EXECUTION VERSION

ARRANGEMENT AGREEMENT

YOURWAY CANNABIS BRANDS INC.

- and -

IONIC BRANDS CORP.

April 20, 2022

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ARRANGEMENT AGREEMENT

THIS AGREEMENT is made as of April 20, 2022

BETWEEN

YOURWAY CANNABIS BRANDS INC.,
a corporation incorporated under the laws of the Province of British Columbia (the "**Purchaser**")

- and -

IONIC BRANDS CORP.,
a corporation incorporated under the laws of the Province of British Columbia (the "**Company**").

WHEREAS the Purchaser proposes to acquire all of the outstanding securities of the Company pursuant to the Arrangement (as defined herein), as provided in this Agreement;

AND WHEREAS the Company Board (as defined herein) has unanimously determined that the Arrangement is fair to the Company Shareholders, the Company Series D Shareholders and the Company Series E Shareholders (as each such term is defined herein) and that the Arrangement is in the best interests of the Company and its stakeholders and has unanimously resolved, subject to the terms of this Agreement, to recommend that the Company Shareholders and the Company Series D Shareholders vote in favour of the Arrangement Resolution;

NOW THEREFORE in consideration of the premises and the covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the Parties, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, unless otherwise defined or expressly stated herein or something in the subject matter or the context is inconsistent therewith:

"[redacted]" has the meaning ascribed thereto in Section 4.3(e); **[Redacted for confidentiality purposes]**

"**Acceptable Confidentiality Agreement**" means a confidentiality agreement between the Company and a third party other than the Purchaser: (a) that is entered into in accordance with Section 5.1(c) hereof; (b) that contains confidentiality and standstill restrictions that are no less restrictive than those set out in the Confidentiality Agreement; (c) that does not preclude or limit the ability of the Company to disclose information relating to such agreement or the negotiations contemplated thereby, to the Purchaser; and (d) that contains a standstill provision that has a duration of at least 12 months and only permits the third party to make an Acquisition Proposal to the Company Board that is not publicly announced;

"**Acquisition Agreement**" has the meaning ascribed thereto in Section 5.1(e);

"**Acquisition Proposal**" means, at any time, whether or not in writing, (a) any offer, proposal or inquiry from any person or group of persons other than the Purchaser (or any affiliate of the Purchaser) after the date of this Agreement relating with respect to: (i) any direct or indirect acquisition by any person or group of persons of Company Shares (or securities convertible into or exchangeable or exercisable for Company Shares) representing 20% or more of the Company Shares then outstanding; (ii) any plan of arrangement, amalgamation, merger, share exchange, consolidation, recapitalization, liquidation, dissolution, winding up, exclusive license or other business combination, involving or in respect of the Company or any of its subsidiaries; (iii) any direct or indirect acquisition (or any alliance, joint venture, lease, long-term supply agreement or other arrangement having the same economic effect as the foregoing) by any person or group of persons other than the Purchaser (or any affiliate of the Purchaser), in a single transaction or a series of related transactions, of any assets of the Company and/or any interest in one or more of its subsidiaries (including shares or other equity interest of subsidiaries) that individually or in the aggregate represent 20% or more of the consolidated assets of the Company, contribute 20% or more of the consolidated revenue of the Company and its subsidiaries or constitute or hold 20% or more of the fair market value of the assets of the Company and its subsidiaries (taken as a whole), in each case based on the financial statements of the Company most recently filed prior to such time as part of the Company Public Disclosure Record (or any sale, disposition, lease, license, royalty, alliance, joint venture, long-term supply agreement or other arrangement having a similar economic effect), whether in a single transaction or a series of related transactions; or (iv) any other similar transaction or series of transactions involving the Company or any of its subsidiaries, (b) inquiry, expression or other indication of interest or offer to, or public announcement of or of an intention to do any of the foregoing, (c) modification or proposed modification of any such proposal, inquiry, expression or indication of interest, in each case excluding the Arrangement and the other transactions contemplated by this Agreement; or (d) any transaction or agreement which could reasonably be expected to materially impede or delay the completion of the Arrangement;

"**affiliate**" has the meaning ascribed thereto in Section 1.3 of National Instrument 45-106 – *Prospectus Exemptions*;

"**Agreement**" means this arrangement agreement (including the Schedules hereto), as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof;

"**Ancillary Cannabis Agreement**" means an agreement by and between the Company or any of its subsidiaries, on the one hand, and any Licensed Entity, on the other hand, that is required by Law to be submitted, or is advisable to be submitted, as determined in the Purchaser's sole and absolute discretion, for Regulatory Approval by any Governmental Authority. The Ancillary Cannabis Agreements include, but are not limited to, those agreements identified on Schedule C hereto;

"**Arrangement**" means the arrangement of the Company under Section 288 of the BCBCA on the terms and subject to the conditions set forth in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the terms of this Agreement and the Plan of

Arrangement or made at the direction of the Court in the Interim Order or Final Order with the prior written consent of the Purchaser and the Company, each acting reasonably;

"**Arrangement Resolution**" means the special resolution to be considered and, if thought advisable, passed by the Company Shareholders and the Company Series D Shareholders at the Company Meeting to approve the Arrangement, to be substantially in the form of Schedule B hereto;

"**associate**" has the meaning ascribed thereto under the Securities Act;

"**BCBCA**" means the *Business Corporations Act* (British Columbia);

"**Business Contact Data**" means any information that is used for the purpose of communicating or facilitating communication with an individual in relation to their employment, business or profession such as the individual's name, position name or title, work address, work telephone number, work fax number or work electronic address;

"**Business Day**" means a day other than a Saturday, a Sunday or any other day on which commercial banking institutions in Vancouver, British Columbia are authorized or required by applicable Law to be closed;

"**Cannabis**" means (i) all living or dead material, plants, seeds, plant parts or plant cells from any cannabis species or subspecies other than Hemp, including wet and dry material, trichomes, oil and extracts from cannabis other than Hemp (including cannabinoid or terpene extracts from any cannabis plant other than Hemp), and (ii) biologically or synthetically synthesized analogs of cannabinoids extracted, using micro-organisms, from any cannabis plant other than Hemp;

"**Cannabis Laws**" has the meaning ascribed thereto in Section 3.1(p)(i);

"**Cannabis Licences**" means any license or permit issued by a Governmental Authority that authorizes the cultivation, distribution, manufacturing, transportation, and sale of Cannabis and marijuana products;

"**Change of Recommendation**" has the meaning ascribed thereto in Section 6.1(c)(i);

"**Circular**" means the notice of meeting and accompanying management information circular (including all schedules, appendices and exhibits thereto) to be sent to the Company Shareholders and the Company Series D Shareholders in connection with the Company Meeting, including any amendments or supplements thereto;

"**Code**" means the *United States Internal Revenue Code of 1986*, as amended;

"**commercially reasonable efforts**" with respect to any Party means the cooperation of such Party and the use by such Party of its reasonable efforts consistent with reasonable commercial practice without payment or incurrence of any material liability or obligation;

"**Company**" means Ionic Brands Corp., a corporation continued under the BCBCA;

"**Company Annual Financial Statements**" means the audited consolidated financial statements of the Company for the years ended December 31, 2020 and 2019, including the notes thereto and the auditor's report thereon;

"**Company April 2021 Warrants**" means the 2,000,000 warrants of the Company, each exercisable to acquire one Company Share until April 16, 2026 at an exercise price of $0.195 per Company Share, subject to adjustment in accordance with their terms;

"**Company Board**" means the board of directors of the Company;

"**Company Board Recommendation**" means the unanimous determination of the Company Board, after consultation with legal and financial advisors, that the Arrangement is fair to the Company Shareholders, the Company Series D Shareholders and the Company Series E Shareholders, is in the best interests of the Company and the unanimous recommendation of the Company Board to Company Shareholders and Company Series D Shareholders that they vote in favour of the Arrangement Resolution;

"**Company Convertible Debentures**" means the 10.00% secured convertible debentures of the Company due May 16, 2022 issued pursuant to the Company Debenture Indenture;

"**Company Data**" means all data contained in the Company Systems and all other information and data compilations used by the Company, any of its subsidiaries or any Licensed Entity, whether or not in electronic form;

"**Company Debenture Holders**" means holders of one or more Company Convertible Debentures;

"**Company Debenture Indenture**" means the indenture between the Company and Odyssey Trust Company dated as of May 16, 2019 as amended and restated on December 20, 2019 and supplemented by a first supplemental indenture dated as of February 21, 2020 and a second supplemental indenture dated as of April 20, 2021;

"**Company December 2020 Warrants**" means the 27,083 warrants of the Company, each exercisable to acquire one Company Share until December 31, 2023 at an exercise price of $0.30 per Company Share, subject to adjustment in accordance with their terms;

"**Company Diligence Information**" means the documents provided or made available to the Purchaser by the Company prior to the execution of this Agreement for the purposes of its due diligence in connection with the Arrangement, including all documents included in the Company Public Disclosure Record and in any electronic data room to which the Purchaser has been provided access;

"**Company Disclosure Letter**" means the disclosure letter dated the date hereof regarding this Agreement that has been executed by the Company and delivered to the Purchaser concurrently with the execution of this Agreement;

"**Company Financial Statements**" means, collectively, the Company Annual Financial Statements and the Company Interim Financial Statements;

"**Company Intellectual Property Rights**" has the meaning ascribed thereto in Section 3.1(ff)(i);

"**Company Interim Financial Statements**" means the unaudited condensed consolidated interim financial statements of the Company for the three and 12 months ended December 31, 2021, including the notes thereto;

"**Company Leased Property**" or "**Company Leased Properties**" has the meaning ascribed thereto in Section 3.1(t)(iv);

"**Company Lease Document**" and "**Company Lease Documents**" have the meanings ascribed thereto in Section 3.1(t)(iv);

"**Company March 2021 Cowlitz Warrants**" means the 4,000,000 warrants of the Company, each exercisable to acquire one Company Share until March 5, 2026 at an exercise price of $0.30 per Company Share, subject to adjustment in accordance with their terms;

"**Company March 2021 Finders Warrants**" means the 7,379,540 warrants of the Company, each exercisable to acquire one Company Share until March 2, 2023 at an exercise price of $0.19 per Company Share;

"**Company March 2021 Svenson Warrants**" means the 2,000,000 warrants of the Company, each exercisable to acquire one Company Share until March 8, 2026 at an exercise price of $0.175 per Company Share;

"**Company March 2021 Warrant Indenture**" means the warrant indenture between the Company and Odyssey Trust Company dated March 2, 2021;

"**Company March 2021 Warrants**" means the 77,695,502 warrants of the Company, each exercisable to acquire one Company Share until March 2, 2026 at an exercise price of $0.30 per Company Share, subject to adjustment in accordance with the terms of the Company March 2021 Warrant Indenture;

"**Company May 2019 Compensation and Finders Warrant**" means the 187 compensation and finders warrants of the Company, each exercisable to acquire one unit of the Company with each unit comprised of (a) one Company Convertible Debenture and (b) 1,333 Company May 2019 Warrants, until May 16, 2022 at an exercise price of $6,000 per unit, subject to adjustment in accordance with their terms;

"**Company May 2019 Warrant Indenture**" means the warrant indenture between the Company and Odyssey Trust Company dated May 16, 2019 as supplemented by supplemental indenture dated as of February 21, 2020;

"**Company May 2019 Warrants**" means the 4,389,791 warrants of the Company, each exercisable to acquire one Company Share until May 16, 2022 at an exercise price of $0.45 per Company Share, subject to adjustment in accordance with the terms of the Company May 2019 Warrant Indenture;

"**Company Meeting**" means the annual general and special meeting of the Company Shareholders and the Company Series D Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order for the purpose of considering and, if

thought advisable, approving the Arrangement Resolution and any other matters as may be set out in the Circular and agreed to by the Purchaser, acting reasonably;

"**Company Optionholder**" means a holder of one or more Company Options;

"**Company Option Plan**" means the Stock Option Plan of the Company approved by the Company Shareholders on May 27, 2016;

"**Company Options**" means all options to acquire Company Shares outstanding immediately prior to the Effective Time granted pursuant to or otherwise subject to the Company Option Plan;

"**Company Owned Real Property**" and "**Company Owned Real Properties**" have the meanings ascribed thereto in Section 3.1(t)(i);

"**Company Public Disclosure Record**" means all documents filed by or on behalf of the Company on SEDAR since January 1, 2020 and prior to the date hereof that are publicly available on the date hereof;

"**Company Senior Management**" means the Company's Chairman and Chief Executive Officer, President and General Manager and Chief Brand Officer;

"**Company September 2019 Warrants**" means the 802,933 warrants of the Company, each exercisable to acquire one Company Share until September 19, 2022 at an exercise price of $7.98 per Company Share, subject to adjustment in accordance with their terms;

"**Company Series D Shareholder**" means a holder of one or more of Company Series D Shares;

"**Company Series D Shares**" means the series D voting preferred shares in the capital of the Company;

"**Company Series E Shareholder**" means a holder of one or more of Company Series E Shares;

"**Company Series E Shares**" means the series E non-voting preferred shares in the capital of the Company;

"**Company Shareholder**" means a holder of one or more Company Shares;

"**Company Shares**" means the common shares in the capital of the Company;

"**Company Systems**" means all information technology and computer systems (including computer software, information technology and telecommunication hardware and other equipment) relating to the generation, transmission, storage, maintenance or processing of data and information, whether or not in electronic form, used in the conduct of the business of the Company, any of its subsidiaries or any Licensed Entity;

"**Company Warrant Holder**" means a holder of one or more Company Warrants;

"**Company Warrant Indentures**" means the Company March 2021 Warrant Indenture and the Company May 2019 Warrant Indenture;

"**Company Warrants**" means, collectively, the Company April 2021 Warrants, the Company December 2020 Warrants, the Company March 2021 Cowlitz Warrants, the Company March 2021 Finders Warrants, the Company March 2021 Svenson Warrants, the Company March 2021 Warrants, the Company May 2019 Warrants and the Company September 2019 Warrants;

"**Complaint**" has the meaning ascribed thereto in Section 4.3(e);

"**Confidentiality Agreement**" means the confidentiality agreement between the Company and the Purchaser dated as of April 4, 2022;

"**Consideration Shares**" means the Purchaser Shares to be issued as Share Consideration pursuant to the Arrangement;

"**Contract**" means any contract, agreement, license, franchise, lease, arrangement, commitment, understanding, joint venture, partnership, note, instrument, or other right or obligation (whether written or oral) to which a Party, or any of its subsidiaries, is a party or by which a Party, or any of its subsidiaries, is bound or affected or to which any of their respective properties or assets is subject;

"**Court**" means the Supreme Court of British Columbia, or other court as applicable;

"**COVID-19**" means the coronavirus disease 2019 (dubbed as COVID-19), caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) and/or any evolutions thereof or any other virus or disease developing from or arising as a result of SARS-CoV-2 and/or COVID-19;

"**COVID-19 Measures**" means any and all quarantine, "shelter in place", "stay at home", work force reduction, social distancing, shut down, closure, sequester, safety, production protocol or similar Law, policies, guidelines, protocols or recommendations promulgated by any applicable Governmental Authority in connection with, related to, or in response to COVID-19;

"**COVID-19 Response**" means any commercially reasonable action, (including the establishment of any policy, procedure or protocol) adopted or taken with the objective of (i) mitigating the adverse effects of COVID-19 or applicable COVID-19 Measures, (ii) ensuring compliance with applicable COVID-19 Measures and/or (iii) in respect of COVID-19, protecting the health and safety of employees or other persons with whom the personnel of the Company come into contact with during the course of business operations;

"**CSA**" means the Canadian Securities Administrators;

"**CSE**" means the Canadian Securities Exchange;

"**Debenture Amendments**" means the amendments to the Company Debenture Indenture in form and substance acceptable to the Purchaser, acting reasonably, providing for: (i) the extension of the maturity date of the Company Convertible Debentures to no earlier than May 16, 2023; (ii) the deletion of Section 2.5(7) and Section 2.5(8) from the Company Debenture Indenture, including all necessary conforming changes in the Company Debenture Indenture and the certificates representing Company Convertible Debentures; and (iii) confirmation that the Company

Debenture Holders have waived their right to receive a Change of Control Purchase Offer (as defined in the Company Debenture Indenture) in connection with the Arrangement;

"**Depositary**" means Olympia Trust Company or any other trust company, bank or other financial institution agreed to in writing by the Company and the Purchaser for the purpose of, among other things, exchanging certificates representing Company Shares, Company Series D Shares and Company Series E Shares for the Consideration Shares in connection with the Arrangement;

"**Dissent Rights**" has the meaning ascribed thereto in Section 1.1 of the Plan of Arrangement;

"**Dissenting Shareholder**" has the meaning ascribed thereto in Section 1.1 of the Plan of Arrangement;

"**Effective Date**" has the meaning ascribed thereto in Section 1.1 of the Plan of Arrangement;

"**Effective Time**" has the meaning ascribed thereto in Section 1.1 of the Plan of Arrangement;

"**Employee Plans"** means all benefit, bonus, incentive, pension, retirement, savings, stock purchase, profit sharing, stock option, stock appreciation, phantom stock, termination, change of control, life insurance, medical, health, welfare, hospital, dental, vision care, drug, sick leave, disability, and similar plans, programmes, arrangements or practices relating to any current or former director, officer or employee of the Company other than benefit plans established pursuant to statute;

"**Employment Agreements**" means the employment agreements, consulting agreements and other agreements listed in Sections 3.1(z)(i) and 3.1(z)(ii) of the Company Disclosure Letter;

"**Environment**" means the natural environment (including soil, land surface or subsurface strata, surface water, groundwater, sediment, ambient air (including all layers of the atmosphere), organic and inorganic matter and living organisms, including human health, and any other environmental medium or natural resource);

"**Environmental Laws**" means all Laws and agreements with Governmental Authorities and all other statutory requirements relating to public health, the discharge, emission or release of Hazardous Substances, or the protection of the Environment and all Permits issued pursuant to such Laws, agreements or other statutory requirements;

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations thereunder;

"**ERISA Affiliate**" means, with respect to any person, any other entity that is considered one employer with such person under Section 4001 of ERISA or Code Section 414;

"**Fairness Opinion**" means the opinion of the Financial Advisor to the effect that, as of the date of such opinion and based upon and subject to the assumptions, limitations and qualifications set forth therein, the Share Consideration to be received by the Company Shareholders, the Company Series D Shareholders and the Company Series E Shareholders under the Arrangement is fair, from

a financial point of view, to the Company Shareholders, Company Series D Shareholders and the Company Series E Shareholders;

"**Final Order**" means the final order of the Court approving the Arrangement pursuant to subsection 291(4) of the BCBCA, in form and substance acceptable to the Company and the Purchaser, each acting reasonably, after a hearing upon the procedural and substantive fairness of the terms and conditions of the Arrangement, as such order may be affirmed, amended, modified, supplemented or varied by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, as affirmed or amended (provided that any such amendment, modification, supplement or variation is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal unless such appeal is withdrawn, abandoned or denied;

"**Financial Advisor**" means LUI, Inc.;

"**Governmental Authority**" means any multinational, federal, provincial, territorial, state, regional, municipal, local or other government or governmental body and any division, agent, official, agency, commission, board or authority of any government, governmental body, quasi-governmental or private body (including the CSE or any other stock exchange) exercising any statutory, regulatory, expropriation or taxing authority under the authority of any of the foregoing and any domestic, foreign or international judicial, quasi-judicial or administrative court, tribunal, commission, board, panel or arbitrator acting under the authority of any of the foregoing;

"**Hazardous Substances**" means any waste or other substance that is prohibited, listed, defined, designated or classified under any applicable Environmental Law as dangerous, hazardous, radioactive, corrosive, explosive, infectious, carcinogenic, mutagenic or toxic or a pollutant, chemical or contaminant under or pursuant to, or that could result in liability under, any applicable Environmental Laws including, but not limited to, petroleum and all derivatives thereof or synthetic substitutes therefor, hydrogen sulphide, arsenic, cyanide, cadmium, lead, mercury, polychlorinated biphenyls ("**PCBs**"), PCB-containing equipment and material, asbestos, asbestos-containing material, urea-formaldehyde, and any other material or substance that may impair the natural environment, the health of any individual, property or plant or animal life;

"**Hemp**" has the meaning set forth in Section 297A of the Agricultural Marketing Act of 1946 (7 U.S.C**.** § 1621 et seq.), as amended by Public Law No. 115-334, and as may be further amended from time to time;

"**IFRS**" means International Financial Reporting Standards as incorporated in the Chartered Professional Accounts of Canada Handbook, at the relevant time applied on a consistent basis;

"**Indemnified Parties**" has the meaning ascribed thereto in Section 4.8;

"**Intellectual Property**" means domestic, foreign and worldwide: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non- public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing;

(iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (vii) Software; and (viii) any other intellectual property and industrial property;

"**Interim Order**" means the interim order of the Court to be issued following the application therefor submitted to the Court pursuant to subsection 291(2) of the BCBCA as contemplated by Section 2.2(b) hereof, after being informed of the intention to rely upon the exemption from registration under Section 3(a)(10) of the U.S. Securities Act with respect to the Consideration Shares and Replacement Options issued pursuant to the Arrangement, in form and substance acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as such order may be affirmed, amended, modified, supplemented or varied by the Court with the consent of both the Company and the Purchaser, each acting reasonably;

"**Key Employees**" means Joanne Salas, Christian Struzan, John Gorst, Austin Gorst, Brian Salas, Christian Vara, Susie Fyles and Dave Croom;

"**Laws**" means all laws, statutes, codes, ordinances (including zoning), decrees, rules, regulations, by-laws, notices, judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, injunctions, orders, decisions, settlements, writs, assessments, arbitration awards, rulings, determinations or awards, decrees or other requirements of any Governmental Authority having the force of law and any legal requirements arising under the common law or principles of law or equity and the term "applicable" with respect to such Laws and, in the context that refers to any person, means such Laws as are applicable at the relevant time or times to such person or its business, undertaking, property or securities and emanate from a Governmental Authority having jurisdiction over such person or its business, undertaking, property or securities;

"**Licensed Entities**" means Ionic, Inc., Cowlitz County Cannabis Cultivation Inc., and Blacklist Holdings OR Inc.;

"**Liens**" means any pledge, claim, lien, charge, option, hypothec, mortgage, security interest, restriction, adverse right, prior assignment, lease, sublease, royalty, levy, right to possession or any other encumbrance, easement, license, right of first refusal, covenant, voting trust or agreement, transfer restriction under any shareholder or similar agreement, right or restriction of any kind or nature whatsoever, whether contingent or absolute, direct or indirect, or any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

"**Litigation**" has the meaning ascribed thereto in Section 4.1(p);

