

## OBSERVER RIGHTS AGREEMENT

THIS OBSERVER RIGHTS AGREEMENT dated as of March 16, 2020.

### BETWEEN:

**CANNABIS GROWTH OPPORTUNITY CORPORATION**, a corporation existing under the laws of Canada (the “Investor”)

- and -

**CORE ONE LABS INC.**, a corporation existing under the laws of the Province of British Columbia (the “Company”).

**WHEREAS** the Investor has made an investment into the Company and as a condition of that investment, the Company has provided certain observer rights to the Investor, which will involve the Investor and the Observer receiving non-public Information about the Company.

**NOW THEREFORE** in consideration of the benefits that the Investor’s investment in the Company has conferred upon the parties hereto and the mutual promises contained herein and for other good and valuable consideration, the receipt, sufficiency and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

### ARTICLE 1 DEFINITIONS

#### 1.1 Definitions

For the purposes of this Agreement the term:

- (a) “**Affiliate**” has the meaning ascribed thereto in the *Securities Act* (Ontario);
- (b) “**Agreement**” means this agreement;
- (c) “**BCBCA**” means the *Business Corporations Act* (British Columbia);
- (d) “**Board**” means the board of directors of the Company;
- (e) “**Business Day**” means any day except a (i) Saturday, (ii) Sunday, and (iii) any other day on which commercial banks in Toronto, Ontario are authorized or obligated by law or executive order to close;
- (f) “**Common Shares**” means the common shares in the capital of the Company or such other shares or other securities of the Company into which such shares are converted, exchanged, reclassified or otherwise changed from time to time;
- (g) “**includes**” and “**including**” shall each be deemed to be followed by the phrase “**without limitation**”, unless the context indicates otherwise, and the terms “**includes**” and “**including**” shall not be construed to limit any general statement which it follows to the specific or similar items or matters immediately following it;
- (h) “**Information**” means all financial, business, operating and other information concerning the Company and its Affiliates, and their properties disclosed by the Company or its Affiliates or its representatives to the Observer and/or the Investor by the Observer or

otherwise, disclosed after the date of this Agreement, whether oral or written in whatever form provided, or obtained, directly or indirectly, by the Observer or the Investor in connection with any meeting of the Board, observation, examination or compilation of the foregoing, and includes, without limitation, all commercial, legal, financial and technical information and materials (including geological, geophysical, magnetic, electromagnetic and radiometric survey notes, core samples, drill logs, documents, interpretations, plans, maps, sections, drawings, writings, papers, technical models, materials and all other things related thereto), information concerning the business of the Company, and its policies, services, processes, procedures, methods, formulations, trade secrets, intellectual property, facilities, products, plans, affairs, transactions, organizations, business details or suppliers and each of the Observer's or the Investor's own analyses, interpretations, studies and opinions in any way derived from any of the Information;

- (i) **"Observer"** means the person appointed by the Investor from time to time as observer to the Board;
- (j) **"party"** shall mean each of the Company and the Investor and **"parties"** shall mean both of them;
- (k) **"person"** shall be broadly interpreted to include, without limitation, any individual, corporation, company, joint venture, group, partnership or other entity;
- (l) **"representatives"** means Affiliates, directors, officers, employees, agents or representatives (including lawyers, accountants, consultants and financial advisors) of a party or its affiliates;
- (m) **"Investor's Nominee(s)"** means the person nominated by the Investor, from time to time, for appointment and/or election as director or directors of the Company pursuant to Section 2.2(a), and any replacement of any such persons from time to time.

