

COMMERICAL RIGHTS AND OFFTAKE AGREEMENT

THIS COMMERICAL RIGHTS AND OFFTAKE AGREEMENT (the “**Agreement**”) with its Effective Date as of May 21st, 2019, and entered into between ICC International Cannabis Corp., a corporation duly incorporated in the Province of British Columbia (“**ICC**”) and AgraFlora Organics International Inc., a corporation duly incorporated in the Province of British Columbia (“**AgraFlora**”) and together with ICC and AgraFlora, (the “**Parties**”, and each, a “**Party**”).

WHEREAS:

- A. ICC has a European distribution network comprised of approximately 80,000 retail outlets and pharmacies (the “**Distribution Network**”) and EU-GMP certified cannabis processing/finishing facilities (the “**Facilities**”) located in Germany, United Kingdom, Ireland, Denmark, Italy, France, Singapore, Spain, Poland the Netherlands and Greece (the “**Territory**”).
- B. AgraFlora is in diversified company focused on the international cannabis industry. AgraFlora owns an indoor cultivation operation in London, Ontario and is a joint venture partner in Propagation Service Canada Inc., a 2,200,000 square foot greenhouse complex in Delta, BC. By way of its indoor cultivation operations, AgraFlora has the ability to produce premium dried cannabis flower, as well as other associated cannabis products (the “**Products**”).
- C. ICC desires to enter into an Agreement with AgraFlora to purchase 20,000 kilograms (“**kg**”) of dried cannabis per annum for a 5-year term from AgraFlora's Propagation Services Canada (“**PSC**”) greenhouse operations in Delta, B.C., subject to approval of its cultivation and sales licences by Health Canada, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set out herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. DEFINITIONS

“**Affiliate**” means any Person that directly or indirectly controls, is controlled by, or is under common control with a Party. For purposes of the preceding sentence, “control” means the right to exercise, directly or indirectly, the power to direct or cause direction of management and policies through ownership of voting securities, contract, voting trust or otherwise.

“**AgraFlora**” means AgraFlora Organics International Inc. and its Affiliates.

“**Effective Date**” means the date of execution of this Agreement.

“**ICC**” means ICC International Cannabis Corp. it its Affiliates.

“**Person**” means any individual, partnership, corporation, trust, limited liability corporation, unincorporated organization, association, Governmental Authority or any other entity.

“**Products**” means the products as defined in the Recitals above, and shall include additional products

added to the definition from time to time, as agreed to by the Parties.

“**Territory**” means the group of countries as defined in the Recitals above, and shall include additional countries added to the definition from time to time, as agreed to by the Parties.

2. **COMMERICAL RIGHT AND OFFTAKE**

- a) **Term.** The term of this appointment commences as at the date of this Agreement and terminates on December 31, 2024 and shall thereafter renew for additional successive 5 year term unless and until either Party provides notice of nonrenewal at least 1 year before the end of the then-current term, or unless and until earlier terminated as provided under this Agreement or applicable law (the “**Term**”). If either Party provides timely notice of its intent not to renew this Agreement, then unless earlier terminated in accordance with its terms, this Agreement terminates on the expiration of the then-current Term.
- b) **Commercial Rights and Off Take Agreement.** For the purposes of this Agreement, ICC desires to enter into an Agreement with AgraFlora to purchase 20,000 kilograms kg of dried cannabis per annum for a 5-year term, from Agraflora's Propagation Services Canada (“PSC”) greenhouse operations in Delta, B.C., subject to approval of AgraFlora’s cultivation and sales licences by Health Canada, as well as the terms and conditions of this Agreement.
- c) **Subdistributors.** ICC may appoint sub-distributors as it determines appropriate for the effective distribution of Products under this Agreement, provided that:
 - i. the sub-distributor expressly acknowledges that it is familiar with and will comply with all applicable terms of this Agreement; and
 - ii. AgraFlora gives its prior written consent, which shall not be unreasonably withheld or delayed.

