

**ASSET PURCHASE AGREEMENT**

among

**TAHOE HYDROPONICS COMPANY, LLC**

and

**GREENPOINT NEVADA, INC.**

and

**GOLDEN LEAF HOLDINGS LTD.**

dated as of

August \_\_, 2018

8/9/2018 7:33:15 AM PDT

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## ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this “**Agreement**”), dated as of August \_\_, 2018, is entered into between Tahoe Hydroponics Company, LLC, a Nevada limited liability company (“**Seller**”), Greenpoint Nevada, Inc., a Nevada corporation (“**Buyer**”) and Golden Leaf Holdings Ltd., an Ontario corporation (“**Parent**”) and Ray Schiavone and Mark Bruno (each of such individuals, who are members of Seller, a “**Member**”).

### RECITALS

WHEREAS, Seller is in the business of growing, processing, distributing and selling state-legal cannabis in the state of Nevada (the “**Business**”);

WHEREAS, the Members are an integral part of the Business and will receive a direct and substantial benefit from this Agreement;

WHEREAS, the Members are the majority owners of 11T, Inc., a California corporation (“**11T**”);

WHEREAS, Seller wishes to sell and assign to Buyer, and Buyer wishes to purchase and assume from Seller, substantially all of the assets and certain specified liabilities of the Seller, subject to the terms and conditions set forth herein; and

WHEREAS, Buyer is an indirect, wholly-owned subsidiary of Parent.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### ARTICLE I DEFINITIONS

The following terms have the meanings specified or referred to in this **ARTICLE I**:

“**Accounts Receivable**” has the meaning set forth in **Section 2.01(b)**.

“**Acquisition Proposal**” has the meaning set forth in **Section 6.03(a)**.

“**Action**” means any claim, action, cause of action, demand, lawsuit, arbitration, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

“**Affiliate**” of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management

and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“**Agreement**” has the meaning set forth in the preamble.

“**Allocation Schedule**” has the meaning set forth in **Section 2.07**.

“**ALQ Shares**” has the meaning set forth in Section 2.05(a)(i) through Section 2.05(a)(vi).

“**Assigned Contracts**” has the meaning set forth in **Section 2.01(d)**.

“**Assignment and Assumption Agreement**” has the meaning set forth in **Section 3.02(a)(iii)**.

“**Assignment and Assumption of Lease**” has the meaning set forth in **Section 3.02(a)(vi)**.

“**Assumed Liabilities**” has the meaning set forth in **Section 2.03**.

“**Annual Financial Statements**” has the meaning set forth in **Section 4.04**.

“**Audited Interim Financial Statements**” means the audited financial statements consisting of the balance sheet of the Business at July 31, 2018 and the related statements of income and cash flow prepared by Davidson & Davidson \_\_\_\_\_.

“**Balance Sheet**” has the meaning set forth in **Section 4.04**.

“**Balance Sheet Date**” has the meaning set forth in **Section 4.04**.

“**Basket**” has the meaning set forth in **Section 8.04(a)**.

“**Benefit Plan**” means each “employee benefit plan” as defined in Section 3(3) of ERISA and each other benefit plan, program, policy, agreement or arrangement maintained, sponsored or contributed or required to be contributed to by Seller with respect to the Business including bonuses, stock options, equity or incentive compensation, phantom equity, profit-sharing, deferred compensation, life insurance, pension, retirement, expense reimbursements, medical, hospital, disability, welfare or fringe benefits, change of control, severance, or vacation pay, to which Seller is a party, with respect to which Seller or any ERISA Affiliate has, or could reasonably be expected to have, any obligation or which are maintained, contributed to or sponsored by Seller for the benefit of any current or former employee, officer or director.

“**Bill of Sale**” has the meaning set forth in **Section 3.02(a)(ii)**.

“**Books and Records**” has the meaning set forth in **Section 2.01(m)**.

“**Business**” has the meaning set forth in the recitals.

“**Business Day**” means any day except Saturday, Sunday or any other day on which commercial banks located in Las Vegas, Nevada are authorized or required by Law to be closed for business.

“**Buyer**” has the meaning set forth in the preamble.

“**Buyer Closing Certificate**” has the meaning set forth in **Section 7.03(g)**.

“**Buyer Indemnitees**” has the meaning set forth in **Section 8.02**.

“**Cap**” has the meaning set forth in **Section 8.04(a)**.

“**CERCLA**” means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.

“**Closing**” has the meaning set forth in **Section 3.01**.

“**Closing Date**” has the meaning set forth in **Section 3.01**.

“**Closing Shares**” has the meaning set forth in **Section 2.05(a)(iii)**.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Contracts**” means all contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral.

“**Deferred Payment Shares**” has the meaning set forth in **Section 2.05(a)(iii)**.

“**Direct Claim**” has the meaning set forth in **Section 8.05(c)**.

“**Disclosure Schedules**” means the Disclosure Schedules delivered by Seller and Buyer concurrently with the execution and delivery of this Agreement.

“**Dollars or \$**” means the lawful currency of the United States.

“**Earn-Out Shares**” has the meaning set forth in **Section 2.05(a)(iv)**.

“**Encumbrance**” means any charge, pledge, lien (statutory or other), option, security interest, mortgage, right of first refusal, restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership or other encumbrance.

“**Environmental Claim**” means any Action, Governmental Order, lien, fine, penalty, or, as to each, any settlement or judgment arising therefrom, by or from any Person alleging liability of whatever kind or nature (including liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural resources damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from: (a) the presence, Release of, or exposure to, any Hazardous Materials; or (b) any actual or alleged non-compliance with any Environmental Law or term or condition of any Environmental Permit.

**“Environmental Law”** means any applicable Law, and any Governmental Order or binding agreement with any Governmental Authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials. The term “Environmental Law” includes the following (including their implementing regulations and any state analogs): the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§ 6901 et seq.; the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. §§ 2601 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq.; the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. §§ 7401 et seq.; and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651 et seq.

**“Environmental Notice”** means any written directive, notice of violation or infraction, or notice respecting any Environmental Claim relating to actual or alleged non-compliance with any Environmental Law or any term or condition of any Environmental Permit.

**“Environmental Permit”** means any Permit, letter, clearance, consent, waiver, closure, exemption, decision or other action required under or issued, granted, given, authorized by or made pursuant to Environmental Law.

**“ERISA”** means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

**“ERISA Affiliate”** means any employer (whether or not incorporated) that would be treated together with the Seller or any of its Affiliates as a “single employer” within the meaning of Section 414 of the Code.

**“Escrow Agent”** means TSX Trust Company.

**“Escrow Agreement”** means the APA Escrow Agreement among Buyer, Parent Seller, and the Escrow Agent, to be executed and delivered at the Closing in substantially the form attached hereto as **Exhibit A**, with any changes required by the Escrow Agent, to which the Earn-Out Shares and Deferred Payment Shares are subject.

**“Escrow Shares”** means the Earn-Out Shares and Deferred Payment Shares to be deposited with the Escrow Agent and held in escrow pursuant to the Escrow Agreement, as adjusted to account for any Parent Stock Adjustment.

**“Estoppel Certificate”** means the estoppel certificate put forth by the State of Nevada, Department of Taxation for the transfer of a marijuana establishment registration certificate in compliance with Nevada Revised Statutes section 453A.



“**Excluded Assets**” has the meaning set forth in **Section 2.02**.

“**Excluded Contracts**” has the meaning set forth in **Section 2.02(a)**.

“**Excluded Liabilities**” has the meaning set forth in **Section 2.04**.

“**Financial Statements**” has the meaning set forth in **Section 4.04**.

“**FIRPTA Certificate**” has the meaning set forth in **Section 7.02(m)**.

“**Fundamental Representations**” has the meaning set forth in **Section 8.01**.

“**GAAP**” means United States generally accepted accounting principles in effect from time to time.

“**Governmental Authority**” means any federal, state, provincial, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law and have jurisdiction over the applicable Person), or any arbitrator, court or tribunal of competent jurisdiction.

“**Governmental Order**” means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

“**Hazardous Materials**” means: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; and (b) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation and polychlorinated biphenyls.

“**Indemnified Party**” has the meaning set forth in **Section 8.05**.

“**Indemnifying Party**” has the meaning set forth in **Section 8.05**.

“**Independent Accountant**” means Moss Adams LLP.

“**Insurance Policies**” has the meaning set forth in **Section 4.15**.

“**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 Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all: (a) trademarks, service marks, trade names, brand names, logos, 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, registered in any top-level

domain by any authorized private registrar or Governmental Authority, web addresses, web pages, websites and related content, accounts with Twitter, Facebook and other social media companies and the content found thereon and related thereto, 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; (d) inventions, discoveries, trade secrets, business and technical information and know-how, databases, data collections and other confidential and proprietary information and all rights therein; (e) 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); and (f) software and firmware, including data files, source code, object code, application programming interfaces, architecture, files, records, schematics, computerized databases and other related specifications and documentation.

**"Intellectual Property Agreements"** means all licenses, sublicenses, consent to use agreements, settlements, coexistence agreements, covenants not to sue, permissions and other Contracts (including any right to receive or obligation to pay royalties or any other consideration), whether written or oral, relating to any Intellectual Property that is used in the conduct of the Business as currently conducted to which Seller is a party, beneficiary or otherwise bound.

**"Intellectual Property Assets"** means all Intellectual Property that is owned by Seller and used in the conduct of the Business as currently conducted.

**"Intellectual Property Assignments"** has the meaning set forth in **Section 3.02(a)(iv)**.

**"Intellectual Property Registrations"** means all Intellectual Property Assets that are subject to any issuance, registration, application or other filing by, to or with any Governmental Authority or authorized private registrar in any jurisdiction, including registered trademarks, domain names and copyrights, issued and reissued patents and pending applications for any of the foregoing.

**"Interim Balance Sheet"** has the meaning set forth in **Section 4.04**.

**"Interim Balance Sheet Date"** has the meaning set forth in **Section 4.04**.

**"Interim Financial Statements"** has the meaning set forth in **Section 4.04**.

**"Inventory"** has the meaning set forth in **Section 2.01(c)**.

**"Knowledge of Seller or Seller's Knowledge"** or any other similar knowledge qualification, means (i) the actual knowledge of Ray Schiavone and Mark Bruno, or (ii) the constructive knowledge of Ray Schiavone and Mark Bruno after due inquiry.

**"Law"** means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority.

**"Leased Real Property"** has the meaning set forth in **Section 4.08(b)**.

“**Liabilities**” has the meaning set forth in **Section 4.05**.

“**License Transfer Forms**” means any and all forms promulgated by the State of Nevada, Department of Taxation, Carson City, and any other local jurisdiction, to effectuate the transfer of the Seller’s marijuana registration certificates to the Buyer.

“**Losses**” means losses, damages, liabilities, deficiencies, Actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys’ fees and the out-of-pocket cost of enforcing any right to indemnification to the extent available pursuant to the terms and conditions of **ARTICLE VIII**; *provided, however*, that “**Losses**” shall not include any damages that are punitive, incidental, consequential or that are determined based on lost profits or any financial multiplier, except to the extent actually awarded to a Governmental Authority or other third party.

“**Material Adverse Effect**” means any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to (a) the business, results of operations, condition (financial or otherwise) or assets of the Business, or (b) the ability of the Seller to consummate the transactions contemplated hereby on a timely basis; *provided, however*, that “**Material Adverse Effect**” shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) general economic conditions; (ii) general political conditions; (iii) any changes in financial or securities markets in general; (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) any action required or permitted by this Agreement, except pursuant to **Section 4.03** and **Section 6.08**; or (vi) any changes in applicable Laws or accounting rules, including GAAP; *provided further, however*, that any event, occurrence, fact, condition or change referred to in clauses (i), (iii) and (iv) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition or change has an adverse and disproportionate effect on the Business compared to other participants in the industries in which the Business operates.

“**Material Contracts**” has the meaning set forth in **Section 4.07(a)**.

“**Member**” has the meaning set forth in the preamble.

“**Parent Authorized Shares**” has the meaning set forth in **Section 5.10**.

“**Parent Financial Statements**” has the meaning set forth in **Section 5.04**.

“**Parent Stock**” means the common stock of Parent.

“**Parent Stock Adjustment**” means: (i) any payment of a stock dividend or other distribution or distributions on shares of Parent Stock or any other equity or equity equivalent securities payable in shares of Parent Stock, (ii) any subdivision of outstanding shares of Parent Stock into a larger number of shares, (iii) any combination of (including by way of reverse stock split) outstanding shares of Parent Stock into a smaller number of shares or (iv) any issuance by reclassification of shares of Parent Stock of any shares of capital stock of Parent. Any Parent Stock

Adjustment shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

“**Permits**” means all permits, licenses, franchises, approvals, authorizations, registrations, certificates, variances and similar rights obtained from Governmental Authorities.

“**Permitted Encumbrances**” has the meaning set forth in **Section 4.08(a)**.

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

“**Post-Closing Tax Period**” means any taxable period beginning after the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period beginning after the Closing Date.

“**Pre-Closing Tax Period**” means any taxable period ending on or before the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period ending on and including the Closing Date.

“**Purchase Price**” has the meaning set forth in **Section 2.05**.

“**Purchased Assets**” has the meaning set forth in **Section 2.01**.

“**Release**” means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to escape or migrate into or through the environment (including, without limitation, ambient air (indoor or outdoor), surface water, groundwater, land surface or subsurface strata or within any building, structure, facility or fixture).

“**Representative**” means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

“**Restricted Business**” means (a) retail cannabis sales, (b) manufacturing, distributing or selling electronic vaporizers for smoking, (c) cannabis extraction, (d) manufacturing, distributing or selling cannabis edibles and (e) growing cannabis for commercial purposes. This term shall specifically exclude the cultivation of cannabis plants for breeding purposes, general consulting services to third parties which do not involve the management of a directly-competitive cannabis business, nor the ownership or management of a business engaged in marijuana-related software or technology.

“**Securities Act**” means the Securities Act of 1933, as amended.

“**Securities Laws**” means, as now in effect and as they may be promulgated or amended from time to time: (a) the securities legislation of each of the provinces and territories of Canada and the rules, regulations and published policies made thereunder; and (b) the Securities Act, state securities legislation, and the rules, regulations and published policies made thereunder.



“**Seller**” has the meaning set forth in the preamble.

“**Seller Plan**” has the meaning set forth in **Section 4.18(a)**.

“**Seller Closing Certificate**” has the meaning set forth in **Section 7.02(j)**.

“**Seller Indemnitees**” has the meaning set forth in **Section 8.03**.

“**Tangible Personal Property**” has the meaning set forth in **Section 2.01(f)**.

“**Taxes**” means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, documentary, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties.

“**Tax Return**” means any return, declaration, report, claim for refund, information return or statement or other document relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“**Territory**” means the United States.

“**Third Party Claim**” has the meaning set forth in **Section 8.05(a)**.

“**Transaction Documents**” means this Agreement, the Escrow Agreement, the Bill of Sale, the Assignment and Assumption Agreement, Intellectual Property Assignments, the Escrow Agreement, and the other agreements, instruments and documents required to be delivered at the Closing.

“**Union**” has the meaning set forth in **Section 4.19(b)**.

“**WARN Act**” means the federal Worker Adjustment and Retraining Notification Act of 1988, and similar state, local and foreign laws related to plant closings, relocations, mass layoffs and employment losses.

## ARTICLE II PURCHASE AND SALE

**Section 2.01 Purchase and Sale of Assets.** Subject to the terms and conditions set forth herein, at the Closing, Seller shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase from Seller, free and clear of any Encumbrances other than Permitted Encumbrances, all of Seller’s right, title and interest in, to and under all of the assets, properties and rights of every kind and nature, whether real, personal or mixed, tangible or intangible (including goodwill), wherever located and whether now existing or hereafter acquired (other than the Excluded Assets), which are used or held for use in connection with, the Business (collectively, the “**Purchased Assets**”), including, without limitation, the following:

- (a) cash and cash equivalents equal to at least one month's working capital, but in no event less than One Hundred Thousand Dollars (US\$100,000);
- (b) all accounts or notes receivable held by Seller, and any security, claim, remedy or other right related to any of the foregoing (“**Accounts Receivable**”);
- (c) all inventory, finished goods, raw materials, work in progress, packaging, supplies, parts and other inventories (“**Inventory**”);
- (d) all Contracts, including Intellectual Property Agreements, set forth on **Section 2.01(d)** of the Disclosure Schedules or otherwise entered by Seller in the ordinary course of business (the “**Assigned Contracts**”);
- (e) all Intellectual Property Assets;
- (f) all furniture, fixtures, equipment, machinery, tools, vehicles, office equipment, supplies, computers, telephones and other tangible personal property (the “**Tangible Personal Property**”);
- (g) all Leased Real Property;
- (h) all Permits, including Environmental Permits, which are held by Seller and required for the conduct of the Business as currently conducted or for the ownership and use of the Purchased Assets, including, without limitation, those listed on **Section 4.16(b)** and **Section 4.17(b)** of the Disclosure Schedules to the extent transferable;
- (i) all rights to any Actions of any nature available to or being pursued by Seller to the extent related to the Business, the Purchased Assets or the Assumed Liabilities, whether arising by way of counterclaim or otherwise;
- (j) all prepaid expenses, credits, advance payments, claims, security, refunds, rights of recovery, rights of set-off, rights of recoupment, deposits, charges, sums and fees (including any such item relating to the payment of Taxes other than amounts relating to any Pre-Closing Tax Period);
- (k) all of Seller's rights under warranties, indemnities and all similar rights against third parties to the extent related to any Purchased Assets;
- (l) all insurance benefits, except insurance benefits that are part of a Benefit Plan, including rights and proceeds, arising from or relating to the Business, the Purchased Assets or the Assumed Liabilities;
- (m) originals, or where not available, copies, of all books and records, including, but not limited to, books of account, ledgers and general, financial and accounting records, machinery and equipment maintenance files, customer lists, customer purchasing histories, price lists, distribution lists, supplier lists, production data, quality control records and procedures, customer complaints and inquiry files, research and development files, records and data (including all correspondence with any Governmental Authority), sales material

and records (including pricing history, total sales, terms and conditions of sale, sales and pricing policies and practices), strategic plans, internal financial statements, marketing and promotional surveys, material and research and files relating to the Intellectual Property Assets and the Intellectual Property Agreements (“**Books and Records**”);

(n) all goodwill and the going concern value of the Business; and

(o) State of Nevada Medical Marijuana Cultivation Certificate Number 97712183133535367749 and State of Nevada Marijuana Distributor License Correspondence ID: 1700011261503, and all applications thereto.

Section 2.02 **Excluded Assets.** Notwithstanding the foregoing, the Purchased Assets shall not include the following assets (collectively, the “**Excluded Assets**”):

(a) Contracts, including Intellectual Property Agreements, that are not Assigned Contracts (the “**Excluded Contracts**”);

(b) the organizational documents, minute books, membership records, Tax Returns, books of account or other records having to do with the limited liability company organization of Seller;

(c) all Benefit Plans and assets attributable thereto;

(d) the assets, properties and rights specifically set forth on **Section 2.02(d)** of the Disclosure Schedules; and

(e) the rights which accrue or will accrue to Seller under the Transaction Documents.

Section 2.03 **Assumed Liabilities.** Subject to the terms and conditions set forth herein, Buyer shall assume and agree to pay, perform and discharge all Liabilities of Seller (a) that are reflected on the Interim Balance Sheet, (b) which are not reflected on the Interim Balance Sheet, but which arose in the ordinary course of business consistent with past practice since the Interim Balance Sheet Date, (c) in respect of the Assigned Contracts but only to the extent that such Liabilities are required to be performed after the Closing Date and do not relate to any failure to perform, improper performance, warranty or other breach, default or violation by Seller on or prior to Closing), (d) liability for accrued and unused vacation of employees of the Business hired by Buyer or its Affiliate; (e) are liabilities of the Business that arise following the Closing resulting from the post-closing operation of the Business; and (f) that are required to be assumed by Buyer by the Nevada Department of Taxation pursuant to the Estoppel Certificate ((a) through (f), collectively, the “**Assumed Liabilities**”), and no other Liabilities. If the ending Liabilities of Seller as reported on the Interim Financial Statements exceed the ending Liabilities as reported on the Audited Interim Financial Statements by greater than US\$10,000.00, Seller shall pay such liabilities within 10 days of the date of the Audited Interim Financial Statements. If Seller fails to pay such difference within such 10-day period, Buyer, in its sole and absolute discretion, may treat the failure to pay as a Loss under this Agreement.

Section 2.04 **Excluded Liabilities.** Notwithstanding the provisions of **Section 2.03** or any other provision in this Agreement to the contrary, Buyer shall not assume and shall not be responsible to pay, perform or discharge any Liabilities of Seller or any of its Affiliates of any kind or nature whatsoever other than the Assumed Liabilities (the “**Excluded Liabilities**”), including:

(a) except as set forth herein, any Liabilities of Seller arising or incurred in connection with the negotiation, preparation, investigation and performance of this Agreement, the other Transaction Documents and the transactions contemplated hereby and thereby, including, without limitation, fees and expenses of counsel, accountants, consultants, advisers and others;

(b) any Liability for (i) Taxes of Seller (or any member or Affiliate of Seller) or relating to the Business, the Purchased Assets or the Assumed Liabilities for any Pre-Closing Tax Period; (ii) Taxes that arise out of the consummation of the transactions contemplated hereby or that are the responsibility of Seller pursuant to **Section 6.14**; or (ii) other Taxes of Seller (or any member or Affiliate of Seller) of any kind or description (including any Liability for Taxes of Seller (or any member or Affiliate of Seller) that becomes a Liability of Buyer under any common law doctrine of de facto merger or transferee or successor liability or otherwise by operation of contract or Law); and

(c) any Liabilities relating to or arising out of the Excluded Assets.

Section 2.05 **Purchase Price.**

(a) In addition to the assumption of the Assumed Liabilities, the aggregate purchase price for the Purchased Assets (the “**Purchase Price**”) shall be equal to the sum of:

(i) US\$100,000 shall be paid as a non-refundable deposit concurrent with the execution of this Agreement in cash or certified funds, to Seller or Seller’s order;

(ii) US\$8,400,000 shall be paid in cash or certified funds at the Closing (the “**Cash Component**”) through a mutually agreeable escrow company pursuant to the terms of a mutually agreeable escrow agreement; and

(iii) that number of shares of Parent Stock which will result in the Seller owning 25% of the total issued and outstanding shares of Parent determined immediately after the Closing Date (currently estimated at 193,032,442 shares of Parent Stock, subject to any stock split, reverse stock split, and other general fluctuations in the price of Parent Stock), less that certain number of shares equivalent to US\$5,000,000 using the 20-day volume weighted average price of Parent Stock determined for the 20 days immediately prior to the Closing Date, all multiplied by .25 (the “**Closing Shares**”), payable within 10 calendar days of the later of (1) completion of Seller’s audited financial statements; or (2) the Closing Date; and



(iv) that number of shares of Parent Stock which will result in the Seller owning 25% of the total issued and outstanding shares of Parent immediately following the closing multiplied by .25 (the “**Earn-Out Shares**”), payable in accordance with Section 2.06;

(v) that number of shares of Parent Stock which will result in the Seller owning 25% of the total issued and outstanding shares of Parent immediately following the closing, multiplied by .50 (the “**Deferred Payment Shares**”), payable in accordance with **Section 2.06**; and

(vi) that number of shares of Parent Stock which is equal to US\$1,350,000 using the 20-day volume weighted average price of Parent Stock determined for the 20 days immediately prior to the Closing Date (the “**ALQ Shares**”); the ALQ Shares are not subject to Escrow and are payable at Closing.

(b) The portion of the Purchase Price to be paid pursuant to Section 2.05(a) above shall be paid as follows:

(i) The Cash Component shall be paid by wire transfer of immediately available funds by way of a mutually acceptable escrow company to an account designated in writing by Seller to Buyer at the Closing; and

(ii) The Earn-Out Shares and Deferred Payment Shares shall be deposited with TSX Trust Company pursuant to the Escrow Agreement in accordance with **Section 2.06** of the Disclosure Schedules.

**Section 2.06 Earn-Out and Deferred Payments.** Subject to the other terms and conditions of this Agreement, the Seller will receive as additional consideration for the sale of the Purchased Assets the sum of (a) and (b) below:

(a) **Earn-Out Shares.** All or a portion of the Earn-Out Shares will be earned and paid from the Escrow within 10 calendar days of completion of Parent’s verification process or audit that the average monthly yield of cannabis flower and pre-rolls attributable to Seller’s Business for the six consecutive whole calendar months immediately following the Closing Date, beginning with the first day of the calendar month commencing on or after the Closing Date, is at least 220 pounds. For purposes of this Agreement, the term “**Average Monthly Yield**” means the average whole pounds of market-ready cannabis flower and pre-rolls produced at Seller’s Carson City, Nevada location each calendar month, determined by a fraction, the numerator of which is the number of whole pounds of market-ready cannabis flower and pre-rolls produced over the six-month earn out period and the denominator of which is six. If the Average Monthly Yield is less than 220 pounds, then Seller will receive the same percentage of Earn-Out Shares as the percentage of the 220-pound Average Monthly Yield that was achieved

(b) **Deferred Payment Shares.** Subject to Seller’s rights under ARTICLE VIII of this Agreement, 50% of the Deferred Payment Shares shall be paid out on the last day of the calendar month which ends 12 months following the Closing Date and in accordance with the terms of the Escrow Agreement. The remaining 50% of the Deferred Payment

Shares shall be paid out on the last day of the calendar month which ends 18 months following the Closing Date and in accordance with the terms of the Escrow Agreement.

Section 2.07 **Distribution of Escrow Shares.** The Escrow Shares shall be a released in accordance with **Section 6.15**.