## **ARTICLE 2 OBSERVER AND NOMINATION RIGHTS**

### **2.1 Observer Rights**

- (a) Throughout the term of this Agreement, the Investor shall have the right to appoint a person to attend and observe all meetings of the Board, other than during any period of time that a nominee determined by the Investor is a director of the Company. During the applicable times, the Observer shall be entitled to attend all meetings of the Board in a non-voting, observer capacity in accordance with the terms and conditions as set out herein.
- (b) The Company shall use reasonable efforts to deliver to the Observer copies of all notices, minutes, consents and any other material that the Company provides to the members of the Board (including annual budgets, audit reports and other reports or packages that are provided to the members of the Board) contemporaneously with the delivery of such material to the members of the Board, unless the Company determines, in its sole discretion, that the delivery of such materials to the Observer would be prejudicial to the interests of the Company. Notwithstanding the foregoing, in no event shall the failure to provide the Observer with copies of all notices, minutes, consents and any other material indicated herein in any way invalidate any action taken by the Board.
- (c) All Board meetings shall be duly constituted notwithstanding the absence of the Observer. No Board meeting shall be subject to delay and the Company shall not be in breach of its obligations hereunder provided that the Company has made reasonable

efforts to provide notice of a Board meeting, as applicable, to the Observer on the same terms as provided to the directors who are members of the Board, as applicable.

- (d) The Company acknowledges and agrees that the Observer may disclose the Information obtained by him in his capacity as an observer to the Board to the Investor and his or her representatives, in all cases who need to know such Information, who shall be informed by the Observer and/or the Investor, as applicable, of the confidential nature of such Information and who shall be required to treat the Information as confidential. The Investor agrees to be responsible for any breach of this Agreement by any of its representatives.
- (e) Except as may be permitted pursuant to this Agreement, each of the Observer and the Investor will not, and the Investor will direct its representatives not to, disclose to any other person that Information has been made available to it, including the existence of this Agreement. Each of the Observer and the Investor will keep strictly confidential the Information and will not, without the prior written consent of the Company or otherwise as permitted hereunder, disclose Information in any manner whatsoever, in whole or in part.
- (f) The Investor shall make and shall ensure that the Observer makes all reasonable, necessary or appropriate efforts to safeguard the Information from disclosure to anyone other than as permitted hereby.
- (g) The Investor shall, and shall take all reasonable steps to ensure that the Observer does, not use the Information, or permit the Information to be accessed or used, for any purpose other than monitoring the Investor's investment in the Company or otherwise in any manner where it would be reasonably foreseeable that such use or access of the Information would be to the Company's detriment.
- (h) In that event and upon the request of the Company, the Investor will and will ensure that the Observer either promptly re-delivers to the Company or destroys all Information furnished by the Company or its Affiliates or its representatives to the Observer and/or the Investor or the Investor's representatives, and all other documents prepared by the Observer and/or the Investor or the Investor's representatives which incorporate or are based on any Information, without retaining copies thereof. Notwithstanding the foregoing, the Observer and/or the Investor or the Investor's representatives shall re-deliver and shall not destroy any original documents provided to by the Company.
- (i) Notwithstanding the foregoing, the obligations imposed on each of the Observer and Investor hereunder shall not apply to any Information: (i) which is or becomes generally available to the public other than as a result of a disclosure by the Observer, the Investor or the Investor's representatives in breach of this Agreement; (ii) which becomes available to the Observer or the Investor on a non-confidential basis from a source other than the Company or its representatives, provided that the Observer or the Investor does not believe, after a good faith inquiry, that such source is bound by a confidentiality agreement with the Company or its representatives or is otherwise prohibited from transmitting the Information to the Observer or the Investor by a contractual, legal or fiduciary obligation; (iii) which was known to the Observer or the Investor on a non-confidential basis prior to disclosure to either of them by the Company or its representatives, provided that such Information is not known by the Investor and/or Observer to be subject to another confidentiality agreement with or other obligation of secrecy of the Company or another party; or (iv) disclosure of which is required by law, rule, regulation, subpoena or similar court process, *provided, however, that* (A) prior to such disclosure, the Observer, the Investor or the Investor's representatives provide the Company, to the extent permitted by law, with prompt written notice so that the Company may seek a protective order or appropriate remedy (at the Company's expense); (B) the

Observer, the Investor or the Investor's representatives shall reasonably cooperate with the Company so that the Company may obtain such protective order; and (C) in the event that a protective order or other remedy is not obtained, the Observer, the Investor and the Investor's representatives will furnish only the portion of the Information that is legally required to be disclosed.