3. **OBLIGATIONS OF AGRAFLORA**

AgraFlora shall or shall cause to:

- a) provide, including but not limited to, information and any other support as ICC may request regarding the cultivation, processing or storage of the Products (the “**Information**”). AgraFlora shall notify ICC promptly in the event of any material changes to such Information;
- b) provide technical support to ICC, and, as requested by ICC, AgraFlora shall provide contact information for third party consultants, agents and other parties that may be discovered from time to time, to provide other support-related information and/or materials to ICC; and,
- c) properly pack, mark and ship the Products as instructed by ICC and otherwise in accordance with applicable law and industry standards, and shall provide ICC with shipment documentation showing without limitation, purchase order numbers, the quantity of pieces in shipment, the number of cartons or containers in shipment, the bill of lading number and the country of origin;

4. OBLIGATIONS OF ICC

ICC shall:

- a) use commercially reasonable efforts to further the promotion, marketing, sale and distribution of the Products in the Territory, including building brand awareness and value;
- b) establish and maintain a sales and marketing organization sufficient to develop the market potential for the sale of the Products; and
- c) establish and maintain independent sales representatives, a distribution organization and facilities sufficient to process the Products available for shipment by ICC to each of its members in the Distribution Network.

5. TERMINATION

The Agreement may be terminated at any time by:

- a) mutual written agreement between the Parties;
- b) except as otherwise specifically provided under this Section 5(a), if the either Party is in breach of this Agreement and either the breach cannot be cured or, if the breach can be cured, it is not cured within 30 days following the other Party's receipt of notice of such breach;
- c) if one of the Parties:
 - i. becomes insolvent or is generally unable to pay, or fails to pay, its debts as they become due;
 - ii. files or has filed against it, a petition for voluntary or involuntary bankruptcy or otherwise becomes subject, voluntarily or involuntarily, to any proceeding under any domestic or foreign bankruptcy or insolvency law;
 - iii. seeks reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts;
 - iv. makes or seeks to make a general assignment for the benefit of its creditors; or
 - v. applies for or has a receiver, trustee, custodian or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business; or

d) Effect of Expiration or Termination. Upon the expiration or earlier termination of this Agreement:

(a) All related purchase orders are automatically terminated.

(b) ICC shall promptly return or destroy (pursuant to AgraFlora's instructions) all documents and tangible materials (and any copies) containing, reflecting, incorporating or based on the AgraFlora's Confidential Information (as defined in Section 6).

(c) AgraFlora shall promptly return or destroy (pursuant to ICC's instructions) all documents and tangible materials (and any copies) containing, reflecting, incorporating or based on the ICC's Confidential Information (as defined in Section 6).

6. CONFIDENTIALITY

- a) **Confidential Information.** From time to time during the Term, either Party may disclose or make available to the other Party information about its business affairs, products, confidential intellectual property, trade secrets, third-party confidential information and other sensitive or proprietary information (collectively, "**Confidential Information**"). Confidential Information shall not include information that, at the time of disclosure is: (a) in the public domain; (b) known to the receiving party at the time of disclosure; or (c) rightfully obtained by receiving party on a non-confidential basis from a third party.
- b) The receiving party shall not disclose any such Confidential Information to any person or entity, except to the receiving party's employees who have a need to know the Confidential Information for the receiving party to perform its obligations hereunder. On the expiration or termination of the Agreement, the receiving party shall promptly return to the disclosing party all copies, whether in written, electronic or other form or media, of the disclosing party's Confidential Information, or destroy all such copies and certify in writing to the disclosing party that such Confidential Information has been destroyed.

7. ICC's COMPLIANCE WITH LAWS AND WARRANTIES

- a) **Compliance with Laws.** ICC is in compliance with and shall comply with all applicable federal, territorial and local laws, regulations and ordinances. Without limiting the generality of the foregoing, ICC has and shall at all times, at its own expense, obtain and maintain in effect all the certifications, credentials, licenses, permissions, authorizations, consents and permits necessary to conduct its business, as if resident in the country within the Territory, and to perform its obligations under this Agreement.