Section 2.08 **Allocation of Purchase Price.** Seller and Buyer agree that the Purchase Price and the Assumed Liabilities (plus other relevant items) shall be allocated among the Purchased Assets for all purposes (including Tax and financial accounting) as shown on the allocation schedule (the “**Allocation Schedule**”). A draft of the Allocation Schedule shall be prepared by Buyer and delivered to Seller within 60 days following the Closing Date. If Seller notifies Buyer in writing that Seller objects to one or more items reflected in the Allocation Schedule, Seller and Buyer shall negotiate in good faith to resolve such dispute; *provided, however,* that if Seller and Buyer are unable to resolve any dispute with respect to the Allocation Schedule within 30 days following delivery of the Allocation Schedule, such dispute shall be resolved by the Independent Accountant. The fees and expenses of such accounting firm shall be borne equally by Seller and Buyer. Buyer and Seller shall file all Tax Returns (including amended returns and claims for refund) and information reports in a manner consistent with the Allocation Schedule. Any adjustments to the Purchase Price pursuant to **Section 2.08** herein shall be allocated in a manner consistent with the Allocation Schedule.

Section 2.09 **Withholding Tax.** Buyer and Parent shall be entitled to deduct and withhold from the Purchase Price all Taxes that Buyer or Parent may be required to deduct and withhold on behalf of Seller under any provision of Tax Law. All such withheld amounts shall be treated as delivered to Seller hereunder.

Section 2.10 **Intentionally Deleted.**

Section 2.11 **Third Party Consents.** To the extent that Seller’s rights under any Contract or Permit constituting a Purchased Asset, or any other Purchased Asset, may not be assigned to Buyer without the consent of another Person which has not been obtained, this Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach thereof or be unlawful, and Seller, at its expense, shall use commercially reasonable efforts to obtain any such required consent(s) as promptly as possible. If any such consent shall not be obtained or if any attempted assignment would be ineffective or would impair Buyer’s rights under the Purchased Asset in question so that Buyer would not in effect acquire the benefit of all such rights, Seller, to the maximum extent permitted by law and the Purchased Asset, shall act after the Closing as Buyer’s agent in order to obtain for it the benefits thereunder and shall cooperate, to the maximum extent permitted by Law and the Purchased Asset, with Buyer in any other reasonable arrangement designed to provide such benefits to Buyer. Notwithstanding any provision in this Error! Reference source not found. to the contrary, Buyer shall not be deemed to have waived its rights under **Section 7.02(d)** hereof unless and until Buyer either provides written waivers thereof or elects to proceed to consummate the transactions contemplated by this Agreement at Closing. Further notwithstanding any provision in this Error! Reference source not found. to the contrary, if any such consent shall not be obtained or if any attempted assignment would be ineffective or would impair Buyer’s rights under the Purchased Asset in question so that

Buyer would not in effect acquire the benefit of all such rights, **Buyer shall not be deemed to have waived its rights under ARTICLE VIII hereof.**

### ARTICLE III CLOSING

Section 3.01 **Closing.** Subject to the terms and conditions of this Agreement, the closing of the transactions contemplated by this Agreement (the “**Closing**”) shall take place no later than two (2) Business Days after the last of the conditions to Closing set forth in **ARTICLE VII** have been satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date) or such other date as Buyer and Seller may mutually agree in writing (the day on which the Closing takes place being the “**Closing Date**”), and shall be effectuated by the exchange of electronic signature pages delivered via facsimile or email. To the extent a physical closing is required, it shall be held at the offices of Parent located at 13315 NE Airport Way, Suite 700, Portland, Oregon 97230, or at such other place as Buyer and Seller may mutually agree upon in writing. Closing shall be deemed effective at 12:01 a.m. Portland, Oregon time on the Closing Date.

#### Section 3.02 **Closing Deliverables.**

- (a) At the Closing, Seller shall deliver to Buyer the following:
  - (i) The Escrow Agreement duly executed by Seller;
  - (ii) a bill of sale in the form of **Exhibit B** hereto (the “**Bill of Sale**”) and duly executed by Seller, transferring the tangible personal property included in the Purchased Assets to Buyer;
  - (iii) an assignment and assumption agreement in the form of **Exhibit C** hereto (the “**Assignment and Assumption Agreement**”) and duly executed by Seller, effecting the assignment to and assumption by Buyer of the Purchased Assets and the Assumed Liabilities;
  - (iv) one or more assignments in form and substance satisfactory to Buyer (the “**Intellectual Property Assignments**”) and duly executed by Seller, transferring all of Seller’s right, title and interest in and to the Intellectual Property Assets to Buyer;
  - (v) Signed Employment Agreements of Ray Schiavone and Mark Bruno;
  - (vi) the Seller Closing Certificate;
  - (vii) the FIRPTA Certificate;
  - (viii) the certificates of the Secretary or Assistant Secretary of Seller required by **Section 7.02(k)** and **Section 7.02(l)**;

(ix) a certification or other official document from the State of Nevada Department of Taxation that there are no unpaid fees or taxes owed by the Seller to the Department of Taxation as of the Closing Date; and

(x) such other customary instruments of transfer, assumption, filings or documents, in form and substance reasonably satisfactory to Buyer, as may be required to give effect to this Agreement.

(b) At the Closing, Buyer or Parent, as applicable, shall deliver to Seller or the applicable recipient thereof, the following:

(i) the Escrow Agreement a duly executed by Buyer and/or Parent, as applicable;

(ii) the Assignment and Assumption Agreement duly executed by Buyer;

(iii) the Buyer Closing Certificate;

(iv) the Estoppel Certificate;

(v) evidence that regulatory approval has been obtained for the transactions contemplated by this Agreement and the Transaction Documents;

(vi) certificates representing the Parent Shares issued on Closing which are not subject to the Escrow Agreement, registered in the names of or as directed by the Seller;

(vii) the certificates of the Secretary or Assistant Secretary of Buyer required by **Section 7.03(h)** and **Section 7.03(i)**; and

(viii) audited financial statements for the seven-month period beginning January 1, 2018 and ending July 31, 2018.

#### ARTICLE IV REPRESENTATIONS AND WARRANTIES OF SELLER AND MEMBERS

Except as set forth in the correspondingly numbered Sections of the Disclosure Schedules, Seller and Members, jointly and severally, represent and warrant to Buyer and Parent that the statements contained in this **ARTICLE IV** are true and correct as of the date hereof.

Section 4.01 **Organization and Qualification.** Seller is a limited liability company duly organized and validly existing under the Laws of the State of Nevada and has full limited liability company power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on the Business as currently conducted. **Section 4.01** of the Disclosure Schedules sets forth each jurisdiction in which Seller is licensed or qualified to do business, and Seller is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the ownership of the Purchased Assets or the operation of the Business as



currently conducted makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not have a Material Adverse Effect.

Section 4.02 **Authority.** Seller has full limited liability company power and authority to enter into this Agreement and the other Transaction Documents to which Seller is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Seller of this Agreement and any other Transaction Document to which it is a party, the performance by Seller of its obligations hereunder and thereunder and the consummation by Seller of the transactions contemplated hereby and thereby have been duly authorized by all requisite limited liability company action on the part of Seller. This Agreement has been duly executed and delivered by Seller and (assuming due authorization, execution and delivery by Buyer and Parent) this Agreement constitutes a legal, valid and binding obligation of each of Seller, enforceable against Seller in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and general equity principles. When each other Transaction Document to which Seller is or will be a party has been duly executed and delivered by Seller (assuming due authorization, execution and delivery by each other party thereto), such Transaction Document will constitute a legal and binding obligation of Seller enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and general equity principles.

Section 4.03 **No Conflicts; Consents.** The execution, delivery and performance by Seller of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the articles of organization, operating agreement or other organizational documents of such party; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Seller, the Business or the Purchased Assets, other than federal Laws relating to cannabis, cannabis-related products or banking, financing or anti-money laundering Laws related thereto; (c) except as set forth in **Section 4.03** of the Disclosure Schedules, require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Material Contract or Permit to which Seller is a party or by which Seller or the Business is bound or to which any of the Purchased Assets are subject (including any Assigned Contract); or (d) result in the creation or imposition of any Encumbrance other than Permitted Encumbrances on the Purchased Assets. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Seller in connection with the execution and delivery of this Agreement or any of the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby.

Section 4.04 **Financial Statements.** Complete copies of the Seller's unaudited financial statements consisting of the balance sheet of the Business as at December 31, 2016 and the related statements of income and cash flow for the year then ended and unaudited financial statements consisting of the balance sheet of the Business as at December 31, 2017 and the related statements of income and cash flow for the year then ended (the "**Annual Financial Statements**"), and the

unaudited financial statements consisting of the balance sheet of the Business as at July 31, 2018 and the related statements of income and cash flow for the seven-month period then ended (the “**Interim Financial Statements**” and together with the Annual Financial Statements, the “**Financial Statements**”) have been delivered to Buyer. Except as set forth in **Section 4.04** of the Disclosure Schedule, the Financial Statements have been prepared on a consistent basis throughout the period involved. The Financial Statements are based on the books and records of the Business, and fairly and accurately present in all material respects the financial condition of the Business as of the respective dates they were prepared and the results of the operations of the Business for the periods indicated. The balance sheet of the Business as of December 31, 2017 is referred to herein as the “**Balance Sheet**” and the date thereof as the “**Balance Sheet Date**” and the balance sheet of the Business as of July 31, 2018 is referred to herein as the “**Interim Balance Sheet**” and the date thereof as the “**Interim Balance Sheet Date**”.

**Section 4.05 Undisclosed Liabilities.** Seller has no liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise, including but not limited to any type of taxes or fees owed to the Nevada Department of Taxation (“Liabilities”) that would be required to be reflected on a balance sheet prepared in accordance with GAAP, except (a) those which are adequately reflected or reserved against in the Balance Sheet as of the Balance Sheet Date, and (b) those which have been incurred in the ordinary course of business consistent with past practice since the Balance Sheet Date.

**Section 4.06 Absence of Certain Changes, Events and Conditions.** Except as set forth on **Section 4.06** of the Disclosure Schedules, since the Interim Balance Sheet Date, and other than in the ordinary course of business consistent with past practice, there has not been any:

- (a) event, occurrence or development that has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;
- (b) declaration or payment of any dividends or distributions on or in respect of any of Seller’s membership interest or redemption, purchase or acquisition of Seller’s membership interests;
- (c) material change in any method of accounting or accounting practice for the Business, except as required by GAAP or as disclosed in the notes to the Financial Statements;
- (d) material change in cash management practices and policies, practices and procedures with respect to collection of Accounts Receivable, establishment of reserves for uncollectible Accounts Receivable, accrual of Accounts Receivable, inventory control, prepayment of expenses, payment of trade accounts payable, accrual of other expenses, deferral of revenue and acceptance of customer deposits;
- (e) incurrence, assumption or guarantee of any indebtedness for borrowed money in connection with the Business except unsecured current obligations and Liabilities incurred in the ordinary course of business consistent with past practice;

(f) transfer, assignment, sale or other disposition of any of the Purchased Assets shown or reflected in the Balance Sheet, except for the sale of Inventory in the ordinary course of business;

(g) cancellation of any debts or claims or amendment, termination or waiver of any rights constituting Purchased Assets;

(h) transfer, assignment or grant of any license or sublicense of any material rights under or with respect to any Intellectual Property Assets or Intellectual Property Agreements;

(i) material damage, destruction or loss, or any material interruption in use, of any material portion of the Purchased Assets (whether or not covered by insurance);

(j) acceleration, termination, material modification to or cancellation of any Assigned Contract or Permit;

(k) material capital expenditures in excess of \$10,000 and which would constitute an Assumed Liability;

(l) imposition of any Encumbrance upon any of the Purchased Assets;

(m) (i) grant of any bonuses, whether monetary or otherwise, or increase in any wages, salary, severance, pension or other compensation or benefits in respect of any current or former employees, officers, directors, independent contractors or consultants of the Business, other than as provided for in any written agreements or required by applicable Law, (ii) change in the terms of employment for any employee of the Business or any termination of any employees for which the aggregate costs and expenses exceed \$10,000, or (iii) action to accelerate the vesting or payment of any compensation or benefit for any current or former employee, officer, director, consultant or independent contractor of the Business;

(n) adoption, modification or termination of any: (i) employment, severance, retention or other agreement with any current or former employee, officer, director, independent contractor or consultant of the Business, (ii) Benefit Plan, or (iii) collective bargaining or other agreement with a Union, in each case whether written or oral;

(o) any loan to (or forgiveness of any loan to), or entry into any other transaction with, any current or former directors, officers or employees of the Business;

(p) adoption of any plan of merger, consolidation, reorganization, liquidation or dissolution or filing of a petition in bankruptcy under any provisions of federal or state bankruptcy Law or consent to the filing of any bankruptcy petition against it under any similar Law;

(q) purchase, lease or other acquisition of the right to own, use or lease any property or assets in connection with the Business for an amount in excess of \$10,000, individually (in the case of a lease, per annum) or \$25,000 in the aggregate (in the case of

a lease, for the entire term of the lease, not including any option term), except for purchases of Inventory or supplies in the ordinary course of business consistent with past practice;

(r) any Contract entered into pursuant to which the Seller is obligated to do any of the foregoing.

**Section 4.07 Material Contracts.**

(a) **Section 4.07(a)** of the Disclosure Schedules lists each of the following Contracts (x) by which any of the Purchased Assets are bound or affected or (y) to which Seller is a party or by which it is bound in connection with the Business or the Purchased Assets (such Contracts, together with all Contracts concerning the occupancy, management or operation of any Real Property listed or otherwise disclosed in **Section 4.08(b)** of the Disclosure Schedules and all Intellectual Property Agreements set forth in **Section 4.11(b)** of the Disclosure Schedules, being “**Material Contracts**”):

(i) all Contracts involving aggregate consideration in excess of \$10,000;

(ii) all Contracts that require Seller to purchase or sell a stated portion of the requirements or outputs of the Business or that contain “take or pay” provisions;

(iii) all Contracts that provide for the indemnification of any Person or the assumption of any Tax, environmental or other Liability of any Person;

(iv) all Contracts that relate to the acquisition or disposition of any business, a material amount of stock or assets of any other Person or any real property (whether by merger, sale of stock, sale of assets or otherwise);

(v) all broker, distributor, dealer, manufacturer’s representative, franchise, and agency Contracts;

(vi) all employment agreements and Contracts with independent contractors or consultants (or similar arrangements);

(vii) except for Contracts relating to trade receivables, all Contracts relating to indebtedness (including, without limitation, guarantees);

(viii) all Contracts that limit or purport to limit the ability of Seller to compete in any line of business or with any Person or in any geographic area or during any period of time;

(ix) all joint venture, partnership or similar Contracts;

(x) all collective bargaining agreements or Contracts with any Union;  
and



(xi) any other Contract that, the termination of which would, or could reasonably be expected to, result in a Material Adverse Effect.

(b) Each Material Contract is valid and binding on Seller in accordance with its terms (subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and general equity principles) and is in full force and effect. Neither the Seller nor, to Seller's Knowledge, any other party thereto is in material breach of or default under, or has provided or received any written notice of any intention to terminate, any Material Contract. No event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Material Contract or result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder. Complete and correct copies of each Material Contract (including all modifications, amendments and supplements thereto and waivers thereunder) have been made available to Buyer.

#### Section 4.08 **Title to Purchased Assets.**

(a) Seller has good and valid title to, or a valid leasehold interest in, all of the Purchased Assets. All such Purchased Assets (including leasehold interests) are free and clear of Encumbrances except for the following (collectively referred to as "**Permitted Encumbrances**"):

(i) liens for Taxes not yet due and payable or the amount or validity of which is being contested in good faith;

(ii) mechanics', carriers', workmen's, repairmen's or other like liens arising or incurred in the ordinary course of business consistent with past practice or amounts that are not delinquent and which are not, individually or in the aggregate, material to the Business or the Purchased Assets;

(iii) easements, rights of way, zoning ordinances and other similar land use restrictions and encumbrances affecting Real Property which are not, individually or in the aggregate, material to the Business or the Purchased Assets, which do not prohibit or interfere with the current operation of any Real Property and which do not render title to any Real Property unmarketable; or

(iv) liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business consistent with past practice which are not, individually or in the aggregate, material to the Business or the Purchased Assets.

(b) **Section 4.08(b)** of the Disclosure Schedules lists (i) the street address of each parcel of Real Property; and (ii) the landlord under the lease, the rental amount currently being paid, and the expiration of the term of such lease or sublease for each leased or subleased property (the "**Leased Real Property**"). Seller does not own any Real Property. With respect to leased Real Property, Seller has delivered or made available to Buyer true, complete and correct copies of any leases affecting the Real Property. Seller is

not a sublessor or grantor under any sublease or other instrument granting to any other Person any right to the possession, lease, occupancy or enjoyment of any leased Real Property. The use and operation of the Real Property in the conduct of the Business by Seller do not violate in any material respect any Law, other than federal Laws relating to cannabis, cannabis-related products or banking, financing or anti-money laundering Laws related thereto, covenant, condition, restriction, easement, license, permit or agreement. To the Seller's Knowledge, no material improvements constituting a part of the Real Property encroach on real property owned or leased by a Person other than Seller. To the Seller's Knowledge, there are no Actions pending or threatened against or affecting the Real Property or any portion thereof or interest therein in the nature or in lieu of condemnation or eminent domain proceedings.

**Section 4.09 Condition and Sufficiency of Assets.** The buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property included in the Purchased Assets are in good operating condition and repair (ordinary wear and tear excepted), and are adequate for the uses to which they are being put. The Purchased Assets are sufficient for the continued conduct of the Business after the Closing in substantially the same manner as conducted by Seller prior to the Closing. None of the Excluded Assets are material to the Business.

**Section 4.10 Intellectual Property and Data Security.**

(a) **Section 4.10(a)** of the Disclosure Schedules lists all (i) Intellectual Property Registrations and (ii) Intellectual Property Assets, including software, that are not registered but that are material to the operation of the Business. All required filings and fees related to the Intellectual Property Registrations have been timely filed with and paid to the relevant Governmental Authorities and authorized registrars, and all Intellectual Property Registrations are otherwise in good standing. Seller has provided Buyer with true and complete copies of file histories, documents, certificates, office actions, correspondence and other materials related to all Intellectual Property Registrations.

(b) **Section 4.10(b)** of the Disclosure Schedules lists all Intellectual Property Agreements. Seller has provided Buyer with true and complete copies of all such Intellectual Property Agreements, including all modifications, amendments and supplements thereto and waivers thereunder. Each Intellectual Property Agreement is valid and binding on Seller in accordance with its terms and is in full force and effect. None of Seller or, to Seller's Knowledge, any other party thereto is in breach of or default under (or is alleged to be in breach of or default under), or has provided or received any notice of breach or default of or any intention to terminate, any Intellectual Property Agreement. No event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default by the Seller under any Intellectual Property Agreement or result in a termination thereof by the other party thereto or would cause or permit the acceleration or other changes of any right or obligation of the Seller or the loss of any benefit of the Seller thereunder.

(c) Seller is the sole and exclusive legal and beneficial, and with respect to the Intellectual Property Registrations, record, owner of all right, title and interest in and to the

Intellectual Property Assets, and has the valid right to use all other Intellectual Property used in or necessary for the conduct of the Business as currently conducted, in each case, free and clear of Encumbrances other than Permitted Encumbrances. Without limiting the generality of the foregoing, except as set forth on **Section 4.10(c)** of the Disclosure Schedules, Seller has entered into binding, written agreements with every current employee (including leased employees), whereby such employees (i) assign to Seller any ownership interest and right they may have in the Intellectual Property Assets; and (ii) acknowledge Seller's exclusive ownership of all Intellectual Property Assets. Seller has provided Buyer with true and complete copies of all such agreements.

(d) The Intellectual Property Assets and Intellectual Property licensed under the Intellectual Property Agreements are all of the material Intellectual Property necessary to operate the Business as presently conducted. The consummation of the transactions contemplated hereunder will not result in the loss or impairment of or payment of any additional amounts with respect to, nor require the consent of any other Person in respect of, the Buyer's right to own, use or hold for use any Intellectual Property as owned, used or held for use in the conduct of the Business as currently conducted.

(e) Seller's rights in the Intellectual Property Assets are valid, subsisting and enforceable. Seller has taken all reasonable steps to maintain the Intellectual Property Assets and to protect and preserve the confidentiality of all trade secrets included in the Intellectual Property Assets, including requiring all Persons having access thereto to execute written non-disclosure agreements.

(f) The conduct of the Business as currently and formerly conducted, and the Intellectual Property Assets and Intellectual Property licensed under the Intellectual Property Agreements as currently or formerly owned, licensed or used by Seller, have not infringed, misappropriated, diluted or otherwise violated, and have not, do not and will not infringe, dilute, misappropriate or otherwise violate, the Intellectual Property or other rights of any Person. To the Knowledge of Seller, no Person has infringed, misappropriated, diluted or otherwise violated, or is currently infringing, misappropriating, diluting or otherwise violating, any Intellectual Property Assets.

(g) There are no Actions (including any oppositions, interferences or re-examinations) settled, pending or, to the Seller's Knowledge, threatened (including in the form of offers to obtain a license): (i) alleging any infringement, misappropriation, dilution or violation of the Intellectual Property of any Person by Seller in connection with the Business; (ii) challenging the validity, enforceability, registrability or ownership of any Intellectual Property Assets or Seller's rights with respect to any Intellectual Property Assets; or (iii) by Seller or any other Person alleging any infringement, misappropriation, dilution or violation by any Person of any Intellectual Property Assets. Seller is not subject to any outstanding or prospective Governmental Order (including any motion or petition therefor) that does or would restrict or impair the use of any Intellectual Property Assets.

(h) No Seller product contains or constitutes open source software, no open source software operates with or has been incorporated in whole or in part into any part of the any Seller product, and no open source software has been used in whole or in part in

the development of any part of the Intellectual Property Assets or Seller products in a manner that may require that any proprietary source code associated with any Intellectual Property Assets or Seller products be made publicly available, in whole or in part, to all or part under the license obligations governing the open source software.

(i) To Seller's Knowledge, the Seller has not suffered a data or security breach. Seller: (a) has not notified, nor been obligated to notify, any person, organization, or governmental authority of any data or security breach or any misuse involving personal data; and (b) has disclosed to Buyer any incidents involving data security where Seller determined that such notice was not required.

Section 4.11 **Inventory.** Except as otherwise set forth in **Section 4.11** of the Disclosure Schedules, all Inventory, whether or not reflected in the Balance Sheet, consists of a quality and quantity usable and salable in the ordinary course of business consistent with past practice. All Inventory is owned by Seller free and clear of all Encumbrances, and no Inventory is held on a consignment basis. **Section 4.11** of the Disclosure Schedules sets forth, by cannabis type and by growth stage, the crops currently being grown by Seller, including the number of plants in each (the "**Crops**"). The Crops are in good health and Seller has not experienced crop loss in excess of industry standards. Seller has no reason to believe the yield of the Crops (by both weight and active chemical profile) will be materially less than prior crops. Seller does not use pesticides and has not experienced any material insect infestation or disease outbreaks in the last two years.

Section 4.12 **Accounts Receivable.** The Accounts Receivable reflected on the Interim Balance Sheet and the Accounts Receivable arising after the date thereof have arisen from bona fide transactions entered into by Seller involving the sale of goods or the rendering of services in the ordinary course of business consistent with past practice.

Section 4.13 **Customers and Suppliers.**

(a) **Section 4.13(a)** of the Disclosure Schedules sets forth with respect to the Business (i) each customer who has paid aggregate consideration to Seller for goods or services rendered in an amount greater than or equal to \$10,000 for each of the two most recent fiscal years (collectively, the "**Material Customers**"); and (ii) the amount of consideration paid by each Material Customer during such periods.

(b) **Section 4.13(b)** of the Disclosure Schedules sets forth with respect to the Business (i) each supplier to whom Seller has paid consideration for goods or services rendered in an amount greater than or equal to \$10,000 for each of the two most recent fiscal years (collectively, the "**Material Suppliers**"); and (ii) the amount of purchases from each Material Supplier during such periods.

Section 4.14 **Insurance.** Seller maintains insurance policies of the type and in the amounts customarily carried by Persons conducting a business similar to the Business (including products liability insurance) and are sufficient for compliance with all applicable Laws and Contracts to which Seller is a party or by which it is bound. There are no claims related to the Business, the Purchased Assets or the Assumed Liabilities pending under any such insurance policies as to which coverage has been questioned, denied or disputed or in respect of which there



is an outstanding reservation of rights. Neither Seller nor any of its Affiliates has received any written notice of cancellation of, premium increase with respect to, or alteration of coverage under, any of such insurance policies. All premiums due on such insurance policies have either been paid or, if not yet due, accrued. All such insurance policies (a) are in full force and effect and enforceable in accordance with their terms; (b) are provided by carriers who are financially solvent; and (c) have not been subject to any lapse in coverage. None of Seller or any of its Affiliates is in default under, or has otherwise failed to comply with, in any material respect, any provision contained in any such insurance policy. True and complete copies of the Insurance Policies have been made available to Buyer.

**Section 4.15 Legal Proceedings; Governmental Orders.**

(a) Except as set forth in **Section 4.15(a)** of the Disclosure Schedule, there are no Actions pending or, to Seller's Knowledge, threatened against or by Seller (a) relating to or affecting the Business, the Purchased Assets or the Assumed Liabilities; or (b) that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred, or circumstances exist that may give rise to, or serve as a basis for, any such Action.

(b) There are no outstanding Governmental Orders and no unsatisfied judgments, penalties or awards against, relating to or affecting the Business.

**Section 4.16 Compliance With Laws; Permits.**

(a) Except as set forth in **Section 4.16(a)** of the Disclosure Schedules, Seller has strictly complied (as that term is defined by *US v. McIntosh*, 833 F. 3d 1163 (9<sup>th</sup> Cir. 2016)) in all material respects, and is now complying in all material respects, with all Laws that are applicable to the conduct of the Business as currently conducted or the ownership and use of the Purchased Assets, other than federal Laws relating to cannabis, cannabis-related products or banking, financing or anti-money laundering Laws related thereto.

(b) All Permits required for Seller to conduct the Business as currently conducted or for the ownership and use of the Purchased Assets (including state and local Permits necessary for the manufacture and sale of edible cannabis products) have been obtained by Seller and are valid and in full force and effect, except where the failure to obtain any such Permit would not have, or reasonably be expected to have, a Material Adverse Effect. All fees and charges with respect to such Permits as of the date hereof have been paid in full. **Section 4.16(b)** of the Disclosure Schedules lists all current Permits issued to Seller which are related to the conduct of the Business as currently conducted or the ownership and use of the Purchased Assets, including the names of the Permits and their respective dates of issuance and expiration. No event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit set forth in **Section 4.16(b)** of the Disclosure Schedules.