"[redacted]; **[Redacted for confidentiality purposes]**

"**Material Adverse Effect**" means any result, fact, change, effect, event, circumstance, occurrence or development that, taken together with all other results, facts, changes, effects, events,

circumstances, occurrences or developments, has or would reasonably be expected to have a material and adverse effect on the business, results of operations, capitalization, assets, liabilities (including any contingent liabilities), obligations (whether absolute, accrued, conditional or otherwise), prospects or financial condition of the Company, its subsidiaries and the Licensed Entities, taken as a whole, provided, however, that any result, fact, change, effect, event, circumstance, occurrence or development that arises out of, relates directly or indirectly to, results directly or indirectly from or is attributable to any of the following shall be deemed not to constitute, and shall not be taken into account in determining whether there has been, a Material Adverse Effect:

(a) changes, developments or conditions in or relating to general political, economic or financial or capital market conditions in Canada or globally;

(b) any change or proposed change in any Laws or the interpretation, application or non-application of any Laws by any Governmental Authority;

(c) changes or developments affecting the global cannabis industry in general;

(d) any outbreak or escalation of hostilities or war or acts of terrorism or any natural disaster or general outbreaks of illness (including COVID-19);

(e) any generally applicable changes in IFRS;

(f) a change in the market price of the Company Shares as a result of the announcement of the execution of this Agreement or of the transactions contemplated hereby;

(g) any action taken (or omitted to be taken) by the Company, its subsidiaries, or any Licensed Entity, which is required to be taken (or omitted to be taken) pursuant to this Agreement or that is consented to by the Purchaser in writing; or

(h) the announcement of this Agreement or consummation of the Arrangement or the transactions contemplated hereby;

provided, however, that each of clauses (a) through (d) above shall not apply to the extent that any of the changes, developments, conditions or occurrences referred to therein relate primarily to (or have the effect of relating primarily to) the Company and its subsidiaries taken as a whole or disproportionately adversely affect the Company and its subsidiaries taken as a whole in comparison to other persons who operate in the cannabis industry and provided further, however, that references in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretive for purposes of determining whether a Material Adverse Effect has occurred;

"**Material Contract**" means any Contract to which the Company, its subsidiaries or any Licensed Entity is party or by which it or any of its assets, rights or properties are bound, that, if terminated or modified, would have a Material Adverse Effect and shall, without limitation, include the following:

(a) any Contract under which indebtedness of the Company, its subsidiaries or any Licensed Entity for borrowed money is outstanding or may be incurred or pursuant to which any property or asset of the Company, its subsidiaries or any Licensed Entity is mortgaged, pledged or otherwise subject to a Lien securing indebtedness, any Contract under which the Company, its subsidiaries or any Licensed Entity has directly or indirectly guaranteed any liabilities or obligations of any person or any Contract restricting the incurrence of indebtedness by the Company, its subsidiaries or the Licensed Entities or the incurrence of Liens on any properties or securities of the Company, its subsidiaries or the Licensed Entities or restricting the payment of dividends or other distributions;

(b) any Contract under which the Company, its subsidiaries or any Licensed Entity is obliged to make payments, or receives payments in excess of, $100,000 over the life of such Contract;

(c) any Company Lease Documents;

(d) any Contract providing for the purchase, sale or exchange of, or option to purchase, sell or exchange, any property or asset;

(e) any Contract providing for the establishment, investment in, organization or formation of any joint venture, limited liability company, partnership or similar entity that creates an exclusive dealing arrangement or right of first offer or refusal that materially limits the business of the Company, its subsidiaries or any Licensed Entity;

(f) any shareholders or stockholders agreements, registration rights agreements, voting trusts, proxies or similar agreements, arrangements or commitments with respect to any shares or other equity interests of the Company, its subsidiaries or the Licensed Entities or any other Contract relating to disposition, voting or dividends with respect to any shares or other equity securities of the Company, its subsidiaries or any Licensed Entity;

(g) any Contract entered into in the past 12 months or in respect of which the applicable transaction has not yet been consummated for the acquisition or disposition, directly or indirectly (by merger or otherwise), of material assets or shares (or other equity interests) of another person for aggregate consideration in excess of $100,000;

(h) any Contract providing for indemnification by the Company or its subsidiaries, other than Contracts which provide for indemnification obligations of less than $100,000;

(i) any Contract that contains any material exclusivity or non-solicitation obligations of the Company, its subsidiaries or any Licensed Entity;

(j) any Contract providing for severance or change of control payments;

(k) any Contract that limits or restricts in any material respect (i) the ability of the Company, its subsidiaries or any Licensed Entity to engage in any line of business or carry on business in any geographic area, or (ii) the scope of persons to whom the Company, its subsidiaries or any Licensed Entity may sell products or deliver services;

(l) any Contract that gives another person the right to purchase or license an unlimited quantity or volume of, or enterprise-wide scope of use of, the Company's products or services (or licenses to the Company products or services) for a fixed aggregate price at no additional charge, or under which the Company grants most-favored customer pricing, rights of first refusal or similar rights or terms to any person;

(m) any Contract that pertains to the acquisition, licensing, or disposition of any Intellectual Property material to the Company, any of its subsidiaries or any Licensed Entity (excluding "click-through" or "shrink-wrap" licenses of generally commercially available software entered into in the ordinary course of business) or that includes a grant to or from the Company, any of its subsidiaries or any Licensed Entity of any exclusive rights under any Intellectual Property;

(n) any standstill or similar Contract currently restricting the ability of the Company to offer to purchase or purchase the assets or equity securities of another person; or

(o) any other Contract that is or would reasonably be expected to be material to the current or future business, operations, results of operations, assets, properties, capitalization, condition (financial or otherwise) or liability of the Company and its subsidiaries, taken as a whole;

"**material fact**" has the meaning attributed to such term under the Securities Act;

"**MI 61-101**" means Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*;

"**misrepresentation**" has the meaning attributed to such term under the Securities Act;

"**Money Laundering Laws**" has the meaning ascribed thereto in Section 3.1(o)(iv);

"**Mortgage**" has the meaning ascribed thereto in Section 3.1(t)(ix);

"**NI 52-109**" means National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*;

"**ordinary course of business**", or any similar reference, means, with respect to an action taken or to be taken by any person, that such action is (i) consistent with the past practices of such person and is taken in the ordinary course of the normal day-to-day business and operations of such person, (ii) a COVID-19 Response, (iii) and, in any case, is not unreasonable or unusual in the circumstances when considered in the context of the provisions of this Agreement;

"**OLCC**" has the meaning ascribed thereto in Section 7.3(x);

"**Outside Date**" means August 15, 2022 or such later date as may be agreed to in writing by the Parties; provided that if the Effective Date has not occurred by August 15, 2022 as a result of the failure to satisfy the conditions set forth in Section 7.3(z), then the Purchaser may elect by notice in writing delivered to the Company by no later than 5:00 p.m. (Vancouver time) on a date that is on or prior to such date or, in the case of subsequent extensions, the date that is on or prior to the Outside Date, as previously extended, to extend the Outside Date from time to time by a specified period of not less than five days and not more than 15 days, provided that in aggregate such extensions shall not exceed 90 days from August 15, 2022; provided further that, notwithstanding the foregoing, the Purchaser shall not be permitted to extend the Outside Date if the failure to satisfy such condition is primarily the result of the Purchaser's failure to comply with its covenants in this Agreement;

"**Parties**" means the parties to this Agreement and "**Party**" means any one of them;

"**Permit**" means any lease, license, permit, certificate, consent, order, grant, approval, classification, registration or similar authorization of or from any Governmental Authority, including Cannabis Licences;

"**Permitted Liens**" means, in respect of the Company, its subsidiaries or any Licensed Entity, any one or more of the following:

(a) Liens for Taxes which are not yet due or delinquent or that are being properly contested in good faith by appropriate proceedings and in respect of which reserves have been provided in accordance with IFRS in the Company Interim Financial Statements;

(b) undetermined or inchoate Liens of contractors, subcontractors, mechanics, workers, suppliers, materialmen, carriers and others arising or incurred in the ordinary course of business consistent with past practice relating to obligations as to which there is no default on the part of the Company, its subsidiaries or any Licensed Entity, provided that such Liens are related to obligations not due or delinquent, are not registered against title to any assets and in respect of which adequate holdbacks are being maintained as required by applicable Law;

(c) easements, servitudes, restrictions, restrictive covenants, rights of way, licenses, permits and other similar rights in the Company Owned Real Properties or the Company Leased Properties that, in each case, do not materially detract from or adversely affect the value or materially or adversely interfere with the use of the Company Owned Real Properties or the Company Leased Properties subject thereto; or

(d) zoning and building by-laws and ordinances, regulations made by public authorities that in each case do not materially detract from or adversely affect the value or materially or adversely interfere with the use of the Company Owned Real Properties or the Company Leased Properties subject thereto; or

(e) Liens disclosed in Section 1.1 of the Company Disclosure Letter;

"**person**" includes an individual, sole proprietorship, corporation, body corporate, incorporated or unincorporated association, syndicate or organization, partnership, limited partnership, limited liability company, unlimited liability company, joint venture, joint stock company, trust, natural person in his or her capacity as trustee, executor, administrator or other legal representative, a government or Governmental Authority or other entity, whether or not having legal status;

"**Personal Data**" means any information that, alone or in combination with other information, allows the identification of an individual, including name, street address, telephone number, e-mail address, photograph, social security number, driver's license number, passport number or customer or account number, IP address, and any persistent identifier or any other information that is otherwise considered personal information, personal data, protected health information, or other personally identifiable information under applicable Law, and excludes Business Contact Data;

"**Pledgors**" means Austin Gorst, John Gorst, Christian Struzan and Bryen Salas;

"**Privacy and Information Security Requirements**" means (i) all Laws that govern Processing of Personal Data, data privacy or information security in the United States and Canada; (ii) all Laws applicable to the information security of Company Systems; (iii) all Contracts that relate to the Processing of Personal Data and/or protecting the security or privacy of personally identifiable information or personal data as such terms are defined under applicable Laws; (iv) all Privacy Notices; (v) all requirements of the *Personal Information Protection and Electronic Documents Act* (Canada); and (vi) the Payment Card Information Data Security Standards;

"**Privacy Notices**" means any notices, policies, disclosures, or public representations by the Company, its subsidiaries or any Licensed Entity in respect of the Company or the respective subsidiary's or Licensed Entity's Processing of Personal Data or privacy practices;

"**Process**" or "**Processing**" means the collection, use, storage, processing, distribution, transfer, import, export, protection (including security measures), disposal or disclosure or other activity regarding data (whether electronically or in any other form or medium);

"**Plan of Arrangement**" means the plan of arrangement substantially in the form and content set out in Schedule A hereto, as amended, modified or supplemented from time to time in accordance with Article 6 of the Plan of Arrangement or at the direction of the Court in the Final Order, with the consent of the Company and the Purchaser, each acting reasonably;

"**Pre-Acquisition Reorganization**" has the meaning ascribed to it in Section 4.9(a);

"**Proceedings**" has the meaning ascribed thereto in Section 3.1(q);

"**Purchaser**" means YourWay Cannabis Brands Inc., a corporation incorporated under the laws of the Province of British Columbia;

"**Purchaser Annual Financial Statements**" means the audited financial statements of the Purchaser for the years ended December 31, 2020 and 2019, including the notes thereto and the auditor's report thereon;

"**Purchaser Board**" means the board of directors of the Purchaser;

"**Purchaser Financial Statements**" means, collectively, the Purchaser Annual Financial Statements and the Purchaser Interim Financial Statements;

"**Purchaser Interim Financial Statements**" means the unaudited condensed interim consolidated financial statements as at and for the three and nine months ended September 30, 2021, including the notes thereto;

"**Purchaser Public Disclosure Record**" means all documents filed by or on behalf of the Purchaser on SEDAR since January 1, 2020 and prior to the date hereof that are publicly available on the date hereof;

"**Purchaser Material Adverse Effect**" means any result, fact, change, effect, event, circumstance, occurrence or development that, taken together with all other results, facts, changes, effects, events, circumstances, occurrences or developments, has or would reasonably be expected to have a material and adverse effect on the business, results of operations, capitalization, assets, liabilities (including any contingent liabilities), obligations (whether absolute, accrued, conditional or otherwise), prospects or financial condition of the Purchaser and its subsidiaries, taken as a whole, provided, however, that any result, fact, change, effect, event, circumstance, occurrence or development that arises out of, relates directly or indirectly to, results directly or indirectly from or is attributable to any of the following shall be deemed to not constitute, and shall not be taken into account in determining whether there has been, a Purchaser Material Adverse Effect:

(a) changes, developments or conditions in or relating to general political, economic or financial or capital market conditions in Canada, the United States, Germany or globally;

(b) any change or proposed change in any Laws or the interpretation, application or non-application of any Laws by any Governmental Authority;

(c) changes or developments affecting the global cannabis industry in general;

(d) any outbreak or escalation of hostilities or war or acts of terrorism or any natural disaster or general outbreaks of illness (including COVID-19);

(e) any generally applicable changes in U.S. GAAP;

(f) a change in the market price of the Purchaser Shares as a result of the announcement of the execution of this Agreement or of the transactions contemplated hereby;

(g) any action taken (or omitted to be taken) by the Purchaser or any of its subsidiaries, which is required to be taken (or omitted to be taken) pursuant to this Agreement or that is consented to by the Company in writing; or

(h) the announcement of this Agreement or consummation of the Arrangement or the transactions contemplated hereby;

provided, however, that each of clauses (a) through (d) above shall not apply to the extent that any of the changes, developments, conditions or occurrences referred to therein relate primarily to (or

have the effect of relating primarily to) the Purchaser and its subsidiaries taken as a whole or disproportionately adversely affect the Purchaser and its subsidiaries taken as a whole in comparison to other persons who operate in the cannabis industry and provided further, however, that references in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretive for purposes of determining whether a Purchaser Material Adverse Effect has occurred;

"**Purchaser Senior Management**" means the Purchaser's Executive Chair, Chief Executive Officer and Chief Financial Officer;

"**Purchaser Shares**" means the common shares in the capital of the Purchaser;

"**Real Property**" means all land, together with all buildings, structures, improvements, and fixtures located therein or thereon, together with all easements, privileges, rights-of-way, benefits, hereditaments and all other rights and interests pertaining, benefiting or appurtenant to them (including air, oil, gas, mineral, and water rights);

"**Registrar**" means the Registrar of Companies appointed pursuant to Section 400 of the BCBCA;

"**Regulatory Approvals**" means sanctions, rulings, consents, orders, exemptions, permits, waivers, early termination authorizations, clearances, written confirmations of no intention to initiate legal proceedings and other formal or informal approvals (including, without limitation, written confirmations issued by a Governmental Authority, and the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Authorities;

"**Release**" means any sudden, intermittent or gradual release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, migration, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage, placement or introduction of a Hazardous Substance, whether accidental or intentional, into the Environment;

"**Remedial Action**" shall mean any investigation, feasibility study, monitoring, testing, sampling, removal (including removal of underground storage tanks), restoration, clean-up, remediation, closure, site restoration, remedial response or remedial work, in each case in relation to environmental matters;

"**Replacement Option**" has the meaning ascribed thereto in Section 1.1 of the Plan of Arrangement;

"**Representatives**" means, collectively, with respect to a Party, that Party's officers, directors, employees, consultants, advisors, agents or other representatives (including lawyers, accountants, investment bankers and financial advisors);

"**Returns**" means all returns, reports, declarations, elections, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, made, prepared, filed or required to be made, prepared or filed by Law in respect of Taxes;

"**Sanctions**" has the meaning ascribed thereto in Section 3.1(o)(v);

"**Securities Act**" means the *Securities Act* (British Columbia) and the rules, regulations and published policies made thereunder;

"**Securities Laws**" means the Securities Act and all other applicable Canadian provincial and territorial securities Laws;

"**Securities Pledge Agreements**" means the securities pledge agreements dated December 20, 2019 between each of the Pledgors and Odyssey Trust Company in connection with the Company Debenture Indenture;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval;

"**Series D Amendments**" means the amendments to the Company's articles in form and substance acceptable to the Purchaser, acting reasonably, providing for: (i) the deletion of Section 26.6(3) – *Dividends* from the Company's articles, including all necessary conforming changes in the Company articles and the certificates representing Company Series D Shares; and (ii) confirmation that the Company Series D Shareholders have waived their right to receive any accrued and unpaid dividends on the Company Series D Shares up to and including the date of such confirmation;

"**Series E Amendments**" means the amendments to the Company's articles in form and substance acceptable to the Purchaser, acting reasonably, providing for: (i) the deletion of Section 26.7(2) – *Dividends* from the Company's articles, including all necessary conforming changes in the Company articles and the certificates representing Company Series E Shares; and (ii) confirmation that the Company Series E Shareholders have waived their right to receive any accrued and unpaid dividends on the Company Series E Shares up to and including the date of such confirmation;

"**Settlement Agreement**" has the meaning ascribed thereto in Section 4.3(e);

"**Share Consideration**" means 0.0525 of a Purchaser Share for each Company Share;

"**Software**" means computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs;

"**Special Committee**" means the Special Committee established by the Company Board in connection with the transactions contemplated by this Agreement;

"**subsidiary**" means, with respect to a specified entity, any:

(a) corporation of which issued and outstanding voting securities of such corporation to which are attached more than 50% of the votes that may be cast to elect directors of the corporation (whether or not shares of any other class or classes will or might be entitled to vote upon the happening of any event or contingency) are owned by such specified entity and the votes attached to those voting securities are sufficient, if exercised, to elect a majority of the directors of such corporation;

(b) partnership, unlimited liability company, joint venture or other similar entity in which such specified entity has more than 50% of the equity interests and the power to direct the policies, management and affairs thereof; and

(c) a subsidiary (as defined in clauses (a) and (b) above) of any subsidiary (as so defined) of such specified entity;

"**Superior Proposal**" means a *bona fide* Acquisition Proposal made in writing on or after the date of this Agreement by a person or persons acting jointly (other than the Purchaser and its affiliates) that did not result from a breach of Article 5 and which or in respect of which:

(a) is to acquire no less than all of the outstanding Company Shares, Company Series D Shares and Company Series E Shares not owned by the person or persons or all or substantially all of the assets of the Company on a consolidated basis;

(b) the Company Board has determined in good faith, after consultation with its financial advisors and outside legal counsel, that such Acquisition Proposal would, taking into account all of the terms and conditions of such Acquisition Proposal, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction which (i) is in the best interests of the Company and its stakeholders; and (ii) is superior to the Company Shareholders, the Company Series D Shareholders and the Company Series E Shareholders from a financial point of view than the Arrangement (taking into account any amendments to this Agreement and the Arrangement proposed by the Purchaser pursuant to Section 5.1(f));

(c) in the case of an Acquisition Proposal that relates to the acquisition of all of the outstanding Company Shares, Company Series D Shares and Company Series E Shares, is made available to all of the Company Shareholders, Company Series D Shareholders and Company Series E Shareholders on the same terms and conditions;

(d) is not subject to any financing condition and in respect of which adequate arrangements have been made to ensure that the required funds will be available to effect payment in full;

(e) is not subject to any due diligence and/or access condition;

(f) the Company Board has determined in good faith, after consultation with financial advisors and outside legal counsel, is capable of being completed in accordance with its terms, without undue delay, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal and the person making such Acquisition Proposal; and

(g) the Company has sufficient financial resources available to pay or has made arrangements to pay, any Termination Fee payable pursuant to the terms hereof in accordance with the terms hereof;

"**Superior Proposal Notice Period**" has the meaning ascribed thereto in Section 5.1(f)(iii);

"**Supplemental Debenture Indenture**" means a supplemental indenture to be entered into by and among the Company, the Purchaser and Odyssey Trust Company, as trustee thereunder, pursuant to Section 14.1 of the Company Debenture Indenture, which will provide for, among other things, the issuance of Consideration Shares upon the due conversion of the Company Convertible Debentures from and after the Effective Date;

"**Supplemental 2019 Warrant Indenture**" means a supplemental indenture to be entered into by and among the Company, the Purchaser and Odyssey Trust Company, as warrant agent thereunder, pursuant to Section 8.1 of the Company May 2019 Warrant Indenture, which will provide for, among other things, the issuance of Consideration Shares upon the due exercise of the Company May 2019 Warrants from and after the Effective Date;

"**Supplemental 2021 Warrant Indenture**" means a supplemental indenture to be entered into by and among the Company, the Purchaser and Odyssey Trust Company, as warrant agent thereunder, pursuant to Section 8.1 of the Company March 2021 Warrant Indenture, which will provide for, among other things, the issuance of Consideration Shares upon the due exercise of the Company March 2021 Warrants from and after the Effective Date;

"**Supplemental Warrant Indentures**" means the Supplemental 2019 Warrant Indenture and the Supplemental 2021 Warrant Indenture;

"**Support and Lock-Up Agreements**" means the voting support and lock-up agreements dated as of the date hereof between the Purchaser and the Supporting Locked-Up Company Shareholders and other voting support and lock-up agreements that may be entered into after the date hereof by the Purchaser and Company Shareholders, Company Series D Shareholders and Company Series E Shareholders which agreements provide that such Company Shareholders, Company Series D Shareholders and Company Series E Shareholder shall, among other things (i) vote all Company Shares and Company Series D Shares of which they are the registered or beneficial holder or over which they have control or direction, in favour of the Arrangement; (ii) not dispose of their Company Shares, Company Series D Shares or Company Series E Shares other than pursuant to the Arrangement; and (iii) not transfer their Consideration Shares issued pursuant to the Arrangement, subject to customary exceptions, in accordance with the terms thereof;

"**Supporting and Locked-Up Company Shareholders**" means, collectively, each of the directors and officers of the Company as well as NewGen Equity Long/Short Fund and NewGen Alternative Income Fund, each of which has entered into a Support and Lock-Up Agreement;

"**Surviving Corporation**" means any corporation or other entity continuing following the amalgamation, merger, consolidation or winding up of the Company with or into one or more other entities (pursuant to a statutory procedure or otherwise);

"**Tax**" or "**Taxes**" means (i) any and all taxes, dues, duties, rates, imposts, fees, levies, other assessments, tariffs, charges or obligations of the same or similar nature, however denominated, imposed, assessed or collected by any Governmental Authority, including all income taxes, including any tax on or based on net income, gross income, income as specifically defined, earnings, gross receipts, capital gains, profits, business royalty or selected items of income,

earnings or profits, and specifically including any federal, provincial, state, territorial, county, municipal, local or foreign taxes, state profit share taxes, windfall or excess profit taxes, capital taxes, royalty taxes, production taxes, payroll taxes, health taxes, employment taxes, withholding taxes, sales taxes, use taxes, goods and services taxes, custom duties, value added taxes, ad valorem taxes, excise taxes, alternative or add-on minimum taxes, franchise taxes, gross receipts taxes, licence taxes, occupation taxes, real and personal property taxes, stamp taxes, anti-dumping taxes, countervailing taxes, occupation taxes, environment taxes, transfer taxes, and employment or unemployment insurance premiums, social insurance premiums and worker's compensation premiums and pension (including Canada Pension Plan) payments, escheat or unclaimed property (whether or not considered a tax under applicable Law), and other taxes, fees, imposts, assessments or charges of any kind whatsoever together with any interest, penalties, additional taxes, fines and other charges and additions that may become payable in respect thereof including any interest in respect of such interest, penalties and additional taxes, fines and other charges and additions, whether disputed or not; (ii) liability for the payment of any amounts of the type described in clause (i) above of another person arising as a result of being (or ceasing to be) a member of any affiliated group (or being included (or required to be included) in any Tax return relating thereto); and (iii) liability for the payment of any amounts of the type described in clause (i) above of another person as a result of any transferee or secondary liability or any liability assumed by contract, agreement, Law, or otherwise;

"**Tax Act**" means the *Income Tax Act* (Canada), as amended, and the regulations promulgated thereunder, as amended;

"**Termination Fee**" has the meaning ascribed thereto in Section 5.2(b);

"**Termination Fee Event**" has the meaning ascribed thereto in Section 5.2(a);

"**Third-Party Beneficiaries**" has the meaning ascribed thereto in Section 8.4;

"**U.S. Exchange Act**" means the United States *Securities Exchange Act of 1934*, as amended, and the rules and regulations promulgated thereunder;

"**U.S. Federal Cannabis Laws**" means (i) the U.S. Controlled Substances Act (including any implementing regulations and schedules in effect at the relevant time) or any other U.S. federal law the violation of which is predicated upon a violation of the U.S. Controlled Substances Act; and (ii) any Canadian, U.S. or international anti-money laundering legislation.

