which no Party shall be liable hereunder) and (b) upon such termination, the Parties shall comply with all of the provisions of the Confidentiality Agreement.

11.3 Remedies; Injunctive Relief

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the Parties agree that, in the event of any breach or threatened breach of this Agreement by a Party, the non-breaching Party will be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance, and the Parties shall not object to the granting of injunctive or other equitable relief on the basis that there exists an adequate remedy at law. Such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at Law or equity to each of the Parties.

Article 12 General

12.1 Expenses

Except as otherwise expressly provided in this Agreement, all costs and expenses (including the fees and disbursements of legal counsel, brokers, investment advisers, consultants and accountants) incurred in connection with this Agreement and the transactions contemplated herein are to be paid by the Party incurring such expenses.

12.2 Assignment

No Party to this Agreement may assign any of its respective rights under this Agreement without the prior consent of each of the other Parties. Any attempt to assign any of the rights, duties or obligations in this Agreement without such written consent is void. This Agreement and each of the terms and provisions hereof will enure to the benefit of and be binding upon the Parties and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns, as applicable.

12.3 Notices

Any notice required or permitted to be given under this Agreement will be in writing and may be given by delivering, sending by email or other means of electronic communication capable of producing a printed copy, or sending by overnight courier, the notice to the following address or number:

If to the Purchaser:

Canada House Cannabis Group Inc., DBA Canada House Wellness Group
1773 Bayly Street
Pickering, Ontario
L1W 2Y7

Attention: Chris Churchill-Smith, Chief Executive Officer

Email: chris.smith@canadahouse.ca

If to MC (prior to closing) or the MC Shareholders:

4225 Trans Canada Highway
Pointe Claire, Quebec
H9R 1B4

Attention: Richard Clement

Email: <redacted - confidential information>

(or to such other address or number as any Party may specify by notice in writing to another Party).

Any notice delivered or sent by email or other means of electronic communication capable of producing a printed copy on a Business Day will be deemed conclusively to have been effectively given on the day the notice was sent or, if such day is not a Business Day, on the next following Business Day. Any notice sent by overnight courier will be deemed conclusively to have been effectively given on the second Business Day after it is deposited with the courier service.

12.4 Severability

If any covenant or other provision of this Agreement is invalid, illegal, or incapable of being enforced by reason of any rule of law or public policy, then such covenant or other provision will be severed from and will not affect any other covenant or other provision of this Agreement, and this Agreement will be construed as if such invalid, illegal, or unenforceable covenant or provision had never been contained in this Agreement. All other covenants and provisions of this Agreement will, nevertheless, remain in full force and effect and no covenant or provision will be deemed dependent upon any other covenant or provision unless so expressed herein.

12.5 Entire Agreement

This Agreement, the Confidentiality Agreement and the exhibits and schedules attached hereto contain the entire agreement among the Parties with respect to the subject matter hereof, and expressly supersede and terminate all prior offers, arrangements and understandings, both written and oral, expressed or implied, with respect thereto including, without limitation, the Original Agreement.

12.6 Waiver

The failure or delay by a Party in enforcing, or insisting upon strict performance of, any provision of this Agreement does not constitute a waiver of such provision or in any way affect the enforceability of this Agreement (or any of its provisions) or deprive a Party of the right, at any time or from time to time, to enforce or insist upon strict performance of that provision or any other provision of this Agreement. Any

waiver by a Party of any provision of this Agreement is effective only if in writing and signed by a duly authorized representative of such Party.

12.7 Further Assurances

The Parties will execute and deliver all such further documents, do or cause to be done all such further acts and things, and give all such further assurances as may be necessary to give full effect to the provisions and intent of this Agreement.

12.8 Third Party Beneficiaries

Except as otherwise expressly provided in this Agreement, the Parties do not intend that this Agreement benefit or create any legal or equitable right, remedy or cause of action in, or on behalf of, any Person other than a Party and no Person, other than a Party, is entitled to rely on the provisions of this Agreement in any proceeding.

12.9 Amendment

This Agreement may not be amended except by an instrument in writing signed by each of the Parties.

12.10 Counterparts

This Agreement may be executed in several counterparts, each of which will be deemed to be an original and all of which will together constitute one and the same instrument and delivery of an executed copy of this Agreement by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery of this Agreement as of the Execution Date.

12.11 Language

The Parties acknowledge that it is their express wish that this agreement and all documents related thereto be drawn up in the English language only. Les parties reconnaissent qu'il est de leur volonté expresse que la présente convention et tous les documents s'y rapportant soient rédigés en anglais seulement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF each of the Parties has duly executed this Agreement as of the Execution Date.

CANADA HOUSE CANNABIS GROUP INC.

DBA CANADA HOUSE WELLNESS GROUP

Per: (s) "Chris Churchill-Smith"

Name:

Title:

Per: (s) "Steven Pearce"

Name:

Title:

MONTRÉAL MÉDICAL CANNABIS INC.

Per: (s) "Michel Clement"

Name:

Title:

Per: (s) "Richard Clement"

Name:

Title:

(s) "Richard Clement"

RICHARD CLEMENT

(s) "Michel Clement"

MICHEL CLEMENT

**THE MASSIMO CAPORUSSO FAMILY TRUST
(2021)**

(s) "Massimo Caporusso"

Per:

Name:

Title: Trustee

THE DAVID BOW FAMILY TRUST

Per: (s) "David Bow"

Name:

Title: Trustee

THE MICHAEL RANCOURT FAMILY TRUST

Per: (s) "Michael Rancourt"

Name:

Title: Trustee

THE MICHEL CLEMENT FAMILY TRUST

Per: (s) "Michel Clement"

Name:

Title: Trustee

THE RICHARD CLEMENT FAMILY TRUST

Per: (s) "Richard Clement"

Name:

Title: Trustee

APPENDIX "A"

CONVERSION OF ARCHERWILL DEBENTURE