**Section 4.17 Environmental Matters.**

(a) Except as would not have a Material Adverse Effect, the operations of Seller with respect to the Business and the Purchased Assets are currently and have been for the preceding twelve months in compliance with all Environmental Laws. Seller has not received from any Person, with respect to the Business or the Purchased Assets, any: (i) Environmental Notice or Environmental Claim; or (ii) written request for information pursuant to Environmental Law, which, in each case, either remains pending or unresolved, or is the source of ongoing obligations or requirements as of the Closing Date.

(b) Seller has obtained and is in material compliance with all Environmental Permits (each of which is disclosed in **Section 4.17(b)** of the Disclosure Schedules) necessary for the conduct of the Business as currently conducted or the ownership, lease, operation or use of the Purchased Assets and all such Environmental Permits are in full force and effect and shall be maintained in full force and effect by Seller through the Closing Date in accordance with Environmental Law. With respect to any such Environmental Permits, Seller has undertaken, or will undertake prior to the Closing Date, all measures necessary to facilitate transferability of the same, and Seller is not aware of any condition, event or circumstance that might prevent or impede the transferability of the same, and has not received any Environmental Notice or written communication regarding any material adverse change in the status or terms and conditions of the same.

(c) None of the Business or the Purchased Assets is listed on, or has been proposed for listing on, the National Priorities List (or CERCLIS) under CERCLA, or any similar state list.

(d) Except as would not have a Material Adverse Effect, there has been no Release of Hazardous Materials by the Seller in contravention of Environmental Law with respect to the Business or the Purchased Assets, and Seller has not received an Environmental Notice that any of the Business or the Purchased Assets (including soils, groundwater, surface water, buildings and other structure located thereon) has been contaminated with any Hazardous Material which would reasonably be expected to result in an Environmental Claim against, or a violation of Environmental Law or term of any Environmental Permit by, Seller.

(e) To the Knowledge of Seller, there are no aboveground or underground storage tanks located on any real property owned, leased, operated or used by Seller.

(f) Seller has provided or otherwise made available to Buyer and listed in **Section 4.17(f)** of the Disclosure Schedules any and all environmental reports, studies, audits, records, sampling data, site assessments, risk assessments, economic models and other similar documents with respect to the Business or the Purchased Assets which are in the possession or control of Seller related to compliance with Environmental Laws, Environmental Claims or an Environmental Notice or the Release of Hazardous Materials.

(g) The representations and warranties set forth in this **Section 4.17** are the Seller's sole and exclusive representations and warranties regarding environmental matters.

#### Section 4.18 **Employee Benefit Matters.**

(a) **Section 4.18(a)** of the Disclosure Schedules lists each “employee benefit plan” as defined in Section 3(3) of ERISA and each other benefit plan, program, policy, agreement or arrangement maintained, sponsored or contributed or required to be contributed to by the Seller including bonuses, stock options, equity or incentive compensation, phantom equity, profit-sharing, deferred compensation, life insurance, pension, retirement, expense reimbursements, medical, hospital, disability, welfare or fringe benefits, change of control, severance, or vacation pay, to which the Seller is a party, with respect to which the Seller or any ERISA Affiliate has, or could reasonably be expected to have, any obligation or which are maintained, contributed to or sponsored by the Seller for the benefit of any current or former employee, officer or director (each a “**Seller Plan**” and collectively, the “**Seller Plans**”). Seller has made available to Parent the following documents with respect to each Seller Plan, as applicable: (i) true, correct and complete copies of the governing plan document and all other documents describing the current terms of each Seller Plan, including all amendments thereto, and all related trust documents, (ii) a written description of any Seller Plan that is not set forth in a written document, (iii) all Contracts relating to the administration or funding of any Seller Plan, including any trust agreement, insurance policy and administrative services agreement, (iv) the most recent summary plan description together with the summary or summaries of material modifications thereto, and (vii) the most recent annual report (Form 5500 series and all schedules and financial statements attached thereto) filed with the United States Department of Labor. No Seller Plan is subject to the Laws of any jurisdiction other than those of the United States, and no Seller Plans exist except as disclosed in **Section 4.18(a)** of the Disclosure Schedule.

(b) Each Seller Plan has been maintained, funded and administered in accordance with the terms of such Seller Plan and complies in all material respects in form and in operation with the requirements of applicable Law, including ERISA and the Code. All Seller contributions, reserves or payments that are due have been made or accrued with respect to the applicable Seller Plan(s), and all premiums or payments that are due have been timely paid or accrued with respect to the applicable Seller Plan(s). The Seller has satisfied in all material respects the reporting and disclosure requirements under the Code and ERISA that are applicable to the applicable Seller Plan(s). The Seller has not terminated any Seller Plan or taken any action with respect thereto that could reasonably be expected to result in an Encumbrance on any of the assets or properties of the Seller.

(c) The Seller does not maintain, sponsor, contribute to, have any obligation to contribute to, or have any actual or contingent Liability under or with respect to any (i) plan intended to be qualified under Section 401(a) of the Code, (ii) “defined benefit plan” as defined in Section 3(35) of ERISA or any other plan that is subject to Section 302 of ERISA or Section 412 of the Code, (iii) “pension plan” within the meaning of Section 3(2) of ERISA that is subject to Title IV of ERISA or Sections 412 or 430 of the Code or (iv) “multiemployer plan,” within the meaning of Section 3(37) of ERISA. No Seller Plan is a “multiple employer plan” (within the meaning of Section 413(c) of the Code) or a “multiple employer welfare arrangement” (as defined in Section 3(40)(A) of ERISA).

(d) No action, suit or claim (excluding claims for benefits incurred in the ordinary course) has been brought or is pending or, to the Knowledge of the Seller, threatened against or with respect to any Seller Plan. There are no audits, inquiries or proceedings pending or, to the Knowledge of the Seller, threatened by the Internal Revenue Service or Department of Labor with respect to any Seller Plan.

(e) There have been no non-exempt “prohibited transactions” (as defined in Section 4975 of the Code and Section 406 of ERISA) with respect to any Seller Plan, involving any “party in interest” (as defined in Section 3(14) of ERISA) or “disqualified person” (as defined in Section 4975(e)(2) of the Code) that would be reasonably likely to subject the Seller to any material Taxes or penalties (civil or otherwise) imposed by the Code or ERISA.

(f) The Seller does not maintain, contribute to or have any Liability with respect to the provision of post-employment or post-termination health or life insurance or any other welfare-type benefits to any Person other than as required under COBRA.

(g) Neither the execution of this Agreement nor the occurrence of the Closing will: (i) entitle any employee to severance payable by the Seller, or (ii) accelerate the time of funding, vesting or payment of any benefits under any of the Seller Plans.

(h) The Seller is not a party to any agreement under which any employee, leased employee or independent contractor is entitled to any “gross-up” payment in respect of Taxes under Sections 4999 or 409A of the Code. No Seller Plan is a “nonqualified deferred compensation plan” within the meaning of Section 409A of the Code.

#### Section 4.19 **Employment Matters.**

(a) As of the date hereof, including any employee who is on a leave of absence of any nature, paid or unpaid, authorized or unauthorized, and sets forth for each such individual the following: (i) name; (ii) title or position (including whether full or part time); (iii) hire date; (iv) current annual base compensation rate; (v) commission, bonus or other incentive-based compensation; and (vi) a description of the fringe benefits provided to each such individual as of the date hereof. As of the date hereof, all compensation, including wages, commissions and bonuses payable to all employees, leased employees, independent contractors or consultants of the Business for services performed on or prior to the date hereof that are due on or prior to the date hereof have been paid in full. There are no agreements, understandings or commitments of Seller with respect to any compensation, commissions or bonuses.

(b) Seller is not, and has not been a party to, bound by, or negotiating any collective bargaining agreement or other Contract with a union, works council or labor organization (collectively, “**Union**”), and there is not, and has never been any Union representing or purporting to represent any employee of Seller, and, to Seller’s Knowledge, no Union or group of employees is seeking or has sought to organize employees for the purpose of collective bargaining. There is not, nor has there been, any threat of, any strike, slowdown, work stoppage, lockout, concerted refusal to work overtime or other similar



labor disruption or dispute affecting Seller or any employees of the Business. Seller has no duty to bargain with any Union.

(c) Seller is and has been in compliance in all material respects with all applicable Laws pertaining to employment and employment practices to the extent they relate to employees of the Business, including all Laws relating to labor relations, equal employment opportunities, fair employment practices, employment discrimination, harassment, retaliation, reasonable accommodation, disability rights or benefits, immigration, wages, hours, overtime compensation, child labor, hiring, promotion and termination of employees, working conditions, meal and break periods, privacy, health and safety, workers' compensation, leaves of absence and unemployment insurance. All individuals characterized and treated by Seller as consultants or independent contractors of the Business are properly treated as independent contractors under all applicable Laws. All employees of the Business classified as exempt under the Fair Labor Standards Act and state and local wage and hour laws are properly classified. Except as set forth in **Section 4.19(c)** of the Disclosure Schedules, there are no Actions against Seller pending, or to the Seller's Knowledge, threatened to be brought or filed, by or with any Governmental Authority or arbitrator in connection with the employment of any current or former applicant, employee, consultant, volunteer, intern or independent contractor of the Business, including, any claim relating to unfair labor practices, employment discrimination, harassment, retaliation, equal pay, wages and hours or any other employment related matter arising under applicable Laws.

#### Section 4.20 **Taxes.**

(a) All material Tax Returns required to be filed by or on behalf of Seller for any Pre-Closing Tax Period have been, or will be, timely filed. Such Tax Returns are, or will be, true, complete and correct in all material respects. All material Taxes due and owing on or before the Closing Date by or on behalf of Seller (whether or not shown on any Tax Return) have been, or will be, timely paid.

(b) Seller has withheld and paid each Tax required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, member or other party, and complied with all information reporting and backup withholding provisions of applicable Law.

(c) No extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of or with respect to Seller.

(d) All deficiencies asserted, or assessments made, against or with respect to Seller as a result of any examinations by any taxing authority have been fully paid or are being contested in good faith.

(e) Seller is not a party to any Action by any taxing authority. There are no pending or threatened Actions by any taxing authority.

(f) There are no Encumbrances for Taxes upon any of the Purchased Assets nor, to Seller's Knowledge, is any taxing authority in the process of imposing any

Encumbrances for Taxes on any of the Purchased Assets (other than for current Taxes not yet due and payable).

(g) Seller is not a “foreign person” as that term is used in Treasury Regulations Section 1.1445-2.

(h) Seller is not, and has not been, a party to, or a promoter of, a “reportable transaction” within the meaning of Section 6707A(c)(1) of the Code and Treasury Regulations Section 1.6011-4(b).

(i) None of the Purchased Assets is (i) subject to Section 168(g)(1)(A) of the Code, or (ii) subject to a disqualified leaseback or long-term agreement as defined in Section 467 of the Code.

(j) None of the Purchased Assets is tax-exempt use property within the meaning of Section 168(h) of the Code.

Section 4.21 **Brokers.** No broker, finder or investment banker is entitled to any brokerage, finder’s or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Seller.

Section 4.22 **Purchase Entirely for Own Account.** This Agreement is made with the Seller in reliance upon the Seller’s representation to Parent, which by the Seller’s execution of this Agreement, the Seller hereby confirms, that the shares of Parent Stock issuable pursuant to this Agreement (the “**Shares**”), to be acquired by the Seller will be acquired for investment for the Seller’s own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that the Seller has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Agreement, the Seller further represents that the Seller does not presently have any contract, undertaking, agreement or arrangement with any Person to sell, transfer or grant participations to such Person or to any third Person, with respect to any of the Shares. The Seller has not been formed for the specific purpose of acquiring the Shares.

Section 4.23 **Disclosure of Information.** The Seller has had an opportunity to discuss the Parent’s business, management, financial affairs, and the terms and conditions of the offering of the Shares with the Parent’s management and to review Parent’s publicly available documents on the SEDAR filing system. The foregoing, however, does not limit or modify the representations and warranties of the Parent in **ARTICLE V** or the right of the Seller to rely thereon.

Section 4.24 **Restricted Securities.** The Seller understands that the Shares have not been, and will not be, registered under the Securities Act. The Seller understands that the Shares are “restricted securities” under applicable U.S. federal and state securities laws and that, pursuant to these laws, the Seller may not sell the Shares in the United States indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities, or an exemption from such registration and qualification requirements is available.

Section 4.25 **Limited Public Market.** The Seller understands that only a limited public market now exists for the Shares, and that the Parent has made no assurances that a public market will continue to exist for the Shares or that a public market will become more significant.

Section 4.26 **Legends.**

(a) The Seller understands that the Shares may be notated with one or all of the following legends:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE *UNITED STATES SECURITIES ACT OF 1933*, AS AMENDED, (THE “SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE OFFERED, SOLD, EXCHANGED, MORTGAGED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO OR FOR THE BENEFIT OF ANY NATIONAL, CITIZEN OR RESIDENT OF THE UNITED STATES, ANY CORPORATION, PARTNERSHIP OR OTHER ENTITY CREATED OR ORGANIZED IN OR UNDER THE LAWS OF THE UNITED STATES, EXCEPT: (A) TO GOLDEN LEAF HOLDINGS LTD. (THE “CORPORATION”), (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATIONS UNDER THE SECURITIES ACT AND WITH APPLICABLE STATE SECURITIES LAWS, OR (C) WITH THE PRIOR WRITTEN CONSENT OF THE CORPORATION AND UPON THE CORPORATION RECEIVING AN OPINION OF COUNSEL FOR THE HOLDER (OR SUCH OTHER EVIDENCE AS MAY BE SATISFACTORY TO THE CORPORATION) DEMONSTRATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS IN COMPLIANCE WITH SECTION 4(a)(7) UNDER THE SECURITIES ACT OR WITH RULES 144 OR 144A THEREUNDER AND WITH APPLICABLE STATE SECURITIES LAWS.”

and that any certificate representing any securities issuable in exchange for any of the Shares or in substitution thereof will bear the same legend; provided, that if any of the Shares are being sold under clause (B) of the legend at a time when Parent is a “Foreign Issuer”, as defined in Regulation S under the Securities Act, the legend may be removed from such Shares by providing a declaration to the registrar and transfer agent of Parent in such form as Parent may reasonably prescribe from time to time; and

(b) Any legend required by the securities laws of Canada or the Canadian Securities Exchange to the extent applicable to the Shares represented by the certificate, instrument, or book entry so legended.

Section 4.27 **Accredited Investor; Not Bad Actor.** The Seller is an accredited investor as defined in Rule 501(a) of Regulation D promulgated under the Securities Act. No bad actor disqualifying event described in Rule 506(d)(1)(i)-(viii) of the Securities Act (a “**Disqualification Event**”) is applicable to the Seller or Members except for a Disqualification Event as to which Rule 506(d)(2)(ii)-(iv) or (d)(3) is applicable.

Section 4.28 **No General Solicitation.** Neither the Parent nor Buyer, nor any of their respective officers, directors, employees, agents, stockholders, members or partners has either directly or indirectly, including, through a broker or finder (a) engaged in any general solicitation, or (b) published any advertisement in connection with the offer and sale of the Shares.

Section 4.29 **Residence.** Seller’s principal place of business is in the state of Nevada.

Section 4.30 **Going Concern.** Seller makes no representation or warranty that the Business or the transactions contemplated by this Agreement remain viable as a going concern after Closing, including in relation to federal Laws relating to cannabis, cannabis-related products or banking, financing or anti-money laundering Laws related thereto.

## ARTICLE V REPRESENTATIONS AND WARRANTIES OF BUYER AND PARENT

Except as set forth in the correspondingly numbered Sections of the Disclosure Schedules, each of Buyer and Parent, jointly and severally, represents and warrants to Seller that the statements contained in this **ARTICLE V** are true and correct as of the date hereof.

Section 5.01 **Organization.** Buyer is a corporation duly organized and validly existing under the Laws of the state of Nevada. Parent is a corporation duly incorporated, validly existing and in good standing under Laws of the Province of Ontario.

Section 5.02 **Authority.** Each of Buyer and Parent has full corporate power and authority to enter into this Agreement and the other Transaction Documents to which it is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by each of Buyer and Parent of this Agreement and any other Transaction Document to which Buyer or Parent is a party, the performance by each of Buyer and Parent of its obligations hereunder and thereunder and the consummation by Buyer and Parent of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Buyer and Parent and no other corporate proceedings on the part of Buyer and Parent are necessary to authorize the execution, delivery and performance of this Agreement or to consummate the transactions contemplated hereby and thereby (other than shareholder approval by Parent’s shareholders if required by the Canadian Securities Exchange). This Agreement has been duly executed and delivered by each of Buyer and Parent, and (assuming due authorization, execution and delivery by Seller) this Agreement constitutes a legal, valid and binding obligation of each of Buyer and Parent enforceable against Buyer and Parent in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors’ rights and general equity principles. When each other Transaction Document to which Buyer or Parent is or will be a party has been duly executed and delivered by Buyer and Parent (assuming due authorization, execution and delivery by each



other party thereto), such Transaction Document will constitute a legal and binding obligation of Buyer or Parent, as applicable, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and general equity principles.

**Section 5.03 No Conflicts; Consents.** The execution, delivery and performance by each of Buyer and Parent of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the articles of incorporation, by-laws or other organizational documents of Buyer or Parent; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Buyer or Parent; or (c) require the consent, notice or other action by any Person under any Contract to which Buyer or Parent is a party. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Buyer or Parent in connection with the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby.

**Section 5.04 Financial Statements.** The audited financial statements of Parent for the year ended December 31, 2017, and the unaudited financial statements for the 3- month period ended March 31, 2018 (the "**Parent Financial Statements**"), copies of which have been filed publicly and are available on SEDAR, are true and correct in every material respect and present fairly and accurately the financial position and results of the operations of the Parent for the periods then ended, and the Parent Financial Statements have been prepared in accordance with international financial reporting standards applied on a consistent basis.

**Section 5.05 Books and Records.** The books and records of the Parent disclose all material financial transactions of the Parent to Parent's last public filing and such transactions have been fairly and accurately recorded.

**Section 5.06 Liabilities.** There are no material liabilities of the Parent, whether direct, indirect, contingent or otherwise, which are not disclosed or reflected in the Parent Financial Statements except those incurred in the ordinary course of business of the Parent as of the last public filing of the Parent and such liabilities are recorded in the books and records of the Parent.

**Section 5.07 Material Adverse Change.** Since Parent's last public filing, there has not been any material adverse change of any kind whatsoever to the financial position or condition of the Parent, or any damage, loss or other change of any kind whatsoever in circumstances materially affecting the business or assets of the Parent, or the right or capacity of the Parent to carry on its business other than as disclosed in the Parent Financial Statements.

**Section 5.08 Compliance with Laws.** To its knowledge, the Parent is no in material breach of any law, ordinance, statute, regulation, order or decree of any kind whatsoever.

**Section 5.09 Taxes.** Except as otherwise set forth in Section 5.09 of the Disclosure Schedules, the Parent has filed with appropriate taxation authorities, federal, state, provincial and local, all returns, reports and declarations which are required to be filed by it and has paid all Taxes

which have become due and no taxing authority is asserting or has, to the knowledge of the Parent, threatened to assert, or has any basis for asserting against the Parent any claim for additional Taxes, or penalty or interest thereon. As of the date of this Agreement, the Parent has not been assessed any late filing fees or any additional taxes owing.

Section 5.10 **Authorized Capital.** The authorized share capital of the Parent consists of unlimited common shares with no par value of per common share (the “**Parent Authorized Shares**”). The issued share capital to the Seller will not exceed the number of Parent Authorized Shares.

Section 5.11 **Brokers.** No broker, finder or investment banker is entitled to any brokerage, finder’s or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Buyer or Parent.

Section 5.12 **Legal Proceedings.** Except as otherwise set forth in Section 5.12 of the Disclosure Schedules, there are no Actions pending or, to Buyer’s knowledge, threatened against or by Buyer or any Affiliate of Buyer that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred, or circumstances exist that may give rise or serve as a basis for any such Action.

Section 5.13 **Valid Issuance.** The Shares when issued to Seller pursuant to this Agreement will be duly authorized, validly issued, fully paid and non-assessable.

Section 5.14 **Securities Law Matters.** Parent is a “reporting issuer” under Canadian securities laws in the provinces of Ontario, Alberta and British Columbia. The Parent Stock is listed and posted for trading on the Canadian Securities Exchange. Parent is not in default of any material requirements of any Securities Laws or the rules and regulations of the Canadian Securities Exchange, except that Parent is in the process of complying with the Ontario Securities Commission (“**OSC**”) Business Acquisition Report requirement with respect to Parent’s acquisition of CFA Retail, LLC and CFA Productions, LLC in 2017 (the “**BAR**”). No delisting, suspension of trading or cease trade or other order or restriction with respect to any securities of Parent is pending, in effect, has been threatened, or is expected to be implemented or undertaken, and Parent is not subject to any formal or informal review, enquiry, investigation or other proceeding relating to any such order or restriction. Except with respect to the BAR, Parent has timely filed or furnished with any Governmental Authority all material forms, reports, schedules, statements and other material documents required to be filed under Securities Laws or furnished by Parent with the appropriate Governmental Authority.

Section 5.15 **SEDAR Filings.** Parent’s financial statements, Management’s Discussion and Analysis and other public filings filed on SEDAR comply in all material respect with all applicable Laws and stock exchange requirements, and did not, as of the date filed (or, if amended or superseded by a subsequent filing prior to the Closing Date, on the date of such filing), 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. Except with respect to an OSC Compliance Notice dated July 5, 2018, there are no outstanding or unresolved comments in comment letters from any Governmental

Authority with respect to any of Parent's public filings and to the knowledge of Parent, Parent is not subject of an ongoing audit, review, comment or investigation by any securities commission or the Canadian Securities Exchange. Except as publicly disclosed, there is not presently any material change, as defined under Canadian Securities Laws, relating to Parent or any change in any material fact, as defined under Canadian Securities Laws, relating to any of the Parent Stock, which has not been fully disclosed in accordance with the requirements of Securities Laws.

**Section 5.16 Due Diligence.** Each of Buyer and Parent has completed such investigations of the Business as it deems necessary and appropriate, and has received all of the information that it has requested from the Seller in connection with the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated by this Agreement and the other Transaction Documents.

**Section 5.17 Solvency.** Immediately after giving effect to the transactions contemplated by this Agreement, each of Buyer and Parent and their respective subsidiaries shall (i) be able to pay their respective debts as they become due; (ii) own property which has a fair saleable value greater than the amounts required to pay their respective debts as and when they become due (including a reasonable estimate of the amount of all contingent liabilities); and (iii) have adequate capital to carry on their respective businesses. No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated by this Agreement with the intent to hinder, delay or defraud either present or future creditors of Buyer or Parent or their respective Subsidiaries.

**Section 5.18 Regulation S Matters.** For the twelve-month period ending June 30, 2018, Parent qualifies as a "foreign private issuer" (as defined in Rule 405 of Regulation C of the Securities Act) and as of the Closing there is no "substantial U.S. market interest" (as defined in Rule 902 of Regulation S of the Securities Act) in Parent Stock.

## ARTICLE VI COVENANTS

**Section 6.01 Conduct of Business Prior to the Closing.** From the date hereof until the Closing, except as otherwise provided in this Agreement or consented to in writing by Buyer (which consent shall not be unreasonably withheld or delayed), Seller shall (x) conduct the Business in the ordinary course of business consistent with past practice; and (y) use commercially reasonable efforts to maintain and preserve intact its current Business organization, operations and franchise and to preserve the rights, franchises, goodwill and relationships of its employees, customers, lenders, suppliers, regulators and others having relationships with the Business. Without limiting the foregoing, from the date hereof until the Closing Date, Seller shall use commercially reasonable efforts to:

- (a) preserve and maintain all the Permits held by the Seller as of the date hereof;
- (b) pay the debts, Taxes and other obligations of the Business when due;
- (c) continue to collect Accounts Receivable in a manner consistent with past practice, without discounting such Accounts Receivable;

(d) maintain the properties and assets included in the Purchased Assets in substantially the same condition as they were on the date of this Agreement, subject to reasonable wear and tear;

(e) continue in full force and effect without modification all Insurance Policies, except as required by applicable Law;

(f) defend and protect the properties and assets included in the Purchased Assets from infringement or usurpation;

(g) materially perform all of its obligations under all Assigned Contracts;

(h) maintain in all material respects the Books and Records in accordance with past practice;

(i) strictly comply (as that term is defined by *US v. McIntosh*, 833 F. 3d 1163 (9<sup>th</sup> Cir. 2016)) in all material respects with all Laws applicable to the conduct of the Business or the ownership and use of the Purchased Assets, other than federal Laws relating to cannabis, cannabis-related products or banking, financing or anti-money laundering Laws related thereto; and

(j) not take or permit any action that would cause any of the changes, events or conditions described in **Section 4.06** to occur.

**Section 6.02 Access to Information.** From the date hereof until the Closing, Seller shall (a) afford Buyer and its Representatives reasonable access to and the right to inspect all of the Real Property, properties, assets, premises, Books and Records, Contracts and other documents and data related to the Business; (b) furnish Buyer and its Representatives with such financial, operating and other data and information related to the Business as Buyer or any of its Representatives may reasonably request; and (c) instruct the Representatives of Seller to cooperate with Buyer in its investigation of the Business. Any investigation pursuant to this **Section 6.02** shall be conducted in such manner as not to interfere unreasonably with the conduct of the Business, shall be conducted during normal business hours, and shall be conducted only following reasonable advance notice. No investigation by Buyer or other information received by Buyer shall operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Seller in this Agreement.