"**U.S. GAAP**" means United States generally accepted accounting principals, adopted by the SEC;

"**U.S. Investment Company Act**" means the United States *Investment Company Act of 1940*, as amended and the rules and regulations promulgated thereunder;

"**U.S. Regulatory Conditions**" means the matters set forth in Schedule C hereto;

"**U.S. Securities Act**" means the United States *Securities Act of 1933*, as amended and the rules and regulations promulgated thereunder;

"**U.S. Securities Laws**" means federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder;

"**U.S. Treasury Regulations**" means the treasury regulations under the Code; and

"**Waiver and Release**" has the meaning ascribed thereto in Section 4.3(d).

1.2 Currency

Except where otherwise specified, all references to currency herein are to lawful money of the United States and "$" refers to United States dollars. References to "C$" refer to Canadian dollars.

1.3 Interpretation Not Affected by Headings

The division of this Agreement into Articles and Sections and the insertion of a table of contents and headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein", "hereunder" and similar expressions refer to this Agreement, including the Schedules hereto, and not to any particular Article, Section or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to an Article, Section or Schedule by number or letter or both are to that Article, Section or Schedule in or to this Agreement.

1.4 Knowledge

Any reference in this Agreement to the "knowledge" of the Company, means to the knowledge and information of the Company Senior Management after making due inquiry regarding the relevant matter. Any reference in this Agreement to the "knowledge" of the Purchaser, means to the knowledge and information of the Purchaser Senior Management after making due inquiry regarding the relevant matter.

1.5 Extended Meanings, Etc.

Unless the context otherwise requires, words importing the singular number only include the plural and vice versa; words importing any gender include all genders. The terms "including" or "includes" and similar terms of inclusion, unless expressly modified by the words "only" or "solely", mean "including without limiting the generality of the foregoing" and "includes without limiting the generality of the foregoing". Any Contract, instrument or Law defined or referred to herein means such Contract, instrument or Law as from time to time amended, modified, supplemented or consolidated, including, in the case of Contracts or instruments, by waiver or consent and, in the case of Laws, by succession of comparable successor Laws, and all attachments thereto and instruments incorporated therein and, in the case of statutory Laws, all rules and regulations made thereunder.

1.6 Date of any Action

In the event that any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day, such action will be required to be taken on the next succeeding day which is a Business Day.

1.7 Statutory References

Any reference in this Agreement to a statute includes all regulations made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

1.8 Schedules

The following are the Schedules to this Agreement:

Schedule A	-	Form of Plan of Arrangement
Schedule B	-	Form of Arrangement Resolution
Schedule C	-	U.S. Regulatory Conditions

ARTICLE 2
THE ARRANGEMENT

2.1 The Arrangement and Effective Date

The Company and the Purchaser agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement. From and after the Effective Time, the steps to be carried out pursuant to the Arrangement shall become effective in accordance with the Plan of Arrangement. The closing of the transactions contemplated hereby and by the Plan of Arrangement will take place at 8:00 a.m. (Toronto time) on the Effective Date at the offices of Cassels Brock & Blackwell LLP, or at such other time on the Effective Date or such other place as may be agreed to by the Parties. Subject to the satisfaction or waiver (subject to applicable Laws) of the last of the conditions set forth in Article 7 hereof (excluding conditions that by their terms cannot be satisfied until the Effective Date, but subject to the satisfaction or, when permitted, waiver of those conditions as of the Effective Date), upon the Arrangement Resolution having been approved and adopted by the Company Shareholders and the Company Series D Shareholders and the Company obtaining the Final Order, the Arrangement shall be effective at the Effective Time on the Effective Date.

2.2 Implementation Steps by the Company

The Company covenants in favour of the Purchaser that, subject to the terms of this Agreement, the Company will:

(a) subject to compliance with applicable Securities Laws, prior to the next opening of markets in Toronto following the execution of this Agreement, issue a news release announcing the entering into of this Agreement and other related matters referred

to in Section 4.3(a)(ii), which news release shall be satisfactory in form and substance to each of the Company and the Purchaser, each acting reasonably, and, thereafter, file such news release and a corresponding material change report in prescribed form in accordance with applicable Securities Laws;

(b) as soon as reasonably practicable after the execution of this Agreement and, in any event, not later than May 30, 2022, apply to, and have the hearing for the Interim Order before, the Court pursuant to subsection 291(2) of the BCBCA in a manner and form acceptable to the Purchaser, acting reasonably, and thereafter proceed with such application and diligently pursue obtaining the Interim Order;

(c) lawfully convene and hold the Company Meeting in accordance with the Interim Order, the Company's notice of articles and articles and applicable Laws, as soon as reasonably practicable after the Interim Order is issued and, in any event, not later than July 4, 2022, for the purpose of having the Company Shareholders and the Company Series D Shareholders consider the Arrangement Resolution, and will not, unless the Purchaser otherwise consents in writing, adjourn, postpone or cancel the Company Meeting or propose to do any of the foregoing except:

(i) for an adjournment as required for quorum purposes or by applicable Law; or

(ii) as required under Section 5.1(h) or Section 6.3;

provided, however, that, if the Company Meeting is scheduled to occur during a Superior Proposal Notice Period, the Company may, and upon the request of the Purchaser, the Company shall, adjourn or postpone the Company Meeting to (i) a date specified by the Purchaser that is not later than six Business Days after the date on which the Company Meeting was originally scheduled to be held, or (ii) if the Purchaser does not specify such date, to the sixth Business Day after the date on which the Company Meeting was originally scheduled to be held;

(d) subject to the terms of this Agreement, solicit from the Company Shareholders and the Company Series D Shareholders proxies in favour of the approval of the Arrangement Resolution and against any resolution submitted by any person that is inconsistent with, or which seeks (without the Purchaser's consent) to hinder or delay the Arrangement Resolution and the completion of the transactions contemplated by this Agreement including, if so requested by the Purchaser, using the services of a proxy solicitation agent, consulting with the Purchaser in the selection and retainer of any such proxy solicitation agent and reasonably considering the Purchaser's recommendation with respect to any such agent, and cooperating with any persons engaged by the Purchaser, to solicit proxies in favour of the approval of the Arrangement Resolution, recommend to all Company Shareholders and the Company Series D Shareholders that they vote in favour of the Arrangement Resolution, and take all other actions that are reasonably necessary or desirable to obtain the approval of the Arrangement by the Company Shareholders and the Company Series D Shareholders, and (i) permit the Purchaser to assist and participate in all calls and meetings with such proxy solicitation agent,

(ii) provide the Purchaser with all material information distributions or updates from the proxy solicitation agent, (iii) consult with, and consider any suggestions from, the Purchaser with regards to the proxy solicitation agent, and (iv) consult with the Purchaser and keep the Purchaser apprised, with respect to such solicitation and other actions; provided that, the costs and expenses associated with any such proxy solicitation requested by the Purchaser shall be paid by the Purchaser, and provided that the Company shall not be required to solicit from the Company Shareholders and the Company Series D Shareholders proxies in favour of the approval of the Arrangement Resolution, or take any other actions under this Section 2.2(d), if a Change of Recommendation has been made in accordance with Section 5.1(f);

(e) advise the Purchaser as reasonably requested, and on a daily basis commencing 10 Business Days prior to the Company Meeting, as to the aggregate tally of the proxies and votes received in respect of the Company Meeting and all matters to be considered at the Company Meeting;

(f) consult with the Purchaser in fixing the date of the Company Meeting, promptly provide the Purchaser with any notice relating to the Company Meeting and allow Representatives of the Purchaser to attend the Company Meeting;

(g) not change the record date for the Company Shareholders and the Company Series D Shareholders entitled to vote at the Company Meeting in connection with any adjournment or postponement of the Company Meeting unless required by Law or the Company's articles (it being understood that a change will not be required where such date has been provided for in the Interim Order); and

(h) subject to obtaining the Final Order and to the satisfaction or waiver (subject to applicable Laws) of each of the conditions set forth in Article 7 hereof (excluding conditions that by their terms cannot be satisfied until the Effective Date, but subject to the satisfaction or, when permitted, waiver of those conditions as of the Effective Date), as soon as reasonably practicable thereafter, and, in any event, not later than two Business Days thereafter, take all steps and actions including, if applicable, making all filings with Governmental Authorities necessary to implement the Arrangement in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement.

2.3 Implementation Steps by the Purchaser

Subject to the terms of this Agreement, the Purchaser will cooperate with, assist and consent to the Company seeking the Interim Order and the Final Order and, subject to the Company obtaining the Final Order and to the satisfaction or waiver (subject to applicable Laws) of each of the conditions set forth in Article 7 hereof (excluding conditions that by their terms cannot be satisfied until the Effective Date, but subject to the satisfaction or, when permitted, waiver of those conditions as of the Effective Date), as soon as reasonably practicable thereafter, take all steps and actions including, if applicable, making all filings with Governmental Authorities necessary to implement the Arrangement in accordance with and subject to the terms and

conditions contained in this Agreement and the Plan of Arrangement and carry out the terms of the Plan of Arrangement applicable to them prior to the Outside Date.

2.4 Interim Order

The application referred to in Section 2.2(b) shall, unless the Company and the Purchaser otherwise agree, include a request that the Interim Order provide, among other things:

(a) for the class of persons to whom notice is to be provided in respect of the Arrangement and the Company Meeting and for the manner in which such notice is to be provided;

(b) confirmation of the record date for the purposes of determining the Company Shareholders and the Company Series D Shareholders entitled to receive notice of and vote at the Company Meeting (which date shall be fixed and published by the Company in consultation with the Purchaser);

(c) that the Company Meeting may be adjourned or postponed from time to time by the Company in accordance with the terms of this Agreement without the need for additional approval by the Court and without the necessity of first convening the Company Meeting or first obtaining any vote of the Company Shareholders and the Company Series D Shareholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as the Company Board may determine is appropriate in the circumstances;

(d) that the record date for the Company Shareholders and the Company Series D Shareholders entitled to receive notice of and to vote at the Company Meeting will not change in respect of or as a consequence of any adjournment or postponement of the Company Meeting;

(e) that the requisite and sole approval of the Arrangement Resolution will be: (i) 66⅔% of the votes cast on the Arrangement Resolution by the Company Shareholders and the Company Series D Shareholders present in person or represented by proxy at the Company Meeting, voting together as a single class (such that any Company Shareholders and Company Series D Shareholders is entitled to one vote for each Company Share and Company Series D Share held), and (ii) a simple majority of the votes cast on the Arrangement Resolution excluding the votes for Company Shares and Company Series D Shares held or controlled by persons described in items (a) through (d) of Section 8.1(2) of MI 61-101;

(f) that the Company Meeting may be held in-person or be an entirely virtual meeting or hybrid meeting whereby Company Shareholders and Company Series D Shareholders may join virtually;

(g) that in all other respects, the terms, conditions and restrictions of the Company's constating documents, including quorum requirements and other matters shall apply with respect to the Company Meeting;

(h) that the Parties intend to rely upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act with respect to the issuance of the Consideration Shares and Replacement Options, subject to and conditioned on the Court's approval of the Arrangement and determination that the Arrangement is substantively and procedurally fair to Company Shareholders and the Company Series D Shareholders;

(i) for the grant of Dissent Rights to the Company Shareholders, the Company Series D Shareholders and the Company Series E Shareholders who are registered holders of Company Shares, Company Series D Shares and Company Series E Shares, as applicable, as contemplated in the Plan of Arrangement;

(j) that the deadline for submission of proxies by the Company Shareholders and the Company Series D Shareholders for the Company Meeting shall be 48 hours (excluding Saturdays, Sundays and statutory holidays in Vancouver, British Columbia) prior to the Company Meeting; and

(k) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;

and, subject to the consent of the Company (such consent not to be unreasonably withheld or delayed) the Company shall also request that the Interim Order provide for such other matters as the Purchaser may reasonably require.

2.5 Circular

(a) Subject to the Purchaser complying with Section 2.5(e), the Company will, in consultation with the Purchaser:

(i) as soon as reasonably practicable after the execution of this Agreement, promptly prepare the Circular together with any other documents required by the BCBCA and other applicable Laws in connection with the approval of the Arrangement Resolution by the Company Shareholders and the Company Series D Shareholders at the Company Meeting; and

(ii) as soon as reasonably practicable after the issuance of the Interim Order, promptly cause the Circular and such other documents to be filed and sent to the Company Shareholders and the Company Series D Shareholders in compliance with the abridged timing contemplated by National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* and filed as required by the Interim Order and applicable Laws.

(b) The Company shall ensure that the Circular complies in all material respects with applicable Laws, and, without limiting the generality of the foregoing, that the Circular (including with respect to any information incorporated therein by reference) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than in each case with respect to any information furnished by the Purchaser)

and will provide the Company Shareholders and the Company Series D Shareholders with information in sufficient detail to permit them to form a reasoned judgement concerning the matters to be placed before them at the Company Meeting.

(c) The Company shall use commercially reasonable efforts to obtain any necessary consents from its auditor and any other advisors to the use of any financial, technical or other expert information required to be included in the Circular and to the identification in the Circular of each such advisor.

(d) The Company and the Purchaser will cooperate in the preparation, filing and mailing of the Circular. The Company will provide legal counsel to the Purchaser with a reasonable opportunity to review and comment on all drafts of the Circular and other documents related thereto prior to filing the Circular with applicable Governmental Authorities and printing and mailing the Circular to the Company Shareholders and the Company Series D Shareholders and will give reasonable consideration to such comments. All information relating solely to the Purchaser included in the Circular shall be provided by the Purchaser in accordance with Section 2.5(e) and shall be in form and content satisfactory to the Purchaser, acting reasonably, and the Circular will include: (i) a statement that the Company Board has unanimously determined that the Arrangement is fair to the Company Shareholders, the Company Series D Shareholders, and the Company Series E Shareholders and it is in the best interests of the Company; (ii) the unanimous recommendation of the Company Board that the Company Shareholders and the Company Series D Shareholders vote in favour of the Arrangement Resolution and the rationale for that recommendation; (iii) a copy of the Fairness Opinion; and (iv) a statement that each of the Supporting and Locked-Up Company Shareholders has signed a Support and Lock-Up Agreement, pursuant to which, and subject to the terms thereof, they have agreed to, among other things, vote their Company Shares and Company Series D Shares, as applicable, in favour of the Arrangement Resolution.

(e) The Purchaser will, in a timely manner, furnish the Company with all such information regarding the Purchaser as may reasonably be required to be included in the Circular pursuant to applicable Laws and any other documents related thereto.

(f) The Company shall keep the Purchaser fully informed in a timely manner of any requests or comments made by the Canadian securities regulatory authorities and/or the CSE in connection with the Circular.

(g) The Company and the Purchaser will each promptly notify the other if at any time before the Effective Date it becomes aware (in the case of the Company only with respect to the Company and in the case of the Purchaser only with respect to the Purchaser) that the Circular or any other document referred to in Section 2.5(e) contains any misrepresentation or otherwise requires any amendment or supplement and promptly deliver written notice to the other Party setting out full particulars thereof. In any such event, the Company and the Purchaser will cooperate with each other in the preparation, filing and dissemination of any required supplement or amendment to the Circular or such other document, as the case may be, and any related news release or other document necessary or desirable in connection therewith.

2.6 Final Order.

If (i) the Interim Order is received; and (ii) the Arrangement Resolution is approved by the Company Shareholders and the Company Series D Shareholders at the Company Meeting as provided for in the Interim Order and as required by applicable Law, subject to the terms of this Agreement, the Company shall take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to subsection 291(4) of the BCBCA, as soon as reasonably practicable after the Company Meeting, but in any event not later than five Business Days thereafter, provided however that should Court operations again become restricted due to the COVID-19 pandemic the forgoing date may be extended until the earlier of (a) the date that is 10 Business Days after the date on which the Court grants a telephonic or other remote means of hearing the motion for the Final Order, and (b) the earliest possible date on which the Court grants a hearing date for the motion for the Final Order once it resumes normal operations. If at any time after the issuance of the Final Order and on or before the Effective Date, the Company is required by the terms of the Final Order or by Law to return to the Court with respect to the Final Order, it will only do so after prior notice to the Purchaser, and affording the Purchaser a reasonable opportunity to consult with the Company regarding the same.

2.7 Court Proceedings

The Company will provide the Purchaser and its counsel with a reasonable opportunity to review and comment upon drafts of all materials to be filed with the Court in connection with the Arrangement prior to the service and filing of such materials and will give reasonable consideration to such comments. The Company will ensure that all materials filed with the Court in connection with the Arrangement are consistent in all material respects with the terms of this Agreement and the Plan of Arrangement. Subject to applicable Law, the Company will not file any material with the Court in connection with the Arrangement or serve any such material, and will not and will not agree to modify or amend materials so filed or served, except as contemplated by this Section 2.7 or with the Purchaser's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed, provided, however, that nothing herein shall require the Purchaser to agree or consent to any increase or change in the consideration payable under the terms of the Plan of Arrangement or any modification or amendment to such filed or served materials that expands or increases the Purchaser's obligations set forth in any such filed or served materials or under this Agreement or the Arrangement. In addition, the Company will not object to legal counsel to the Purchaser making such submissions on the hearing of the motion for the Interim Order and the application for the Final Order as such counsel considers appropriate, provided that the Company or its legal counsel is advised of the nature of any submissions prior to the hearing and such submissions are consistent in all material respects with the terms of this Agreement and the Plan of Arrangement. The Company will also provide the Purchaser on a timely basis with copies of any notice of appearance and evidence or other documents served on the Company or its legal counsel in respect of the application for the Interim Order or the Final Order or any appeal therefrom and of any notice, whether or not in writing, received by the Company or its legal counsel indicating any intention to oppose the granting of the Interim Order or the Final Order or to appeal the Interim Order or the Final Order.

2.8 Dissenting Shareholders

The Company will give the Purchaser prompt notice of any written communication from any Company Shareholder, Company Series D Shareholder or Company Series E Shareholder in opposition to the Arrangement (except for non-substantive communications from any Company Shareholder that purports to hold less than 0.1% of the Company Shares (provided that communications from such Company Shareholder, Company Series D Shareholder or Company Series E Shareholder are not substantive in the aggregate)), written notice of dissent or purported exercise by any Company Shareholder, Company Series D Shareholder or Company Series E Shareholder of Dissent Rights received by the Company in relation to the Arrangement and any withdrawal of Dissent Rights received by the Company and any written communications sent by or on behalf of the Company to any Company Shareholder, Company Series D Shareholder or Company Series E Shareholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement. The Company shall not make any payment or settlement offer, or agree to any such settlement, or conduct any negotiations prior to the Effective Time with respect to any such dissent, notice or instrument without the prior written consent of the Purchaser.

2.9 List of Securityholders

Upon the reasonable request from time to time of the Purchaser, the Company will provide the Purchaser with lists (in both written and electronic form) of: (i) the registered Company Shareholders, together with their addresses and respective holdings of Company Shares; (ii) the registered Company Series D Shareholders, together with their addresses and respective holdings of Company Series D Shares; (iii) the registered holders of Company Series E Shares, together with their addresses and respective holdings of Company Series E Shares; (iv) the names and addresses and holdings of all persons having rights (including Company Optionholders and Company Warrant Holders) issued or granted by the Company to acquire or otherwise related to Company Shares; and (v) non-objecting beneficial owners of Company Shares and participants in book-based nominee registers (such as CDS & Co.), together with their addresses and respective holdings of Company Shares. The Company will from time to time require that its registrar and transfer agent furnish the Purchaser with such additional information, including updated or additional lists of Company Shareholders, Company Series D Shareholders and Company Series E Shareholders, information regarding beneficial ownership of Company Shares, Company Series D Shares and Company Series E Shares and lists of holdings and other assistance as the Purchaser may reasonably request.

2.10 Securityholder Communications

The Company and the Purchaser agree to cooperate in the preparation of presentations, if any, to any Company Shareholders or other securityholders of the Company or the analyst community regarding the Arrangement. The Company agrees to consult with the Purchaser in connection with any communications or meeting with Company Shareholders or other securityholders of the Company or analysts that it may have; provided, however, that the foregoing shall be subject to the Company's overriding obligation to make any disclosure or filing required by applicable Laws or stock exchange rules and if the Company is required to make any such disclosure, it shall use its commercially reasonable efforts to give the Purchaser a reasonable

opportunity to review and comment thereon prior to its dissemination and will give reasonable consideration to such comments.

2.11 Payment of Share Consideration

The Purchaser will, following receipt of the Final Order and the Regulatory Approvals listed in Section 7.1(c) and no later than one Business Day prior to the Effective Date, deposit in escrow with the Depositary (the terms and conditions of such escrow to be satisfactory to the Parties, acting reasonably) sufficient Purchaser Shares to satisfy the aggregate Share Consideration payable pursuant to the Plan of Arrangement (other than payments to Company Shareholders, Company Series D Shareholders and Company Series E Shareholders validly exercising Dissent Rights and who have not withdrawn their notice of objection).