8. INDEMINIFICATION

- a) **General Indemnification by ICC.** ICC shall indemnify, defend and hold harmless AgraFlora, its officers, directors, partners, employees, shareholders, agents, affiliates, successors and permitted assigns (each, an "**Indemnified Party,**" and collectively, "**Indemnified Parties**") from and against any and all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs, or expenses of whatever kind, including legal fees, fees and the costs of enforcing any right to indemnification under this Agreement, and the cost of pursuing any insurance providers, incurred by Indemnified Party (collectively, "**Losses**"), relating to any claim of a third party or AgraFlora arising out of, related to or occurring in connection with the distribution and processing of the Products or ICC's negligence, willful misconduct or breach of this Agreement. ICC shall not enter into any settlement without AgraFlora's prior written consent.

9. INTELLECTUAL PROPERTY INDEMNIFICATION

- a) **Intellectual Property Indemnification.** AgraFlora shall indemnify, defend and hold ICC

harmless from and against any and all Losses arising out of, related to or in connection with, any claim that ICC's distribution of Products infringes or misappropriates the patent, copyright, trade secret or other intellectual property right of any third party. In no event shall AgraFlora enter into any settlement without ICC's prior written consent.

10. LIMITATION OF LIABILITY

- a) **LIMITATIONS.** EXCEPT FOR LIABILITY FOR INDEMNIFICATION, LIABILITY FOR BREACH OF CONFIDENTIALITY, OR LIABILITY FOR INFRINGEMENT OR MISAPPROPRIATION OF INTELLECTUAL PROPERTY RIGHTS, IN NO EVENT SHALL AGRAFLORA OR ANY OF ITS REPRESENTATIVES BE LIABLE UNDER THIS AGREEMENT TO ICC OR ANY THIRD PARTY FOR CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR AGGRAVATED DAMAGES, ARISING OUT OF, OR RELATING TO, AND/OR IN CONNECTION WITH ANY BREACH OF THIS AGREEMENT, REGARDLESS OF:
- (i) WHETHER SUCH DAMAGES WERE FORESEEABLE;
 - (ii) WHETHER OR NOT AGRAFLORA WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES; AND
 - (iii) THE LEGAL OR EQUITABLE THEORY (CONTRACT, TORT OR OTHERWISE) UPON WHICH THE CLAIM IS BASED.

11. INSURANCE

- a) **Insurance.** For the duration of the Term, after the Effective Date, ICC shall, at its own expense, maintain and carry insurance in full force and effect that includes, but is not limited to, commercial general liability (including product liability) with limits no less than \$2,000,000 for each occurrence and \$50,000,000 in the aggregate with financially sound and reputable insurers. Upon AgraFlora's request, ICC shall provide AgraFlora with a certificate of insurance and policy endorsements for all insurance coverage required by this Section 11, and shall not do anything to invalidate such insurance.

12. ENTIRE AGREEMENT

- a) **Entire Agreement.** This Agreement, including and together with any related exhibits, schedules, attachments and appendices, constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, regarding such subject matter. In the event of conflict between the terms of this Agreement and the terms of any purchase order or other document submitted by one Party to the other, this Agreement shall control unless the Parties specifically otherwise agree in writing pursuant to Section 16.

13. SURVIVAL

- a) **Survival.** Subject to the limitations and other provisions of this Agreement the representations and warranties of the Parties contained herein will survive the expiration or earlier termination of this Agreement for a period of twelve (12) months after such expiration or termination.

14. NOTICE

- a) **Notices.** All notices, requests, consents, claims, demands, waivers and other communications under this Agreement must be in writing and addressed to the other Party at its address set forth below (or to such other address that the receiving Party may designate from time to time in accordance with this Section). Unless otherwise agreed herein, all notices must be delivered by personal delivery or e-mail, nationally recognized overnight courier or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a notice is effective only (i) on receipt by the receiving Party, and (ii) if the Party giving the notice has complied with the requirements of this Section.