**Section 6.03 No Solicitation of Other Bids.**

(a) From the date hereof until the Closing, Seller shall not, nor shall it authorize or permit any of their respective Affiliates or any of its or their Representatives to, directly or indirectly, (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. Seller shall immediately cease and cause to be terminated, and shall cause its Affiliates and all of its and their Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore



with respect to, or that could reasonably lead to, an Acquisition Proposal. For purposes hereof, “**Acquisition Proposal**” means any inquiry, proposal or offer from any Person (other than Buyer or any of its Affiliates) relating to the direct or indirect disposition, whether by sale, merger or otherwise, of the Business or all or any significant portion of the Purchased Assets.

(b) In addition to the other obligations under this **Section 6.03**, Seller shall promptly (and in any event within three Business Days after receipt thereof by Seller or its Representatives) advise Buyer orally and in writing of any Acquisition Proposal, any request for information with respect to any Acquisition Proposal, or any inquiry with respect to or which could reasonably be expected to result in an Acquisition Proposal, the material terms and conditions of such request, Acquisition Proposal or inquiry, and the identity of the Person making the same.

(c) Seller agrees that the rights and remedies for noncompliance with this **Section 6.03** shall include having such provision specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to Buyer and that money damages would not provide an adequate remedy to Buyer.

#### **Section 6.04 Notice of Certain Events.**

(a) From the date hereof until the Closing, Seller shall promptly notify Buyer in writing of (by delivery of updated Disclosure Schedules):

(i) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by Seller hereunder not being true and correct or (C) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in **Section 7.02** to be satisfied;

(ii) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(iii) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement; and

(iv) any Actions commenced or, to Seller’s Knowledge, threatened against, relating to or involving or otherwise affecting the Business, the Purchased Assets or the Assumed Liabilities that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to **Section 4.16** or that relates to the consummation of the transactions contemplated by this Agreement.

(b) Buyer’s receipt of updated Disclosure Schedules pursuant to this **Section 6.04** shall not operate as a waiver or otherwise affect any representation, warranty or

agreement given or made by Seller in this Agreement (including for purposes of **Section 8.02** and **Section 9.01(b)**) and shall not be deemed to amend or supplement the Disclosure Schedules.

(c) In the event that Seller is required to deliver any updated Disclosure Schedules to Parent or Buyer pursuant to this **Section 6.04**, then, unless Buyer has the right to terminate this Agreement pursuant to **ARTICLE IX** by reason of any new disclosures contained in such updated Disclosure Schedules and exercises that right within five (5) Business Days after its receipt of such updated Disclosure Schedules, Buyer shall be deemed to have waived its right to terminate this Agreement or prevent the consummation of the transactions contemplated by this Agreement pursuant to **Section 7.02(a)** and accepted the updated Disclosure Schedules, and the delivery of any such updated Disclosure Schedules will be deemed to have amended the Disclosure Schedules, to have qualified the representations and warranties made by Seller herein, and to have cured any misrepresentation or breach of warranty that otherwise might have existed hereunder by reason of such variance or inaccuracy, but only if, and to the extent, the item disclosed in the updated Disclosure Schedules did not exist or had not occurred prior to the date of this Agreement.

(d) From the date hereof until the Closing, the Buyer shall promptly notify Seller in writing of (by delivery of updated Disclosure Schedules):

(e) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has resulted in, or could reasonably be expected to result in, any representation or warranty made by the Buyer or Parent hereunder not being true and correct or (B) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in **Section 7.03** to be satisfied;

(f) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement; and

(g) any Actions commenced or, to the Buyer's knowledge, threatened against, relating to or involving or otherwise affecting Buyer or Parent that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to **Section 4.15** or that relates to the consummation of the transactions contemplated by this Agreement.

(h) The receipt of updated Disclosure Schedules pursuant to this **Section 6.04** shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by the updating party (including for purposes of **Section 8.02**, **Section 8.03**, **Section 9.01(b)**, and **Section 9.01(c)**) and shall not be deemed to amend or supplement the Disclosure Schedules.

(i) In the event that any party is required to deliver any updated Disclosure Schedules to the other party pursuant to this **Section 6.04**, then, unless the non-updating party has the right to terminate this Agreement pursuant to **ARTICLE IX** by reason of any new disclosures contained in such updated Disclosure Schedules and exercises that right

within five (5) Business Days after its receipt of such updated Disclosure Schedules, the non-updating party shall be deemed to have waived its right to terminate this Agreement or prevent the consummation of the transactions contemplated by this Agreement pursuant to **Section 7.03(a)** and accepted the updated Disclosure Schedules, and the delivery of any such updated Disclosure Schedules will be deemed to have amended the Disclosure Schedules, to have qualified the representations and warranties made by the updating party herein, and to have cured any misrepresentation or breach of warranty that otherwise might have existed hereunder by reason of such variance or inaccuracy, but only if, and to the extent, the item disclosed in the updated Disclosure Schedules did not exist or had not occurred prior to the date of this Agreement.

**Section 6.05 Employees and Employee Benefits.**

(a) Commencing on the Closing Date, Seller shall terminate all employees, or cause to be terminated all leased employees, of the Business who are actively at work on the Closing Date, and, at Buyer's sole discretion, Buyer or its Affiliate may offer employment, on an "at will" basis, to any or all of such employees.

(b) On or prior to the Closing Date, Seller shall pay or cause to be paid all compensation or other amounts payable to any current or former employee, leased employee, officer, director, independent contractor or consultant of the Business, including, without limitation, hourly pay, commission, bonus, salary, fringe, pension or profit sharing benefits or severance pay for any period relating to the service with Seller at any time on or prior to the Closing Date; provided that Buyer or its Affiliate shall assume liability for accrued and unused vacation for employees hired by Buyer or its Affiliate.

(c) Seller shall remain solely responsible for the satisfaction of all claims for medical, dental, life insurance, health accident or disability benefits brought by or in respect of current or former employees, officers, directors, independent contractors or consultants of the Business or the spouses, dependents or beneficiaries thereof, which claims relate to events occurring on or prior to the Closing Date. Seller also shall remain solely responsible for all worker's compensation claims of any current or former employees, officers, directors, independent contractors or consultants of the Business which relate to events occurring on or prior to the Closing Date. Seller shall pay, or cause to be paid, all such amounts to the appropriate persons as and when due.

(d) Each employee of the Business who becomes employed by Buyer or its Affiliate in connection with the transactions contemplated by this Agreement shall be eligible to receive the salary and benefits on substantially similar terms and conditions in the aggregate as are provided in similarly situated employees of Buyer.

**Section 6.06 Confidentiality.** From and after the Closing, Seller shall, and cause its Affiliates to, hold, and shall use their commercially reasonable efforts to cause its or their respective Representatives to hold, in confidence any and all confidential information, whether written or oral, concerning the Seller, except to the extent that Seller can show that such information (a) is generally available to and known by the public through no fault of Seller, any of its Affiliates or their respective Representatives; or (b) is lawfully acquired by Seller, any of its

Affiliates or their respective Representatives from and after the Closing from sources which are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation; or (c) is required by judicial or administrative process or by other requirements of Law or on the advice of counsel to be disclosed. If Seller or any of its Affiliates or their respective Representatives are compelled to disclose any information by judicial or administrative process or by other requirements of Law, Seller shall promptly notify Buyer in writing and shall disclose only that portion of such information which Seller is advised by its counsel in writing is legally required to be disclosed, *provided that* Seller shall use commercially reasonable efforts to cooperate to permit Buyer to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

**Section 6.07 Non-competition; Non-solicitation.**

(a) For a period of three (3) years commencing on the Closing Date (the “**Restricted Period**”), Seller and Members (individually) shall not, and shall not permit any of their respective Affiliates to, directly or indirectly, (i) engage in or assist others in engaging in the Restricted Business in the Territory; (ii) have an interest in any Person that engages directly or indirectly in the Restricted Business in the Territory in any capacity, including as a partner, shareholder, member, employee, principal, agent, trustee or consultant; or (iii) cause, induce or encourage any material actual or prospective client, customer, supplier or licensor of the Business (including any existing or former client or customer of Seller and any Person that becomes a client or customer of the Business after the Closing), or any other Person who has a material business relationship with the Business, to terminate or modify any such actual or prospective relationship. Notwithstanding the foregoing, Seller and each Member may (x) own, directly or indirectly, the Parent Stock, and (y) own, directly or indirectly, solely as an investment, securities of any Person traded on any national securities exchange if Seller is not a controlling Person of, or a member of a group which controls, such Person and does not, directly or indirectly, own five percent (5%) or more of any class of securities of such Person.

(b) During the Restricted Period, Seller and each Member shall not, and shall not permit any of their respective Affiliates to, directly or indirectly, hire or solicit any person who is offered employment by Buyer pursuant to **Section 6.05(a)** or is or was employed in the Business during the Restricted Period, or encourage any such employee to leave such employment or hire any such employee who has left such employment, except pursuant to a general solicitation which is not directed specifically to any such employees; *provided, that* nothing in this **Section 6.07(b)** shall prevent Seller, a Member, or any of their respective Affiliates from hiring (i) any employee whose employment has been terminated by Buyer or (ii) after one hundred eighty (180) days from the date of termination of employment, any employee whose employment has been terminated by the employee.

(c) Seller and each Member acknowledges that a breach or threatened breach of this **Section 6.07** would give rise to irreparable harm to Buyer, for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by Seller and/or any Member of any such obligations, Buyer shall, in addition to any and all other rights and remedies that may be available to it in respect of



such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

(d) Seller and each Member acknowledges that the restrictions contained in this **Section 6.07** are reasonable and necessary to protect the legitimate interests of Buyer and constitute a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated by this Agreement. In the event that any covenant contained in this **Section 6.07** should ever be adjudicated to exceed the time, geographic, product or service or other limitations permitted by applicable Law in any jurisdiction, then any court is expressly empowered to reform such covenant, and such covenant shall be deemed reformed, in such jurisdiction to the maximum time, geographic, product or service or other limitations permitted by applicable Law. The covenants contained in this **Section 6.07** and each provision hereof are severable and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.

#### **Section 6.08 Governmental Approvals and Consents.**

(a) Each party hereto shall, as promptly as possible, (i) make, or cause or be made, all filings and submissions required under any Law applicable to such party or any of its Affiliates; and (ii) use commercially reasonable efforts to obtain, or cause to be obtained, all consents, authorizations, orders and approvals from all Governmental Authorities that are or become necessary for its execution and delivery of this Agreement and the performance of its obligations pursuant to this Agreement and the other Transaction Documents. Each party shall cooperate in a commercially reasonable manner with the other party and its Affiliates in promptly seeking to obtain all such consents, authorizations, orders and approvals and shall provide the other parties and their legal counsel with a reasonable opportunity to review and comment on all submissions made with Governmental Authorities in connection with this Agreement, including the Canadian Securities Exchange, and reasonable consideration shall be given to any comments made by the other parties. The parties hereto shall not willfully take any action that will have the effect of delaying, impairing or impeding the receipt of any required consents, authorizations, orders and approvals.

(b) Seller, Buyer and Parent shall use commercially reasonable efforts to give all notices to, and obtain all consents from, all third parties that are described in **Section 4.03** of the Disclosure Schedules.

#### **Section 6.09 Books and Records.**

(a) In order to facilitate the resolution of any claims made against or incurred by Seller prior to the Closing, or for any other reasonable purpose, for a period of five years after the Closing, Buyer shall:

(i) retain the Books and Records (including personnel files) relating to periods prior to the Closing in a manner reasonably consistent with the prior practices of Seller; and

(ii) upon reasonable notice, afford the Seller's Representatives reasonable access (including the right to make, at Seller's expense, photocopies), during normal business hours, to such Books and Records.

(b) In order to facilitate the resolution of any claims made by or against or incurred by Buyer after the Closing, or for any other reasonable purpose, for a period of five years following the Closing, Seller shall:

(i) retain the books and records (including personnel files) of Seller which relate to the Business and its operations for periods prior to the Closing; and

(ii) upon reasonable notice, afford the Buyer's Representatives reasonable access (including the right to make, at Buyer's expense, photocopies), during normal business hours, to such books and records.

(c) Neither Buyer nor Seller shall be obligated to provide the other party with access to any books or records (including personnel files) pursuant to this **Section 6.09** where such access would violate any Law.

**Section 6.10 Closing Conditions** From the date hereof until the Closing, each party hereto shall use commercially reasonable efforts to take such actions as are necessary to satisfy the closing conditions set forth in **ARTICLE VII** hereof.

**Section 6.11 Public Announcements.** Unless otherwise required by applicable Law or stock exchange rules (based upon the reasonable advice of counsel), no party to this Agreement shall make any public announcements in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the other party (which consent shall not be unreasonably withheld or delayed), and the parties shall cooperate as to the timing and contents of any such announcement.

**Section 6.12 Bulk Sales Laws.** The parties hereby waive compliance with the provisions of any bulk sales, bulk transfer or similar Laws of any jurisdiction that may otherwise be applicable with respect to the sale of any or all of the Purchased Assets to Buyer; it being understood that any Liabilities arising out of the failure of Seller to comply with the requirements and provisions of any bulk sales, bulk transfer or similar Laws of any jurisdiction which would not otherwise constitute Assumed Liabilities shall be treated as Excluded Liabilities.

**Section 6.13 Receivables.** From and after the Closing, if Seller or any of its Affiliates receives or collects any funds relating to any Accounts Receivable or any other Purchased Asset, Seller or its Affiliate shall remit such funds to Buyer within five (5) Business Days after its receipt thereof. From and after the Closing, if Buyer or its Affiliate receives or collects any funds relating to any Excluded Asset, Buyer or its Affiliate shall remit any such funds to Seller within five (5) Business Days after its receipt thereof.

Section 6.14 **Transfer Taxes.** All transfer, documentary, sales, use, stamp, registration, value added and other such similar Taxes and fees (including any penalties and interest) incurred in connection with this Agreement and the Transaction Documents (including any real property transfer Tax and any other similar Tax) shall be borne and paid by whichever party is assessed such Tax when due. Such assessed party shall timely file any Tax Return or other document with respect to such Taxes or fees (and Seller or Buyer, as the case may be, shall cooperate with respect thereto as necessary).

Section 6.15 **Escrow.** The Escrow Shares shall be released from the Escrow pursuant to the terms of the Escrow Agreement, which terms will include but not be limited to a right of set off against the property held in the Escrow in the event that an indemnification claim has been made by a Buyer Indemnitee pursuant to the provisions of ARTICLE VIII of this Agreement.

Section 6.16 **Assignment of Intellectual Property.** Prior to Closing, the Members, if necessary, shall assign to Seller all of their rights in and to use the name “Tahoe Hydroponics Company” and any other Intellectual Property owned by Members and used in the Business.

Section 6.17 **Further Assurances.** Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement and the other Transaction Documents. After Closing Seller shall use reasonable best efforts to obtain any consents set forth on **Section 4.03** of the Disclosure Schedules not obtained prior to Closing.

Section 6.18 **WAIVER OF DEFENSE OF ILLEGALITY.** BUYER WAIVES ANY DEFENSE BASED ON FEDERAL LAW OR THAT THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT ARE VOID AGAINST PUBLIC POLICY BASED ON ILLEGALITY UNDER FEDERAL LAW.

Section 6.19 **Name Change.** Promptly following Closing, Seller shall amend its Articles of Organization to change its name to a name that does not include the words “Tahoe Hydroponics Company” or “THC”.

Section 6.20 **11T Covenants.** The Members are substantial owners of 11T and shall use their best efforts to take all actions to sell substantially all of the assets of 11T or all of the equity of 11T to Buyer. For purposes of this section, best efforts includes, but is not limited to, the following: The Members shall execute that certain option agreement substantially in the form of **Exhibit 6.20** attached hereto contemporaneously with the execution of this Agreement.

## ARTICLE VII CONDITIONS TO CLOSING

Section 7.01 **Conditions to Obligations of All Parties.** The obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Governmental Order which is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof.

(b) No Governmental Authority shall have taken any action under any Governmental Order or Law which results or could reasonably be expected to result in a Governmental Order directly or indirectly relating to transactions contemplated by this Agreement which is or could be materially adverse to the business or financial condition of Seller, Buyer, or Parent.

(c) All approvals, consents, waivers and Permits that are listed on **Schedule 7.01(d)** shall have been received, and executed counterparts thereof shall have been delivered to Parent at or prior to the Closing, including, but not limited to, all approvals of the transactions contemplated by this Agreement by the Nevada Department of Taxation, Carson City, or any other Governmental Authority having jurisdiction over Seller, Buyer, the Purchased Assets, or the Business.

(d) 11T, or its equity holders, shall have entered into a mutually acceptable asset purchase agreement or membership interest purchase agreement.

**Section 7.02 Conditions to Obligations of Buyer and Parent.** The obligations of Buyer and Parent to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or the waiver by Buyer and Parent, at or prior to the Closing, of each of the following conditions:

(a) Other than the representations and warranties of Seller and Members contained in **Section 4.01** and **Section 4.02**, the representations and warranties of Seller and Members contained in this Agreement, the other Transaction Documents and any certificate or other writing delivered pursuant hereto shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects). The representations and warranties of Seller and Members contained in **Section 4.01**, **Section 4.02** and **Section 4.22** shall be true and correct in all respects on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

(b) Seller shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the other Transaction Documents to be performed or complied with by it prior to or on the Closing Date.



(c) No Action shall have been commenced against Buyer, Seller, or Parent which would prevent the Closing. No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any transaction contemplated hereby.

(d) From the date of this Agreement, there shall not have occurred any Material Adverse Effect, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Material Adverse Effect.

(e) Seller shall have delivered to Buyer duly executed counterparts to the Transaction Documents (other than this Agreement) and such other documents and deliveries set forth in **Section 3.02(a)**.

(f) Buyer shall have received all Permits and other regulatory approvals of the type that were used by Seller in the conduct of the Business as conducted by Seller as of the Closing Date.

(g) Seller has delivered to Buyer audited Financial Statements for the seven-month period from January 1, 2018 to July 31, 2018 which do not materially differ from the Interim Financial Statements provided to Buyer.

(h) All Encumbrances relating to the Purchased Assets shall have been released in full, other than Permitted Encumbrances, and Seller shall have delivered to Buyer written evidence, in form satisfactory to Buyer in its sole discretion, of the release of such Encumbrances.

(i) Buyer shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of Seller, that each of the conditions set forth in **Section 7.02(a)** and **Section 7.02(b)** have been satisfied (the “**Seller Closing Certificate**”).

(j) Buyer shall have received a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Seller certifying that attached thereto are true and complete copies of all resolutions adopted by the member of Seller authorizing the execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby.

(k) Buyer shall have received a certificate pursuant to Treasury Regulations Section 1.1445-2(b) (the “**FIRPTA Certificate**”) that Seller is not a foreign person within the meaning of Section 1445 of the Code duly executed by Seller.

(l) Upon the closing of the transactions contemplated by this Agreement the deposit of the Earn-Out Shares with TSX Trust Company in accordance with **Section 2.05(b)(ii)** of this Agreement.

(m) Ray Schiavone and Mark Bruno shall have entered into employment agreements with Parent, Buyer or GL Management, Inc., as applicable, in the forms attached hereto as **Exhibit D-1** and **D-2**, respectively.

(n) Buyer shall have received all consents or assignments required by Seller's landlords to possess any leasehold interests held by Seller among the Purchased Assets.

(o) The related members of 11T shall have entered into a mutually acceptable asset purchase agreement.

**Section 7.03 Conditions to Obligations of Seller.** The obligations of Seller to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Seller's waiver, at or prior to the Closing, of each of the following conditions:

(a) Other than the representations and warranties of Buyer and Parent contained in **Section 5.01, Section 5.02, Section 5.04** and **Section 5.13**, the representations and warranties of Buyer and Parent contained in this Agreement, the other Transaction Documents and any certificate or other writing delivered pursuant hereto shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or material adverse effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or material adverse effect) on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects). The representations and warranties of Buyer and Parent contained in **Section 5.01, Section 5.02, Section 5.04** and **Section 5.13** shall be true and correct in all respects on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date.

(b) Buyer and Parent shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the other Transaction Documents to be performed or complied with by them prior to or on the Closing Date.

(c) No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any material transaction contemplated hereby.

(d) Buyer and Parent shall have delivered to Seller duly executed counterparts to the Transaction Documents (other than this Agreement) and such other documents and deliveries set forth in **Section 3.02(b)**.

(e) Seller shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of Parent, that each of the conditions set forth in **Section 7.03(a)** and **Section 7.03(b)** have been satisfied (the "**Buyer Closing Certificate**").

(f) Seller shall have received a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Parent certifying that attached thereto are true and

complete copies of all resolutions adopted by the manager of Buyer and the board of directors of Parent authorizing the execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby.

- (g) Seller shall have received the Cash Component.
- (h) Seller shall have received the ALQ Shares.
- (i) Ray Schiavone and Mark Bruno shall have entered into employment agreements with Parent, Buyer or GL Management, Inc., as applicable, in the forms attached hereto as **Exhibit D-1** and **D-2**, respectively.

#### ARTICLE VIII INDEMNIFICATION

Section 8.01 **Survival.** Subject to the limitations and other provisions of this Agreement, the representations and warranties contained herein shall survive the Closing and shall remain in full force and effect until the date that is twenty four (24) months from the Closing Date; *provided, that* the representations and warranties in (i) **Section 4.01** (Organization and Qualification), **Section 4.02** (Authority), **Section 4.08** (Title to Purchased Assets), **Section 4.22** (Brokers) (the foregoing representations and warranties, the “**Fundamental Representations**”), **Section 5.01** (Organization and Qualification), **Section 5.02** (Authority), and **Section 5.04** (Brokers) shall survive indefinitely, and **Section 4.20** (Taxes) shall survive for the full period of all applicable statute of limitations (giving effect to any waiver, mitigation or extension thereof) plus 60 days. All covenants and agreements of the parties contained herein shall survive the Closing for the full period of all applicable statute of limitations (giving effect to any waiver, mitigation, or extension thereof) or for the period explicitly specified therein. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the Indemnified Party to the Indemnifying Party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of the relevant representation or warranty and such claims shall survive until finally resolved.

Section 8.02 **Indemnification By Seller and Members.** From and after the Closing, subject to the other terms and conditions of this **ARTICLE VIII**, Seller and Members, jointly and severally, shall indemnify and defend each of Buyer, Parent and their respective Affiliates and their respective Representatives (collectively, the “**Buyer Indemnitees**”) against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Buyer Indemnitees based upon, arising out of, with respect to or by reason of:

- (a) any inaccuracy in or breach of any of the representations or warranties of Seller or Members contained in this Agreement or any other Transaction Document;

- (b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Seller pursuant to this Agreement, the other Transaction Documents;
- (c) any Excluded Asset or any Excluded Liability;
- (d) any liability created or potentially created by the Estoppel Certificate.

Section 8.03 **Indemnification By Buyer and Parent.** From and after the Closing, subject to the other terms and conditions of this **ARTICLE VIII**, Buyer and Parent, jointly and severally, shall indemnify and defend each of Seller and its Affiliates and their respective Representatives (collectively, the “**Seller Indemnitees**”) against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Seller Indemnitees based upon, arising out of, with respect to or by reason of:

- (a) any inaccuracy in or breach of any of the representations or warranties of Buyer or Parent contained in this Agreement or any other Transaction Document;
- (b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Buyer or Parent pursuant to this Agreement; or
- (c) any Purchased Asset, excluding Inventory, or any Assumed Liability.

Section 8.04 **Certain Limitations.** The indemnification provided for in **Section 8.02** and **Section 8.03** shall be subject to the following limitations:

(a) Seller shall not be liable to the Buyer Indemnitees for indemnification under **Section 8.02(a)** until the aggregate amount of all Losses in respect of indemnification under **Section 8.02(a)** exceeds \$100,000 (the “**Basket**”), in which event Seller shall be required to pay or be liable, subject to the other limitations set forth in this **ARTICLE VIII**, for all such Losses from the first dollar. The aggregate amount of all Losses for which Seller shall be liable pursuant to **Section 8.02(a)** shall not exceed the value of the Escrow Shares (the “**Cap**”).

(b) Buyer shall not be liable to the Seller Indemnitees for indemnification under **Section 8.03(a)** until the aggregate amount of all Losses in respect of indemnification under **Section 8.03(a)** exceeds the Basket, in which event Buyer shall be required to pay or be liable, subject to the other limitations set forth in this **ARTICLE VIII**, for all such Losses from the first dollar.

(c) Notwithstanding the foregoing, the limitations set forth in **Section 8.04(a)** and **Section 8.04(b)** shall not apply to Losses based upon, arising out of, with respect to or by reason of any inaccuracy in or breach of any Fundamental Representation or any representation or warranty in set forth in **Section 5.01**, **Section 5.02**, **Section 5.04** and **Section 5.13**.

(d) For purposes of this **ARTICLE VIII**, solely for purposes of determining the amount of Losses, but not for determining whether any inaccuracy in or breach of any



representation or warranty has occurred, all materiality, Material Adverse Effect or other similar qualification contained in or otherwise applicable to such representation or warranty shall be disregarded.

(e) Notwithstanding anything to the contrary in this Agreement, (i) the Buyer Indemnitees shall not be entitled to recover any Losses to the extent the amount and nature of the Loss has been adequately reflected or reserved against on the audited Balance Sheet as at July 31, 2018 or has been incurred in the ordinary course of business consistent with past practice since the audited Balance Sheet as at July 31, 2018 and (ii) Seller's aggregate liability under, or related to, **Section 8.02(a)** shall in no event exceed the value of the Escrow Shares.

(f) For purposes of this **Section 8.04**, the phrase "value of the Escrow Shares" means the volume weighted average price of the Escrow Shares calculated over a period of twenty (20) days, beginning twenty (20) days prior to the date of the Loss and ending on the date of the Loss.

**Section 8.05 Indemnification Procedures.** The party making a claim under this **ARTICLE VIII** is referred to as the "**Indemnified Party**", and the party against whom such claims are asserted under this **ARTICLE VIII** is referred to as the "**Indemnifying Party**".