2.12 Company Convertible Debentures

In accordance with the terms of the Company Debenture Indenture, each Company Debenture Holder will be entitled to receive (and such holder shall accept) upon the conversion of such holder's Company Convertible Debenture, in lieu of Company Shares to which such holder was theretofore entitled upon such conversion, the number of Purchaser Shares which the Company Debenture Holder would have been entitled to receive as a result of the transactions contemplated by the Arrangement if, immediately prior to the Effective Date, such Company Debenture Holder had been the registered holder of the number of Company Shares to which such Company Debenture Holder would have been entitled if such Company Debenture Holder had converted such holder's Company Convertible Debentures immediately prior to the Effective Time. Each Company Convertible Debenture will continue to be governed by and be subject to the terms of the Company Debenture Indenture, subject to the Supplemental Debenture Indenture, any debenture certificate or conversion documents, as applicable, provided by the Purchaser to the Company Debenture Holders to facilitate the conversion of the Company Convertible Debentures.

2.13 Company Warrants

In accordance with the terms of the Company Warrant Indentures and the certificates representing the Company Warrants, each Company Warrant Holder will be entitled to receive (and such holder shall accept) upon the exercise of such holder's Company Warrant, in lieu of Company Shares to which such holder was theretofore entitled upon such exercise and for the same aggregate consideration payable therefor, the number of Purchaser Shares which the Company Warrant Holder would have been entitled to receive as a result of the transactions contemplated by the Arrangement if, immediately prior to the Effective Date, such Company Warrant Holder had been the registered holder of the number of Company Shares to which such Company Warrant Holder would have been entitled if such holder had exercised such holder's Company Warrants immediately prior to the Effective Time. Each Company Warrant will continue to be governed by and be subject to the terms of the Company Warrant Indentures and the certificates representing the Company Warrants, as applicable, subject to the Supplemental Warrant Indentures, any warrant certificate or exercise documents, as applicable, provided by the Purchaser to the Company Warrant Holders to facilitate the exercise of the Company Warrants and the payment of the exercise price therefor.

2.14 U.S. Securities Law Matters

The Parties agree that the Arrangement will be carried out with the intention that, and will use their commercially reasonable best efforts to ensure that, all Consideration Shares and Replacement Options issued pursuant to the Arrangement will be issued by the Purchaser in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereunder and pursuant to exemptions from applicable state securities laws. In order to ensure the availability of the exemption under Section 3(a)(10) of the U.S. Securities Act, the Parties agree that the Arrangement will be carried out on the following basis:

(a) the Arrangement will be subject to the approval of the Court;

(b) pursuant to Section 2.4(h), the Court will be advised as to the intention of the Parties to rely on the exemption under Section 3(a)(10) of the U.S. Securities Act with respect to the issuance of the Consideration Shares and the issuance of the Replacement Options prior to the hearing required to approve the procedural and substantive fairness of the terms and conditions of the Arrangement to the Company Shareholders to whom Consideration Shares will be issued and Company Optionholders to whom Replacement Options will be issued;

(c) the Court will be advised prior to the hearing to approve the Interim Order that the Parties intend to rely on the exemption under Section 3(a)(10) of the U.S. Securities Act with respect to the issuance of the Consideration Shares and the issuance of the Replacement Options and that its approval of the Arrangement will be relied upon as a determination that the Court has satisfied itself as to the procedural and substantive fairness of the terms and conditions of the Arrangement to all Company Shareholders who are entitled to receive Consideration Shares and Company Optionholders who are entitled to receive Replacement Options pursuant to the Arrangement;

(d) the Company will ensure that each person entitled to receive the Consideration Shares or Replacement Options pursuant to the Arrangement will be given adequate notice advising them of their right to attend the hearing of the Court to give approval of the Arrangement and providing them with sufficient information necessary for them to exercise that right;

(e) each person entitled to receive the Consideration Shares or Replacement Options pursuant to the Arrangement will be advised that the Consideration Shares and Replacement Options issued pursuant to the Arrangement have not been registered under the U.S. Securities Act and will be issued by the Purchaser in reliance on the exemption under Section 3(a)(10) of the U.S. Securities Act and that certain restrictions on resale under the U.S. Securities Laws, including, as applicable, Rule 144 under the U.S. Securities Act, may be applicable with respect to securities issued to persons who are "affiliates" (as defined in Rule 144 of the U.S. Securities Act) of the Purchaser on or after the Effective Date, or persons who were "affiliates" of the Purchaser within 90 days prior to the Effective Date;

(f) the Final Order will expressly state that the Arrangement serves as a basis of a claim to the exemption under Section 3(a)(10) of the U.S. Securities Act from the registration requirements otherwise imposed by the U.S. Securities Act regarding the distribution of securities pursuant to the Plan of Arrangement and is approved by the Court as being substantively and procedurally fair to the Company Shareholders, Company Series D Shareholders and Company Series E Shareholders;

(g) the Interim Order will specify that each Company Shareholder, Company Series D Shareholder and Company Series E Shareholder will have the right to appear before the Court at the hearing of the Court to give approval of the Arrangement so long as they enter an appearance within a reasonable time and in accordance with the requirements of Section 3(a)(10) under the U.S. Securities Act; and

(h) the Final Order shall include a statement to substantially the following effect: "This Order will serve as a basis of a claim to an exemption, pursuant to Section 3(a)(10) of the United States Securities Act of 1933, as amended, from the registration requirements otherwise imposed by that act, regarding the distribution of securities of the Purchaser pursuant to the Plan of Arrangement".

2.15 U.S. Tax Matters

(a) For U.S. federal income tax purposes, the Arrangement is intended to: (i) qualify as a reorganization within the meaning of Section 368(a) of the Code; and (ii) not result in gain being recognized pursuant to Section 367(a) of the Code, subject to the entry into five-year gain recognition agreements in the form provided in U.S. Treasury Regulations Section 1.367(a)-8 by any Company Shareholders required to enter into such agreements to preserve tax-free treatment under Section 367 of the Code; and this Agreement and the Plan of Arrangement are intended to be a "plan of reorganization" within the meaning of the U.S. Treasury Regulations promulgated under Section 368 of the Code for purposes of Sections 354 and 361 of the Code. The Parties will cooperate on a reasonable basis consistent with the Parties' intention that the transactions contemplated by this Agreement and the Plan of Arrangement qualify as a reorganization within the meaning of Section 368(a) of the Code, including, if necessary, restructuring such transactions to include one or more amalgamations of the Company (or any resulting person in any such amalgamation) with one or more wholly owned subsidiaries of Purchaser and taking such actions as necessary or advisable to comply with the requirements of Section 367 of the Code, including by fulfilling the reporting requirements of U.S. Treasury Regulations Section 1.367(a)-3(c)(6) and making arrangements with any Company Shareholders required to enter into five-year gain recognition agreements to ensure such Company Shareholders will be informed of any disposition of property that would require the recognition of gain under such gain recognition agreements.

(b) Each Party hereto shall: (i) treat the Arrangement as a reorganization within the meaning of Section 368(a) of the Code for all U.S. federal income tax purposes; (ii)

treat this Agreement and the Plan of Arrangement as a "plan of reorganization" within the meaning of the U.S. Treasury Regulations promulgated under Section 368 of the Code; (iii) treat the Arrangement as qualified for an exception to the general gain recognition rules of Section 367(a) of the Code to the extent the conditions of Section 367(a) of the Code and the U.S. Treasury Regulations promulgated thereunder have been satisfied; and (iv) not take any position on any Return or otherwise take any Tax reporting position inconsistent with such treatment, unless otherwise required by applicable Law. Except as otherwise provided in this Agreement and in the Plan of Arrangement, each Party hereto shall act in a manner that is consistent with the Parties' intention that the Arrangement be treated as a reorganization within the meaning of Section 368(a) of the Code for all U.S. federal income tax purposes, and shall not take any action, or knowingly fail to take any action, if such action or failure to act would reasonably be expected to prevent the Arrangement from qualifying as a reorganization within the meaning of Section 368(a) of the Code or would be reasonably be expected to cause Company Shareholders to recognize gain pursuant to Section 367(a) of the Code.

(c) Notwithstanding the foregoing, neither Party makes any representation, warranty or covenant to the other Party or to any Company Shareholder, Purchaser Shareholder or other holder of Company securities or Purchaser securities (including, without limitation, stock options, warrants, debt instruments or other similar rights or instruments) regarding the U.S. tax treatment of the Arrangement, including, but not limited to, whether the Arrangement will qualify as a reorganization within the meaning of Section 368(a) of the Code or as a tax-deferred reorganization for purposes of any United States state or local income tax Law, or whether the Arrangement will not result in gain being recognized pursuant to Section 367(a) of the Code by the Company Shareholders.

2.16 Adjustment to Share Consideration Regarding Distributions

If, between the date of this Agreement and the Effective Time, the Company declares, sets aside or pays any dividend or other distribution to the Company Shareholders, the Company Series D Shareholders or the Company Series E Shareholders of record as of a time prior to the Effective Time, the Purchaser shall make such adjustments to the Share Consideration as it determines, acting in good faith, to be necessary to restore the original agreement of the parties in the circumstances. For greater certainty, if the Company takes any of the actions referred to above, the aggregate Share Consideration to be paid by the Purchaser shall be decreased by an equivalent amount. Notwithstanding anything in this Agreement to the contrary, if, between the date of this Agreement and the Effective Time, the issued and outstanding Purchaser Shares shall have changed into a different number of shares or a different class by reason of any split, combination, consolidation, reclassification, dividend or the like, then the Share Consideration to be paid per Company Share shall be appropriately adjusted to provide to Company Shareholders the same economic effect as contemplated by this Agreement and the Plan of Arrangement prior to such action and as so adjusted shall, from and after the date of such event, be the Share Consideration to be paid per Company Share, subject to further adjustment in accordance with this Section 2.16.

2.17 Withholding Taxes

The Company, the Purchaser and the Depositary will be entitled to deduct and withhold from any consideration otherwise payable to any Company Shareholder, Company Series D Shareholder or Company Series E Shareholder and any other person under the Plan of Arrangement (including any payment to Dissenting Shareholders) such amounts as the Company, the Purchaser or the Depositary is required to deduct and withhold with respect to such payment under the Tax Act, the Code, and the rules and regulations promulgated thereunder, or any provision of any provincial, state, local or foreign tax Law as counsel may advise is required to be so deducted and withheld by the Company, the Purchaser or the Depositary, as the case may be. For the purposes hereof, all such withheld amounts shall be treated as having been paid to the person in respect of which such deduction and withholding was made on account of the obligation to make payment to such person hereunder, provided that such deducted or withheld amounts are actually remitted to the appropriate Governmental Authority by or on behalf of the Company, the Purchaser or the Depositary, as the case may be. To the extent necessary, such deductions and withholdings may be effected by selling any Purchaser Shares to which any such person may otherwise be entitled under the Plan of Arrangement, and any amount remaining following the sale, deduction and remittance shall be paid to the person entitled thereto as soon as reasonably practicable.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Company

Except as specifically disclosed in the Company Disclosure Letter (which shall make reference to the applicable section in respect of which such qualification is being made), the Company represents and warrants to and in favour of the Purchaser as follows and acknowledges that the Purchaser is relying upon such representations and warranties in entering into this Agreement:

(a) Organization and Qualification. The Company has been duly continued and validly exists and is in good standing under the BCBCA, and has the requisite corporate and legal power and capacity to own its property and assets as now owned and to carry on its business as it is now being carried on. The Company is duly qualified to carry on business and is in good standing in each jurisdiction in which the nature or character of its properties and assets, owned, leased or operated by it, or the nature of its business or activities, makes such qualification necessary. The Company Diligence Information includes complete and correct copies of the constating documents of the Company, as amended to the date of this Agreement. The Company Diligence Information includes complete and correct copies of the resolutions or minutes (or, in the case of draft minutes, the most recent drafts thereof) of all meetings of the Company Shareholders, Company Series D Shareholders, Company Series E Shareholders, the Company Board and each committee of the Company Board, excluding any minutes (or portion thereof) of the Company Board in relation to this Agreement, and the Company has not taken any action to amend or supersede such documents.

(b) Subsidiaries and Licensed Entities.

(i) The Company does not have any subsidiaries other than as set out in Section 3.1(b)(i) of the Company Disclosure Letter. Section 3.1(b)(i) of the Company Disclosure Letter accurately sets out the name and jurisdiction of each subsidiary and each Licensed Entity, as well as the percentage owned directly or indirectly by the Company and the remaining equity interest, if any, owned other than by the Company of each subsidiary and Licensed Entity.

(ii) Other than as disclosed in Section 3.1(b)(i) of the Company Disclosure Letter, each of the subsidiaries of the Company and each of the Licensed Entities are validly subsisting under its respective laws of incorporation or continuance and has all requisite power and authority to carry on its business as now conducted and to own or lease and to operate its properties and assets.

(iii) Each of the subsidiaries of the Company and the Licensed Entities are duly qualified to carry on business in each jurisdiction in which the nature or character of its properties and assets, owned, leased or operated by it, or the nature of its business or activities, makes such qualification necessary, including, without limitation, the issuance and good standing of all Cannabis Licenses, as applicable.

(iv) The Company is, directly or indirectly, the legal, beneficial and registered owner of all of the issued shares or other equity interests of each of the subsidiaries of the Company and none of the subsidiaries has any outstanding agreement, subscription, warrant, option, right or commitment (nor has it granted any right or privilege capable of becoming an agreement, subscription, warrant, option, right or commitment) obligating it to issue or sell any of its shares or other equity interests, including any security or obligation of any kind convertible into or exchangeable or exercisable for any shares or other securities of the subsidiaries. Except as set out in Section 3.1(b)(iv) of the Company Disclosure Letter, all of the issued and outstanding shares or other equity interests in the capital of each of the subsidiaries have been duly authorized and validly issued and are fully-paid and non-assessable, as the case may be, and all such shares or other equity interests are owned free and clear of all Liens of any kind or nature whatsoever and are free of any other restrictions including any restriction on the right to vote, sell or otherwise dispose of such shares or other equity interests.

(v) The Company Diligence Information includes complete and correct copies of the constating documents of each of the subsidiaries and each of the Licensed Entities**,** as amended to the date of this Agreement. The Company Diligence Information includes complete and correct copies of the resolutions or minutes (or, in the case of draft minutes, the most recent drafts thereof) of all meetings of the shareholders of the subsidiaries, the board of directors of the subsidiaries and each committee thereof, excluding any minutes (or portion thereof) in relation to this Agreement.

(c) No Other Interests. Except for the shares or other equity interests owned by the Company in the subsidiaries and as set out in Section 3.1(c) of the Company Disclosure Letter, neither the Company nor any of its subsidiaries owns, beneficially, any shares in the capital of any corporation, and neither the Company nor any of its subsidiaries holds any securities or obligations of any kind convertible into or exercisable or exchangeable for shares in the capital of any corporation. Except as set out in Section 3.1(c) of the Company Disclosure Letter, none of the Company nor any of its subsidiaries is a party to any agreement to acquire any shares of any entity or corporation.

(d) Authority Relative to this Agreement. The Company has the requisite corporate power, authority and capacity to enter into this Agreement and (subject to obtaining the approval of the Company Shareholders and the Company Series D Shareholders, voting as a single class, of the Arrangement Resolution, the Interim Order and the Final Order as contemplated in Section 2.2) to perform its obligations hereunder and to complete the transactions contemplated by this Agreement. The execution and delivery of this Agreement, the performance by the Company of its obligations hereunder and the completion by the Company of the transactions contemplated by this Agreement have been duly authorized by the Company Board, subject to obtaining the approval of the Arrangement Resolution by the Company Shareholders and the Company Series D Shareholders, voting as a single class, the Interim Order and the Final Order as contemplated in Section 2.2, no other corporate proceedings on the part of the Company are necessary to authorize the execution and delivery by it of this Agreement, the performance by the Company of its obligations hereunder, or the completion of the Arrangement or, the completion by the Company of the transactions contemplated hereby, other than, with respect to the Circular and other matters relating thereto, the approval of the Company Board. This Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other Laws relating to or affecting the availability of equitable remedies and the enforcement of creditors' rights generally and general principles of equity and public policy and to the qualification that equitable remedies such as specific performance and injunction may be granted only in the discretion of a court of competent jurisdiction.

(e) Required Approvals. No authorization, licence, permit, certificate, registration, consent or approval of, or filing with, or notification to, any Governmental Authority is required to be obtained or made by or with respect to the Company for the execution and delivery by the Company of this Agreement, the performance by the Company of its obligations hereunder, the completion by the Company of the Arrangement, other than:

(i) the Interim Order and any filings required in order to obtain, and approvals required under, the Interim Order;

(ii) the Final Order, and any filings required in order to obtain the Final Order;

(iii) the approval of the Arrangement Resolution by the Company Shareholders and the Company Series D Shareholders, voting as a single class;

(iv) such filings and other actions required under applicable Securities Laws and the rules and policies of the CSE;

(v) filings with the Registrar;

(vi) any other authorizations, licences, permits, certificates, registrations, consents, approvals and filings and notifications with respect to which the failure to obtain or make same would not reasonably be expected to prevent or significantly impede or materially delay the completion of the Arrangement; and

(vii) third party consents, approvals and notices set out in Section 3.1(e) of the Company Disclosure Letter.

(f) No Violation. Subject to obtaining the authorizations, consents and approvals and making the filings referred to in Section 3.1(e), the execution and delivery by the Company of this Agreement, the performance by the Company of its obligations hereunder and the completion of the Arrangement do not and will not (nor will they with the giving of notice or the lapse of time or both):

(i) conflict with, result in a violation or breach of, constitute a default or require any consent (other than such as has already been obtained), to be obtained under, or give rise to any termination rights or payment obligation under, any provision of:

(a) any Law applicable to it, its subsidiaries, the Licensed Entities, or any of their respective properties or assets;

(b) any provisions of the notice of articles, articles or other constating documents or partnership agreements of the Company or any of its subsidiaries or any other agreement or understanding with any party holding an ownership interest in the Company;

(c) any license or registration or any agreement, contract or commitment, written or oral, which the Company, any of its subsidiaries or any Licensed Entity is a party to or bound by or subject to;

(ii) result in a conflict, contravention, breach or default under or termination of, or acceleration or permit the acceleration of the performance required by, or loss of any benefit under, or require any consent or approval under, any Material Contract or material Permit or license to which it is a party or by which it, any of its subsidiaries or any Licensed Entity is bound or to any of its material assets is subject or give to any person any interest, benefit or right, including

any right of purchase, termination, suspension, alteration, payment, modification, reimbursement, cancellation or acceleration, under any such contracts, permits or licenses;

(iii) give rise to any rights of first refusal, rights of first offer, trigger any change in control or influence provisions or any restriction or limitation under any such agreement, Contract, indenture, authorization, deed of trust, mortgage, bond, instrument, licence or Permit;

(iv) result in the creation or imposition of any Lien upon any of the Company's assets or the assets of any of its subsidiaries or the Licensed Entities, or restrict, hinder, impair or limit its or any of its subsidiaries' ability to carry on their respective business as and where it is now being carried on or as and where it may be carried on in the future; or

(v) except as set out in Section 3.1(f) of the Company Disclosure Letter, result in any payment (including retention, severance, unemployment compensation, golden parachute, bonus or otherwise) becoming due to any person, or any increase in any employee benefits or compensation otherwise payable, or result in the acceleration of the time of payment, vesting or exercise of any employee benefits.

(g) Capitalization.

(i) The authorized capital of the Company consists of an unlimited number of Company Shares, an unlimited number of series A non-voting preferred shares, an unlimited number of series B non-voting preferred shares, an unlimited number of series C non-voting preferred shares, an unlimited number of Company Series D Shares and an unlimited number of Company Series E Shares. As at April 19, 2022, there were (A) 343,257,366 Company Shares issued and outstanding, (B) no series A non-voting preferred shares issued and outstanding, (C) no series B non-voting preferred shares issued and outstanding; (D) no series C non-voting preferred shares issued and outstanding; (E) 59,093,388 Company Series D Shares issued and outstanding that are convertible into 59,093,388 Company Shares (not including any accrued and unpaid dividend); (F) 61,301,801 Company Series E Shares issued and outstanding that are convertible into 61,301,801 Company Shares (not including any accrued and unpaid dividend); (G) Company Options outstanding providing for the issuance of 6,407,998 Company Shares upon the exercise thereof in accordance with their terms.; (H) Company Warrants providing for the issuance of 98,295,136 Company Shares upon the exercise thereof in accordance with their terms; and (I) Company Convertible Debentures providing for the issuance of 5,362,287 Company Shares upon the conversion thereof in accordance with their terms. All outstanding Company Shares have been, and all Company Shares issuable upon the exercise or conversion, as applicable, of Company Series D Shares, Company Series E Shares, Company Options, Company Warrants, Company Convertible

Debentures in accordance with their respective terms have been duly authorized and, upon issuance, will be, validly issued as fully paid and non-assessable shares of the Company and are not and will not be, as applicable, subject to or issued in violation of, any pre-emptive rights. There is no outstanding contractual obligation of the Company to repurchase, redeem or otherwise acquire any such Company Shares, Company Series D Shares or Company Series E Shares. Except as set out in Section 3.1(g)(i) of the Company Disclosure Letter, the Company has no other outstanding agreement, subscription, warrant, option, right or commitment or other right or privilege (whether by law, pre-emptive or contractual), nor has it granted any right or privilege capable of becoming an agreement, subscription, warrant, option, right or commitment, obligating it to issue or sell any Company Shares or other securities, including any security or obligation of any kind convertible into or exchangeable or exercisable for any Company Shares or other security. Other than the Company Option Plan, the Company does not have any share or stock appreciation right, phantom equity, restricted share unit, deferred share unit or similar right, agreement, arrangement or commitment based on the book value, Company Share price, income or any other attribute of or related to the Company.

(ii) The Company Shares are listed and posted for trading on the CSE, the Frankfurt Exchange and on the OTCQB and the Company March 2021 Warrants are listed and posted for trading on the CSE, and, except for such listing and trading, no securities of the Company are listed or quoted for trading on any other stock or securities exchange or market or registered under any securities Laws.

(iii) Section 3.1(g)(iii) of the Company Disclosure Letter sets forth a schedule, as of the date hereof and to the extent applicable, of all outstanding grants to holders of Company Options and Company Warrants and the number, exercise price, date of grant, expiration dates, vesting schedules and the names of the holders of such Company securities and whether each such holder is a current director of the Company or current officer, employee or consultant of the Company. Other than the Company Convertible Debentures, there are no outstanding securities, bonds, debentures or other evidences of indebtedness of the Company or its subsidiaries that have the right to vote (or that are convertible into or exercisable for securities having the right to vote) with the holders of the Company Shares and the Company Series D Shares on any matter. There are no outstanding obligations of the Company or any of its subsidiaries with respect to the voting or disposition of any outstanding securities of the Company or any of its subsidiaries.