- (j) The Observer and the Observer's representatives shall be indemnified and held harmless by the Corporation against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the Observer in respect of any civil, criminal, administrative, investigative or other proceeding in which the Observer and/or his or her representatives are involved because of the association with the Company or other entity, provided the matter did not arise from any fraud, wilful misconduct or negligence, or any breach of the provisions of this Agreement or any other agreement among or between the Company and the Investor committed by the Observer or the Observer's representatives.
- (k) The Company shall be indemnified and held harmless by the Investor against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the Company in respect of any breach of this Agreement by the Observer, the Investor or any of their representatives.
- (l) The Observer shall comply in all respects with the obligations imposed upon a director of the Company by Sections 147 to 153 of the BCBCA with respect to any interest that he has in any material contract or material transaction with the Company, whether made or proposed, and shall provide prompt and full disclosure thereof in writing to both the Board and the Company.
- (m) If the Observer reasonably believes that a matter being considered or to be considered by the Board may relate to a transaction, proceeding or other matter in which the Investors or their Affiliates or investee entities are or may be interested parties, the Observer shall provide prompt and full disclosure thereof in writing to both the Board and the Company. The Observer and Investor acknowledge that they are aware, and the Investor will advise its representatives who receive undisclosed material information regarding the Company, that securities laws prohibit any person who has non-public material information from purchasing or selling Common Shares or other securities of the Company from or to any uninformed third party or from communicating such information to any uninformed third party under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell the Common Shares or other securities.
- (n) The Observer shall comply with all trading restrictions or black-out periods imposed by the Board or pursuant to Company policies.
- (o) The Company will reimburse the Observer, for any reasonable expenses, including travel expenses related to attendance at Board meetings, related to his or her role as Observer. The Company shall not be required to (i) pay any fees to the Observer in connection with the Observer's role as Observer, in connection with or (ii) reimburse any costs or expenses incurred by the Observer in connection with his or her attendance at meetings of the Board or otherwise.
- (p) The Company will ensure that its directors and officers' insurance policies are extended to cover the Observer in his or her role as Observer and that the coverage is as broad and at the same limits as those of the current directors and officers. The Investor shall have the right to replace the Observer at any time with a new observer having substantially similar rights and obligations as set out in this Agreement.

## **2.2 Nomination Rights**

- (a) The Company shall take all necessary actions to recommend to its directors and its shareholders that the Subscriber's Nominee be appointed or elected, as the case may be, to the Board at each meeting of directors called for the purposes of appointing directors or each meeting of shareholders of the Company at which directors are to be elected and at such other times as may be required by the Company (the "**Nomination Right**").

## **ARTICLE 3 TERM OF AGREEMENT**

### **3.1 Term of Agreement**

- (a) The Investor's observer rights provided for in this Agreement shall commence on the date first written above and continue until the date the Investor owns less than one million (1,000,000) Shares. The confidentiality covenants contained herein shall survive for a period of one year following the termination of this Agreement.
- (b) Notwithstanding any provision in this Agreement, the Nomination Right provided in Section 2.2(a) hereof, shall expire and be of no force or effect upon the Investor holding less than one million (1,000,000) Shares.
- (c) The failure to appoint an Observer at any time will not in any way limit or preclude the Investor from appointing an observer to the Board at a later date, provided that the Investor's observer rights have not otherwise terminated as set forth in Section 3.1(a).

## **ARTICLE 4 MISCELLANEOUS**

### **4.1 Entire Agreement**

This Agreement contains the entire agreement of the Parties relating to the subject matter hereof and there are no representations, warranties, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein. This Agreement may not be amended, supplemented or modified except by an instrument in writing signed by the Parties. The agreements set forth in this Agreement may be waived only in writing by the Party to whom such compliance is owed. No waiver of any provisions hereof by either Party shall be deemed a waiver of any other provisions hereof by such Party, nor shall any such waiver be deemed a continuing waiver of any provision hereof by such Party. It is further understood and agreed that no failure or delay by any Party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege under this Agreement.