(a) **Third Party Claims.** If any Indemnified Party receives notice of the assertion or commencement of any Action made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a Representative of the foregoing (a "**Third Party Claim**") against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than thirty (30) calendar days after receipt of such notice of such Third Party Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses or is otherwise materially prejudiced by reason of such failure. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel, and the Indemnified Party shall cooperate in good faith in such defense; *provided, that* if the Indemnifying Party is Seller or Members, such Indemnifying Party shall not have the right to defend or direct the defense of any such Third Party Claim that (x) is asserted directly by or on behalf of a Person that is a supplier or customer of the Business, or (y) seeks an injunction or other equitable relief against the Indemnified Party. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to **Section 8.05(b)**, it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right to participate in the defense

of any Third Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. The fees and disbursements of such counsel shall be at the expense of the Indemnified Party, *provided, that* if in the reasonable opinion of counsel to the Indemnified Party, there exists a conflict of interest between the Indemnifying Party and the Indemnified Party that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnified Party in connection with such Third Party Claim. If the Indemnifying Party elects not to compromise or defend such Third Party Claim, fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, or fails to diligently prosecute the defense of such Third Party Claim, the Indemnified Party may, subject to **Section 8.05(b)**, pay, compromise, defend such Third Party Claim and seek indemnification, subject to the limitations and conditions set forth in this **ARTICLE VIII**, for any and all Losses based upon, arising from or relating to such Third Party Claim. Seller, Buyer, Members and Parent shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available (subject to the provisions of **Section 6.06**) records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

(b) **Settlement of Third Party Claims.** Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld, conditioned or delayed), except as provided in this **Section 8.05(b)**. If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within ten (10) days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third Party Claim and in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume defense of such Third Party Claim, the Indemnifying Party may settle the Third Party Claim upon the terms set forth in such firm offer to settle such Third Party Claim. If the Indemnified Party has assumed the defense pursuant to **Section 8.05(a)**, it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld, conditioned or delayed).

(c) **Direct Claims.** Any Action by an Indemnified Party on account of a Loss which does not result from a Third Party Claim (a "**Direct Claim**") shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than thirty (30) days after the Indemnified Party becomes aware of such Direct Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the

extent that the Indemnifying Party forfeits rights or defenses or is otherwise materially prejudiced by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have 30 days after its receipt of such notice to respond in writing to such Direct Claim. The Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnified Party shall assist the Indemnifying Party's investigation by giving such information and assistance (including access to the Indemnified Party's premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request. If the Indemnifying Party does not so respond within such 30 day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

#### Section 8.06 **Payments; Escrow.**

(a) Once a Loss is agreed to by the Indemnifying Party or finally adjudicated to be payable pursuant to this **ARTICLE VIII**, the Indemnifying Party shall satisfy its obligations within 15 Business Days of such final, non-appealable adjudication by wire transfer of immediately available funds (unless the Loss is being paid with Escrow Shares, in which case payment will be made by delivery of Escrow Shares to Buyer or Parent as directed by Buyer). The parties hereto agree that should an Indemnifying Party not make full payment of any such obligations within such 15 Business Day period (except as a result of any action or omission of the Escrow Agent or if the Escrow Shares may not then be released from the Escrow for any reason), any amount payable shall accrue interest from and including the date of agreement of the Indemnifying Party or final, non-appealable adjudication to but excluding the date such payment has been made at a rate per annum equal to 8%. Such interest shall be calculated daily on the basis of a 365 day year and the actual number of days elapsed.

(b) Except in the case of any breach of a Fundamental Representation (the Seller's and Members' liability for which shall be subject to the limitation set forth in **Section 8.04(e)**), Seller's and Members' liability under **Section 8.02(a)** shall not exceed the Escrow Shares, and any amounts payable to Buyer or Parent pursuant to **Section 8.02(a)** or **Section 8.02(b)** shall be satisfied as follows: (i) in the case of any breach of a Fundamental Representation or amounts payable to Buyer or Parent pursuant to **Section 8.02(b)**, first from the shares of Parent Stock in Escrow, and then, if necessary, from Seller or Members, or (ii) in the case of any breach of a representation or warranty that is not a Fundamental Representation, solely from the shares of Parent Stock in the Escrow. For purposes of satisfying indemnification claims, Escrow Shares shall be valued at the 20-day volume weighted average price of the Parent Stock immediately preceding the payout date.

**Section 8.07 Tax Treatment of Indemnification Payments.** All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

**Section 8.08 Exclusive Remedies.** Subject to **Section 6.07** and **Section 10.11**, the parties acknowledge and agree that, after the Closing, their sole and exclusive remedy with respect to any and all claims (other than claims arising from fraud, criminal activity or willful misconduct on the part of a party hereto in connection with the transactions contemplated by this Agreement) for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in this **ARTICLE VIII**. In furtherance of the foregoing, each party hereby waives, to the fullest extent permitted under Law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against the other parties hereto and their Affiliates and each of their respective Representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this **ARTICLE VIII**. Nothing in this **Section 8.08** shall limit any Person's right to seek and obtain any equitable relief to which any Person shall be entitled or to seek any remedy on account of any party's fraudulent or criminal misconduct (other than criminal violations of federal laws relating to cannabis, cannabis-related products or banking, financing or anti-money laundering laws related thereto).

**Section 8.09 Mitigation.** The Indemnified Party shall, and is obligated to, take all reasonable steps to mitigate all indemnifiable Losses upon and after becoming aware of any event which could reasonably be expected to give rise to any Losses hereunder, and the Indemnifying Party shall not be required to make any payment to the Indemnified Party for that portion of any such Loss which is caused by or corresponds to the Indemnified Party's failure to comply with its mitigation obligations under this **Section 8.09**.

**Section 8.10 Determination of Losses.** The amount of any Loss subject to indemnification under this **ARTICLE VIII** shall be calculated net of any insurance proceeds received and Tax benefits actually realized by the Indemnified Party on account of such Loss. The Indemnified Party shall seek full recovery under all insurance policies covering any Loss to the same extent as they would if such Loss were not subject to indemnification hereunder. Such loss shall include costs incurred by the Indemnified Party in seeking recovery. In the event that an insurance or other recovery is made by any Indemnified Party or a Tax benefit is actually realized by an Indemnified Party, in each case with respect to any Loss for which any such Person has been indemnified hereunder, then a refund equal to the amount of the recovery or Tax benefit shall be made promptly to the Indemnifying Party that made or directed such indemnification payments to such Indemnified Party.

## ARTICLE IX TERMINATION

**Section 9.01 Termination.** This Agreement may be terminated at any time prior to the Closing:

- (a) by the mutual written consent of Seller and Buyer;



(b) by Buyer by written notice to Seller if:

(i) Neither Buyer nor Parent is then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Seller or Members pursuant to this Agreement that would give rise to the failure of any of the conditions specified in **ARTICLE VII** and such breach, inaccuracy or failure has not been cured by Seller within twenty (20) days of Seller's receipt of written notice of such breach from Buyer; or

(ii) any of the conditions set forth in **Section 7.01** or **Section 7.02** shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by December 31, 2018;

(c) by Seller by written notice to Buyer if:

(i) Seller is then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Buyer or Parent pursuant to this Agreement that would give rise to the failure of any of the conditions specified in **ARTICLE VII** and such breach, inaccuracy or failure has not been cured by Buyer or Parent within twenty (20) days of Buyer's receipt of written notice of such breach from Seller; or

(ii) any of the conditions set forth in **Section 7.01** or **Section 7.03** shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by December 31, 2018.

(d) by Buyer or Seller if:

(i) there shall be any Law promulgated in Canada or the State of Nevada that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited; or

(ii) any Governmental Authority shall have issued a Governmental Order restraining or enjoining the transactions contemplated by this Agreement, and such Governmental Order shall have become final and non-appealable; or

**Section 9.02 Effect of Termination.** In the event of the termination of this Agreement in accordance with this **ARTICLE IX**, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto except:

(a) as set forth in this **ARTICLE IX** and **Section 6.06** and **ARTICLE X** hereof; and

(b) that nothing herein shall relieve any party hereto from liability for any willful breach of any provision hereof.

**ARTICLE X  
MISCELLANEOUS**

Section 10.01 **Expenses.** Except as otherwise expressly provided herein, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred.

Section 10.02 **Notices.** All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient or (d) on the third (3<sup>rd</sup>) day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this **Section 10.02**):

If to Seller: Tahoe Hydroponics, LLC  
3535 Arrowhead Drive  
Suite B  
Carson City, NV 89706  
E-mail:  
Attention: Ray Schiavone, CEO

with a copy to: Ideal Business Partners  
552 E. Charleston Blvd.  
Las Vegas, NV 89104  
E-mail: caleb@idealbusinesspartners.com  
Attention: Caleb Zobrist

If to Buyer or Parent: Golden Leaf Holdings Ltd.  
13315 NE Airport Way, Suite 700  
Portland, OR 97230  
E-mail: william@chalicefarms.com  
Attention: William Simpson, CEO

with a copy to: John A. Magliana Jr.  
3600 Lakeview Blvd., Suite 200  
Lake Oswego, OR 97035  
Fax: (503) 636-7626  
E-mail: magliana@comcast.net

Section 10.03 **Interpretation.** For purposes of this Agreement, (a) the words “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation”; (b)

the word “or” is not exclusive; and (c) the words “herein,” “hereof,” “hereby,” “hereto” and “hereunder” refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Disclosure Schedules and Exhibits mean the Articles and Sections of, and Disclosure Schedules and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Disclosure Schedules and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

Section 10.04 **Headings.** The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 10.05 **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 any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Except as provided in **Section 6.07(d)**, upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 10.06 **Entire Agreement.** This Agreement and the other Transaction Documents constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in the other Transaction Documents, the Exhibits and Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in the body of this Agreement will control.

Section 10.07 **Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 10.08 **No Third-party Beneficiaries.** Except as provided in **ARTICLE VIII**, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

**Section 10.09 Amendment and Modification; Waiver.** This Agreement may only be amended, modified or supplemented by an agreement in writing signed by Parent, Buyer, and Seller. Any failure of Parent or Buyer, on the one hand, or Seller, on the other hand, to comply with any obligation, covenant, agreement or condition herein may be waived by the Seller (with respect to any failure by Parent or Buyer) or by Parent or Buyer (with respect to any failure by the Seller), respectively, only by a written instrument signed by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

**Section 10.10 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of Nevada without giving effect to any choice or conflict of law provision or rule (whether of the State of Nevada or any other jurisdiction).

(a) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY MAY BE INSTITUTED IN THE COURTS OF THE STATE OF NEVADA LOCATED IN THE CITY OF LAS VEGAS AND COUNTY OF CLARK, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURT AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(b) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY,



AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.10(b).

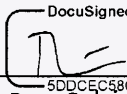
Section 10.11 **Specific Performance.** The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

Section 10.12 **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**SELLER**

**TAHOE HYDROPONICS COMPANY,  
LLC**

DocuSigned by:  
By  8/8/2018 11:00:38 PM PDT  
Name: Ray Schiavone  
Title: CEO

**BUYER**

**GREENPOINT NEVADA, INC.**

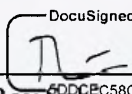
DocuSigned by:  
By  8/9/2018 7:33:15 AM PDT  
Name: William Simpson  
Title: CEO

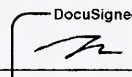
**PARENT**

**GOLDEN LEAF HOLDINGS LTD.**

DocuSigned by:  
By  8/9/2018 7:33:15 AM PDT  
Name: William Simpson  
Title: CEO

**MEMBERS**

DocuSigned by:  
 8/8/2018 11:00:38 PM PDT  
Ray Schiavone

DocuSigned by:  
 8/9/2018 7:29:33 AM PDT  
Mark Bruno

**Exhibit A**  
**Escrow Agreement**  
*[see attached]*

## ESCROW AGREEMENT

**THIS AGREEMENT** is made as of the        day of        , 2018

**AMONG:**

**Golden Leaf Holdings Ltd.**

(the “**Issuer**” or “**GLH**”)

**AND:**

**[Odyssey Trust]**

(the “**Escrow Agent**”)

**AND:**

**Each of the undersigned registered shareholders of the Issuer**

(a “**Securityholder**” and collectively, the “**Securityholders**”)

**AND:**

●, as the **Tahoe Representative**

(“**Tahoe Representative**”)

(collectively, the “**Parties**”)

**This Agreement** is being entered into by the Parties in connection with the acquisition by the Issuer of the assets of Tahoe Hydroponics Company, LLC (“**Tahoe**”) pursuant an asset purchase agreement entered into between the Issuer and Tahoe dated August ●, 2018 (the “**Asset Purchase Agreement**”), pursuant to which transactions the Issuer will issue common shares to Tahoe.

**Whereas** the Asset Purchase Agreement requires the execution and delivery of an escrow agreement as a condition to completion of the transactions contemplated thereby; and

**And Whereas** the Issuer and each Securityholder intend for the terms of this Agreement to govern, among other things: (a) the deposit into escrow of the Earn-out Shares (as defined in the Asset Purchase Agreement) and the Deferred Payment Shares (as defined in the Asset Purchase Agreement, and together with the Earn-Out Shares, the “**Escrowed Shares**”); (b) the deposit into escrow of Escrowed Property (as defined below); (c) the deduction and withholding of applicable taxes in respect of payments made or credited in respect of Escrowed Shares or Escrowed Property; and (d) the release from escrow of Escrowed Shares and Escrowed Property,



**For good and valuable consideration**, the Parties agree as follows:

## **PART I. ESCROW**

### **I.1 Appointment of Escrow Agent**

The Issuer and the Securityholders appoint the Escrow Agent to act as escrow agent under this Agreement. The Escrow Agent accepts the appointment.

### **I.2 Deposit of Initial Escrowed Shares in Escrow**

(1) Each Securityholder shall execute a Schedule "A" to this Agreement that sets out the number of common shares of the Issuer legally owned by the Securityholder to be held in escrow under this Agreement (in respect of each Securityholder, the "**Initial Escrowed Shares**"). Each Securityholder is depositing the Initial Escrowed Shares that it legally owns to be held in escrow under this Agreement. The Issuer is hereby directed by the Securityholder to deposit or cause to be deposited directly into escrow with the Escrow Agent, and not deliver or distribute to the Securityholder, the Initial Escrowed Shares.

(2) Each Securityholder acknowledges that the Initial Escrowed Shares are being issued by the Issuer pursuant to the terms of the Asset Purchase Agreement and are being deposited by the Securityholder into escrow with the Escrow Agent and not delivered to the Securityholder.

### **I.3 Other Escrowed Shares and Escrowed Property**

(1) If any securities are issued in respect of the Escrowed Shares of the Securityholder (the "**Additional Escrowed Shares**"):

- (a) as a dividend or other distribution on such Escrowed Shares;
- (b) on the exercise of a right of purchase, conversion or exchange attaching to such Escrowed Shares;
- (c) on a subdivision, or compulsory or automatic conversion or exchange of such Escrowed Shares; or
- (d) from a successor issuer in respect of such Escrowed Shares in a business combination;

the Securityholder in respect of such Escrowed Shares must, and will be deemed to (if deposited directly by the issuer of the Additional Escrowed Shares), deposit such Additional Escrowed Shares in escrow with the Escrow Agent, and the Issuer or successor issuer is hereby directed by the Securityholder to deposit or cause to be deposited directly into escrow with the Escrow Agent, and not deliver or distribute to the Securityholder, any share certificates or other evidence of those Additional Escrowed Shares, which deposit shall be deemed to satisfy any right of the Securityholder to be paid such dividend or distribution. When this Agreement refers to Escrowed Shares, it includes any Additional Escrowed Shares.

(2) If, in respect of any Escrowed Shares, any cash or other property (other than Additional Escrowed Shares) is paid, issued, or credited as a dividend or other distribution on Escrowed Shares, or if Consideration is issued under Section 4.3 from a Bidder (“**Escrowed Property**”) the Securityholder in respect of such Escrowed Shares must, and will be deemed to (if deposited directly by the person distributing such Escrowed Property), deposit such cash or other property (as reduced for Withholding Taxes pursuant to Section 2.5), in escrow with the Escrow Agent, and the Issuer is hereby directed by the Securityholder to deposit or cause to be deposited directly into escrow with the Escrow Agent, and not deliver or distribute to the Securityholder, any such Escrowed Property within its control, which deposit shall be deemed to satisfy any right of the Securityholder to be paid such dividend or distribution or other amount.

(3) Each Securityholder acknowledges that Additional Escrowed Shares and Escrowed Property issued or otherwise paid in respect of such Escrowed Shares are being deposited by the Securityholder into escrow with the Escrow Agent and not delivered to the Securityholder.

#### **1.4 Direction to Escrow Agent**

The Securityholders acknowledge that, regardless of registered ownership, all payments made in respect of Escrowed Shares or Escrowed Property shall be made directly to the Escrow Agent. The Issuer and the Securityholders direct the Escrow Agent to hold the Escrowed Shares and any Escrowed Property that may be deposited into escrow hereunder in escrow until the Escrowed Shares and any Escrowed Property are released from escrow under this Agreement.

#### **1.5 Escrow Register**

The Escrow Agent will maintain a record of the Earn-Out Shares, the Deferred Payment Shares and the Escrowed Property registered in the name of the applicable Securityholder.

### **PART 2. RELEASE OF ESCROWED SHARES AND ESCROWED PROPERTY**

#### **2.1 Escrow Release**

(1) If, prior to the end of the Escrow Period, the Escrow Agent does not receive a duly executed Performance Escrow Release Notice (as defined below), then without any further or other act or formality on the part of the Parties, the Escrow Agent shall release to each Securityholder the Earn-Out Shares and Escrowed Property that appears under the Securityholder’s name in the Escrow Register as soon as reasonably practicable after the end of the Escrow Period.

(2) If, prior to the end of the Escrow Period, the Escrow Agent receives a duly executed Performance Escrow Release Notice, the Escrow Agent shall release to each Securityholder the Earn-Out Shares and Escrowed Property that appears under the Securityholder’s name in the Escrow Register in accordance with Section 2.2, subject to reduction under Section 2.2(4) and Section 2.4.

## **2.2 Release of Earn-Out Shares**

(1) The Issuer shall deliver an escrow release notice to the Escrow Agent in the form of Schedule “C” (the “**Performance Escrow Release Notice**”) in accordance with the Asset Purchase Agreement prior to the end of the Escrow Period.

(2) Subject to reductions pursuant to Section 2.4, the number of Earn-Out Shares and the amount of Escrowed Property to be released from escrow to a Securityholder as a result of the occurrence of the Escrow Release Event, shall be as set out in the Escrow Release Notice.

(3) All Earn-Out Shares and Escrowed Property not released from escrow under Sections 2.1(1) and 2.1(2) shall be, and shall be deemed to be immediately tendered and transferred to the Issuer for purchase and cancellation, if applicable, for no consideration.

## **2.3 Release of Deferred Payment Shares**

Subject to reductions pursuant to Section 2.4, the Escrow Agent shall release to the Securityholders 50% of their respective Deferred Payment Shares as set out in the Escrow Register on ●, 2019 and the balance of such Deferred Payment Shares on ●, 2020.

## **2.4 Indemnity Adjustment To Escrowed Shares**

(4) If an indemnity claim is to be satisfied by the transfer of Escrowed Shares under the terms of the Asset Purchase Agreement, the Issuer shall deliver a notice to the Escrow Agent in the form of Schedule “C” and the Escrow Agent shall make such reductions in the number of Escrowed Shares on the Escrow Register as directed thereby.

(5) All Escrow Shares subject to reduction pursuant to Section 2.4(1) shall be, and shall be deemed to be immediately tendered and transferred to the Issuer for purchase and cancellation, if applicable, for no consideration.

## **2.5 Delivery of Share Certificates for Escrowed Shares**

The Escrow Agent will send any share certificates or other evidence of Escrowed Shares and Escrowed Property in the possession of the Escrow Agent to the person listed in the Escrow Register as the Securityholder thereof that are released from escrow to the Securityholder as soon as reasonably practicable after the release.

## **2.6 Replacement Certificates**

If, on the date the Escrowed Shares registered in the name of a Securityholder are to be released, the Escrow Agent holds a share certificate or other evidence representing more Escrowed Shares than are to be released, the Escrow Agent will deliver the share certificate or other evidence to the Issuer or its transfer agent and request replacement share certificates or other evidence. The Issuer will cause replacement share certificates or other evidence to be prepared and delivered to the Escrow Agent. After the Escrow Agent receives the replacement share certificates or other evidence, the Escrow Agent will send to the Securityholder or at the Securityholder’s direction, the replacement share certificate or other

evidence of the Escrowed Shares released. The Escrow Agent and Issuer will act as soon as reasonably practicable.

## 2.7 Withholding Taxes

(1) Notwithstanding any other provision of this Agreement, the Issuer, any successor issuer and the Escrow Agent on behalf of the Issuer shall be entitled to deduct and withhold any applicable taxes or similar charges (including interest, penalties or similar amounts in respect thereof) imposed or levied by or on behalf of any governmental authority or agency having power to tax, including pursuant to the *Tax Act* (“**Withholding Taxes**”) from any amount paid or credited on or in connection with the Escrowed Shares or Escrowed Property including, for greater certainty, dividends, interest, and other amounts paid or credited, or deemed under applicable law to be paid or credited, in respect of Escrowed Shares and Escrowed Property (each, a “**Payment**”). Each Securityholder acknowledges that the Issuer shall deduct and withhold the Withholding Tax Amount (as hereinafter defined) from each Payment. In respect of any Payment, an amount equal to the Withholding Tax Amount shall be considered to be paid in satisfaction of the Issuer’s obligations in respect of the Escrowed Shares or Escrowed Property, as the case may be. For greater certainty, there is no obligation on the Issuer to gross-up amounts paid or credited, or deemed under applicable law to be paid or credited, to a Securityholder in respect of any deductions or withholdings, and amounts deducted and withheld will not form part of the Escrowed Shares or Escrowed Property that is released from escrow to a Securityholder hereunder.

(2) In respect of each Payment on Escrowed Shares or Escrowed Property, the amount of Withholding Taxes shall be equal to the product obtained by multiplying (i) the amount of the Payment, by (ii) the Withholding Rate of the Securityholder as determined pursuant to Section 2.5(3) (the “**Withholding Tax Amount**”). In the case of a Payment that is satisfied by property other than cash, the amount of the Payment shall be determined by the Issuer, acting reasonably.

(4) In respect of each Payment, the Escrow Agent shall record under the name of the Securityholder in the Escrow Register the Withholding Tax Amount, and the increase (or decrease) in the Escrowed Shares and Escrowed Property of the Securityholder net of Withholding Taxes in accordance with instructions from the Issuer. The Escrow Agent shall deliver to the Issuer a copy of the Escrow Register on request in order to facilitate the determination of a Withholding Tax Amount or otherwise comply with its obligations with respect to Withholding Taxes.

(5) The Issuer shall use reasonable commercial efforts to remit to the appropriate tax authority in the manner and within the times prescribed all amounts deducted or withheld in respect of Withholding Taxes.

(6) Each Securityholder shall indemnify and save harmless the Issuer, any successor issuer, and the Escrow Agent for any and all Withholding Taxes arising in respect of each Payment, including an overpayment of Withholding Taxes (other than an amount that is attributable to a failure on the part of the Issuer to remit an amount deducted or withheld to the appropriate tax authority). In the event that a Payment is satisfied by property other than cash, the



Securityholder hereby directs the Issuer to sell such part of the Escrowed Shares or Escrowed Property that will result in the realization of proceeds at least equal to the balance of the Withholding Tax Amount in respect of such Payment, and the Securityholder acknowledges that the Escrow Agent shall reduce the Escrowed Shares and/or Escrowed Property of the Securityholder on the Escrow Register to reflect such release in accordance with instructions from the Issuer. Notwithstanding any other provision of this Agreement, no Escrowed Shares or Escrowed Property shall be released to the Securityholder thereof unless the Issuer has instructed the Escrow Agent that an amount equal to any and all Withholding Taxes in respect of Payments made in respect of such Escrowed Shares or Escrowed Property has been deducted and withheld.

### **PART 3. DEALING WITH ESCROWED SHARES**

#### **3.1 Restriction on Transfer, etc.**

Except as explicitly permitted hereunder, no Securityholder is permitted to sell, transfer, assign, mortgage, pledge, charge or enter into a derivative transaction concerning, or otherwise deal in any way with Escrowed Shares or Escrowed Property. No transaction purporting to be a sale, transfer, assignment, mortgage, pledge, charge or other transaction involving Escrowed Shares or Escrowed Property will be effective as against the Issuer, any successor issuer, or the Escrow Agent so as to confer on any person any rights or remedies in respect of Escrowed Shares or Escrowed Property.

#### **3.2 Voting of Escrowed Shares**

A Securityholder may exercise any voting rights attached to Escrowed Shares.

#### **3.3 Dividends on Escrowed Shares**

A Securityholder may receive a dividend or other distribution on Escrowed Shares, subject to its obligations under Section 1.3 and Section 2.5(6).

### **PART 4. RESIGNATION OF ESCROW AGENT**

#### **4.1 Resignation of Escrow Agent**

(1) If the Escrow Agent wishes to resign as escrow agent, the Escrow Agent will give written notice to the Issuer.

(2) If the Escrow Agent resigns, the Issuer will be responsible for ensuring that the Escrow Agent is replaced not later than the resignation or termination date by another escrow agent that is acceptable to the Tahoe Representative and the Issuer and that has accepted such appointment, which appointment will be binding on the Issuer and the Securityholders.

(3) The resignation of the Escrow Agent will be effective, and the Escrow Agent will cease to be bound by this Agreement, on the date that is 60 days after the date of receipt of the notices referred to above by the Escrow Agent or Issuer, as applicable, or on such other date

as the Escrow Agent and the Issuer may agree upon (the “**resignation date**”), provided that the resignation date will not be less than 10 Business Days before a release date.

(4) If the Issuer has not appointed a successor escrow agent within 60 days of the resignation date, the Escrow Agent or the Tahoe Representative may apply, at the Issuer’s expense, to a court of competent jurisdiction for the appointment of a successor escrow agent, and the duties and responsibilities of the Escrow Agent will cease immediately upon such appointment.

(5) On any new appointment under this section, the successor Escrow Agent will be vested with the same powers, rights, duties and obligations as if it had been originally named herein as Escrow Agent, without any further assurance, conveyance, act or deed. The predecessor Escrow Agent, upon receipt of payment for any outstanding account for its services and expenses then unpaid, will transfer, deliver and pay over to the successor Escrow Agent, who will be entitled to receive, all securities, records or other property on deposit with the predecessor Escrow Agent in relation to this Agreement and the predecessor Escrow Agent will thereupon be discharged as Escrow Agent.