(iv) No holder of securities issued by the Company or its subsidiaries has any right to compel the Company or its subsidiaries to register or otherwise qualify securities for public sale in Canada, the United States, or elsewhere.

(h) Shareholder and Similar Agreements. None of the Company nor any of its subsidiaries is party to any shareholder, pooling, voting trust or other similar agreement relating to the issued and outstanding shares in the capital of the Company or any of its subsidiaries.

(i) Reporting Issuer Status and Securities Laws Matters. The Company is a "reporting issuer" within the meaning of applicable Securities Laws in each of Alberta, British Columbia and Ontario, and is not on the list of reporting issuers in default under applicable Securities Laws, and no securities commission or similar regulatory authority has issued any order preventing or suspending trading of any securities of the Company, and the Company is not in default of any material provision of applicable Securities Laws or the rules, regulations or policies of the CSE. Trading in the Company Shares on the CSE is not currently halted or suspended. No delisting, suspension of trading or cease trading order with respect to any securities of the Company is pending or, to the knowledge of the Company, threatened. No inquiry, review or investigation (formal or informal) of the Company by any securities commission or similar regulatory authority under applicable Securities Laws or the CSE is in effect or ongoing or expected to be implemented or undertaken. The Company has not taken any action to cease to be a reporting issuer in any provinces or territory of Canada nor has the Company received notification from any securities commission or similar regulatory authority seeking to revoke the reporting issuer status of the Company. Except as set forth above in this Section 3.1(i), the Company is not subject to continuous disclosure or other public reporting requirements under any Securities Laws or any securities Laws, including, without limitation, U.S. Securities Laws. None of the Company's subsidiaries are subject to continuous disclosure or other disclosure requirements under any Securities Laws, U.S. Securities Laws or the securities Laws of any other jurisdiction. The documents and information comprising the Company Public Disclosure Record, as at the respective dates they were filed, were in material compliance with applicable Securities Laws and, where applicable, the rules and policies of the CSE and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company has publicly disclosed in the Company Public Disclosure Record all information regarding any event, circumstance or action taken or failed to be taken which could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company is up-to-date in all forms, reports, statements and documents, including financial statements and management's discussion and analysis, required to be filed by the Company under applicable Securities Laws and the rules and policies of the CSE. The Company has not filed any confidential material change report that at the date hereof remains confidential. There are no outstanding or unresolved comments in comment letters from any securities commission or similar regulatory authority with respect to any of the Company Public Disclosure Record and neither the Company nor any of the Company Public Disclosure Record is subject of an ongoing audit, review, comment or investigation by any securities commission or similar regulatory authority or the CSE.

(j) U.S. Securities Matters.

(i) The Company is a "foreign private issuer" within the meaning of Rule 405 of Regulation C under the U.S. Securities Act.

(ii) The Company is not registered, and is not required to be registered, as an "investment company" pursuant to the United States Investment Company Act of 1940, as amended.

(iii) The Company is not currently subject to the reporting requirements of the U.S. Exchange Act.

(k) Company Financial Statements.

(i) The Company Financial Statements have been, and all financial statements of the Company which are publicly disseminated by the Company in respect of any subsequent periods prior to the Effective Date will be, prepared in accordance with IFRS applied on a basis consistent with those of previous periods and in accordance with applicable Laws. The Company Financial Statements, together with the related management's discussion and analysis, present fairly, in all material respects, the assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of the Company and its subsidiaries, on a consolidated basis, as at the respective dates thereof and the losses, comprehensive losses, results of operations, changes in shareholders' equity and cash flows of the Company for the periods covered thereby. The Company does not intend to correct or restate, nor, to the knowledge of the Company is there any basis for any correction or restatement of, any aspect of any of the Company Financial Statements.

(ii) None of the Company nor any of its subsidiaries is a party to, or has any commitment to become a party to, any joint venture, off-balance sheet partnership or any similar Contract (including any Contract relating to any transaction or relationship between or among the Company or any of its subsidiaries, on the one hand, and any unconsolidated affiliate, including any structure finance, special purpose or limited purpose entity or person, on the other hand) where the result, purpose or effect of such contract is to avoid disclosure of any material transaction involving, or material liabilities of, the Company or any of its subsidiaries, in the published financial statements of the Company or the Company Public Disclosure Record.

(iii) Since December 31, 2020, none of the Company, any of its subsidiaries, any Licensed Entity nor any Representative of the Company, any of its subsidiaries or any Licensed Entity has received or otherwise had or obtained knowledge of any complaint, allegation, assertion, or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods of the Company, any of its subsidiaries or any Licensed Entity or their respective internal accounting controls, including any complaint, allegation,

assertion, or claim that the Company, any of its subsidiaries or any Licensed Entity has engaged in questionable accounting or auditing practices, which has not been resolved to the satisfaction of the audit committee of the Company Board.

(iv) Except as set out in Section 3.1(k) of the Company Disclosure Letter, there are no outstanding loans made by the Company to any director or officer of the Company.

(l) Undisclosed Liabilities. Except as disclosed in the Company Interim Financial Statements, none of the Company nor any of its subsidiaries has incurred any liabilities or obligations of any nature, whether or not accrued, contingent or otherwise and are not party to or bound by any suretyship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar contract or commitment with respect to the obligations, liabilities or indebtedness of any person.

(m) Auditors. The Company's current auditors are independent with respect to the Company within the meaning of the rules of professional conduct applicable to auditors in Canada. There has not been a "reportable event" (within the meaning of Section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations*) with the Company's auditors.

(n) Absence of Certain Changes. Since December 31, 2020, except as disclosed in the Company Public Disclosure Record:

(i) except as set out in Section 3.1(n)(i) of the Company Disclosure Letter, the Company and its subsidiaries have conducted their respective businesses only in the ordinary course of business and consistent with past practice, except for the Arrangement contemplated hereby;

(ii) except as set out in Section 3.1(n)(ii) of the Company Disclosure Letter, there has not been any event, occurrence, development or state of circumstances or facts that has had or would be reasonably expected to have a Material Adverse Effect;

(iii) there has not been any material write-down by the Company of any of the assets of the Company;

(iv) there has not been any expenditure or commitment to expend by the Company with respect to capital expenses;

(v) neither the Company nor any of its subsidiaries has approved or entered into any agreement in respect of any acquisition or sale, lease, license or other disposition by the Company or its subsidiaries of any interest in any material assets whether by asset sale, transfer of property, shares or otherwise;

(vi) there has not been any incurrence, assumption or guarantee by the Company of any material debt for borrowed money, any creation or assumption by the Company of any Lien, or any making by the Company of any loan, advance or capital contribution to or material investment in any other person;

(vii) except as set out in Section 3.1(n)(vii) of the Company Disclosure Letter, there has not been any satisfaction or settlement of any material claim, liability or obligation of the Company;

(viii) none of the Company, its subsidiaries nor any of the directors, officers, employees, consultants or auditors thereof, has received or otherwise had or obtained knowledge of any fraud or complaint, allegation, assertion or claim, whether written or oral, regarding fraud or the accounting or auditing practices, procedures, methodologies or methods of the Company or any of the subsidiaries or their respective internal accounting controls;

(ix) neither the Company nor any of its subsidiaries has effected any material change in its accounting policies, principles, methods, practices or procedures;

(x) neither the Company nor any of its subsidiaries has suffered any casualty, damage, destruction or loss to any of its properties or assets;

(xi) neither the Company nor any of its subsidiaries has entered into, or amended, any Material Contract;

(xii) neither the Company nor any of its subsidiaries has declared, set aside or paid any dividends or made any distribution or payment or return of capital in respect of the Company Shares or any other securities;

(xiii) neither the Company nor any of its subsidiaries has effected or passed any resolution to approve a split, division, consolidation, combination or reclassification of the Company Shares or any other securities;

(xiv) there has not been any increase in or modification of the compensation payable to or to become payable by the Company to any of its directors, officers, employees or consultants or any grant to any such director, officer, employee or consultant of any increase in severance or termination pay or any increase or modification of any bonus, pension, insurance or benefit arrangement to, for or with any of such directors, officers, employees or consultants;

(xv) neither the Company nor any of its subsidiaries has adopted, or materially amended, any collective bargaining agreement, bonus, pension, profit sharing, stock purchase, stock option or other benefit plan; and

(xvi) the Company has not agreed, announced, resolved or committed to do any of the foregoing.

(o) Compliance with Laws.

(i) The business of the Company, its subsidiaries and the Licensed Entities has been and is currently being conducted in material compliance with all applicable Laws. The Company, its subsidiaries and the Licensed Entities have not received any notice of any alleged violation of any such Laws, other than U.S. Federal Cannabis Laws. The Company, its subsidiaries and the Licensed Entities have not received any notice of any alleged violation of any applicable Laws. The Company does not have any knowledge of any future or potential changes in any Law that may materially impact the business, operations, financial condition, prospects or otherwise of the Company, its subsidiaries or the Licensed Entities. Without limiting the generality of the foregoing, all issued and outstanding Company Shares, Company Series D Shares and Company Series E Shares have been issued in material compliance with all applicable Securities Laws.

(ii) Except as set out in Section 3.1(o)(ii) of the Company Disclosure Letter, none of the Company, its subsidiaries nor the Licensed Entities have received any written notices or other written correspondence from any Governmental Authorities (A) regarding any violation (or any investigation, inspection, audit, or other proceeding by any Governmental Authority involving allegations of any violation) of any Law or (B) of any circumstances that may have existed or currently exist which could lead to a loss, suspension, or modification of, or a refusal to issue, any material Permit. To the knowledge of the Company, no such investigation, inspection, audit or other proceeding by any Governmental Authority involving allegations of any material violation of any Law is threatened or contemplated.

(iii) None of the Company, any of its subsidiaries nor, to the knowledge of the Company, any of their respective directors, officers, supervisors, managers, employees, or agents while acting in such capacity on behalf of the Company or its subsidiaries has: (A) violated any applicable anti-corruption, anti-bribery, export control, and economic sanctions Laws, including without limitation the *Corruption of Foreign Public Officials Act* (Canada) and the *United States Foreign Corrupt Practices Act*, (B) made or authorized any direct or indirect contribution, payment or gift of funds, property or anything else of value to any official, employee or agent of any Governmental Authority, authority or instrumentality in Canada, other jurisdictions in which the Company or any of its subsidiaries has assets or any other jurisdiction other than in accordance with applicable Laws, (C) used any corporate funds, or made any direct or indirect unlawful payment from corporate funds, to any foreign or domestic government official or employee or for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; or (D) violated or is in violation of any provision of the *Criminal Code* (Canada) relating to foreign corrupt practices, including making any contribution to any candidate for public office, in either case, where either the

payment or gift or the purpose of such contribution payment or gift was or is prohibited under the foregoing or any other applicable Law of any locality.

(iv) The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Authority (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court of Governmental Authority or any arbitrator non-Governmental Authority involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(v) None of the Company, any of its subsidiaries nor, to the knowledge of the Company, any of their respective directors, officers, supervisors, managers, employees, or agents has had any sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department, the Government of Canada or any other relevant sanctions authority (collectively, "**Sanctions**") imposed upon any such person, and the Company and its subsidiaries are not in violation of any of the Sanctions or law or executive order relating thereto, or are conducting business with any person subject to any Sanctions.

(p) Permits; Cannabis Matters.

(i) The Company, its subsidiaries and the Licensed Entities are, and at all times have been, in material compliance with all Laws applicable to the cultivation, ownership, testing, research, development, manufacture, packaging, processing, use, distribution, storage, import, export, sale or disposal of any product manufactured, distributed or sold by the Company and its subsidiaries, other than U.S. Federal Cannabis Laws (collectively, "**Cannabis Laws**").

(ii) Section 3.1(p)(ii) of the Company Disclosure Letter sets forth a correct and complete list of all Permits held by the Company, its subsidiaries and the Licensed Entities or used in the business, affairs and operations of the Company, its subsidiaries or the Licensed Entities. Each Permit issued or given to the Company, to any of its subsidiaries or to any Licensed Entity is in good standing and in full force and effect. The Company, each of its subsidiaries and each of the Licensed Entities have obtained all Permits that are required for such person to conduct its business as currently conducted and as will be conducted immediately following the Effective Date. The Company, each of its subsidiaries and each of the Licensed Entities are operating, and at all times during the past three years has operated in compliance in all material respects with each such issued Permit. The Company, its subsidiaries and the Licensed Entities have timely submitted all renewal applications, reports, forms, registrations, and documents required to be filed, and have paid all fees and assessments, in connection with such Permits. None of the Company, any

of its subsidiaries nor the Licensed Entities have received any written or, to the knowledge of the Company, other notice alleging a failure to hold any such Permits. All fees and charges with respect to such Permits as of the date hereof have been paid in full. No Proceeding is pending or, to the knowledge of the Company, threatened to revoke, suspend or limit any Permit, and to the knowledge of the Company, there is no basis to believe that any such Permit will not be renewable upon its expiration. The Company Diligence Information includes complete and accurate copies of all such Permits. None of the Company, any of its subsidiaries, any of the Licensed Entities, nor any of their respective directors, officers, supervisors, managers, employees, or agents (A) is in violation of any term of any such Permit, (B) has received notice of any pending or threatened Proceeding alleging that any operation or activity of the Company or any of its directors, officers or employees is in violation of any applicable Laws, other than U.S. Federal Cannabis Laws, or Permits and has no knowledge that any Governmental Authority or third party is considering any such Proceeding, (C) has received notice that any Governmental Authority has taken, is taking, or intends to take action to limit, suspend, modify or revoke or to not renew any Permit, and has no knowledge that any such Governmental Authority is considering taking or would have reasonable grounds to take such action, (D) has, or has had on its behalf, filed, declared, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments as required by any applicable Laws or Permits and to keep the Permits in good standing and that all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission).

(iii) Except as disclosed in Section 3.1(p)(iii) of the Company Disclosure Letter, no Permits of the Company, any of its subsidiaries or any Licensed Entity will in any way be affected by, or terminate or lapse by reason of, the transactions contemplated by this Agreement.

(iv) Immediately following the Effective Time, each Permit set forth on Section 3.1(p)(ii) of the Company Disclosure Letter will be available for full use and exploitation by the Company, one of its subsidiaries or a Licensed Entity.

(v) Each Cannabis product sold by the Company, any subsidiary or any Licensed Entity or in their inventory: (i) meets the applicable specifications for the product in all material respects; (ii) is fit for the purpose for which it is intended, and is of merchantable quality; (iii) has been cultivated, processed, packaged, labelled, imported, tested, stored, transported and delivered in accordance with the Permits and all applicable Laws, other than U.S. Federal Cannabis Laws; (iv) is not adulterated, tainted or contaminated and does not contain any substance not permitted by applicable Laws, other than U.S. Federal Cannabis Laws; and (v) has been cultivated, processed, packaged, labelled, imported, tested, stored and transported in facilities authorized by the

applicable Permit in accordance with the terms of such Permit. Any marketing and promotion activities of the Company, its subsidiaries and the Licensed Entities relating to its Cannabis products complies with all applicable Laws, in all material respects, other than U.S. Federal Cannabis Laws.

(vi) Without limiting the generality of the foregoing provisions of this Section 3.1(p) and other than as disclosed in Section 3.1(p)(ii) of the Company Disclosure Letter, the Cannabis Licenses are valid, current, in good standing, and in full force and effect.

(vii) Each of the Company, its subsidiaries and the Licensed Entities have taken reasonable and prudent actions to prevent (i) the distribution of Cannabis to minors; (ii) revenue from the sale of Cannabis to go to criminal enterprises, gangs and cartels; (iii) the diversion of Cannabis from states where it is legal under state Law in some form to other states; (iv) state-authorized Cannabis activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity; (v) violence and the use of firearms in the cultivation and distribution of Cannabis; (vi) drugged driving and the exacerbation of other adverse public health consequences associated with Cannabis use; (vii) the growing of Cannabis on public lands and the attendant public safety and environmental dangers posed by Cannabis production on public lands; and (viii) Cannabis possession or use on United States federal property.

(viii) None of the Company, any of its subsidiaries, any Licensed Entity, nor any of their respective directors, officers, supervisors, managers, employees, or agents or any other persons acting on their behalf has (i) made any illegal payment or provided any unlawful compensation or gifts to any officer or employee of any Governmental Authority, or any employee, customer or supplier of the Company and its subsidiaries, or (ii) accepted or received any unlawful contributions, payments, expenditures or gifts; and no Proceeding has been filed or commenced alleging any such payments, contributions or gifts.

(ix) Each of the Company, its subsidiaries and the Licensed Entities has implemented, maintains, regularly audits and complies in all material respects with internal compliance programs designed to detect and prevent violations of any applicable Laws, other than U.S. Federal Cannabis Laws, related to the Cannabis industry, periodically reviews and updates such internal compliance programs to account for any changes in Laws applicable to the Company's, each of its subsidiaries' and each of the Licensed Entities' business, affairs and operations, as needed. All directors, officers, internal personnel and third party consultants of the Company, each of its subsidiaries and each of the Licensed Entities have, where reasonably applicable to the position and services rendered by such persons, sufficient knowledge of Laws relating to Cannabis which are applicable to the Company's, each of its subsidiaries' and each of the Licensed Entities' business, affairs and operations (including, without

limitation, to the extent applicable, the Controlled Substances Act, and all other Laws applicable to the Company's, each of its subsidiaries' and each of the Licensed Entities' business, affairs and operations and the Cannabis industry) and all such persons have all qualifications, including security clearances, training, experience and technical knowledge required by applicable Laws. Each of the Company, its subsidiaries and the Licensed Entities has provided to the Purchaser the full names and specific qualifications of each internal personnel and third party consultant responsible for the Company's, each of its subsidiaries' and each of the Licensed Entities' internal compliance programs and processes and controls related thereto. Each of the Company, its subsidiaries and the Licensed Entities has provided sufficient training to employees responsible for such person's internal compliance programs, including, without limitation, ensuring that, where reasonably applicable to the position and services rendered by such persons, they are adequately informed (i) to the extent applicable, of the Controlled Substances Act and all other Laws applicable to any of Company, its subsidiaries and the Licensed Entities of any of their business, operations and affairs and the Cannabis industry, and any changes thereto; and (ii) of the Company's, its subsidiaries' and the Licensed Entities' internal compliance programs and controls related thereto.

(x) All product research and development activities, quality assurance, quality control, testing and research and analysis activities conducted by the Company, each of its subsidiaries and each Licensed Entity in connection with their business are and have been conducted in accordance with prudent industry practices and in compliance, in all material respects, with all industry, laboratory safety, management and training standards applicable to the Company's, its subsidiaries' and the Licensed Entities' current and proposed business, including its own standard operating procedures, and all such processes, procedures and practices required in connection with such activities are in place as necessary and are being complied with in all material respects.

(xi) To the knowledge of the Company, each entity in respect of which the Company, any subsidiary or any Licensed Entity has an investment, is, and at all times has been, in compliance, in all material respects, with applicable Cannabis Laws. Further, each person that has an ownership interest (including any present or future, vested or unvested interest) or financial interest in any Licensed Entity is in compliance, in all material respects, with applicable Cannabis Laws, including, without limitation, the disclosure to, vetting, and approval by all applicable Governmental Authorities of such ownership interest or financial interest. Without limiting the generality of the foregoing, there is no ownership or financial interest in any Licensed Entity that has not received Regulatory Approval, in form and substance satisfactory to Purchaser in its sole and absolute discretion, from the applicable Governmental Authority.

(q) Litigation. Except as set out in Section 3.1(q) of the Company Disclosure Letter, there is no court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal, administrative or investigative), arbitration or other dispute settlement procedure, investigation or inquiry before or by any Governmental Authority, or any notice, claim, action, suit, demand, arbitration, charge, indictment, hearing, demand letter or other similar civil, quasi-criminal or criminal, administrative or investigative matter or proceeding, including by any third party whatsoever (collectively, "**Proceedings**") against or involving the Company, its subsidiaries or the Licensed Entities, or affecting any of their property or assets (whether in progress or, to the knowledge of the Company, threatened). There is no judgment, writ, decree, injunction, rule, award or order of any Governmental Authority outstanding against the Company, its subsidiaries or the Licensed Entities in respect of any of their businesses, properties or assets. Without limiting the generality of the foregoing, the Company represents and warrants that the termination of any and all agreements, with the exception of the Settlement Agreement and the Waiver and Release, between or among: (1) the Company, its subsidiaries, and the Licensed Entities, as applicable, and [redacted] shall not cause or create any Proceeding(s) or liabilities of any kind against or involving the Company, any of its subsidiaries, or any Licensed Entity, or affecting any of their property or assets.

[Redacted for confidentiality purposes]

(r) Insolvency. No act or proceeding has been taken by or against the Company, any of its subsidiaries or the Licensed Entities in connection with the dissolution, liquidation, winding up, bankruptcy, reorganization, compromise or arrangement of the Company or any of its subsidiaries or for the appointment of a trustee, receiver, manager or other administrator of the Company or any of its subsidiaries or any of their properties or assets nor, to the knowledge of the Company, is any such act or proceeding threatened. Neither the Company nor any of its subsidiaries has sought protection under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or similar legislation. None of the Company, any of its subsidiaries, any Licensed Entity nor any of their respective properties or assets is subject to any outstanding judgment, order, writ, injunction or decree that involves or may involve, or restricts or may restrict, the right or ability of the Company, its subsidiaries or the Licensed Entities to conduct its business in all material respects as it has been carried on prior to the date hereof, or that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or would reasonably be expected to prevent or significantly impede or materially delay the completion of the Arrangement.

(s) Data Privacy and Security.

(i) The Company, each of its subsidiaries and each Licensed Entity complies, and during the past three years has complied, in all material respects, with all Privacy and Information Security Requirements. None of the Company, any of its subsidiaries, nor any Licensed Entity has been notified in writing of, or is the subject of, any complaint or proceeding or to the Company's knowledge,

any, regulatory investigation related to Processing of Personal Data by any Governmental Authority or payment card association, regarding any actual or possible violations of any Privacy and Information Security Requirement by or with respect to the Company, any of its subsidiaries or any Licensed Entity.

(ii) The Company, each of its subsidiaries and each Licensed Entity employs commercially reasonable organizational, administrative, physical and technical safeguards that comply in all material respects with all Privacy and Information Security Requirements to protect Company Data within its custody or control and requires the same of all vendors under contract with the Company that Process Company Data on its behalf. The Company, each of its subsidiaries and each Licensed Entity has provided all requisite notices and obtained all required consents, and satisfied all other requirements (including but not limited to notification to Governmental Authorities), necessary for the Processing (including international and onward transfer) of all Personal Data in connection with the conduct of the business as currently conducted and in connection with the consummation of the transactions contemplated hereunder.