Notice to AgraFlora:

804-750 W. Pender Street
Vancouver, BC V6C 2T7
Attention: Chief Executive Officer

Notice to ICC:

810-789 West Pender Street,
Vancouver, BC V6C 1H2
Attention: Chief Executive Officer

15. SEVERABILITY

- a) **Severability.** If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect the enforceability of any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction; *provided*, however, that if any fundamental term or provision of this Agreement, is invalid, illegal or unenforceable, the remainder of this Agreement shall be unenforceable.

16. AMENDMENTS

- a) **Amendments.** No amendment to this Agreement is effective unless it is in writing and signed by an authorized representative of each Party.

17. WAIVER

- a) **Waiver.** No waiver by any Party of any of the provisions of this Agreement shall be effective unless explicitly set forth in writing and signed by the Party so waiving. Except as otherwise set forth in this Agreement, no failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

18. CUMULATIVE REMEDIES

- a) **Cumulative Remedies.** All rights and remedies provided in this Agreement are cumulative and not exclusive, and the exercise by either Party of any right or remedy does not preclude the exercise of any other rights or remedies that may now or subsequently be available at law, in

equity, by statute, in any other agreement between the Parties or otherwise.

19. ASSIGNMENT

- a) **Assignment.** This Agreement cannot be assigned or transferred without written approval of both Parties.

20. CHOICE OF LAW

- a) **Choice of Law.** This Agreement, including all exhibits, schedules, attachments and appendices attached to this Agreement and thereto, and all matters arising out of or relating to this Agreement, are governed by, and construed in accordance with, the laws of the province of British Columbia, and the federal laws of Canada applicable therein without giving effect to any choice or conflict of laws provision or rule (whether of the province of British Columbia or any other jurisdiction).

21. CHOICE OF FORUM

- a) **Choice of Forum.** Each Party irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind whatsoever against the other Party in any way arising from or relating to this Agreement, including all exhibits, schedules, attachments and appendices attached to this Agreement, and all contemplated transactions, including contract, equity, tort, fraud and statutory claims in any forum other than in the courts of the Province of British Columbia, and each Party irrevocably and unconditionally submits to the exclusive jurisdiction of such courts in any such action, litigation or proceeding. Each Party agrees that a final judgment in any such action, litigation, or proceeding is conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. The parties irrevocably and unconditionally waive any objection to the venue of any action or proceeding in such courts and irrevocably waive and agree not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

22. COUNTERPARTS

- a) **Counterparts.** This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. Notwithstanding anything to the contrary in Section 17, a signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

23. FORCE MAJURE

- a) **Force Majeure.** Any delay or failure of either Party to perform its obligations under this Agreement will be excused to the extent that the delay or failure was caused directly by an event beyond such Party's reasonable control, without such Party's fault or negligence and that by its nature could not have been foreseen by such Party or, if it could have been foreseen, was unavoidable (which events may include natural disasters, embargoes, explosions, riots, wars or acts of terrorism) (each, a "**Force Majeure Event**").
- b) A Party shall give the other Party prompt written notice of any event or circumstance that is

reasonably likely to result in a Force Majeure Event, and the anticipated duration of such Force Majeure Event. An affected Party shall use all diligent efforts to end the Force Majeure Event, ensure that the effects of any Force Majeure Event are minimized and resume full performance under this Agreement.

24. RELATIONSHIP OF THE PARTIES

- a) **Relationship of the Parties.** The relationship between the parties is that of independent contractors. Nothing contained in this Agreement shall be construed as creating any agency, partnership, franchise, business opportunity, joint venture or other form of joint enterprise, employment or fiduciary relationship between the parties, and neither party shall have authority to contract for or bind the other party in any manner whatsoever.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the Effective Date by their respective officers thereunto duly authorized.

**AGRAFLORA ORGANICS INTERNATIONAL
INC.**

By: "*Brandon Boddy*"
Name: Brandon Boddy
Title: Chairman & Chief Executive Officer
I have authority to bind the Corporation

ICC INTERNATIONAL CANNABIS CORP.

By: "*Eugene Beukman*"
Name: Eugene Beukman
Title: Director
I have authority to bind the Corporation