### **4.2 No Fiduciary Relationship**

Nothing in this Agreement creates or is intended to create any partnership, joint venture relationship, fiduciary relationship or relationship of confidence or trust between the Company, the Investor, the Observer and/or any of their representatives or Affiliates. Each of the Company, the Observer and the Investor and their respected representatives shall have the right to engage in and receive full benefits from any independent business activities or operations, whether or not competitive with the business activities or operations of the other party and/or any of its affiliates, without consulting with, or obligation to, the other party or any of its affiliates, in accordance with the terms of this Agreement. The doctrines of corporate opportunity or business opportunity that sometimes apply to persons engaged in a joint venture or having a fiduciary relationship or a relationship of confidence or

trust shall not apply in the case of either party or any of its affiliates. There are no implied covenants contained in this Agreement or arising out of this Agreement or arising out of the receipt of any Information pursuant to this Agreement or otherwise.

#### **4.3 Notices**

All notices, requests, claims, demands or other communications hereunder shall be in writing and shall be deemed given when delivered personally or by pre-paid courier, upon receipt of a transmission confirmation if sent by facsimile or other electronic communication or other like transmission (with confirmation) and on the next Business Day when sent by overnight courier to the applicable Party at the applicable following addresses (or at such other address for a Party as shall be specified by like notice):

(i) If to the Company:

CORE ONE LABS INC.  
1130 Pender Street, West  
Vancouver, BC V6E 4A4

Attention: Brad Eckenweiler  
E-mail: brade@cannastrips.com

(ii) If to the Investor:

CANNABIS GROWTH OPPORTUNITY CORPORATION  
240 Richmond Street West  
Toronto, Ontario M5V 1V6

Attention: Sean Conacher  
E-mail: sean@cgocorp.com

#### **4.4 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The Parties hereby irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of British Columbia with respect to any matters arising out of this Agreement.

#### **4.5 Severability**

If any provision of this Agreement or the application of such provision to any person or circumstances shall be held invalid or unenforceable by a court of competent jurisdiction, such provision or application shall be unenforceable only to the extent of such invalidity or unenforceability, and the remainder of such provision and the application of such provision to persons or circumstances, other than the Party as to which it is held invalid, and the remainder of this Agreement, shall not be affected.

#### **4.6 Execution in Counterpart**

This Agreement may be executed in one or more counterparts, which together will be deemed to constitute one valid and binding agreement, and delivery of the counterparts may be effected by facsimile transmission or by delivery of an Adobe portable document format (PDF) instrument.

#### **4.7 Headings**

The division of this Agreement into sections and subsections and the insertion of headings is for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless otherwise specified, references in this Agreement to sections and subsections refer to the specified section or subsection of this Agreement.

#### **4.8 Costs**

Each Party hereto shall pay all costs and expenses it incurs with respect to the negotiation, execution, delivery and performance of this Agreement.

#### **4.9 Successors and Assigns**

The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns. This Agreement shall not be assignable by any Party without the written consent of the other Parties.

#### **4.10 Further Assurances**

The Parties hereto shall do or cause to be done all such acts and things and shall execute or cause to be executed all such documents, agreements and other instruments as may reasonably be necessary or desirable for the purpose of carrying out the provisions and intent of this Agreement.

***[Signature page follows]***

The foregoing is acknowledged and agreed to this 16th day of March, 2020.

**CORE ONE LABS INC.**

By: /s/ Brad Eckenweiler

Name: Brad Eckenweiler

Title: Chief Executive Officer

**CANNABIS GROWTH OPPORTUNITY  
CORPORATION**

By: /s/ Sean Conacher

Name: Sean Conacher

Title: Chief Executive Officer