(iii) To the knowledge of the Company, none of the Company, any of its subsidiaries nor any Licensed Entity has suffered a security breach with respect to any of the Company Data and to the Company's knowledge, there has been no unauthorized or illegal use of or access to any Company Data. None of the Company, any of its subsidiaries nor any Licensed Entity has notified, or been required to notify, any person of any information security breach involving Personal Data. To the Company's knowledge, the Company Systems have had no material errors or defects that have not been fully remedied and contain no code designed to disrupt, disable, harm, distort or otherwise impede in any manner the legitimate operation of such Company Systems (including what are sometimes referred to as "viruses", "worms", "time bombs" or "back doors") that have not been removed or fully remedied. None of the Company, any of its subsidiaries nor any Licensed Entity has experienced any material disruption to, or material interruption in, the conduct of its business that affected the business for more than one calendar week, and attributable to a defect, bug, breakdown, unauthorized access, introduction of a virus or other malicious programming, or other failure or deficiency on the part of any computer software or the Company Systems.

(t) Property.

(i) The Company or its subsidiaries, as applicable, is the registered and/or beneficial owner of the Real Property described in Section 3.1(t)(i) of the Company Disclosure Letter (each, a "**Company Owned Real Property**" and collectively, the "**Company Owned Real Properties**") and has good and marketable fee simple title to such Company Owned Real Properties, free and clear of all Liens, except Permitted Liens.

(ii) Other than the Company Owned Real Property, the Company and its subsidiaries do not own any other Real Property. Other than the Company Leased Properties, the Company and its subsidiaries do not lease any other Real Property.

(iii) None of the Company, any of its subsidiaries nor the Licensed Entities have received any notice, and have no knowledge, of any intention of any Governmental Authority to expropriate all or any part of the Company Owned Real Properties or the Company Leased Properties; there are no leases in respect of the Company Owned Real Properties, Company Leased Properties (except those leases evidenced by the Company Lease Documents), or any part thereof; no person has any right of first refusal, option, or other right to acquire the Company Owned Real Properties, Company Leased Properties or any part thereof; none of the Company, any of its subsidiaries nor any Licensed Entity is in default under any of its respective material obligations arising out of any Permitted Liens or any other matter of record beyond any applicable cure periods; all necessary permits, licenses and approvals have been obtained from the appropriate Governmental Authority in respect of the Company, its subsidiaries' and the Licensed Entities' present use of and operations on the Company Owned Real Properties and the Company Leased Properties and the Company owns all such licenses and all production facilities and is not operating on behalf of another license holder; the Company, its subsidiaries and the Licensed Entities have no present or future obligation to pay moneys to any Governmental Authority in connection with any on-site or off-site servicing, including off-site roads, services or utilities, save and except obligations which are expressly set forth in the Permitted Liens or are paid through realty taxes.

(iv) Each property currently leased or subleased by the Company, its subsidiaries or the Licensed Entities from any party (collectively, the "**Company Leased Properties**" and each a "**Company Leased Property**") is listed in Section 3.1(t)(iv) of the Company Disclosure Letter, identifying all of the documents under which such leasehold interests are held (together with any amendments, supplements, modifications, extensions, correspondence, guaranties, and other documents, each, a "**Company Lease Document**" and collectively, the "**Company Lease Documents**") and setting forth the amounts of any security deposits or letters of credit held pursuant to any Company Lease Document. The Company Diligence Information includes complete and correct copies of the Company Lease Documents. The Company, its subsidiaries or the Licensed Entities, as applicable, holds good and valid leasehold interests in the Company Leased Properties, free and clear of all Liens other than Permitted Liens. Each of the Company Lease Documents is valid, binding, enforceable, and in full force and effect as against the Company, its subsidiaries and the Licensed Entities, as applicable, and to the knowledge of the Company, as against the other parties thereto. Other than as disclosed in Section 3.1(t)(iv) of the Company Disclosure Letter, neither the Company, its subsidiaries, the Licensed Entities nor, to the knowledge of the Company, any of the other

parties to the Company Lease Documents, is in material breach or violation or default (in each case, with or without notice or lapse of time or both) under any of the Company Lease Documents which breach, violation or default has not been cured, and the Company, its subsidiaries and the Licensed Entities has not received or given any notice of default under any such agreement which remains uncured. None of the Company, any of its subsidiaries, nor any Licensed Entity has a defence, set-off, basis for withholding rent, claim or counterclaim against any other party to any Company Lease Document for any failure of performance of any of the terms of a Company Lease Document.

(v) The Company Owned Real Properties and the Company Leased Properties, as applicable, are adequately serviced by utilities (or well water with adequate septic systems, if any) having adequate capacities for the current operations of the Company's, its subsidiaries' and the Licensed Entities' facilities.

(vi) Other than as disclosed in Section 3.1(t)(iv) of the Company Disclosure Letter, the Company's, its applicable subsidiary's or the applicable Licensed Entity's possession and quiet enjoyment of the Company Owned Real Properties and Company Leased Properties have not been disturbed in any material respect.

(vii) Except as set forth in a Permitted Lien and otherwise as disclosed in Section 3.1(t)(iv) of the Company Disclosure Letter, none of the Company, any of its subsidiaries, nor any Licensed Entity has leased, subleased, licensed, or otherwise granted any Person the right to use or occupy the Company Owned Real Properties or Company Leased Properties or any portion of it, or collaterally assigned or granted any other Lien in such Company Owned Real Property or Company Leased Property or any interest in it.

(viii) Except as disclosed in Section 3.1(t)(viii) of the Company Disclosure Letter, neither the landlord nor any other party to any Company Lease Document is an affiliate of, or otherwise has any economic interest in, the Company, its subsidiaries or any Licensed Entity.

(ix) No Company Lease Document is subordinate to any existing Lien of any mortgage or deed of trust (each a "**Mortgage**") encumbering fee or leasehold title to the Company Leased Properties or, in the event such Company Lease Document is subordinate to a Mortgage, such Company Lease Document has received an agreement from the applicable lender under the applicable Mortgage that such lender will not evict, disturb the possession or terminate the leasehold estate of the Company, its applicable subsidiary or the applicable Licensed Entity under such Company Lease Document if there is a foreclosure of the Mortgage.

(x) Each Company Owned Real Property and Company Leased Property is in material compliance with all applicable Laws and the Company, its subsidiaries and the Licensed Entities have obtained and currently maintain all

applicable Permits reasonably necessary for the use and operation of all Company Owned Real Properties or Company Leased Properties.

(xi) None of the Company, any of its subsidiaries nor any Licensed Entity has received any written notice of any existing plan or study by any Governmental Authority or by any other person that challenges or otherwise adversely affects the continuation of the use or operation of any Company Owned Real Property or Company Leased Property, and to the knowledge of the Company, there is no such plan or study with respect to which it has not received written notice.

(xii) With respect to the Company Owned Real Properties and the Company Leased Properties, there is no: (i) pending or, to the Company's knowledge, threatened condemnation, eminent domain or taking proceeding; or (ii) to the Company's knowledge, private restrictive covenant or governmental use restriction (including zoning) on all or any portion of the Company Owned Real Properties or Company Leased Properties, as applicable, that prohibits or materially interferes with the current use of the Company Owned Real Properties or Company Leased Properties, as applicable.

(xiii) All water, oil, gas, electrical, steam, compressed air, telecommunications, sewer, storm and waste water systems and other utility services or systems, as applicable, for the Company Owned Real Property or Company Leased Property have been installed and are operational and sufficient for the operation of the Company's or its subsidiaries' business as currently conducted thereon.

(xiv) The Company, its subsidiaries or the Licensed Entities, as applicable, have obtained a title insurance policy for each Company Owned Real Property, all of which remain in full force and effect as at the date hereof. The Company Diligence Information includes complete and correct copies of the title insurance policies for the Company Owned Real Property.

(u) Sufficiency of Assets. The Company, its subsidiaries and the Licensed Entities have valid, good and marketable title to all personal property owned by them, free and clear of all Liens other than Permitted Liens. The assets and property owned, leased or licensed by the Company, its subsidiaries and the Licensed Entities are sufficient, in all material respects, for conducting the business, as currently conducted, of the Company, its subsidiaries and the Licensed Entities.

(v) Material Contracts.

(i) Set out in Section 3.1(v)(i) of the Company Disclosure Letter is a list of each Material Contract. The Company Diligence Information includes complete and correct copies of all Material Contracts to which the Company or its subsidiaries is a party and no such Material Contract has been modified, rescinded or terminated.

(ii) Each Material Contract to which the Company or its subsidiaries is a party is in full force and effect, unamended, and the Company or its subsidiaries is entitled to all rights and benefits thereunder in accordance with the terms thereof. Each of the Material Contracts is a valid and binding obligation of the Company or its subsidiaries and the other parties thereto enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency and other Laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.

(iii) The Company or the applicable subsidiary of the Company has performed in all material respects all respective obligations required to be performed by it to date under the Material Contracts and none of the Company or its subsidiaries, or, to the knowledge of the Company, any of the other parties thereto, is in material breach or violation of or in default under (in each case, with or without notice or lapse of time or both) any Material Contract and neither the Company nor its subsidiaries has received or given any notice of default under any Material Contract which remains uncured, and, to the knowledge of the Company, there exists no state of facts which after notice or lapse of time or both would constitute a default under or material breach of any Material Contract or the inability of a party to any Material Contract to perform its obligations thereunder.

(iv) Neither the Company nor any of its subsidiaries has received any notice (whether written or oral), that any party to a Material Contract intends to cancel, terminate or otherwise modify or not renew its relationship with the Company or with any of its subsidiaries, and, to the knowledge of the Company, no such action has been threatened.

(v) Neither the entering into of this Agreement, nor the consummation of the Arrangement or the transactions contemplated herein, will trigger any change of control or similar provisions in any of the Material Contracts, other than as set forth in Section 3.1(v)(v) of the Company Disclosure Letter.

(w) Environmental Matters.

(i) The Company, each of its subsidiaries and each Licensed Entity has, in all material respects, carried on its businesses and operations in compliance with all applicable Environmental Laws.

(ii) None of the Company, any of its subsidiaries nor any Licensed Entity has received from any person or Governmental Authority any notice, formal or informal, of any proceeding, action or other claim, liability or potential liability arising under any Environmental Law that is pending as of the date of this Agreement. The Company is not aware of any facts or circumstances that reasonably could be expected to give rise to any such notice, action or other claim, liability or potential liability.

(iii) None of the Company, any its subsidiaries nor any Licensed Entity has received any order, request or written notice from any person or Governmental Authority either alleging a violation of any Environmental Law or requiring that the Company, any of its subsidiaries or any Licensed Entity carry out any work, incur any costs or assume any liabilities, related to Environmental Laws or to any agreements with, or Permits from, any Governmental Authority with respect to or pursuant to Environmental Laws.

(iv) There are no Hazardous Substances or other conditions that would reasonably be expected to result in liability of or adversely affect the Company, any of its subsidiaries or any Licensed Entity under or related to any Environmental Law on, at, in, under or from any of the Company Owned Real Property or Company Leased Properties (including the workplace environment) currently or, to the knowledge of the Company, previously owned, leased or operated by the Company or any of its subsidiaries.

(v) There are no pending claims or, to the knowledge of the Company, threatened claims, against the Company, any of its subsidiaries or any Licensed Entity arising out of any Environmental Laws.

(vi) The Company Diligence Information includes true and complete copies of all material environmental assessment reports, health and safety audits, and reports of environmental investigations with respect to the Company, its subsidiaries' and each Licensed Entity's operations and the Company Owned Real Properties and Company Leased Properties in the Company's possession or control.

(vii) None of the Company, any of its subsidiaries nor any Licensed Entity has caused or permitted the Release of any Hazardous Substances on or to any Company Owned Real Property or Company Leased Property in such a manner as: (A) would reasonably be expected to impose liability for cleanup, natural resource damages, loss of life, personal injury, nuisance or damage to other property; or (B) would be reasonably expected to result in imposition of a Lien or the expropriation of any Company Owned Real Property or Company Leased Property or any of the assets of the Company or its subsidiaries.

(x) Operational Matters. Other than as disclosed in Section 3.1(x) of the Company Disclosure Letter, all costs, expenses, and liabilities payable on or prior to the date hereof under the terms of any Contracts and agreements to which the Company, any of its subsidiaries or any Licensed Entity and affiliates thereof is directly or indirectly bound have been properly and timely paid, except for such expenses that are being currently paid prior to delinquency in the ordinary course of business.

(y) Taxes.

(i) Other than as disclosed in Section 3.1(y) of the Company Disclosure Letter, each of the Company, its subsidiaries and the Licensed Entities has duly and

timely filed all Returns required to be filed by it with any Governmental Authority on or before the applicable due date and each such Return was complete and correct in all material respects at the time of filing. Other than as disclosed in Section 3.1(y) of the Company Disclosure Letter, each of the Company, its subsidiaries and the Licensed Entities has paid or caused to be paid to the appropriate Governmental Authority on a timely basis all Taxes which are due and payable, all assessments and reassessments and all other Taxes as are due and payable by it, other than those which are being or have been contested in good faith pursuant to applicable Laws, and in respect of which, in the reasonable opinion of the Company, adequate reserves or accruals in accordance with IFRS have been provided in the Company Interim Financial Statements. No audit, action, investigation, deficiencies, litigation, proposed adjustments have been asserted or, to the knowledge of the Company, threatened with respect to Taxes of the Company or any of its subsidiaries, and none of the Company, any of its subsidiaries nor any Licensed Entity is a party to any action or proceeding for assessment or collection of Taxes and no such event has been asserted or, to the knowledge of the Company, threatened. No Return of the Company, any of its subsidiaries or any Licensed Entity is under investigation, review, audit or examination by any taxing authority with respect to any Taxes, and no written notice of any investigation, review, audit or examination by any taxing authority has been received by the Company, any of its subsidiaries or any Licensed Entity with respect to any Taxes. Other than as disclosed in Section 3.1(y) of the Company Disclosure Letter, no Lien for Taxes has been filed or exists with respect to any assets or properties of the Company, any of its subsidiaries or any Licensed Entity, other than for Taxes not yet due and payable or Liens for Taxes that are being contested in good faith by appropriate proceedings and in respect of which adequate reserves or accruals in accordance with IFRS have been provided in the Company Interim Financial Statements. There are no currently effective elections, agreements or waivers extending the statutory period or providing for an extension of time with respect to the assessment or reassessment of any Taxes, the filing of any Return or any payment of Taxes by the Company, any of its subsidiaries or any Licensed Entity. None of the Company, any of its subsidiaries nor any Licensed Entity has made, prepared and/or filed any elections, designations or similar filings relating to Taxes or entered into any agreement or other arrangement in respect of Taxes or Returns that could, in and of itself, require a material amount to be included in the income of the Company or any of its subsidiaries for any period ending after the Effective Date. None of the Company, any of its subsidiaries, nor any Licensed Entity will be required to include any material item of income in, or exclude any material item of deduction from, taxable income for any period ending after the Effective Date as a result of any installment sale or open transaction entered into on or before the Effective Date, any prepaid amount received on or prior to the Effective Date, or any adjustment under Section 481 of the Code or any comparable

provision of the laws of any Governmental Authority by reason of a change in accounting method.

(ii) All Taxes that the Company, its subsidiaries or any Licensed Entity has been required to withhold have been duly withheld and have been duly and timely paid to the proper Governmental Authority. Each of the Company, its subsidiaries and the Licensed Entities has remitted all applicable contributions, employment insurance premiums, employer health taxes, payroll taxes and other Taxes payable by it in respect of its employees, agents and consultants, as applicable, and has remitted such amounts to the appropriate Governmental Authority within the time required under applicable Laws. Each of the Company, its subsidiaries and the Licensed Entities has, to the extent required under applicable Laws, duly charged, collected and remitted on a timely basis all Taxes on any sale, supply or delivery whatsoever, made by them. Each of the Company, its subsidiaries and the Licensed Entities has properly requested, received and retained all necessary resale certificates, exemption certificates and other documentation supporting any claimed exemption or waiver of Taxes on sales or similar transactions as to which it would otherwise have been obligated to collect or withhold Taxes.

(iii) There are no rulings or closing agreements relating to the Company, any of its subsidiaries or any Licensed Entity which may affect the Company's, any of its subsidiaries' or any Licensed Entities' liability for Taxes for any taxable period commencing after the Effective Date.

(iv) For all transactions between the Company, its subsidiaries or any Licensed Entity and any person with whom the Company, its subsidiaries or any Licensed Entity was not dealing at arm's length for purposes of the Tax Act, the Company, its subsidiaries or any Licensed Entity has made or obtained records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the Tax Act (or comparable provisions of any other applicable legislation including Code Section 482 and any equivalent provision under any state, local, or non-U.S. Law).

(v) No circumstances exist or may reasonably be expected to arise as a result of matters existing before the Effective Date that may result in the Company, any of its subsidiaries or any Licensed Entity being subject to the application of Section 159 or Section 160 of the Tax Act (or comparable provisions of any other applicable legislation).

(vi) None of Sections 78 or 80 to 80.04 of the Tax Act (or comparable provisions of any other applicable legislation) have applied to the Company, any of its subsidiaries or any Licensed Entity, and there are no circumstances existing which could reasonably be expected to result in the application of Sections 78 or 80 to 80.04 of the Tax Act (or comparable provisions of any other applicable legislation) to the Company, any of its subsidiaries or any Licensed Entity.

(vii) There are no circumstances which exist and would result in, or which have existed and resulted in, Section 17 of the Tax Act applying to the Company, to any of its subsidiaries or to any Licensed Entity. None of the Company, any of its subsidiaries nor any Licensed Entity is obligated to make any payments or is a party to any agreement under which it could be obligated to make any payment that will not be deductible in computing its income under the Tax Act by virtue of Section 67 of the Tax Act.

(viii) The Company does not have any liability under U.S. Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign Law), or liability as a successor or transferee for Taxes of any person other than the Company, its subsidiaries or any Licensed Entity, as applicable, excluding any agreement or arrangement where the inclusion of a Tax indemnification or allocation provision is customary or incidental to an agreement the primary nature of which is not Taxes.

(ix) None of the Company, any of its subsidiaries nor any Licensed Entity has promoted or participated in any "reportable transaction" or "listed transaction" within the meaning of U.S. Treasury Regulation Section 1.6011-4(b). Each of the Company, its subsidiaries and each Licensed Entity has disclosed on their respective U.S. federal income tax Returns all positions taken that could give rise to a substantial understatement of U.S. federal income tax within the meaning of Section 6662 of the Code.

(x) During the last two years, none of the Company, any of its subsidiaries nor any Licensed Entity has been a party to any transaction treated by the parties thereto as one to which Section 355 of the Code (or any similar provision of state, local, or foreign Law) applied.

(xi) None of the Company, any of its subsidiaries nor any Licensed Entity is a party to any agreement or arrangement that would result, separately or in the aggregate, in the actual or deemed payment of any "excess parachute payments" within the meaning of Section 280G of the Code (or any comparable provision of foreign, state or local Law).

(xii) None of the Company, any of its subsidiaries nor any Licensed Entity has any net operating losses or other Tax attributes presently subject to limitation under Sections 382, 383, 384 or the U.S. federal consolidated return regulations (or any corresponding or similar provision of state, local or foreign income Tax Law).

(xiii) For all U.S. federal income tax purposes, the Company is, and has since its formation been, treated and properly classified as a corporation domiciled in the United States in accordance with Section 7874(b) of the Code and has been treated and properly classified as resident in its jurisdiction of incorporation for other Tax purposes. Each of the Company's subsidiaries and each Licensed Entity has been resident in its jurisdiction of incorporation for Tax purposes.

None of the Company, its subsidiaries nor any Licensed Entity has, at any time, been treated (i) as a resident of or as having a permanent establishment or other fixed place of business in any other jurisdiction, (ii) as liable for any Tax as the agent of any other person, or (iii) as constituting a permanent establishment or place of business of any other person for any Tax purpose.

(xiv) None of the Company, any of its subsidiaries nor any Licensed Entity is a beneficiary of any Tax incentive, Tax rebate, Tax holiday or similar arrangement or agreement with any Governmental Authority.

(xv) None of the Company, any of its subsidiaries nor any Licensed Entity has been (and has not been for the five-year period ending at closing) a "United States real property holding corporation" as defined in Section 897(c)(2) of the Code and the applicable Treasury Regulations.

(xvi) None of the Company, any of its subsidiaries nor any Licensed Entity is aware of the existence of any fact that would reasonably be expected to (A) prevent the Arrangement from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code, (B) result in gain being recognized pursuant to Section 367(a) of the Code by Company Shareholders, or (C) cause the Purchaser to be treated as a domestic corporation for U.S. federal income tax purposes pursuant to Section 7874(b) of the Code as a result of the Arrangement.

(z) Employment Matters.

(i) Section 3.1(z)(i) of the Company Disclosure Letter sets out a true and complete list of all employees of the Company and any subsidiary, whether actively at work or not, including their respective location, hire date and cumulative length of service, term of contract (if fixed), position, compensation (including but not limited to salary, bonus and commissions), eligibility to participate in short-term and long-term incentive plans, benefits, vacation entitlement in days, current status (full time or part-time, active or non-active (and if non-active, the reason for leave)) and whether they are unionized or subject to a written employment Contract as well as a list of all former employees of the Company to whom the Company or any of its subsidiaries has or may have any outstanding obligations, indicating the nature and the value of such obligations. Except as disclosed in Section 3.1(z)(i) of the Company Disclosure Letter, no employee of the Company or its subsidiaries has any agreement as to length of notice or severance payment required to terminate his or her employment, other than payments required by Law in connection with the termination of employment of an employee without an agreement as to notice or severance. The Company Diligence Information contains true and complete copies of all written Contracts in relation to the employees listed in Section 3.1(z)(i) of the Company Disclosure Letter.

(ii) Section 3.1(z)(ii) of the Company Disclosure Letter contains a correct and complete list of each independent contractor currently engaged by the Company or any subsidiary including their consulting fees, any other forms of compensation or benefits to which they are entitled and whether they are subject to a written Contract. Current and complete copies of all such independent contractor Contracts that provides for base fees in excess of $50,000 per annum have been provided to the Purchaser. Each independent contractor of the Company and its subsidiaries has been properly classified as an independent contractor and neither the Company nor any subsidiary has received any notice from any Governmental Authority disputing such classification.

(iii) Except as set out in Section 3.1(z)(iii) of the Company Disclosure Letter, neither the Company nor any of its subsidiaries is a party to or bound or governed by, or subject to:

(A) any employment, consulting, retention or change of control agreement with, or any written or oral agreement, arrangement or understanding providing for retention, severance or termination payments to, any officer, employee or consultant of the Company or any of its subsidiaries in connection with the termination of their position or their employment as a direct result of a change in control of the Company (including as a result of the Arrangement).