(6) If any changes are made to PART 5 of this Agreement as a result of the appointment of the successor Escrow Agent, those changes must not in any manner adversely affect the rights of the Securityholders hereunder and the Issuer will send to each Securityholder a copy of the new Agreement within three Business Days of such changes.

## **PART 5. OTHER CONTRACTUAL ARRANGEMENTS**

### **5.1 Escrow Agent Not a Trustee**

The Escrow Agent accepts duties and responsibilities under this Agreement, and the Escrowed Shares and any share certificates or other evidence of these securities, solely as a custodian, bailee and agent. No trust is intended to be, or is or will be, created hereby and the Escrow Agent shall owe no duties hereunder as a trustee.

### **5.2 Escrow Agent Not Responsible for Genuineness**

The Escrow Agent will not be responsible or liable in any manner whatever for the sufficiency, correctness, genuineness or validity of any escrow security deposited with it.

### **5.3 Escrow Agent Not Responsible for Furnished Information**

The Escrow Agent will have no responsibility for seeking, obtaining, compiling, preparing or determining the accuracy of any information or document, including the representative capacity in which a party purports to act, that the Escrow Agent receives as a condition to a release from escrow or a transfer of Escrowed Shares within escrow under this Agreement.

### **5.4 Escrow Agent Not Responsible after Release**

The Escrow Agent will have no responsibility for Escrowed Shares that it has released to a Securityholder or at a Securityholder’s direction according to this Agreement.

## 5.5 Indemnification of Escrow Agent

The Issuer and each Securityholder hereby jointly and severally agree to indemnify and hold harmless the Escrow Agent, its affiliates, and their current and former directors, officers, employees and agents from and against any and all claims, demands, losses, penalties, costs, expenses, fees and liabilities, including, without limitation, legal fees and expenses, directly or indirectly arising out of, in connection with, or in respect of, this Agreement, except where same result directly and principally from gross negligence, willful misconduct or bad faith on the part of the Escrow Agent. This indemnity survives the release of the Escrowed Shares, the resignation or termination of the Escrow Agent and the termination of this Agreement.

## 5.6 Additional Provisions

(1) The Escrow Agent will be protected in acting and relying reasonably upon any notice, direction, instruction, order, certificate, confirmation, request, waiver, consent, receipt, statutory declaration or other paper or document (collectively referred to as “**Documents**”) furnished to it and purportedly signed by any officer or person required to or entitled to execute and deliver to the Escrow Agent any such Document in connection with this Agreement, not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth or accuracy of any information therein contained, which it in good faith believes to be genuine.

(2) The Escrow Agent will not be bound by any notice of a claim or demand with respect thereto, or any waiver, modification, amendment, termination or rescission of this Agreement unless received by it in writing, and signed by the other Parties, and, if the duties or indemnification of the Escrow Agent in this Agreement are affected, unless it has given its prior written consent.

(3) The Escrow Agent may consult with or retain such legal counsel and advisors as it may reasonably require for the purpose of discharging its duties or determining its rights under this Agreement and may rely and act upon the advice of such counsel or advisor. The Escrow Agent will give written notice to the Issuer as soon as practicable that it has retained legal counsel or other advisors. The Issuer will pay or reimburse the Escrow Agent for any reasonable fees, expenses and disbursements of such counsel or advisors.

(4) In the event of any disagreement arising under the terms of this Agreement, the Escrow Agent will be entitled, at its option, to refuse to comply with any and all demands whatsoever until the dispute is settled either by a written agreement among the Parties or by a court of competent jurisdiction.

(5) The Escrow Agent will have no duties or responsibilities except as expressly provided in this Agreement and will have no duty or responsibility arising under any other agreement, including any agreement referred to in this Agreement, to which the Escrow Agent is not a party.

(6) The Escrow Agent will have the right not to act and will not be liable for refusing to act unless it has received clear and reasonable documentation that complies with the terms of this

Agreement. Such documentation must not require the exercise of any discretion or independent judgment.

(7) The Escrow Agent is authorized to cancel any share certificate delivered to it and hold the Escrowed Shares registered in the name of a Securityholder in electronic, or uncertificated form only, pending release of such securities from escrow.

(8) The Escrow Agent will have no responsibility with respect to any Escrowed Shares in respect of which no share certificate or other evidence or electronic or uncertificated form of these securities has been delivered to it, or otherwise received by it.

### **5.7 Limitation of Liability of Escrow Agent**

The Escrow Agent will not be liable to any of the Parties hereunder for any action taken or omitted to be taken by it under or in connection with this Agreement, except for losses directly, principally and immediately caused by its bad faith, willful misconduct or gross negligence. Under no circumstances will the Escrow Agent be liable for any special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages hereunder, including any loss of profits, whether foreseeable or unforeseeable. Notwithstanding the foregoing or any other provision of this Agreement, in no event will the collective liability of the Escrow Agent under or in connection with this Agreement to any one or more Parties, except for losses directly caused by its bad faith or willful misconduct, exceed the amount of its annual fees under this Agreement or the amount of three thousand dollars (\$3,000.00), whichever amount shall be greater.

### **5.8 Remuneration of Escrow Agent**

The Issuer will pay the Escrow Agent reasonable remuneration for its services under this Agreement, which fees are subject to revision from time to time on 30 days' written notice. The Issuer will reimburse the Escrow Agent for its expenses and disbursements. Any amount due under this section and unpaid 30 days after request for such payment, will bear interest from the expiration of such period at a rate per annum equal to the then current rate charged by the Escrow Agent, payable on demand.

The Escrow Agent is not required to effect any partial or full release unless its fees and expenses are paid in full. If the Escrowed Shares and the Escrowed Property are not released from escrow within one year following the date hereof, the Escrow Agent will as soon as reasonably practicable following such anniversary hereof provide an invoice to the Issuer, and the Issuer shall promptly pay any such amounts as are owing to the Escrow Agent.

### **5.9 Tax Reporting**

The Issuer shall be solely responsible for all tax processing relating to or arising from the duties or actions contemplated by this Agreement, including evaluation, reporting, remittance, filing, and issuance of tax slips, summaries and reports, except as is specifically delegated to the Escrow Agent pursuant to this Agreement or as may be agreed subsequently, as confirmed in writing by the Parties.



The Escrow Agent shall process only such tax matters as have been specifically delegated to it pursuant to this Agreement or as may be agreed subsequently, and, in so doing, the Escrow Agent does not undertake to carry out any inquiry, evaluation, reporting, remittance, filing or issuance of tax slips, summaries and reports necessarily incidental thereto, which shall remain the sole responsibility of the Issuer. The Escrow Agent shall be entitled to rely upon and assume, without further inquiry or verification, the accuracy and completeness of any tax processing information, documentation or instructions received by it, directly or indirectly, from or on behalf of the Issuer.

#### **5.10 Holding of Funds**

The Escrow Agent shall hold all funds under this Agreement in a non-interest bearing segregated trust account.

#### **5.11 Compliance with Anti-Money Laundering Legislation**

The Escrow Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Escrow Agent, in its sole judgment, determines acting reasonably that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Escrow Agent, in its sole judgment, determine acting reasonably at any time that its acting under this Escrow Agreement has resulted in its being in noncompliance with any applicable anti-money laundering or antiterrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days' written notice to the Issuer provided: (i) that the Escrow Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Escrow Agent's satisfaction within such 10-day period, then such resignation shall not be effective.

The Escrow Agent shall not be liable for any Escrowed Shares or Escrowed Property that are not deposited with it.

### **PART 6. NOTICES**

#### **6.1 Notice to Escrow Agent**

Documents will be considered to have been delivered to the Escrow Agent on the next Business Day following the date of transmission, if delivered by fax, or the date of delivery, if delivered by hand or by prepaid courier during normal business hours, to the following:

Odyssey Trust Company

Attention: Manager, Corporate Trust Services

Fax Number:

## **6.2 Notice to Issuer and Tahoe Representative**

Documents will be considered to have been delivered to the Issuer on the next Business Day following the date of transmission, if delivered by fax, or the date of delivery, if delivered by hand or by prepaid courier during normal business hours, to the following:

### **1. Golden Leaf Holdings Ltd.**

Golden Leaf Holdings Ltd.  
13315 NE Airport Way  
Suite 700  
Portland, OR 97230  
E-mail: [william@chalicefarms.com](mailto:william@chalicefarms.com)  
Attention: William Simpson, CEO

WITH A COPY TO:  
John A. Magliana Jr.  
3600 Lakeview Blvd., Suite 200  
Lake Oswego, OR 97035  
Fax: (503) 636-7626  
E-mail: [magliana@comcast.net](mailto:magliana@comcast.net)

### **2. Tahoe Representative**

Tahoe Hydroponics, LLC  
3535 Arrowhead Drive  
Suite B  
Carson City, NV 89706  
E-mail: [rayschiaqvone@gmail.com](mailto:rayschiaqvone@gmail.com)  
Attention: Ray Schiavone, CEO

WITH A COPY TO:  
Ideal Business Partners  
Caleb Zobrist  
552 E. Charleston Blvd.  
Las Vegas, NV 89104  
E-mail: [caleb@idealbusinesspartners.com](mailto:caleb@idealbusinesspartners.com)

### 6.3 Deliveries to Securityholders

Documents will be considered to have been delivered to a Securityholder on the date of delivery, if delivered by hand or by prepaid courier, or 5 Business Days after the date of mailing, if delivered by mail, to the address on the Issuer's share register.

Any share certificates or other evidence of Escrowed Shares registered in the name of a Securityholder will be sent to the Securityholder's address on the Issuer's share register unless the Securityholder has advised the Escrow Agent in writing otherwise at least ten Business Days before the Escrowed Shares are released from escrow. The Issuer will provide the Escrow Agent with each Securityholder's address as listed on the Issuer's share register.

### 6.4 Change of Address

- (1) The Escrow Agent may change its address for delivery by delivering notice of the change of address to the Issuer and to each Securityholder.
- (2) The Issuer may change its address for delivery by delivering notice of the change of address to the Escrow Agent and to each Securityholder.
- (3) A Securityholder may change that Securityholder's address for delivery by delivering notice of the change of address to the Issuer and to the Escrow Agent.

### 6.5 Postal Interruption

A Party to this Agreement will not mail a document it is required to mail under this Agreement if the Party is aware of an actual or impending disruption of postal service.

## PART 7. GENERAL

### 7.1 Schedules

The following schedules are attached to and form part of this Agreement:

- Schedule "A":** Counterpart Signature Page for Securityholders
- Schedule "B":** Performance Escrow Release Notice
- Schedule "C":** Indemnity Adjustment Notice

### 7.2 Definitions

- (a) **"Business Day"** means any day, other than a Saturday, a Sunday or a statutory holiday in the Province of Ontario;
- (b) **"Escrow Period"** means the period from the date of this Agreement until the date that is 18 months following date of this Agreement;

- (c) “**Performance Escrow Release Notice**” means a completed and signed notice in the form of Schedule “B” to this Agreement;
- (d) “**Tahoe Representative**” means ●, or such other individual as may be selected by ●;

### **7.3 Further Assurances**

The Parties will execute and deliver any further documents and perform any further acts reasonably requested by any of the Parties to this Agreement which are necessary to carry out the intent of this Agreement.

### **7.4 Time**

Time is of the essence of this Agreement.

### **7.5 Governing Laws**

The laws of Ontario and the applicable laws of Canada will govern this Agreement.

### **7.6 Counterparts**

This Agreement may be signed in any number of counterparts, each of which is an original, and all of which taken together constitute one single document. Counterparts may be transmitted by fax, by electronic scan or in PDF form.

### **7.7 Singular and Plural**

Wherever a singular expression is used in this Agreement, that expression is considered as including the plural or the body corporate where required by the context.

### **7.8 Benefit and Binding Effect**

This Agreement will benefit and bind the Parties and their heirs, executors, administrators, successors and permitted assigns and all persons claiming through them as if they had been a Party to this Agreement.

### **7.9 Entire Agreement**

This is the entire agreement among the Parties concerning the subject matter set out in this Agreement and supersedes any and all prior understandings and agreements.

### **7.10 Successor to Escrow Agent**

Any corporation with which the Escrow Agent may be amalgamated, merged or consolidated, or any corporation succeeding to the business of the Escrow Agent will be the successor of the Escrow Agent under this Agreement without any further act on its part or on the part or any of the Parties, provided that the successor is recognized as a transfer agent by the Canadian



exchange the Issuer is listed on (or if the Issuer is not listed on a Canadian exchange, by any Canadian exchange) and notice is given to the securities regulators with jurisdiction.

The Parties have executed and delivered this Agreement as of the date set out above.

**GOLDEN LEAF HOLDINGS LTD.**

By: \_\_\_\_\_  
Name:  
Title:

**ODYSSEY TRUST COMPANY**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

**TAHOE HYDROPONICS COMPANY  
LLC**

By: \_\_\_\_\_  
Name:  
Title:

Each of the Securityholders set out on a Schedule "A" hereto.

**SCHEDULE "A" TO ESCROW AGREEMENT  
ACKNOWLEDGMENT AND AGREEMENT TO BE BOUND**

I acknowledge that the securities listed below are being deposited into escrow and will be subject to the Escrow Agreement to which this Schedule is attached and that the undersigned has received a copy of the Escrow Agreement.

For other good and valuable consideration, I agree to be bound by the Escrow Agreement and agree that the Issuer may on my behalf direct that any Escrowed Shares be tendered back to the Issuer for no consideration in accordance with the terms of the Escrow Agreement and the undersigned hereby irrevocably appoints Golden Leaf Holdings Ltd. with full power of substitution, as its true and lawful attorney with full power and authority in the undersigned place and stead to transfer Escrowed Shares in accordance with the terms of the Escrow Agreement.

Number of Common Shares of Golden Leaf Holdings Ltd. (the "Shares"):

\_\_\_\_\_

Name of the Securityholder: \_\_\_\_\_

Please mark an "X" beside the statement that describes your circumstances:

\_\_\_\_\_ the Securityholder beneficially owns the Shares *(if you have marked an "X" beside this statement, please complete Box "A" below)*

\_\_\_\_\_ the Securityholder is a financial intermediary that does not beneficially own the Shares *(if you have marked an "X" beside this statement, please complete Box "B" below)*

**BOX "A"**

I/we hereby certify that: *(please mark an "X" beside the statement that describes your circumstances):*

\_\_\_\_\_ for purposes of the *Income Tax Act* (Canada), the Securityholder is not a non-resident of Canada, or is a partnership, no direct or indirect member of which is a non-resident of Canada

\_\_\_\_\_ the Securityholder is a resident of, and taxable in \_\_\_\_\_ *(insert name of country)* *(these Securityholders must deliver to the Issuer a properly completed CRA Form NR301 to benefit from a reduced withholding tax rate under an applicable tax treaty)*

\_\_\_\_\_ the Securityholder is a partnership, any direct or indirect member of which is a non-resident of Canada *(these Securityholders must deliver to the Issuer a properly completed CRA Form NR302 to benefit from a reduced withholding tax rate under an applicable tax treaty)*

\_\_\_\_\_ none of these statements apply to me

**BOX "B"** (must be delivered to the Issuer on signing or prior to an amount being paid or credited in respect of Escrowed Shares or Escrowed Property to obtain the benefit of reduced withholding tax rates under an applicable tax treaty)

**Certification of Residence**

I/We \_\_\_\_\_ (name of agent, nominee or registered holder) hereby certify that the income from all of the Escrowed Shares and Escrowed Property, registered or to be registered in my/our name, is and will continue to be held solely for the beneficial ownership of persons resident of and (where required by the relevant convention) taxable in countries with which Canada has a convention that provides for a Canadian withholding tax rate of \_\_\_\_\_% on amounts paid or credited in respect of such property.

I/We undertake to replace this certificate should there be a change in the country of residence or holdings affecting the withholding requirements for a subsequent payment.

I/We also undertake to provide to the Canada Revenue Agency, upon request, such information as may be necessary to substantiate the accuracy of the information contained herein.

Dated, \_\_\_\_\_, 2018.  
(Authorized signature of agent, nominee or registered holder)

Dated at \_\_\_\_\_ on \_\_\_\_\_, 2018

**Where the Securityholder is an individual:**

Signed, sealed and delivered  
in the presence of:

\_\_\_\_\_)  
\_\_\_\_\_)  
\_\_\_\_\_)  
Signature of Witness \_\_\_\_\_)  
\_\_\_\_\_)  
\_\_\_\_\_)  
Name of Witness \_\_\_\_\_)

\_\_\_\_\_) **Name of Securityholder:**

**Where the Securityholder is not an individual:**

**NAME OF SECURITYHOLDER:** \_\_\_\_\_

\_\_\_\_\_  
Authorized signatory

\_\_\_\_\_  
Authorized signatory

**For all Securityholders:**

Address of Securityholder: \_\_\_\_\_



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**SCHEDULE "B" TO ESCROW AGREEMENT  
PERFORMANCE ESCROW RELEASE NOTICE**

**TO:** Odyssey Trust Company (the "**Escrow Agent**")

**RE:** Escrow Agreement dated as of \_\_\_\_\_, 2018 (the "**Escrow Agreement**") among the Escrow Agent, Golden Leaf Holdings Ltd. ("**GLH**"), certain registered owners of GLH common shares (the "**Securityholders**"), and ● (the "**Tahoe Representative**")

All capitalized terms when not otherwise defined in this notice shall have the respective meanings ascribed thereto in the Escrow Agreement.

GLH certifies that it has completed the verification process or audit of the average monthly yield of cannabis flower attributable to Seller's Business for the six consecutive whole calendar months immediately following the Closing Date in accordance with the Asset Purchase Agreement and the factor to be used to determine the proportion of Earn-Out Shares to be released is as follows:

[insert Average Monthly Yield in lbs]  
\_\_\_\_\_ = \_\_\_\_\_% [include all decimals]  
220 lbs

GLH hereby directs that the above percentage of the Earn-Out Shares set out on the Escrow Register be released to the Securityholders.

Dated as of the \_\_\_\_\_ day of \_\_\_\_\_, 2019.

**GOLDEN LEAF HOLDINGS LTD.**

Per: \_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_  
**[Tahoe Representative]**



**SCHEDULE "C" TO ESCROW AGREEMENT  
INDEMNITY ADJUSTMENT NOTICE**

**TO:** Odyssey Trust Company (the "**Escrow Agent**")

**RE:** Escrow Agreement dated as of \_\_, 2018 (the "**Escrow Agreement**") among the Escrow Agent, Golden Leaf Holdings Ltd. ("**GLH**"), certain registered owners of GLH common shares (the "**Securityholders**"), and ● (the "**Tahoe Representative**")

All capitalized terms when not otherwise defined in this notice shall have the respective meanings ascribed thereto in the Asset Purchase Agreement.

You are hereby directed to reduce the balance of the Earn-Out Shares or the Deferred Payment Shares on the Escrow Register in equal proportions for all Securityholders as follows:

Earn-Out Shares to be Reduced by: \_\_\_\_\_

Deferred Payment Shares to be Reduced by: \_\_\_\_\_

And all shares that are removed from the Escrow Register in accordance with the foregoing shall be deemed transferred back to GLH for no consideration

Dated as of the \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_.

Per: \_\_\_\_\_

Name:

Title:

**APPENDIX I TO SCHEDULE “E” TO ESCROW AGREEMENT**

Factor to be used to determine the proportion of Escrowed Shares and Escrowed Property to be released:

[insert KCI Earnout Determinant]

$$\frac{\text{_____}}{29,200,000} = \text{_____} \% \text{ [include all decimals]}$$

**[insert chart based on Escrow Register of Escrowed Shares and Escrowed Property to be released]**



**SCHEDULE "F" TO ESCROW AGREEMENT  
ESCROW REGISTER**

**Securityholder:** \_\_\_\_\_

**Withholding Rate:** \_\_\_\_\_

<b>Date</b>	<b>Description</b>	<b>Withholding Tax Amount</b>	<b>Increase in Escrowed Shares, net of Withholding Taxes</b>	<b>Increase in Escrowed Property, net of Withholding Taxes</b>
	<b>Initial Escrowed Shares</b>			
<b>Total:</b>				

Note: add columns for different types of securities and property

**Exhibit B**  
**Bill of Sale**

*[see attached]*

EXHIBIT B  
FORM OF BILL OF SALE  
**BILL OF SALE**

This Bill of Sale (“Bill of Sale”) is made by Tahoe Hydroponics Company, LLC, a Nevada limited-liability company (“Seller”) and is dated as of the Closing Date as that term is defined in that certain Asset Purchase Agreement (the “Purchase Agreement”) entered into contemporaneously herewith, by and between Seller and Golden Leaf Holdings Ltd., a Canadian (Ontario) corporation (“Parent”), and its wholly-owned corporate subsidiary Greenpoint Nevada, Inc., a Nevada corporation (“Buyer”). Capitalized terms used herein and not defined have the meaning ascribed to them in the Purchase Agreement, the terms of which are specifically incorporated by reference into this Bill of Sale.

**RECITALS**

WHEREAS, Section 7.02(e) of the Purchase Agreement requires Seller to execute this Bill of Sale as a condition of the Purchase Agreement; and

WHEREAS, Seller desires to sell and to deliver and to assign any and all of Seller’s right, title, and interest in and to the Purchased Assets to Buyer.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree:

1. Subject to the approval of the Governmental Authorities and the terms of this Bill of Sale, Seller sells and delivers and assigns any and all of Seller’s right, title, and interest in and to the Purchased Assets free and clear of all liens and encumbrances to Buyer.

2. Seller shall cooperate with Buyer to secure all regulatory approvals necessary to effectuate the terms of this Bill of Sale.

IN WITNESS WHEREOF the parties have executed this Assignment effective as of the Closing Date.

**Seller:**

Tahoe Hydroponics LLC,  
a Nevada limited-liability company

By: \_\_\_\_\_

Its:

**Exhibit C**  
**Assignment and Assumption Agreement**

*[see attached]*

**To Be Inserted**



**Exhibit D-1**  
**Employment Agreement with Ray Schiavone**

*[see attached]*

## EMPLOYMENT AGREEMENT

**BETWEEN:** Greenpoint Nevada, Inc., a Nevada corporation (the “Employer”);

**AND:** Ray Schiavone (the “Employee”).

**EFFECTIVE DATE:** \_\_\_\_\_, 2018.

### **RECITALS.**

- A. The corporate parent of the Employer, Golden Leaf Holdings, Ltd., a Canadian (Ontario) corporation, is acquiring substantially all of the assets of Tahoe Hydroponics Company, LLC, a Nevada limited liability company, which presently employs Employee, pursuant to the terms of a certain asset purchase agreement dated the same date as this Agreement. and the terms of which are hereby incorporated by this reference as if fully set forth herein (the “APA”).
- B. Effective as of the Closing Date and as a condition of Closing, as defined in the APA, the Employer desires to employ Employee, and Employee desires to accept employment with the Employer, in the capacity of [NEED TITLE] of the Employer.
- C. As consideration for his services to Employer, Employee will receive a fixed salary and various fringe benefits, the amount of which will be determined pursuant to the Agreement below.
- D. Employee acknowledges that employee was informed of this Agreement in a written employment offer at least two weeks before Employee’s employment began that this Agreement was required as a condition of employment. Employee acknowledges that (1) Employee is paid a salary that exceeds the median family income for a four-person family, as determined by the United States Census Bureau, (2) Employee is engaged in administrative, executive or professional work; (3) Employee performs predominantly intellectual, managerial or creative tasks; (4) Employee exercises independent judgment and discretion, and (5) Employee has access to trade secrets, and competitively sensitive confidential business information.

### **AGREEMENT.**

NOW, THEREFORE, in consideration of the mutual covenants set forth below, the Employee and the Employer agree as follows:

1. **Engagement and Responsibilities**

Upon the terms and subject to the conditions set forth in this Agreement, and commencing as of the Effective Date, the Employer hereby engages and employs Employee with the title and designation of [NEED TITLE]. Employee hereby accepts this engagement and employment pursuant to the terms of this Agreement. Employee will report to the Chief Operating Officer (“COO”) of Employer. Employee agrees to devote his full time, attention and efforts to the business of the Employer during normal working hours and will use Employee’s best efforts and abilities faithfully and diligently to promote the Employer’s business interests. As a key employee of the Employer, the Employee will have with others on the team, a strategic role in the overall management of the Employer.

1.1. Employee’s duties and responsibilities will be those that are normally and customarily vested in the position of [NEED TITLE] including, without limitation, the following (collectively, the “Duties”), subject in all cases to limitations imposed by the CEO of the Employer:

#### 1.1.1. NEED DUTIES

#### 1.2. Covenants of Employee.

- 1.2.1. Best Efforts. Employee will report directly to the COO and will devote his best efforts to the business and affairs of the Employer. Employee will perform his duties, responsibilities and functions to the Employer under this Agreement to the best of his abilities in a diligent, trustworthy, professional and efficient manner.
- 1.2.2. Records and Reports. The Employee will use his best efforts and skills to truthfully, accurately, and promptly make, maintain, and preserve all records and reports that the Employer may, from time to time request, fully account for all money, records, equipment, materials, or other property belonging to the Employer of which he may have custody, and promptly pay and deliver the records and reports whenever he may be directed to do so by the Board.
- 1.2.3. Rules and Regulations. Employee will obey all rules, regulations (and special instructions of the Board, if reasonable) and all other rules, regulations, guides, handbooks, procedures, and policies applicable to the Employer and its business in connection with his Duties under this Agreement and will endeavor to improve his ability and knowledge of the Employer’s business in an effort to increase the value of his services for the mutual benefit of the Employer and the Employee.
- 1.2.4. Expertise. The Employee will make available to the Employer any information of which he has knowledge that is relevant to the Employer’s business and will make all suggestions and recommendations that he believes will be of benefit to the Employer. The Employee will not be required to make available any information which would result in the Employee breaching his fiduciary duties to another person or which is otherwise protected from disclosure by agreement or applicable law.
- 1.2.5. Opportunities. The Employee will make all business opportunities of which the Employee becomes aware that are relevant to the Employer’s business, available to the Employer, and to no other person or entity or to himself individually. The Employee will not be required to make available any opportunity which would

result in the Employee breaching his fiduciary duties to another person or which is otherwise protected from disclosure by agreement or applicable law.