(B) any collective bargaining or union agreement, or any actual or, to the knowledge of the Company, threatened application for certification or bargaining rights in respect of the Company or any of its subsidiaries;

(C) any labour dispute, strike, lock-out, work slowdown or stoppage relating to or involving any employees of the Company or any of its subsidiaries and no such event has occurred within the last year; or

(D) any actual or, to the knowledge of the Company, threatened material claim against the Company or any of its subsidiaries arising out of or in connection with employment or consulting relationship or the termination thereof.

Complete and correct copies of the agreements, arrangements and understandings referred to in paragraphs (A) and (B) of this Section 3.1(z)(iii) are included in the Company Diligence Information.

(iv) The Company and its subsidiaries have not and are not engaged in any unfair labour practice and no unfair labour practice complaint, grievance or arbitration proceeding is pending or, to the knowledge of the Company, threatened against the Company or any of its subsidiaries.

(aa) Health and Safety.

(i) Each of the Company, its subsidiaries and the Licensed Entities have operated in all material respects in accordance with all applicable Laws with respect to employment and labour, including employment and labour standards, occupational health and safety, employment equity, pay equity, workers' compensation, human rights, labour relations and privacy, and there are no current, pending, or to the knowledge of the Company, threatened proceedings before any Governmental Authority with respect to any such matters.

(ii) None of the Company, any of its subsidiaries nor any Licensed Entity has received any demand or notice with respect to a material breach of any applicable health and safety Laws, the effect of which would be reasonably expected to materially affect the operations of the Company, any of its subsidiaries or any Licensed Entity.

(iii) There are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing pursuant to any workplace safety and insurance legislation and none of the Company, any of its subsidiaries nor any Licensed Entity has been reassessed in any respect under such legislation during the past three years and, to the knowledge of the Company, no audit of the Company, any of its subsidiaries nor any Licensed Entity is currently being performed pursuant to any applicable workplace safety and insurance legislation. There are no claims, investigations or inquiries pending against the Company, any of its subsidiaries or any Licensed Entity (or naming the Company, any of its subsidiaries or any Licensed Entity as a potentially responsible party) based on material non-compliance with any applicable health and safety Laws at any of the operations relating to the Company Owned Real Properties or the Company Leased Properties.

(bb) Acceleration of Benefits. Except as set out in Section 3.1(bb) of the Company Disclosure Letter, no person will, as a result of any of the transactions contemplated herein or in the Plan of Arrangement, become entitled to (i) any retirement, retention, severance, bonus, golden parachute or other similar payment from the Company or any of its subsidiaries, (ii) the acceleration of the vesting or the time to exercise of any Company Option or employee or director awards of the Company or any of its subsidiaries, (iii) the forgiveness or postponement of payment of any indebtedness owing by such person to the Company or any of its subsidiaries, or (iv) receive any additional payments or compensation under or in respect of any employee or director benefits or incentive or other compensation plans or arrangements from the Company or any of its subsidiaries.

(cc) Pension and Employee Benefits.

(i) Each of the Company and its subsidiaries has complied with all the terms of, and all applicable Law in respect of, employee compensation and benefit obligations of the Company and its subsidiaries. Other than the Company Option Plan and all Employee Plans set out in Section 3.1(cc)(i) of the Company Disclosure Letter, neither the Company nor any of its subsidiaries

has any pension or retirement income plans or other employee compensation or benefit plans, agreements, policies, programs, arrangements or practices, whether written or oral, which are maintained by or binding upon the Company. The Company is in compliance with the terms of the Company Option Plan and all applicable Laws related thereto.

(ii) The Company has provided as part of Company Diligence Information true, correct and complete copies of all the Employee Plans as amended as of the date hereof, together with all related documentation including, without limitation, funding and investment management agreements, summary plan descriptions, the most recent actuarial reports (including, for greater certainty, actuarial valuations in respect of any multi-employer pension plan), financial statements, asset statements, and all material opinions and memoranda (whether externally or internally prepared) and material correspondence with all regulatory authorities or other relevant persons.

(iii) Each of the Company and its subsidiaries has complied in all material respects with all the terms of, and all applicable Laws in respect of, the Employee Plans. All contributions, and premiums owing under the Employee Plans have been paid when due in accordance with the terms of the Employees Plans and applicable Laws. The Company and/or its subsidiaries, as the case may be, have paid in full all contributions for the period up to the date hereof.

(iv) No Employee Plan is a "registered pension plan" as such term is defined in the Tax Act or provides benefits following the retirement or (except where required by statute) termination of employment of any employee of the Company or its subsidiaries.

(dd) Employee Matters. Any individual who performs services for the Company's or any of its subsidiaries' business and who is not treated as an employee is not an employee under applicable Law or for any purpose including, without limitation, for Tax withholding purposes or benefit plan purposes. Neither the Company nor any of its subsidiaries has any liability by reason of an individual who performs or performed services for the Company's or any of its subsidiaries' business in any capacity being improperly excluded from participating in a benefit plan.

(ee) Employment Withholdings. Other than as set out in Section 3.1(ee) of the Company Disclosure Letter, the Company has withheld from each payment made to any of its present or former employees, officers or directors, or to other persons, all amounts required by Law or administrative practice to be withheld by it on account of income taxes, pension plan contributions, employment insurance premiums, employer health taxes and similar taxes and levies, and has remitted such withheld amounts within the required time to the appropriate Governmental Authority.

(ff) Intellectual Property.

(i) The Company and its subsidiaries own all right, title and interest in and to, or have validly licensed (and are not in material breach of such licenses), all Intellectual Property that is material to the conduct of the business, as currently conducted, of the Company and its subsidiaries (collectively, the "**Company Intellectual Property Rights**"). All such Company Intellectual Property Rights are sufficient, in all material respects, for conducting the business, as currently conducted, of the Company and its subsidiaries, and all such Company Intellectual Property Rights are valid and enforceable, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other Laws relating to or affecting the availability of equitable remedies and the enforcement of creditors' rights generally. The operation of the businesses of the Company and its subsidiaries, including the manufacture, marketing, use, and sale of the products and services of the Company and its subsidiaries, and the use and exploitation of the Company Intellectual Property Rights do not infringe upon, misappropriate, or otherwise violate the Intellectual Property rights of any third party. To the knowledge of the Company, no third party is infringing upon, misappropriating, or otherwise violating the Company Intellectual Property Rights.

(ii) Section 3.1(ff)(ii) of the Company Disclosure Letter sets forth an accurate and complete list of all registered or applied for trademarks, trade names, service marks, domain names, patents, and copyrights owned or purported to be owned by the Company and its subsidiaries.

(iii) The Company and its subsidiaries have taken reasonable steps to maintain their rights to the Company Intellectual Property Rights and to protect and preserve the confidentiality of, and their exclusive right to use, all of their trade secrets and confidential information and know-how, and, to the knowledge of the Company, no such trade secrets, information, or know-how have been improperly used or accessed by, or disclosed (other than under obligations of confidentiality) to any other person.

(gg) Insurance. Except as disclosed in Section 3.1(gg) of the Company Disclosure Letter, the Company, its subsidiaries and each Licensed Entity has in place reasonable and prudent insurance policies appropriate for its size, nature and stage of development. All insurance policies of the Company are disclosed in Section 3.1(gg) of the Company Disclosure Letter and are in full force and effect and the Company Diligence Information includes complete and correct copies of such insurance policies. All premiums due and payable under all such policies have been paid and the Company, its subsidiaries and each Licensed Entity is otherwise in compliance in all material respects with the terms of such policies. None of the Company, any of its subsidiaries nor any Licensed Entity has received any notice of cancellation or termination with respect to any such policy. There has been no denial of material claims nor material claims disputed by the insurers of such policies. All material proceedings covered by any insurance policy of the Company, any of its subsidiaries or any Licensed Entity have been properly reported to and accepted by the applicable insurer.

(hh) Books and Records. The corporate records and minute books of the Company, each of its subsidiaries and each Licensed Entity have been maintained in accordance with all applicable Laws in all material respects, and such corporate records and minute books are complete and accurate in all material respects. The financial books and records and accounts of the Company, each of its subsidiaries and each Licensed Entity in all material respects have been maintained in accordance with good business practices and in accordance with IFRS or the accounting principles generally accepted in the country of domicile of each such entity on a basis consistent with prior years.

(ii) Non-Arm's Length Transactions. Except for agreements as set out in Section 3.1(ii) of the Company Disclosure Letter or as disclosed in the Company Financial Statements, there are no current contracts, commitments, agreements, arrangements or other transactions between the Company, any of its subsidiaries or any Licensed Entity, on the one hand, and any (i) officer or director of the Company, its subsidiaries or any Licensed Entity, or (ii) holder of record or, to the knowledge of the Company, beneficial owner of 5% or more of the outstanding Company Shares, Company Series D Shares or Company Series E Shares or (iii) affiliate or associate or any such officer, director, Company Shareholder, Company Series D Shareholder or Company Series E Shareholder on the other hand.

(jj) Financial Advisors or Brokers. The Company has not incurred any obligation or liability, contingent or otherwise, or agreed to pay or reimburse any broker, finder, financial adviser or investment banker, for any brokerage, finder's, advisory or other fee or commission, or for the reimbursement of expenses, in connection with this Agreement, the transactions contemplated hereby or any alternative transaction in relation to the Company, other than with respect to the Financial Advisor. The Company has provided to the Purchaser correct and complete copies of the agreements under which the Financial Advisor has agreed to provide services to the Company. Section 3.1(jj) of the Company Disclosure Letter sets out the aggregate amount determined to be payable to and as agreed upon with the Financial Advisor in the event the Arrangement is completed.

(kk) Dividends. There are no accrued and unpaid dividends payable by the Company to [redacted] on the Company Shares, Company Series D Shares or Company Series E Shares as of the date of this Agreement.

[Redacted for confidentiality purposes]

(ll) Fairness Opinion. The Special Committee and the Company Board has received the Fairness Opinion in oral form, which opinion has not been modified, amended, qualified or withdrawn. A true and complete copy of the written Fairness Opinion will be provided by the Company to the Purchaser promptly following delivery of the same to the Special Committee and the Company Board. The Company has been authorized by the Financial Advisor to permit inclusion of the Fairness Opinion and references thereto and summaries thereof in the Circular.

(mm) Special Committee and Company Board Approval. The Special Committee, at a meeting duly called and held, upon consultation with legal and financial advisors,

has unanimously determined that this Agreement and the Arrangement are fair to the Company Shareholders, the Company Series D Shareholders and the Company Series E Shareholders and are in the best interests of the Company and unanimously determined to recommend approval of this Agreement and the Arrangement to the Company Board and that the Company Board recommend that the Company Shareholders and the Company Series D Shareholders vote in favour of the Arrangement Resolution. The Company Board, at a meeting duly called and held, upon consultation with legal and financial advisors, has unanimously determined that this Agreement and the Arrangement are fair to the Company Shareholders, the Company Series D Shareholders and the Company Series E Shareholders and are in the best interests of the Company, have unanimously approved the execution and delivery of this Agreement and the transactions contemplated by this Agreement and have unanimously resolved to recommend that the Company Shareholders and the Company Series D Shareholders vote in favour of the Arrangement Resolution. No action has been taken to amend, or supersede such determinations, resolutions or authorizations of the Special Committee or Company Board.

(nn) Company Diligence Information. All Company Diligence Information provided is true and correct in all respects and does not contain any omissions as at its respective date as stated therein, or, if any Company Diligence Information is undated, as of the date of its delivery to the data room for purposes of the transactions contemplated by this Agreement. None of the Company Diligence Information has been amended except as provided in the Company Diligence Information. Additionally, all information provided to the Purchaser in relation to the Purchaser's due diligence requests, including information not provided in the Company Diligence Information, is true and correct in all respects and does not contain any omissions as at its respective date as stated therein and has not been amended except as provided to the Purchaser. The Company acknowledges that the Purchaser is relying on the Company Diligence Information provided by the Company to them in entering into this Agreement.

(oo) Arrangements with Securityholders. Other than the Support and Lock-Up Agreements and this Agreement, the Company does not have any agreement, arrangement or understanding (whether written or oral) with respect to the Purchaser or any of its securities, businesses or operations, with any shareholder of the Purchaser, any interested party of the Purchaser or any related party of any interested party of the Purchaser, or any joint actor with any such persons (and for this purpose, the terms "interested party", "related party" and "joint actor" shall have the meaning ascribed to such terms in MI 61-101).

(pp) Restrictions on Business Activities. Other than U.S. Federal Cannabis Laws and except as disclosed in Section 3.1(pp) of the Company Disclosure Letter, there is no agreement, judgment, injunction, order or decree binding upon the Company, any of its subsidiaries or any Licensed Entity that has or could reasonably be expected to have the effect of prohibiting, restricting or impairing any business practice of the Company, any of its subsidiaries or any Licensed Entity or affiliates, any acquisition of property by the Company, any of its subsidiaries or any Licensed

Entity or affiliates, or the conduct of business by the Company, any of its subsidiaries or any Licensed Entity or affiliates, as currently conducted (including following the transactions contemplated by this Agreement).

(qq) Cultural Business. The Company is not a "cultural business" within the meaning of the Investment Canada Act.

(rr) Confidentiality Agreements. All agreements entered into by the Company, any of its subsidiaries or any Licensed Entity with persons regarding the confidentiality of information provided to such person or reviewed by such persons with respect to any transaction in the nature described in the definition of Acquisition Proposal, each contain customary provisions, including standstill provisions, have not been waived or released with respect to the applicability of any such "standstill" or other provisions of such confidentiality agreements, except to the extent such agreements contain provisions that provide for automatic exemptions as a result of the Arrangement.

(ss) Indemnification Agreements. The Company Diligence Information contains correct and complete copies of all indemnity agreements and any similar agreements to which the Company is a party that contain rights to indemnification in favour of the current officers and directors of the Company.

(tt) Employment, Severance and Change of Control Agreements. The Company Diligence Information contains correct and complete copies of all employment, consulting, change of control and severance agreements to which the Company is a party providing for severance payments in excess of the amount that would result by Law in connection with termination of employment of an employee without an agreement as to notice or severance.

(uu) Ownership of Purchaser Shares or other Securities. Neither the Company nor any of its affiliates own any Purchaser Shares or any other securities of the Purchaser.

(vv) Competition Act. The aggregate value of the Company's assets in Canada and the annual gross revenues from sales in and from Canada generated from the Company's assets in Canada do not exceed, in either case, $87 million, as determined in accordance with Part IX of the *Competition Act*, R.S.C. 1985, c. C-34 and the Notifiable Transactions Regulations thereunder. For purposes of this Agreement, the Company's assets in Canada shall not include any of the Company's immovable tangible assets (including real property interests) or moveable tangible assets (including inventory, equipment and vehicles) that are located outside of Canada.

(ww) Full Disclosure. The information and statements contained in this Agreement are true and correct and together with the Company Public Disclosure Record and the Company Disclosure Letter, constitute full, true and plain disclosure of all material facts relating to the Company, its subsidiaries and the Licensed Entities, as applicable, on a consolidated basis, contain no misrepresentations.

3.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to and in favour of the Company as follows and acknowledges that the Company is relying upon such representations and warranties in entering into this Agreement:

(a) Organization and Corporate Capacity. The Purchaser has been duly incorporated and validly exists and is in good standing under the BCBCA and has the requisite corporate and legal power and capacity to own its property and assets as now owned and to carry on its business as it is now being carried on. The Purchaser is duly qualified to carry on business and is in good standing in each jurisdiction in which the nature or character of its properties and assets, owned, leased or operated by it, or the nature of its business or activities, makes such qualification necessary.

(b) Authority Relative to this Agreement. The Purchaser has the requisite corporate power, authority and capacity to enter into and perform its obligations under this Agreement and to complete the transactions contemplated hereby. The execution and delivery of this Agreement, the performance by the Purchaser of its obligations hereunder and the completion by the Purchaser of the transactions contemplated by this Agreement have been duly authorized by the directors of the Purchaser and no other corporate proceedings on the part of the Purchaser are necessary to authorize the execution and delivery by it of this Agreement, the performance by the Purchaser of its obligations hereunder or the completion by the Purchaser of the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Purchaser and constitutes legal, valid and binding obligations of the Purchaser enforceable against the Purchaser in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other Laws relating to or affecting the availability of equitable remedies and the enforcement of creditors' rights generally and general principles of equity and public policy and to the qualification that equitable remedies such as specific performance and injunction may be granted only in the discretion of a court of competent jurisdiction.

(c) Required Approvals. No authorization, licence, permit, certificate, registration, consent or approval of, or filing with, or notification to, any Governmental Authority is required to be obtained or made by or with respect to the Purchaser for the execution and delivery by the Purchaser of this Agreement, the performance by the Purchaser of its obligations hereunder and the completion by the Purchaser of the Arrangement, other than:

(i) the Interim Order and any filings required in order to obtain, and approvals required under, the Interim Order;

(ii) the Final Order, and any filings required in order to obtain the Final Order;

(iii) such filings and approvals required for the issuance of the Consideration Shares as a result of the Arrangement required under applicable Securities Laws and the rules and policies of the CSE; and

(iv) any other authorizations, licences, permits, certificates, registrations, consents, approvals and filings and notifications with respect to which the failure to obtain or make same would not reasonably be expected to prevent or significantly impede or materially delay the completion of the Arrangement.

(d) No Violation. The execution and delivery by the Purchaser of this Agreement, the performance by the Purchaser of its obligations hereunder and the completion of the transactions contemplated hereby do not and will not result in a contravention, conflict, violation, breach or default under its constating documents or any Law applicable to it, except as would not reasonably be expected to prevent or significantly impede or materially delay the completion of the Arrangement.

(e) Capitalization. The authorized capital of the Purchaser consists of an unlimited number of Purchaser Shares and an unlimited number of proportionate voting shares. As at April 19, 2022, there were (A) 196,911,152 Purchaser Shares issued and outstanding, (B) 75,563.798 proportionate voting shares issued and outstanding, (C) options providing for the issuance of 26,678,333 Purchaser Shares upon the exercise thereof; and (C) warrants providing for the issuance of 24,381,442 Purchaser Shares upon the exercise thereof. Other than as disclosed in the Purchaser Public Disclosure Record, the Purchaser has no other outstanding agreement, subscription, warrant, option, right or commitment or other right or privilege (whether by law, pre-emptive or contractual), nor has it granted any right or privilege capable of becoming an agreement, subscription, warrant, option, right or commitment, obligating it to issue or sell any Purchaser Shares or other securities, including any security or obligation of any kind convertible into or exchangeable or exercisable for any Purchaser Shares or other security other than any rights, agreements, arrangements or commitments which would not have a Purchaser Material Adverse Effect. The Purchaser Shares are listed and posted for trading on the CSE and, except for such listing and trading, no securities of the Purchaser are listed or quoted for trading on any other stock or securities exchange or market or registered under any securities Laws.

(f) Consideration Shares. The Consideration Shares will, when issued in accordance with the terms of the Arrangement, be duly authorized, validly issued, fully-paid and non-assessable Purchaser Shares.

(g) Shareholder and Similar Agreements. The Purchaser is not party to any shareholder, pooling, voting trust or other similar agreement relating to the issued and outstanding shares in the capital of the Purchaser.

(h) Reporting Issuer Status and Securities Laws Matters. The Purchaser is a "reporting issuer" within the meaning of applicable Securities Laws in each of provinces of Canada, other than Quebec and is not on the list of reporting issuers in default under

applicable Securities Laws, and no securities commission or similar regulatory authority has issued any order preventing or suspending trading of any securities of the Purchaser, and the Purchaser is not in default of any material provision of applicable Securities Laws, or the rules and regulations of the CSE. Trading in the Purchaser Shares on the CSE is not currently halted or suspended. No delisting, suspension of trading or cease trading order with respect to any securities of the Purchaser is pending or, to the knowledge of the Purchaser, threatened. To the knowledge of the Purchaser, no inquiry, review or investigation (formal or informal) of the Purchaser by any securities commission or similar regulatory authority under applicable Securities Laws or the CSE is in effect or ongoing or expected to be implemented or undertaken. The documents and information comprising the Purchaser Public Disclosure Record, as at the respective dates they were filed, were in compliance in all material respects with applicable Securities Laws and, where applicable, the rules and policies of the CSE and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Purchaser has publicly disclosed in the Purchaser Public Disclosure Record all information regarding any event, circumstance or action taken or failed to be taken which could, individually or in the aggregate, reasonably be expected to have a Purchaser Material Adverse Effect. The Purchaser is up-to-date in all forms, reports, statements and documents, including financial statements and management's discussion and analysis, required to be filed by the Purchaser under applicable Securities Laws and the rules and policies of the CSE. The Purchaser has not filed any confidential material change report that at the date hereof remains confidential. There are no outstanding or unresolved comments in comment letters from any securities commission or similar regulatory authority with respect to any of the Purchaser Public Disclosure Record and neither the Purchaser nor any of the Purchaser Public Disclosure Record is subject of an ongoing audit, review, comment or investigation by any securities commission or similar regulatory authority of the CSE.

(i) Purchaser Financial Statements.

(i) The Purchaser Financial Statements have been, and all financial statements of the Purchaser which are publicly disseminated by the Purchaser in respect of any subsequent periods prior to the Effective Date will be, prepared in accordance with IFRS applied on a basis consistent with those of previous periods and in accordance with applicable Laws. The Purchaser Financial Statements, together with the related management's discussion and analysis, present fairly, in all material respects, the assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of the Purchaser and its subsidiaries, on a consolidated basis, as at the respective dates thereof and the losses, comprehensive losses, results of operations, changes in shareholders' equity and cash flows of the Purchaser for the periods covered thereby. The Purchaser does not intend to correct or restate, nor, to the

knowledge of the Purchaser is there any basis for any correction or restatement of, any aspect of any of the Purchaser Financial Statements.

(ii) Neither the Purchaser nor any of its subsidiaries is a party to, or has any commitment to become a party to, any joint venture, any off-balance sheet transaction, arrangement, obligation or other relationship or any similar Contract (including any Contract relating to any transaction or relationship between or among the Purchaser or any of its subsidiaries, on the one hand, and any unconsolidated affiliate, including any structure finance, special purpose or limited purpose entity or person, on the other hand) where the result, purpose or effect of such transaction, arrangement, obligation, relationship or contract is to avoid disclosure of any material transaction involving, or material liabilities of, the Purchaser or any of its subsidiaries, in the published financial statements of the Purchaser or the Purchaser Public Disclosure Record.

(iii) Management of the Purchaser has designed a process of internal control over financial reporting (as such term is defined in NI 52-109) for the Purchaser providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS and has otherwise complied with NI 52-109.