- 1.2.6. Compliance. The Employee will use the Employee's reasonable efforts and skills to cause the Employer to comply with all of its contractual obligations and commitments, as well as all applicable laws, rules and regulations. Given the nature of the business the Employee cannot be held accountable for any breach of laws, rules or regulations that may occur contrary to legal advice given to him or the Company.
- 1.2.7. Non-Business Hours. The Employee is free to conduct personal and business activities that do not conflict with his Employment during non-business hours.

## 2. Definitions

For purposes of this Agreement, the following capitalized terms will have the meanings set forth below:

- 2.1. "Board" means the Board of Directors of the Employer or other committee of the Board if and to the extent the Board of Directors delegates some or all of its duties or powers with respect to matters relevant to Employee in his capacity as an employee of the Employer.
- 2.2. "Effective Date" means the date first indicated above.
- 2.3. "For Cause" means, in the context of a basis for termination of Employee's employment with the Employer, that:
  - 2.3.1. material breach of this Agreement by Employee;
  - 2.3.2. material (i) intentional non-performance or mis-performance of Employee's duties, or (ii) refusal to abide by or comply with the reasonable directives of the Employee's superior officers, or the Employer's policies and procedures provided that the Employee is given written notice by the Employer and a reasonable period to cure - any refusal or non-performance;
  - 2.3.3. Employee's gross negligence in the performance of the Employee's duties under this Agreement;
  - 2.3.4. Employee's willful dishonesty, fraud or misconduct with respect to the business or affairs of the Employer, that in the reasonable judgment of the Board of Directors materially and adversely affects the Employer;
  - 2.3.5. Employee's conviction of, or a plea of nolo contendere to, a felony or other crime involving moral turpitude or relevant to his job duties and stature with the company, provided such conviction is not the result of the Employee carrying out his duties under this Agreement for the Employer (given the nature of the Employer's business activities);
  - 2.3.6. Employee's commission of any willful act in direct competition with or materially detrimental to the best interests of Employer that is in breach of Employee's fiduciary duties of care, loyalty and good faith to Employer;

- 2.3.7. Employee's abuse of alcohol or drugs (legal or illegal) that, in the Employer's reasonable judgment, substantially impairs Employee's ability to perform his duties under this Agreement provided the Employee is given 90 days with pay to rehabilitate himself prior to termination; or
- 2.3.8. Employee's excessive absenteeism (other than by reason of disability described in this Agreement) without a reasonable justification.
- 2.3.9. Employee's material misrepresentations or omissions regarding his employment history, education and experience, criminal past or other matters relied upon by Employer to enter into this Agreement.
- 2.4. "Person" means an individual or a partnership, corporation, trust, association, limited liability Employer, governmental authority or other entity.

### 3. **Compensation and Benefits**

- 3.1. Salary. Commencing with the Effective Date of this Agreement, the Employer will pay to Employee an annualized salary of \$180,000 USD. The Employer may increase Employee's salary from time to time, but may not decrease it unless other executives in substantially similar positions also receive comparable reductions due to business necessity.
- 3.2. Expense Reimbursement. Employee will only be entitled to reimbursement from the Employer for the reasonable business-related costs and expenses for which substantiation is provided and are otherwise in accordance with the Employer's expense reimbursement policy.
- 3.3. Employee Benefit Plans. Employee will be entitled to participate in any medical, dental, vision, retirement, disability insurance and other group benefit plans, which the Employer makes available to its employees generally, provided that the Employee qualifies for those benefit plans. These plans, if applicable, will also be offered to the Employee's immediate family.
- 3.4. Personal Use Days. The Employee will be entitled to a total of 15 personal use days to be absent from work with pay, for any reason, in addition to paid Employer holidays. Personal use days will accrue at one hour for every 30 hours worked. Personal use days cannot be accumulated from year to year above 40 hours. No compensation will be paid for unused days.
- 3.5. Withholding. The Employer will deduct from any compensation payable to Employee (including payments made pursuant to Section 3 of this Agreement in connection with or following termination of employment) amounts sufficient to cover Employee's share of applicable federal, state and/or local income tax withholding, old-age and survivors' and other social security payments, states disability and other insurance premiums and payments.

### 4. **Terms of Employment**



Employee's employment pursuant to this Agreement will commence on the Effective Date and will continue until the earliest to occur of the following:

- 4.1. upon the death of Employee;
- 4.2. upon delivery to Employee of written notice of termination by the Employer if Employee has suffered a physical or mental disability which renders Employee, in the reasonable judgment of the Board of the Employer, unable to perform his duties and obligations with or without reasonable accommodation, under this Agreement for either 90 consecutive days or 120 days in any 12-month period;
- 4.3. upon delivery by either party of a written notice of termination at least 90 days prior to the specified date of termination, during which the Employee can be relieved of duties but all pay and benefits will continue for the 90 days.
- 4.4. upon Employer providing the Employee with a written determination that the Employee's employment is being terminated For Cause.

5. **Compensation and Benefits Following Termination of Employment**

- 5.1. If the Employee's employment is terminated under Sections 4.1, 4.2 or 4.4, the Employee will not be entitled to any further compensation or benefits under this Agreement as of the termination date unless required under law.
- 5.2. Employee will be entitled to payment of his salary and benefits during the notice period specified in Section 4.3 but will not be entitled to any other post-employment benefits, except for benefits payable under applicable benefit plans in which Employee is entitled to participate pursuant to Section 3.4 of this Agreement through the date of termination, subject to and in accordance with the terms of those plans.
- 5.3. As a condition to Employee's right to receive any benefits pursuant to Section 5.2 of this Agreement:
  - 5.3.1. Employee must sign and deliver to the Employer (a) written notice of Employee's resignation from the Board (if Employee is so appointed by the Employer's shareholders), and (b) a written release in the form provided by the Employer at the time of termination, of any claims against the Employer and all directors and officers of the Employer with respect to all matters arising out of Employee's employment by the Employer, or the termination thereof (other than claims for entitlements under the terms of this Agreement or plans or programs of the Employer in which Employee has accrued a benefit); and
  - 5.3.2. Employee must not breach any of his covenants and agreements under Sections 7 and 8 of this Agreement, which continue following termination of his employment, unless the Employer does not pay all of the compensation to which Employee is entitled to under this Agreement.

5.4. Employee will have no obligation to offset any payments he receives from the Employer following the termination of his employment by any payments he receives from his subsequent employer.

## 6. **Representations and Warranties of Employee**

Employee represents and warrants to the Employer that:

- 6.1. Employee has full power and authority to enter into and fully perform this Agreement, and this Agreement does not conflict with or violate any other agreement, obligation, order or other restriction to which Employee is subject.
- 6.2. Employee is not a party to any litigation, nor is aware of any threatened action, proceeding or litigation which (a) could in any way involve the Employer or (b) will result in Employee's inability to perform his obligations hereunder, including any action which could be reasonably foreseen to require a significant amount of Employee's time.
- 6.3. This Agreement has been duly executed by Employee and constitutes a binding and valid obligation of Employee, enforceable in accordance with its terms.
- 6.4. Employee has fully disclosed in writing any debarment, suspension or material sanctions imposed within the last 10 years by any federal or state governmental agency or instrumentality or government-sponsored enterprise on either Employee or any Employer for which Employee was a senior officer with respect to operations under Employee supervision.
- 6.5. Employee has completely and accurately disclosed to the Employer, pursuant to Exhibit A attached to this Agreement, all criminal legal proceedings, orders, convictions, bankruptcies, and judgments, which Employee has been the subject of, during the past five years.

## 7. **Covenants of Non-Solicitation and Non-Competition**

- 7.1. Non-solicitation. During the period commencing with the date of this Agreement and terminating twelve (12) months from the date of termination of Employee's employment with the Employer, Employee agrees not to directly or indirectly, either alone or by action in concert with others: (a) induce or attempt to influence any employee of the Employer to engage in any activity in which Employee is prohibited from engaging by Section 1.4 of this Agreement or to terminate his or her employment with the Employer; (b) induce or attempt to induce any customer, supplier, licensee or other business relationship of the Employer to cease or reduce its business with the Employer, or in any way interfere with the relationship between any such customer, supplier, licensee or business relationship and the Employer; or (c) solicit business from the Employer's customers that competes with the business of the Employer. The previous sentence will not apply in the event that the Employer does not pay the Employee all of the compensation due to him under this Agreement.

7.2. Agreement Not to Compete. The Employee agrees that, during the term of his employment, and for twelve (12) months thereafter, the Employee shall not, whether directly or indirectly, individually, or as a director, officer, partner, limited partner, employee, agent, representative, stockholder, creditor, consultant or in any other capacity: Engage in any line of business anywhere within the United States or Canada that is the same as, or which competes in any way with, any line of business the Employer is then engaged in, or in any line of business the Employer had planned to engage in prior to the termination of Employee's employment. (i) terminates the Employee's employment without cause, or (ii) does not pay the Employee all of the compensation due to him under this Agreement.

## 8. Confidentiality

Employee agrees not to disclose or use at any time (whether during or after Employee's employment with the Employer) for Employee's own benefit or purposes or the benefit or purposes of any other Person any information, data, trade secrets and confidential or proprietary information relating to the business, operations, assets and liabilities of the Employer, including without limitation all customers and/or suppliers' identities, characteristics and agreements, financial information and projections, employee files, business and marketing plans, sales activities, pricing methodologies, credit and financial data and financial methods (the "Confidential Material"), provided that the foregoing will not apply to information which is not unique to the Employer or which is generally known to the industry or the public other than as a result of Employee's breach of this covenant. Employee agrees that upon termination of his employment with the Employer for any reason, he will return to the Employer immediately all memoranda, books, papers, plans, information, letters and other data, and all copies thereof or there from, in any way relating to the business of the Employer except that he may retain personal notes, notebooks, diaries, rolodexes and addresses and phone numbers. Employee further agrees that he will not retain or use for his account at any time any trade names, trademark or other proprietary business designation used or owned in connection with the business of any member of the Employer. The above is only valid for materials or know how that has not been disclosure publicly.

## 9. Specific Performance.

Employee acknowledges and agrees that the Employer's and Employee's remedies at law for a breach or threatened breach of any of the provisions of Sections 7 or 8 hereof would be inadequate and, in recognition of this fact, Employee agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Employer, without posting any bond, will be entitled to obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

## 10. Miscellaneous.

10.1. Notices. All notices, requests, demands and other communications (collectively, "Notices") given pursuant to this Agreement will be in writing, and will be delivered by

personal service, courier, facsimile transmission or by United States first class, registered or certified mail, addressed to the following addresses:

If to the Employer, to:

Golden Leaf Holdings, Ltd.  
Mr. William Simpson, CEO,  
13315 NE Airport Way, STE 700  
Portland, OR 97230  
Office: (503) 805-5603  
e-mail: William@chalicefarms.com

WITH A COPY TO:

John A. Magliana, Jr.  
Attorney & Counselor  
3600 Lakeview Blvd Suite 200  
Lake Oswego, OR 97035  
Office: (503) 784-3767  
e-mail: [magliana@comcast.net](mailto:magliana@comcast.net)

If to Employee, to:

Ray Schiavone  
Tahoe Hydroponics, LLC  
3535 Arrowhead Drive  
Suite B  
Carson City, NV 89706  
E-mail: rayschiavone@gmail.com

WITH A COPY TO:

Ideal Business Partners  
Caleb Zobrist  
552 E. Charleston Blvd.  
Las Vegas, NV 89104  
E-mail: caleb@idealbusinesspartners.com

- 10.2. Any Notice, other than a Notice sent by registered or certified mail, will be effective when received; a Notice sent by registered or certified mail, postage prepaid return receipt requested, will be effective on the earlier of when received or the third day following deposit in the United States mails (or on the seventh day if sent to or from an address outside the United States). Any party may from time to time change its address for further Notices hereunder by giving notice to the other party in the manner prescribed in this Section.

- 10.3. Entire Agreement. This Agreement contains the sole and entire agreement and understanding of the parties with respect to the entire subject matter of this Agreement, and any and all prior discussions, negotiations, commitments and understandings, whether oral or otherwise. Any party to this Agreement has relied upon no representations, oral or otherwise, express or implied, other than those contained in this Agreement. Notwithstanding the foregoing, Employee acknowledges that the Employer has relied on his resume and other documents which may have been provided by Employee, and oral statements regarding Employee's employment history, education and experience, in determining to enter into the Agreement, and material misrepresentations (or omissions) in connection with such documents may constitute the basis of termination For Cause, as contemplated by the definition of For Cause.
- 10.4. Severability. In the event that any provision or portion of this Agreement will be determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Agreement will be unaffected thereby and will remain in full force and effect to the fullest extent permitted by law.
- 10.5. Governing Law. This Agreement will be construed in accordance with the laws of the State of Nevada without giving effect to the principles of conflicts of law thereof.
- 10.6. Arbitration. Employee agrees that any dispute or controversy arising out of or relating to any interpretation, construction, performance or breach of this Agreement or Employee's employment or termination therefrom or other dispute between the parties, shall be settled by arbitration before a single arbitrator administered by Arbitration Service of Carson City, or other mutually agreeable entity, to be held in West Nevada County in accordance with the rules of Arbitration Service of Carson City then in effect. The arbitrator may grant injunctions or other relief in such dispute or controversy and decide arbitrability issues. The decision of the arbitrator shall be final, conclusive and binding on the parties to the arbitration. Judgment may be entered on the arbitrator's decision in any court having jurisdiction. The Employer shall pay all costs and expenses of such arbitration, except Employee will pay any amount Employee would have to pay as filing fees in court, and Employee and Employer shall separately pay their counsel fees and expenses.
- 10.7. Captions. The various captions of this Agreement are for reference only and will not be considered or referred to in resolving questions of interpretation of this Agreement.
- 10.8. Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, but all of which together will constitute one and the same instrument.
- 10.9. Business Day. If the last day permissible for delivery of any notice under any provision of this Agreement, or for the performance of any obligation under this Agreement, will be other than a business day, such last day for such notice or performance will be extended to the next following business day (provided, however, under no circumstances will this provision be construed to extend the date of termination of this Agreement).

- 10.10. Attorneys' Fees. In any arbitration proceeding or court action relating to this Agreement or Employee's employment with the Employer, the prevailing party will be entitled to recover its reasonable attorneys' fees and costs (other than the costs of the arbitration, which will be borne by Employer).
- 10.11. Advice from Independent Counsel. The Employee understands that this Agreement is legally binding and may affect his rights. Employee acknowledges that he has been advised to seek the advice of his own independent legal counsel in connection with this Agreement prior to signing it and/or has received legal advice from counsel of his choice regarding the meaning and legal significance of this Agreement and that he is satisfied with his legal counsel and the advice received from it.
- 10.12. Judicial Interpretation. Should any provision of this Agreement require judicial interpretation, it is agreed that a court interpreting or construing the same will not apply a presumption that the terms hereof will be more strictly construed against any Person by reason of the rule of construction that a document is to be construed more strictly against the Person who itself or through its agent prepared the same, it being agreed that all Parties have participated in the preparation of this Agreement.
- 10.13. Venue. The exclusive venue for disputes arising under this Agreement will be the state and federal courts located in West Nevada County, Nevada.

IN WITNESS WHEREOF, this Agreement has been signed this \_\_\_\_ day of \_\_\_\_\_, 2018 and is effective as of the Effective Date.

**Affirmation and Acknowledgement Regarding Arbitration. Employee acknowledges that he has received and read or has had the opportunity to read the arbitration agreement in Paragraph 10.6. Employee understands that this arbitration agreement requires that disputes that involve the matters subject to the agreement be submitted to arbitration pursuant to the arbitration agreement rather than to a judge and jury in court.**

**EMPLOYEE**

\_\_\_\_\_  
Ray Schiavone

**EMPLOYER**

Greenpoint Nevada, Inc.

By: \_\_\_\_\_  
Its: CEO



## **EXHIBIT A**

### Legal Proceedings

Employee hereby represents and warrants to the Employer that (i) there has not been any bankruptcy petition filed by or against any business of which Employee was a general partner or executive officer at the time of bankruptcy or within two years prior thereto; (ii) Employee has not been convicted in a criminal proceeding or been the subject of a pending criminal proceeding (excluding traffic violations and other minor traffic offenses); (iii) Employee has not been the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting Employee's involvement in any type of business, securities or banking activities; Employee has not been found by a court of competent jurisdiction in a civil action, by the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities laws, where such judgment has not been reversed, suspended or vacated.

## EXHIBIT B

### GREENPOINT NEVADA, INC.

#### Employee Release (the "Release")

For value consideration, including without limitation severance payments, receipt of which is acknowledged by the undersigned employee (the "Employee") of Greenpoint Nevada, Inc. (the "Employer"), Employee hereby agrees as follows:

#### General Release

Release by Employee. The Employee knowingly and voluntarily waives and releases all rights and claims, known and unknown, which the Employee may have against the Employer, and/or any of the Employer's related or affiliated entities or successors, or any of their current or former parents, subsidiaries, partners, affiliates, shareholders, directors, officers, employees, agents, representatives, predecessors, successors or assigns (the "Employer Releasees"), including without limitation, any and all charges, complaints, claims, liabilities, obligations, promises, agreements, contracts, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses of any kind arising out of, resulting from or in any manner relating to the Employee's employment by the Employer, under any employment agreement or otherwise, and the termination of the Employee's employment hereunder. The Employee's general release under this Release includes, but is not limited to, claims for employment discrimination, harassment, wrongful termination, constructive termination, violation of public policy, breach of any express or implied contract, breach of any implied covenant, fraud, intentional or negligent misrepresentation, emotional distress, defamation, libel, or any other claims relating to the Employee's relationship with Employer. The Employee's general release also includes a release of any claims under any federal, state or local laws or regulations, including, but not limited to: (a) Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000(e) et. seq. (race, color, religion, sex, and national origin discrimination); (b) the Age Discrimination in Employment Act, 29 U.S.C. § 621 et. seq. (age discrimination); (c) Section 1981 of the Civil Rights Act of 1866, 42 U.S.C. 1981 (race discrimination); (d) the Equal Pay Act of 1963, 29 U.S.C. § 206 (equal pay); (e) the California Fair Employment and Housing Act, Cal. Gov't. Code §12900, et. seq. (discrimination, including race, color, national origin, ancestry, disability, medical condition, marital status, sex, sexual orientation; sexual or racial harassment and age); (f) the California Labor Code § 200, et. seq. (salary, commission, compensation, benefits and other matters); (g) the Fair Labor Standards Act, 29 U.S.C. § 201, et. seq. (wage and hour matters, including overtime pay); (h) the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), 42 U.S.C. S 1395(c) (insurance matters); (i) Executive Order 11141 (age discrimination); (j) Section 503 of the Rehabilitation Act of 1973, 29 U.S.C. § 701, et. seq. (disability discrimination); (k) the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001, et. seq. (employee benefits); (l) Title I of the Americans with Disabilities Act (disability discrimination); California Labor Code Section 132a (discrimination based on filing a workers' compensation claim); and (m) any applicable California Industrial Welfare Commission Order (wage matters). The Employee is not releasing any claims (a) based on acts or events occurring after the signing of this Release, (b) rights to benefits that have vested under any Employer benefit plan, (c) any claims to indemnification as a director or officer under or pursuant to Employer's Certificate of Incorporation or Bylaws, and (d) any rights to Directors' and Officers' insurance coverage. The matters that are the subject of the releases referred to in this Section 0 are referred to herein as the "Released Matters."

Unknown Claims. The Employee acknowledges that there is a risk that subsequent to the execution of this Release, he will incur or suffer damage, loss or injury to persons or property that is unknown or unanticipated at the time of the execution of this Release. The Employee

hereby specifically assumes such risk and agrees that this Release and the releases contained herein will and do apply to all unknown or unanticipated claims, as well as those currently known or anticipated. Accordingly, the Employee acknowledges that he has read the provisions of California Civil Code Section 1542, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

Notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release and discharge of the Employer and others released herein, the Employee expressly acknowledges that this Release is intended to include and does include in its effect, without limitation, all claims which he does not know or suspect to exist in his favor against the Employer Releasees, and that this Release contemplates the extinguishment of any such claim or claims.

Assumption of Risk; Investigation of Facts. The Employee hereby expressly assumes the risk of any mistake of fact or that the true facts might be other than or different from the facts now known or believed to exist, and it is his express intention to forever settle, adjust and compromise any and all disputes between and among such party and the Employer Releasees, finally and forever, and without regard to who may or may not have been correct in their respective understandings of the facts or the law relating thereto. In making and executing this Release, the Employee represents and warrants that he has made such investigation of the facts and the law pertaining to the matters described in this Release as such party deems necessary, and he has not relied upon any statement or representation, oral or written, made by the Employer with respect to any of the facts involved in any dispute or possible dispute between the parties hereto, or with respect to any of the Employee’s rights or asserted rights, or with respect to the advisability of making and executing this Release.

Ownership of Claims. The Employee represents and agrees that he has not assigned or transferred, or attempted to assign or transfer, to any person or entity, any of the Released Matters.

No Representations. The Employee represents and agrees that no promises, statements or inducements have been made to him that caused him to sign this Release other than those expressly stated in this Release.

### **Release of Age Discrimination Claims**

Age Discrimination is Specifically Intended to be Included as a Released Action. The Employee specifically intends that this Release will include a complete release of claims under the Age Discrimination in Employment Act of 1967 (the “ADEA”; 29 U.S.C. §§ 621 et seq.), as amended by the Older Workers’ Benefit Protection Act of 1990, except for any allegation that a breach of this Act occurred following the date of this Release.

Reasonable Time to Consider Release. The Employee acknowledges that he has been given a reasonable period of time (a maximum of 21 days, if he so chooses) to consider this Release before signing this Release. The Employee understands that he has seven days following signing of this Release to rescind it, but only insofar as it effects a release of a claim for violation of the ADEA, in which case it will remain fully effective in all other respects. To rescind this Release as to the ADEA, the Employee agrees to fax a letter signed by the Employee to the Employer, by the end of the seven-day period.

Non-Release of Future Claims. The Employee is hereby advised that this Release does not waive or release any rights or claims that the Employee may have under the ADEA, or otherwise, which arise after the date the Employee signs this Release.

Severance Benefits. None of the Employee's severance benefits will become payable unless and until the seven-day period contemplated by Section 2.2 will have expired with Employee not revoking this Release. If the Employee revokes this Release within such seven-day period, this Release will become null and void and of no force and effect.

**Confidentiality of this Release.** The Employee agrees to keep the terms of an amount paid under this Release completely confidential, and not to disclose such information to anyone other than his spouse, attorneys and licensed tax and/or professional investment advisor (hereafter referred to as the "Employee's Confidants"), all of whom will be informed of and be bound by this confidentiality provision. Neither the Employee nor the Employee's Confidants will disclose the terms of this Release to anyone, including without limitation, any representative of any print, radio or television media, to any past, present or prospective applicant for employment with the Employer, executive recruiter or "headhunter," to any counsel for any current or former employee of the Employer, to any other counsel or third party, or to the public at large.

**Voluntary Execution of Release.** The Employee represents that he has carefully read this Release and that he knows and understands its contents. The Employee has had the opportunity to receive independent legal advice from attorneys of his choice with respect to his review of this Release and the advisability of executing this Release. Employee further represents and acknowledges that he has freely and voluntarily executed this Release after independent investigation and without fraud, duress, or undue influence, with a full understanding of the legal and binding effect of this Release. For purposes of this Release, whenever the context may require, any pronoun will include the corresponding masculine, feminine and neuter forms.

This Release is executed and delivered as of \_\_\_\_\_, \_\_\_\_\_

EMPLOYEE: \_\_\_\_\_

**Exhibit D-2**  
**Employment Agreement with Mark Bruno**

*[see attached]*

## EMPLOYMENT AGREEMENT

**BETWEEN:** Greenpoint Nevada, Inc., a Nevada corporation (the “Employer”);

**AND:** Mark Bruno (the “Employee”).

**EFFECTIVE DATE:** \_\_\_\_\_, 2018.

### **RECITALS.**

- A. The corporate parent of the Employer, Golden Leaf Holdings, Ltd., a Canadian (Ontario) corporation, is acquiring substantially all of the assets of Tahoe Hydroponics Company, LLC, a Nevada limited liability company, which presently employs Employee, pursuant to the terms of a certain asset purchase agreement dated the same date as this Agreement. and the terms of which are hereby incorporated by this reference as if fully set forth herein (the “APA”).
- B. Effective as of the Closing Date and as a condition of Closing, as defined in the APA, the Employer desires to employ Employee, and Employee desires to accept employment with the Employer, in the capacity of [NEED TITLE] of the Employer.
- C. As consideration for his services to Employer, Employee will receive a fixed salary and various fringe benefits, the amount of which will be determined pursuant to the Agreement below.
- D. Employee acknowledges that employee was informed of this Agreement in a written employment offer at least two weeks before Employee’s employment began that this Agreement was required as a condition of employment. Employee acknowledges that (1) Employee is paid a salary that exceeds the median family income for a four-person family, as determined by the United States Census Bureau, (2) Employee is engaged in administrative, executive or professional work; (3) Employee performs predominantly intellectual, managerial or creative tasks; (4) Employee exercises independent judgment and discretion, and (5) Employee has access to trade secrets, and competitively sensitive confidential business information.

### **AGREEMENT.**

NOW, THEREFORE, in consideration of the mutual covenants set forth below, the Employee and the Employer agree as follows:

1. **Engagement and Responsibilities**



Upon the terms and subject to the conditions set forth in this Agreement, and commencing as of the Effective Date, the Employer hereby engages and employs Employee with the title and designation of [NEED TITLE]. Employee hereby accepts this engagement and employment pursuant to the terms of this Agreement. Employee will report to the Chief Operating Officer (“COO”) of Employer. Employee agrees to devote his full time, attention and efforts to the business of the Employer during normal working hours and will use Employee’s best efforts and abilities faithfully and diligently to promote the Employer’s business interests. As a key employee of the Employer, the Employee will have with others on the team, a strategic role in the overall management of the Employer.

1.1. Employee’s duties and responsibilities will be those that are normally and customarily vested in the position of [NEED TITLE] including, without limitation, the following (collectively, the “Duties”), subject in all cases to limitations imposed by the CEO of the Employer:

#### 1.1.1. NEED DUTIES

#### 1.2. Covenants of Employee.

- 1.2.1. Best Efforts. Employee will report directly to the COO and will devote his best efforts to the business and affairs of the Employer. Employee will perform his duties, responsibilities and functions to the Employer under this Agreement to the best of his abilities in a diligent, trustworthy, professional and efficient manner.
- 1.2.2. Records and Reports. The Employee will use his best efforts and skills to truthfully, accurately, and promptly make, maintain, and preserve all records and reports that the Employer may, from time to time request, fully account for all money, records, equipment, materials, or other property belonging to the Employer of which he may have custody, and promptly pay and deliver the records and reports whenever he may be directed to do so by the Board.
- 1.2.3. Rules and Regulations. Employee will obey all rules, regulations (and special instructions of the Board, if reasonable) and all other rules, regulations, guides, handbooks, procedures, and policies applicable to the Employer and its business in connection with his Duties under this Agreement and will endeavor to improve his ability and knowledge of the Employer’s business in an effort to increase the value of his services for the mutual benefit of the Employer and the Employee.
- 1.2.4. Expertise. The Employee will make available to the Employer any information of which he has knowledge that is relevant to the Employer’s business and will make all suggestions and recommendations that he believes will be of benefit to the Employer. The Employee will not be required to make available any information which would result in the Employee breaching his fiduciary duties to another person or which is otherwise protected from disclosure by agreement or applicable law.
- 1.2.5. Opportunities. The Employee will make all business opportunities of which the Employee becomes aware that are relevant to the Employer’s business, available to the Employer, and to no other person or entity or to himself individually. The Employee will not be required to make available any opportunity which would

result in the Employee breaching his fiduciary duties to another person or which is otherwise protected from disclosure by agreement or applicable law.

- 1.2.6. Compliance. The Employee will use the Employee's reasonable efforts and skills to cause the Employer to comply with all of its contractual obligations and commitments, as well as all applicable laws, rules and regulations. Given the nature of the business the Employee cannot be held accountable for any breach of laws, rules or regulations that may occur contrary to legal advice given to him or the Company.
- 1.2.7. Non-Business Hours. The Employee is free to conduct personal and business activities that do not conflict with his Employment during non-business hours.

## 2. Definitions

For purposes of this Agreement, the following capitalized terms will have the meanings set forth below:

- 2.1. "Board" means the Board of Directors of the Employer or other committee of the Board if and to the extent the Board of Directors delegates some or all of its duties or powers with respect to matters relevant to Employee in his capacity as an employee of the Employer.
- 2.2. "Effective Date" means the date first indicated above.
- 2.3. "For Cause" means, in the context of a basis for termination of Employee's employment with the Employer, that:
  - 2.3.1. material breach of this Agreement by Employee;
  - 2.3.2. material (i) intentional non-performance or mis-performance of Employee's duties, or (ii) refusal to abide by or comply with the reasonable directives of the Employee's superior officers, or the Employer's policies and procedures provided that the Employee is given written notice by the Employer and a reasonable period to cure - any refusal or non-performance;
  - 2.3.3. Employee's gross negligence in the performance of the Employee's duties under this Agreement;
  - 2.3.4. Employee's willful dishonesty, fraud or misconduct with respect to the business or affairs of the Employer, that in the reasonable judgment of the Board of Directors materially and adversely affects the Employer;
  - 2.3.5. Employee's conviction of, or a plea of nolo contendere to, a felony or other crime involving moral turpitude or relevant to his job duties and stature with the company, provided such conviction is not the result of the Employee carrying out his duties under this Agreement for the Employer (given the nature of the Employer's business activities);
  - 2.3.6. Employee's commission of any willful act in direct competition with or materially detrimental to the best interests of Employer that is in breach of Employee's fiduciary duties of care, loyalty and good faith to Employer;

- 2.3.7. Employee's abuse of alcohol or drugs (legal or illegal) that, in the Employer's reasonable judgment, substantially impairs Employee's ability to perform his duties under this Agreement provided the Employee is given 90 days with pay to rehabilitate himself prior to termination; or
- 2.3.8. Employee's excessive absenteeism (other than by reason of disability described in this Agreement) without a reasonable justification.
- 2.3.9. Employee's material misrepresentations or omissions regarding his employment history, education and experience, criminal past or other matters relied upon by Employer to enter into this Agreement.
- 2.4. "Person" means an individual or a partnership, corporation, trust, association, limited liability Employer, governmental authority or other entity.

### 3. **Compensation and Benefits**

- 3.1. Salary. Commencing with the Effective Date of this Agreement, the Employer will pay to Employee an annualized salary of \$180,000 USD. The Employer may increase Employee's salary from time to time, but may not decrease it unless other executives in substantially similar positions also receive comparable reductions due to business necessity.
- 3.2. Expense Reimbursement. Employee will only be entitled to reimbursement from the Employer for the reasonable business-related costs and expenses for which substantiation is provided and are otherwise in accordance with the Employer's expense reimbursement policy.
- 3.3. Employee Benefit Plans. Employee will be entitled to participate in any medical, dental, vision, retirement, disability insurance and other group benefit plans, which the Employer makes available to its employees generally, provided that the Employee qualifies for those benefit plans. These plans, if applicable, will also be offered to the Employee's immediate family.
- 3.4. Personal Use Days. The Employee will be entitled to a total of 15 personal use days to be absent from work with pay, for any reason, in addition to paid Employer holidays. Personal use days will accrue at one hour for every 30 hours worked. Personal use days cannot be accumulated from year to year above 40 hours. No compensation will be paid for unused days.
- 3.5. Withholding. The Employer will deduct from any compensation payable to Employee (including payments made pursuant to Section 3 of this Agreement in connection with or following termination of employment) amounts sufficient to cover Employee's share of applicable federal, state and/or local income tax withholding, old-age and survivors' and other social security payments, states disability and other insurance premiums and payments.

### 4. **Terms of Employment**

Employee's employment pursuant to this Agreement will commence on the Effective Date and will continue until the earliest to occur of the following:

- 4.1. upon the death of Employee;
- 4.2. upon delivery to Employee of written notice of termination by the Employer if Employee has suffered a physical or mental disability which renders Employee, in the reasonable judgment of the Board of the Employer, unable to perform his duties and obligations with or without reasonable accommodation, under this Agreement for either 90 consecutive days or 120 days in any 12-month period;
- 4.3. upon delivery by either party of a written notice of termination at least 90 days prior to the specified date of termination, during which the Employee can be relieved of duties but all pay and benefits will continue for the 90 days.
- 4.4. upon Employer providing the Employee with a written determination that the Employee's employment is being terminated For Cause.

5. **Compensation and Benefits Following Termination of Employment**

- 5.1. If the Employee's employment is terminated under Sections 4.1, 4.2 or 4.4, the Employee will not be entitled to any further compensation or benefits under this Agreement as of the termination date unless required under law.
- 5.2. Employee will be entitled to payment of his salary and benefits during the notice period specified in Section 4.3 but will not be entitled to any other post-employment benefits, except for benefits payable under applicable benefit plans in which Employee is entitled to participate pursuant to Section 3.4 of this Agreement through the date of termination, subject to and in accordance with the terms of those plans.
- 5.3. As a condition to Employee's right to receive any benefits pursuant to Section 5.2 of this Agreement:
  - 5.3.1. Employee must sign and deliver to the Employer (a) written notice of Employee's resignation from the Board (if Employee is so appointed by the Employer's shareholders), and (b) a written release in the form provided by the Employer at the time of termination, of any claims against the Employer and all directors and officers of the Employer with respect to all matters arising out of Employee's employment by the Employer, or the termination thereof (other than claims for entitlements under the terms of this Agreement or plans or programs of the Employer in which Employee has accrued a benefit); and
  - 5.3.2. Employee must not breach any of his covenants and agreements under Sections 7 and 8 of this Agreement, which continue following termination of his employment, unless the Employer does not pay all of the compensation to which Employee is entitled to under this Agreement.

5.4. Employee will have no obligation to offset any payments he receives from the Employer following the termination of his employment by any payments he receives from his subsequent employer.

6. **Representations and Warranties of Employee**

Employee represents and warrants to the Employer that:

- 6.1. Employee has full power and authority to enter into and fully perform this Agreement, and this Agreement does not conflict with or violate any other agreement, obligation, order or other restriction to which Employee is subject.
- 6.2. Employee is not a party to any litigation, nor is aware of any threatened action, proceeding or litigation which (a) could in any way involve the Employer or (b) will result in Employee's inability to perform his obligations hereunder, including any action which could be reasonably foreseen to require a significant amount of Employee's time.
- 6.3. This Agreement has been duly executed by Employee and constitutes a binding and valid obligation of Employee, enforceable in accordance with its terms.
- 6.4. Employee has fully disclosed in writing any debarment, suspension or material sanctions imposed within the last 10 years by any federal or state governmental agency or instrumentality or government-sponsored enterprise on either Employee or any Employer for which Employee was a senior officer with respect to operations under Employee supervision.
- 6.5. Employee has completely and accurately disclosed to the Employer, pursuant to Exhibit A attached to this Agreement, all criminal legal proceedings, orders, convictions, bankruptcies, and judgments, which Employee has been the subject of, during the past five years.

7. **Covenants of Non-Solicitation and Non-Competition**

- 7.1. Non-solicitation. During the period commencing with the date of this Agreement and terminating twelve (12) months from the date of termination of Employee's employment with the Employer, Employee agrees not to directly or indirectly, either alone or by action in concert with others: (a) induce or attempt to influence any employee of the Employer to engage in any activity in which Employee is prohibited from engaging by Section 1.4 of this Agreement or to terminate his or her employment with the Employer; (b) induce or attempt to induce any customer, supplier, licensee or other business relationship of the Employer to cease or reduce its business with the Employer, or in any way interfere with the relationship between any such customer, supplier, licensee or business relationship and the Employer; or (c) solicit business from the Employer's customers that competes with the business of the Employer. The previous sentence will not apply in the event that the Employer does not pay the Employee all of the compensation due to him under this Agreement.

7.2. Agreement Not to Compete. The Employee agrees that, during the term of his employment, and for twelve (12) months thereafter, the Employee shall not, whether directly or indirectly, individually, or as a director, officer, partner, limited partner, employee, agent, representative, stockholder, creditor, consultant or in any other capacity: Engage in any line of business anywhere within the United States or Canada that is the same as, or which competes in any way with, any line of business the Employer is then engaged in, or in any line of business the Employer had planned to engage in prior to the termination of Employee's employment. (i) terminates the Employee's employment without cause, or (ii) does not pay the Employee all of the compensation due to him under this Agreement.

## 8. **Confidentiality**

Employee agrees not to disclose or use at any time (whether during or after Employee's employment with the Employer) for Employee's own benefit or purposes or the benefit or purposes of any other Person any information, data, trade secrets and confidential or proprietary information relating to the business, operations, assets and liabilities of the Employer, including without limitation all customers and/or suppliers' identities, characteristics and agreements, financial information and projections, employee files, business and marketing plans, sales activities, pricing methodologies, credit and financial data and financial methods (the "Confidential Material"), provided that the foregoing will not apply to information which is not unique to the Employer or which is generally known to the industry or the public other than as a result of Employee's breach of this covenant. Employee agrees that upon termination of his employment with the Employer for any reason, he will return to the Employer immediately all memoranda, books, papers, plans, information, letters and other data, and all copies thereof or there from, in any way relating to the business of the Employer except that he may retain personal notes, notebooks, diaries, rolodexes and addresses and phone numbers. Employee further agrees that he will not retain or use for his account at any time any trade names, trademark or other proprietary business designation used or owned in connection with the business of any member of the Employer. The above is only valid for materials or know how that has not been disclosure publicly.

## 9. **Specific Performance.**

Employee acknowledges and agrees that the Employer's and Employee's remedies at law for a breach or threatened breach of any of the provisions of Sections 7 or 8 hereof would be inadequate and, in recognition of this fact, Employee agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Employer, without posting any bond, will be entitled to obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

## 10. **Miscellaneous.**

10.1. Notices. All notices, requests, demands and other communications (collectively, "Notices") given pursuant to this Agreement will be in writing, and will be delivered by



personal service, courier, facsimile transmission or by United States first class, registered or certified mail, addressed to the following addresses:

If to the Employer, to:

Golden Leaf Holdings, Ltd.  
Mr. William Simpson, CEO,  
13315 NE Airport Way, STE 700  
Portland, OR 97230  
Office: (503) 805-5603  
e-mail: William@chalicefarms.com

WITH A COPY TO:

John A. Magliana, Jr.  
Attorney & Counselor  
3600 Lakeview Blvd Suite 200  
Lake Oswego, OR 97035  
Office: (503) 784-3767  
e-mail: [magliana@comcast.net](mailto:magliana@comcast.net)

If to Employee, to:

Mark Bruno  
Tahoe Hydroponics Company, LLC  
3535 Arrowhead Drive  
Suite B  
Carson City, NV 89706  
E-mail: mark@tahoehydro.com

WITH A COPY TO:

Ideal Business Partners  
Caleb Zobrist  
552 E. Charleston Blvd.  
Las Vegas, NV 89104  
E-mail: caleb@idealbusinesspartners.com

- 10.2. Any Notice, other than a Notice sent by registered or certified mail, will be effective when received; a Notice sent by registered or certified mail, postage prepaid return receipt requested, will be effective on the earlier of when received or the third day following deposit in the United States mails (or on the seventh day if sent to or from an address outside the United States). Any party may from time to time change its address for further Notices hereunder by giving notice to the other party in the manner prescribed in this Section.

- 10.3. Entire Agreement. This Agreement contains the sole and entire agreement and understanding of the parties with respect to the entire subject matter of this Agreement, and any and all prior discussions, negotiations, commitments and understandings, whether oral or otherwise. Any party to this Agreement has relied upon no representations, oral or otherwise, express or implied, other than those contained in this Agreement. Notwithstanding the foregoing, Employee acknowledges that the Employer has relied on his resume and other documents which may have been provided by Employee, and oral statements regarding Employee's employment history, education and experience, in determining to enter into the Agreement, and material misrepresentations (or omissions) in connection with such documents may constitute the basis of termination For Cause, as contemplated by the definition of For Cause.
- 10.4. Severability. In the event that any provision or portion of this Agreement will be determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Agreement will be unaffected thereby and will remain in full force and effect to the fullest extent permitted by law.
- 10.5. Governing Law. This Agreement will be construed in accordance with the laws of the State of Nevada without giving effect to the principles of conflicts of law thereof.
- 10.6. Arbitration. Employee agrees that any dispute or controversy arising out of or relating to any interpretation, construction, performance or breach of this Agreement or Employee's employment or termination therefrom or other dispute between the parties, shall be settled by arbitration before a single arbitrator administered by Arbitration Service of Carson City, or other mutually agreeable entity, to be held in West Nevada County in accordance with the rules of Arbitration Service of Carson City then in effect. The arbitrator may grant injunctions or other relief in such dispute or controversy and decide arbitrability issues. The decision of the arbitrator shall be final, conclusive and binding on the parties to the arbitration. Judgment may be entered on the arbitrator's decision in any court having jurisdiction. The Employer shall pay all costs and expenses of such arbitration, except Employee will pay any amount Employee would have to pay as filing fees in court, and Employee and Employer shall separately pay their counsel fees and expenses.
- 10.7. Captions. The various captions of this Agreement are for reference only and will not be considered or referred to in resolving questions of interpretation of this Agreement.
- 10.8. Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, but all of which together will constitute one and the same instrument.
- 10.9. Business Day. If the last day permissible for delivery of any notice under any provision of this Agreement, or for the performance of any obligation under this Agreement, will be other than a business day, such last day for such notice or performance will be extended to the next following business day (provided, however, under no circumstances will this provision be construed to extend the date of termination of this Agreement).

- 10.10. Attorneys' Fees. In any arbitration proceeding or court action relating to this Agreement or Employee's employment with the Employer, the prevailing party will be entitled to recover its reasonable attorneys' fees and costs (other than the costs of the arbitration, which will be borne by Employer).
- 10.11. Advice from Independent Counsel. The Employee understands that this Agreement is legally binding and may affect his rights. Employee acknowledges that he has been advised to seek the advice of his own independent legal counsel in connection with this Agreement prior to signing it and/or has received legal advice from counsel of his choice regarding the meaning and legal significance of this Agreement and that he is satisfied with his legal counsel and the advice received from it.
- 10.12. Judicial Interpretation. Should any provision of this Agreement require judicial interpretation, it is agreed that a court interpreting or construing the same will not apply a presumption that the terms hereof will be more strictly construed against any Person by reason of the rule of construction that a document is to be construed more strictly against the Person who itself or through its agent prepared the same, it being agreed that all Parties have participated in the preparation of this Agreement.
- 10.13. Venue. The exclusive venue for disputes arising under this Agreement will be the state and federal courts located in West Nevada County, Nevada.

IN WITNESS WHEREOF, this Agreement has been signed this \_\_\_\_ day of \_\_\_\_\_, 2018 and is effective as of the Effective Date.

**Affirmation and Acknowledgement Regarding Arbitration. Employee acknowledges that he has received and read or has had the opportunity to read the arbitration agreement in Paragraph 10.6. Employee understands that this arbitration agreement requires that disputes that involve the matters subject to the agreement be submitted to arbitration pursuant to the arbitration agreement rather than to a judge and jury in court.**

**EMPLOYEE**

\_\_\_\_\_  
Mark Bruno

**EMPLOYER**

Greenpoint Nevada, Inc.

By: \_\_\_\_\_  
Its: CEO

## **EXHIBIT A**

### Legal Proceedings

Employee hereby represents and warrants to the Employer that (i) there has not been any bankruptcy petition filed by or against any business of which Employee was a general partner or executive officer at the time of bankruptcy or within two years prior thereto; (ii) Employee has not been convicted in a criminal proceeding or been the subject of a pending criminal proceeding (excluding traffic violations and other minor traffic offenses); (iii) Employee has not been the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting Employee's involvement in any type of business, securities or banking activities; Employee has not been found by a court of competent jurisdiction in a civil action, by the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities laws, where such judgment has not been reversed, suspended or vacated.

## EXHIBIT B

### GREENPOINT NEVADA, INC.

#### Employee Release (the "Release")

For value consideration, including without limitation severance payments, receipt of which is acknowledged by the undersigned employee (the "Employee") of Greenpoint Nevada, Inc. (the "Employer"), Employee hereby agrees as follows:

#### General Release

Release by Employee. The Employee knowingly and voluntarily waives and releases all rights and claims, known and unknown, which the Employee may have against the Employer, and/or any of the Employer's related or affiliated entities or successors, or any of their current or former parents, subsidiaries, partners, affiliates, shareholders, directors, officers, employees, agents, representatives, predecessors, successors or assigns (the "Employer Releasees"), including without limitation, any and all charges, complaints, claims, liabilities, obligations, promises, agreements, contracts, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses of any kind arising out of, resulting from or in any manner relating to the Employee's employment by the Employer, under any employment agreement or otherwise, and the termination of the Employee's employment hereunder. The Employee's general release under this Release includes, but is not limited to, claims for employment discrimination, harassment, wrongful termination, constructive termination, violation of public policy, breach of any express or implied contract, breach of any implied covenant, fraud, intentional or negligent misrepresentation, emotional distress, defamation, libel, or any other claims relating to the Employee's relationship with Employer. The Employee's general release also includes a release of any claims under any federal, state or local laws or regulations, including, but not limited to: (a) Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000(e) et. seq. (race, color, religion, sex, and national origin discrimination); (b) the Age Discrimination in Employment Act, 29 U.S.C. § 621 et. seq. (age discrimination); (c) Section 1981 of the Civil Rights Act of 1866, 42 U.S.C. 1981 (race discrimination); (d) the Equal Pay Act of 1963, 29 U.S.C. § 206 (equal pay); (e) the California Fair Employment and Housing Act, Cal. Gov't. Code §12900, et. seq. (discrimination, including race, color, national origin, ancestry, disability, medical condition, marital status, sex, sexual orientation; sexual or racial harassment and age); (f) the California Labor Code § 200, et. seq. (salary, commission, compensation, benefits and other matters); (g) the Fair Labor Standards Act, 29 U.S.C. § 201, et. seq. (wage and hour matters, including overtime pay); (h) the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), 42 U.S.C. S 1395(c) (insurance matters); (i) Executive Order 11141 (age discrimination); (j) Section 503 of the Rehabilitation Act of 1973, 29 U.S.C. § 701, et. seq. (disability discrimination); (k) the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001, et. seq. (employee benefits); (l) Title I of the Americans with Disabilities Act (disability discrimination); California Labor Code Section 132a (discrimination based on filing a workers' compensation claim); and (m) any applicable California Industrial Welfare Commission Order (wage matters). The Employee is not releasing any claims (a) based on acts or events occurring after the signing of this Release, (b) rights to benefits that have vested under any Employer benefit plan, (c) any claims to indemnification as a director or officer under or pursuant to Employer's Certificate of Incorporation or Bylaws, and (d) any rights to Directors' and Officers' insurance coverage. The matters that are the subject of the releases referred to in this Section 0 are referred to herein as the "Released Matters."

Unknown Claims. The Employee acknowledges that there is a risk that subsequent to the execution of this Release, he will incur or suffer damage, loss or injury to persons or property that is unknown or unanticipated at the time of the execution of this Release. The Employee

hereby specifically assumes such risk and agrees that this Release and the releases contained herein will and do apply to all unknown or unanticipated claims, as well as those currently known or anticipated. Accordingly, the Employee acknowledges that he has read the provisions of California Civil Code Section 1542, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

Notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release and discharge of the Employer and others released herein, the Employee expressly acknowledges that this Release is intended to include and does include in its effect, without limitation, all claims which he does not know or suspect to exist in his favor against the Employer Releasees, and that this Release contemplates the extinguishment of any such claim or claims.

Assumption of Risk; Investigation of Facts. The Employee hereby expressly assumes the risk of any mistake of fact or that the true facts might be other than or different from the facts now known or believed to exist, and it is his express intention to forever settle, adjust and compromise any and all disputes between and among such party and the Employer Releasees, finally and forever, and without regard to who may or may not have been correct in their respective understandings of the facts or the law relating thereto. In making and executing this Release, the Employee represents and warrants that he has made such investigation of the facts and the law pertaining to the matters described in this Release as such party deems necessary, and he has not relied upon any statement or representation, oral or written, made by the Employer with respect to any of the facts involved in any dispute or possible dispute between the parties hereto, or with respect to any of the Employee’s rights or asserted rights, or with respect to the advisability of making and executing this Release.

Ownership of Claims. The Employee represents and agrees that he has not assigned or transferred, or attempted to assign or transfer, to any person or entity, any of the Released Matters.

No Representations. The Employee represents and agrees that no promises, statements or inducements have been made to him that caused him to sign this Release other than those expressly stated in this Release.

## **Release of Age Discrimination Claims**

Age Discrimination is Specifically Intended to be Included as a Released Action. The Employee specifically intends that this Release will include a complete release of claims under the Age Discrimination in Employment Act of 1967 (the “ADEA”; 29 U.S.C. §§ 621 et seq.), as amended by the Older Workers’ Benefit Protection Act of 1990, except for any allegation that a breach of this Act occurred following the date of this Release.

Reasonable Time to Consider Release. The Employee acknowledges that he has been given a reasonable period of time (a maximum of 21 days, if he so chooses) to consider this Release before signing this Release. The Employee understands that he has seven days following signing of this Release to rescind it, but only insofar as it effects a release of a claim for violation of the ADEA, in which case it will remain fully effective in all other respects. To rescind this Release as to the ADEA, the Employee agrees to fax a letter signed by the Employee to the Employer, by the end of the seven-day period.

Non-Release of Future Claims. The Employee is hereby advised that this Release does not waive or release any rights or claims that the Employee may have under the ADEA, or otherwise, which arise after the date the Employee signs this Release.

Severance Benefits. None of the Employee's severance benefits will become payable unless and until the seven-day period contemplated by Section 2.2 will have expired with Employee not revoking this Release. If the Employee revokes this Release within such seven-day period, this Release will become null and void and of no force and effect.

**Confidentiality of this Release.** The Employee agrees to keep the terms of an amount paid under this Release completely confidential, and not to disclose such information to anyone other than his spouse, attorneys and licensed tax and/or professional investment advisor (hereafter referred to as the "Employee's Confidants"), all of whom will be informed of and be bound by this confidentiality provision. Neither the Employee nor the Employee's Confidants will disclose the terms of this Release to anyone, including without limitation, any representative of any print, radio or television media, to any past, present or prospective applicant for employment with the Employer, executive recruiter or "headhunter," to any counsel for any current or former employee of the Employer, to any other counsel or third party, or to the public at large.

**Voluntary Execution of Release.** The Employee represents that he has carefully read this Release and that he knows and understands its contents. The Employee has had the opportunity to receive independent legal advice from attorneys of his choice with respect to his review of this Release and the advisability of executing this Release. Employee further represents and acknowledges that he has freely and voluntarily executed this Release after independent investigation and without fraud, duress, or undue influence, with a full understanding of the legal and binding effect of this Release. For purposes of this Release, whenever the context may require, any pronoun will include the corresponding masculine, feminine and neuter forms.

This Release is executed and delivered as of \_\_\_\_\_, \_\_\_\_\_

EMPLOYEE: \_\_\_\_\_



**Schedule 7.01(d)**  
**Approvals, Consents, Waivers and Permits**

*[see attached]*

**Section 7.01(d)**

**Required Approvals**

All required approvals, consents, waivers and permits:

- 1) State of Nevada, Marijuana Division
- 2) Carson City Business License Department
- 3) Keystone One (landlord for 1155 W. 4<sup>th</sup> Street, Reno, NV property)
- 4) AllCan West (landlord for 3535 Arrowhead Drive, Suite B, Carson City, NV)
- 5) Fuchs Investments, LLC (landlord for 350 Greg Street, Sparks, NV)