(iv) Since December 31, 2020, neither the Purchaser nor any of its subsidiaries nor any Representative of the Purchaser or any of its subsidiaries has received or otherwise had or obtained knowledge of any complaint, allegation, assertion, or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods of the Purchaser or any of its subsidiaries or their respective internal accounting controls, including any complaint, allegation, assertion, or claim that the Purchaser or any of its subsidiaries has engaged in questionable accounting or auditing practices, which has not been resolved to the satisfaction of the audit committee of the Purchaser Board.

(v) There are no outstanding loans made by the Purchaser to any director or officer of the Purchaser.

(j) Undisclosed Liabilities. Except: (i) as disclosed in the Purchaser Financial Statements; and (ii) liabilities and obligations incurred in the ordinary course of business consistent with past practice since December 31, 2020, neither the Purchaser nor any of its subsidiaries has incurred any liabilities or obligations of any nature, whether or not accrued, contingent or otherwise and are not party to or bound by any suretyship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar contract with respect to the obligations, liabilities or indebtedness of any person.

(k) Absence of Certain Changes. Since December 31, 2020, except as disclosed in the Purchaser Public Disclosure Record:

(i) the Purchaser and its subsidiaries have conducted their respective businesses only in the ordinary course of business and consistent with past practice, except for the Arrangement contemplated hereby; and

(ii) there has not been any event, occurrence, development or state of circumstances or facts that has had or would be reasonably expected to require the filing of a material change report under applicable Securities Laws or have a Purchaser Material Adverse Effect.

(l) Litigation. Except as disclosed in the Purchaser Public Disclosure Record, there are no Proceedings against or involving the Purchaser or its subsidiaries, or affecting any of their property or assets (whether in progress or, to the knowledge of the Purchaser, threatened) that would reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect or would reasonably be expected to prevent or significantly impede or materially delay the completion of the Arrangement. There is no judgment, writ, decree, injunction, rule, award or order of any Governmental Authority outstanding against the Purchaser or its subsidiaries in respect of its businesses, properties or assets that would reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect or would reasonably be expected to prevent or significantly impede or materially delay the completion of the Arrangement.

(m) Insolvency. No act or proceeding has been taken by or against the Purchaser or any of its subsidiaries in connection with the dissolution, liquidation, winding up, bankruptcy, reorganization, compromise or arrangement of the Purchaser or any of its subsidiaries or for the appointment of a trustee, receiver, manager or other administrator of the Purchaser or any of its subsidiaries or any of its properties or assets nor, to the knowledge of the Purchaser, is any such act or proceeding threatened. Neither the Purchaser nor any of its subsidiaries has sought protection under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or similar legislation. Neither the Purchaser nor any of its subsidiaries nor any of their respective properties or assets is subject to any outstanding judgment, order, writ, injunction or decree that involves or may involve, or restricts or may restrict, the right or ability of the Purchaser or its subsidiaries to conduct its business in all material respects as it has been carried on prior to the date hereof, or that has had or would reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect or would reasonably be expected to prevent or significantly impede or materially delay the completion of the Arrangement.

(n) Compliance with Laws.

(i) The business of the Purchaser and its subsidiaries has been and is currently being conducted in compliance in all material respects with applicable Laws, other than U.S. Federal Cannabis Laws and the Purchaser and its subsidiaries have not received any notice of any alleged material violation of any such Laws other than violations which have not had and would not reasonably be

expected to, individually or in the aggregate, have a Purchaser Material Adverse Effect. Without limiting the generality of the foregoing, all issued and outstanding Purchaser Shares have been issued in material compliance with all applicable Securities Laws.

(ii) None of the Purchaser, any of its subsidiaries nor, to the knowledge of the Purchaser, any of their respective directors, officers, supervisors, managers, employees, or agents while acting in such capacity on behalf of the Purchaser or its subsidiaries has: (A) violated any applicable anti-corruption, anti-bribery, export control, and economic sanctions Laws, including without limitation the *Corruption of Foreign Public Officials Act* (Canada) and the *United States Foreign Corrupt Practices Act*, (B) made or authorized any direct or indirect contribution, payment or gift of funds, property or anything else of value to any official, employee or agent of any Governmental Authority, authority or instrumentality in Canada, other jurisdictions in which the Purchaser or any of its subsidiaries has assets or any other jurisdiction other than in accordance with applicable Laws, (C) used any corporate funds, or made any direct or indirect unlawful payment from corporate funds, to any foreign or domestic government official or employee or for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; or (D) violated or is in violation of any provision of the *Criminal Code* (Canada) relating to foreign corrupt practices, including making any contribution to any candidate for public office, in either case, where either the payment or gift or the purpose of such contribution payment or gift was or is prohibited under the foregoing or any other applicable Law of any locality.

(iii) The operations of the Purchaser and its subsidiaries are and have been conducted at all times in compliance with Money Laundering Laws and no action, suit or proceeding by or before any court of Governmental Authority or any arbitrator non-Governmental Authority involving the Purchaser or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Purchaser, threatened.

(iv) None of the Purchaser, any of its subsidiaries nor, to the knowledge of the Purchaser, any of their respective directors, officers, supervisors, managers, employees, or agents has had any Sanctions imposed upon any such person, and the Purchaser and its subsidiaries are not in violation of any of the Sanctions or law or executive order relating thereto, or are conducting business with any person subject to any Sanctions.

(o) Certain Securities Law Matters. The Consideration Shares to be issued in exchange for the Company Shares in connection with the transactions contemplated herein will not be subject to any statutory hold or restricted period under the securities legislation of any province or territory of Canada and, subject to restrictions contained in Section 2.6(3) of National Instrument 45-102 – *Resale of Securities*, will be freely tradable within Canada by the holders thereof. In addition, assuming the compliance by the Company with the terms of this Agreement, the

Consideration Shares to be issued in connection with the transactions contemplated herein will be exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof, and the Consideration Shares to be distributed in the United States pursuant to the Plan of Arrangement will not be subject to resale restrictions in the United States under the U.S. Securities Act, except by persons who are "affiliates" (as defined in Rule 144 of the U.S. Securities Act) of the Purchaser, on or after the Effective Date, or were "affiliates" of the Purchaser within 90 days prior to the Effective Date.

(p) Purchaser Board Approval. The Purchaser Board, at a meeting duly called and held, upon consultation with legal advisors, has authorized and approved the execution and delivery of this Agreement and the transactions contemplated by this Agreement. No action has been taken to amend or supersede such authorizations of the Purchaser Board.

3.3 Survival of Representations and Warranties

No investigation by or on behalf of any Party prior to the execution of this Agreement will mitigate, diminish or affect the representations and warranties made by the other Parties. The representations and warranties of the Parties contained in this Agreement will not survive the completion of the Arrangement and will expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms. This Section 3.3 will not limit any covenant or agreement of any of the Parties, which, by its terms, contemplates performance after the Effective Time or the date on which this Agreement is terminated, as the case may be.

ARTICLE 4
COVENANTS

4.1 Covenants of the Company Regarding the Conduct of Business

The Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except (i) with the Purchaser's consent in writing (to the extent that such consent is permitted by applicable Law), which consent will not be unreasonably withheld, conditioned or delayed, (ii) as expressly permitted or specifically contemplated by this Agreement, (iii) as set out in the Company Disclosure Letter, or (iv) as is otherwise required by applicable Law or Governmental Authority:

(a) the businesses of the Company and its subsidiaries will be conducted only in the ordinary course of business consistent in all respects with past practice and in accordance with applicable Laws, with the exception of U.S. Federal Cannabis Laws, the Company and its subsidiaries will comply with the terms of all Material Contracts and the Company and its subsidiaries will use commercially reasonable efforts to maintain and preserve intact its business organizations, assets, properties, rights, Permits, goodwill and business relationships and keep available the services of its officers, employees and consultants as a group;

(b) the Company will consult through meetings with the Purchaser, as the Purchaser may reasonably request, to allow the Purchaser to review and provide input with respect to the direction of activities of the Company and its subsidiaries;

(c) without limiting the generality of Section 4.1(a) above, the Company will not, directly or indirectly:

(i) alter or amend the notice of articles, articles or other constating documents of the Company or any of its subsidiaries;

(ii) declare, set aside or pay any dividend on or make any distribution or payment or return of capital in respect of any equity securities of the Company or any subsidiaries (other than dividends, distributions, payments or return of capital made to the Company by any subsidiary), other than with respect to its obligations under the terms of the Company Convertible Debentures, the Company Series D Shares and Company Series E Shares;

(iii) split, divide, consolidate, combine or reclassify the Company Shares or any other securities of the Company or its subsidiaries;

(iv) issue, sell, grant, award, pledge, dispose of or otherwise encumber or agree to issue, sell, grant, award, pledge, dispose of or otherwise encumber any Company Shares or other equity or voting interests or any options, stock appreciation rights, warrants, calls, conversion or exchange privileges or rights of any kind to acquire (whether on exchange, exercise, conversion or otherwise) any Company Shares or other equity or voting interests or other securities or any shares of its subsidiaries (including, for greater certainty, Company Options, Company Warrants or any other equity based awards), other than pursuant to the exercise or vesting, as applicable, of Company Options, Company Warrants that are outstanding as of the date of this Agreement in accordance with their terms (as such terms are disclosed in the Company Public Disclosure Record) and the issuance of shares pursuant the conversion of the Company Convertible Debentures, the Company Series D Shares and the Company Series E Shares in accordance with their terms;

(v) redeem, purchase or otherwise acquire or subject to any Lien, any of its outstanding Company Shares or other securities or securities convertible into or exchangeable or exercisable for Company Shares or any such other securities or any shares or other securities of its subsidiaries;

(vi) amend the terms of any securities of the Company or its subsidiaries;

(vii) adopt a plan of liquidation or pass any resolution providing for the liquidation or dissolution of the Company or its subsidiaries;

(viii) reorganize, amalgamate or merge the Company with any other person and will not cause or permit its subsidiaries to reorganize, amalgamate or merge with any other person;

(ix) reduce the stated capital of the shares of the Company or any of its subsidiaries;

(x) create any subsidiary or enter into any Contracts or other arrangements regarding the control or management of the operations of the Company or its subsidiaries, or the appointment of governing bodies or enter into any joint venture or similar agreement, arrangement or relationship;

(xi) make any material changes to any of its accounting policies, principles, methods, practices or procedures (including by adopting any material new accounting policies, principles, methods, practices or procedures), except as disclosed in the Company Public Disclosure Record, as required by applicable Laws or under IFRS; or

(xii) enter into, modify or terminate any Contract with respect to any of the foregoing;

(d) if the volume weighted average trading price of the Company Shares for five consecutive trading days exceeds C$0.96, the Company will take all steps necessary to effect the conversion of the Company Convertible Debentures in accordance with their terms;

(e) if the volume weighted average trading price of the Company Shares for 10 consecutive trading days exceeds C$0.564, the Company will take all steps required in connection with the accelerated expiry of the Company May 2019 Warrants in accordance with their terms;

(f) the Company will immediately notify the Purchaser orally and then promptly notify the Purchaser in writing of (i) any "material change" (as defined in the Securities Act) in relation to the Company or its subsidiaries, (ii) any event, circumstance or development that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (iii) any breach of this Agreement by the Company, or (iv) any event occurring after the date of this Agreement that would render a representation or warranty, if made on that date or the Effective Date, inaccurate such that any of the conditions in Section 7.3(b) would not be satisfied;

(g) the Company will not, and will not cause or permit its subsidiaries to, directly or indirectly, except in connection with this Agreement:

(i) sell, pledge, lease, licence, dispose of, mortgage or encumber or otherwise transfer any assets or properties of the Company or its subsidiaries including without limitation with respect to the Company Owned Real Properties or the Company Leased Properties;

(ii) acquire (by merger, amalgamation, consolidation, arrangement or acquisition of shares or other equity securities or interests or assets or otherwise) or agree to acquire, directly or indirectly, in one transaction of a series of related transactions, any corporation, partnership, association or other business

organization or division thereof or any property or asset, or make any investment, directly or indirectly, in one transaction or in a series of related transactions, by the purchase of securities, contribution of capital, property transfer, or purchase of any property or assets of any other person;

(iii) incur any capital expenditures, enter into any agreement obligating the Company or its subsidiaries to provide for future capital expenditures, in the aggregate, in excess of $100,000;

(iv) incur any indebtedness (including the making of any payments in respect thereof, including any premiums or penalties thereon or fees in respect thereof) or issue any debt securities, or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other person, or make any loans or advances;

(v) pay, discharge or satisfy any claim, liability or obligation prior to the same being due, other than the payment, discharge or satisfaction, in the ordinary course of business, of liabilities reflected or reserved against in the Company Interim Financial Statements, or voluntarily waive, release, assign, settle or compromise any Proceeding;

(vi) engage in any new business, enterprise or other activity that is inconsistent with the existing businesses of the Company in the manner such existing businesses generally have been carried on or (as disclosed in the Company Public Disclosure Record) planned or proposed to be carried on prior to the date of this Agreement;

(vii) enter into or terminate any interest rate, currency, equity or commodity swaps, hedges, derivatives, forward sales contracts or other financial instruments or like transaction, other than in the ordinary course of business consistent with the Company's financial risk management policy; or

(viii) authorize any of the foregoing, or enter into or modify any Contract to do any of the foregoing;

(h) the Company will not, and will not cause or permit its subsidiaries to, directly or indirectly, except in the ordinary course of business:

(i) terminate, fail to renew, cancel, waive, release, grant or transfer any rights of material value;

(ii) except in connection with matters otherwise permitted under this Section 4.1, enter into any Contract that, if entered into prior to the date hereof, would be a Material Contract, or terminate, cancel, extend, renew or amend, modify or change any Material Contract, or waive, release, or assign any material rights or claims thereto or thereunder;

(iii) enter into any lease or sublease of real property (whether as a lessor, sublessor, lessee or sublessee), or modify, amend or exercise any right to renew any lease or sublease of real property or acquire any interest in real property; or

(iv) enter into any Contract containing any provision restricting or triggered by the transactions contemplated herein;

(i) neither the Company nor its subsidiaries will, except in the ordinary course of business or pursuant to any existing Contracts or employment, pension, supplemental pension, termination or compensation arrangements or policies or plans in effect on the date hereof, and except as is necessary to comply with applicable Laws:

(i) grant to any officer, director, employee or consultant of the Company or its subsidiaries an increase in compensation in any form;

(ii) grant any general salary or fee increase, pay any bonus, award (equity or otherwise) or other material compensation to the directors, officers, employees or consultants of the Company or its subsidiaries other than the payment of salaries, fees and bonuses in the ordinary course of business as disclosed in Section 4.1 of the Company Disclosure Letter;

(iii) take any action with respect to the grant, acceleration or increase of any severance, change of control, retirement, retention or termination pay (or amend any existing arrangement relating to the foregoing);

(iv) enter into or modify any employment or consulting agreement with any employee or consultant that provide for base salary or fees in excess of $75,000;

(v) terminate the employment or consulting arrangement of any senior management employees (including the Company Senior Management), except for cause;

(vi) increase any benefits payable under its current severance or termination pay policies;

(vii) increase the coverage, contributions, funding requirements or benefits available under any Employee Plan or create any new plan which would be considered to be an Employee Plan once created;

(viii) exercise any discretion with respect to or make any material determination under any Employee Plan that is not in the ordinary course of business;

(ix) amend the Company Option Plan, adopt or make any contribution to or any award under any new performance share unit plan or other bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, compensation or other similar plan, agreement, trust,

fund or arrangement for the benefit of directors or senior officers or former directors or senior officers of the Company or its subsidiaries;

(x) take any action to accelerate the time of payment of any compensation or benefits, amend or waive any performance or vesting criteria or accelerate vesting under the Company Option Plan, except in accordance with its terms as contemplated in the Plan of Arrangement; or

(xi) establish, adopt, enter into, amend or terminate any collective bargaining agreement;

(j) neither the Company nor its subsidiaries will make any loan to any officer, director, employee or consultant of the Company or its subsidiaries;

(k) the Company will use its commercially reasonable efforts to cause the current insurance (or re-insurance) policies maintained by the Company, including directors' and officers' insurance, not to be cancelled terminated, amended or modified and to prevent any of the coverage thereunder from lapsing, unless at the time of such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing having comparable deductibles and providing coverage comparable to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect, provided, however, that the Company will not obtain or renew any insurance (or re-insurance) policy for a term exceeding 12 months;

(l) the Company will use commercially reasonable efforts to retain the services of its and its subsidiaries' existing employees and consultants (including the Company Senior Management) until the Effective Time, and will promptly provide written notice to the Purchaser of the resignation or termination of any of its key employees or consultants, including the Key Employees;

(m) neither the Company nor its subsidiaries will make an application to amend, terminate, allow to expire or lapse or otherwise modify any of its Permits or take any action or fail to take any action which action or failure to act would result in the material change, loss, expiration or surrender of, or the loss of any material benefit under, or reasonably be expected to cause any Governmental Authority to institute proceedings for the suspension, revocation or limitation of rights under, any material Permit necessary to conduct its businesses as now being conducted;

(n) the Company and each of its subsidiaries will (i) duly and timely file all Returns required to be filed by it on or after the date hereof and all such Returns will be true, complete and correct in all material respects and (ii) timely withhold, collect, remit and pay all Taxes which are to be withheld, collected, remitted or paid by it to the extent due and payable except for any Taxes contested in good faith pursuant to applicable Laws and in respect of which adequate reserves or accruals in

accordance with IFRS have been provided in the Company Interim Financial Statements;

(o) the Company will not (i) change its tax accounting methods, principles or practices, except insofar as may have been required by a change in IFRS or applicable Law, (ii) settle, compromise or agree to the entry of judgment with respect to any action, claim or other Proceeding relating to Taxes, (other than the payment, discharge or satisfaction of liabilities reflected or reserved against in the Company Interim Financial Statements) (iii) enter into any tax sharing, tax allocation or tax indemnification agreement, (iv) make a request for a tax ruling to any Governmental Authority, or (v) agree to any extension or waiver of the limitation period relating to any Tax claim or assessment or reassessment;

(p) the Company will not, and will not cause or permit its subsidiaries to, settle or compromise any action, claim or other Proceeding (i) brought against it for damages or providing for the grant of injunctive relief or other non-monetary remedy ("**Litigation**") (except where the action, claim or other Proceeding is insured and the Company's contribution does not exceed its deductible) or (ii) brought by any present, former or purported holder of its securities in connection with the transactions contemplated by this Agreement or the Arrangement;

(q) the Company will not, and will not cause or permit its subsidiaries to, commence any Litigation (other than litigation in connection with the collection of accounts receivable, to enforce the terms of this Agreement or the Confidentiality Agreement, to enforce other obligations of the Purchaser or as a result of litigation commenced against the Company);

(r) the Company will not, and will not cause or permit its subsidiaries to, enter into or renew any Contract (i) containing (A) any limitation or restriction on the ability of the Company or its subsidiaries or, following completion of the transactions contemplated hereby, the ability of the Purchaser or any of its affiliates, to engage in any type of activity or business, (B) any limitation or restriction on the manner in which, or the localities in which, all or any portion of the business of the Company or its subsidiaries or, following consummation of the transactions contemplated hereby, all or any portion of the business of the Purchaser or any of its affiliates, is or would be conducted, (C) any limit or restriction on the ability of the Company or its subsidiaries or, following completion of the transactions contemplated hereby, the ability of the Purchaser or any of its affiliates, to solicit customers or employees, or (D) containing any provision restricting or triggered by the transactions contemplated herein; or (ii) that would reasonably be expected to prevent or significantly impede or materially delay the completion of the Arrangement;

(s) the Company will not, and will not cause or permit any of its subsidiaries to, take any action which would render, or which reasonably may be expected to render, any representation or warranty made by the Company in this Agreement untrue or

inaccurate in any material respect (disregarding for this purpose all materiality or Material Adverse Effect qualifications contained therein) at any time prior to the Effective Date if then made; and

(t) as is applicable, the Company will not, and will not cause or permit its subsidiaries to, agree, announce, resolve, authorize or commit to do any of the foregoing.

4.2 Access to Information

Subject to compliance with applicable Laws and the terms of any existing Contracts, the Company will afford to the Purchaser and its Representatives until the earlier of the Effective Time or the termination of this Agreement in accordance with its terms, continuing access to the Company Diligence Information and reasonable access during normal business hours and upon reasonable notice, to the Company's and its subsidiaries' businesses, properties, books and records and such other data and information as the Purchaser may reasonably request, as well as to its management personnel, subject however to such access not interfering with the ordinary conduct of the businesses of the Company and its subsidiaries. Subject to compliance with applicable Laws and such requests not materially interfering with the ordinary conduct of the business of the Company and its subsidiaries, the Company will also make available to the Purchaser and its Representatives information reasonably requested by the Purchaser for the purposes of preparing, considering and implementing integration and strategic plans for the combined businesses of the Company and the Purchaser and its affiliates following completion of the Arrangement. Without limiting the generality of the provisions of the Confidentiality Agreement, the Purchaser acknowledges that all information provided to it under this Section 4.2, or otherwise pursuant to this Agreement or in connection with the transactions contemplated hereby, is subject to the Confidentiality Agreement, which will remain in full force and effect in accordance with its terms notwithstanding any other provision of this Agreement or any termination of this Agreement. If any provision of this Agreement otherwise conflicts or is inconsistent with any provision of the Confidentiality Agreement, the provisions of this Agreement will supersede those of the Confidentiality Agreement but only to the extent of the conflict or inconsistency and all other provisions of the Confidentiality Agreement will remain in full force and effect.

4.3 Covenants of the Company Regarding the Arrangement

(a) Subject to the terms and conditions of this Agreement, the Company shall and shall cause its subsidiaries to perform all obligations required to be performed by the Company under this Agreement, cooperate with the Purchaser in connection therewith, and use commercially reasonable efforts to do such other acts and things as may be necessary or desirable in order to complete the Arrangement and the other transactions contemplated hereby, including (without limiting the obligations of the Company in Article 2):

(i) promptly, and in any event within five Business Days following the date of this Agreement, provide to the Purchaser (if such agreement remains in effect and if providing a copy of such agreement is not expressly prohibited by the terms of such agreement) a copy of each confidentiality and/or standstill agreement which has been entered into by the Company and any third party

prior to the date hereof pursuant to which confidential information of the Company has been provided;

(ii) subject to the Purchaser's prior review and approval as contemplated by Section 2.2(a), publicly announcing the execution of this Agreement, the support of the Company Board of the Arrangement (including the voting intentions of each director and officer of the Company referred to in Section 3.1(ll)) and the Company Board Recommendation;

(iii) using its commercially reasonable efforts to obtain all necessary waivers, consents and approvals required to be obtained by the Company and its subsidiaries from other parties to any Material Contracts in order to complete the Arrangement;

(iv) using its commercially reasonable efforts to carry out all actions necessary to ensure the availability of the exemption from registration under Section 3(a)(10) of the U.S. Securities Act; and

(v) upon reasonable consultation with the Purchaser, opposing, or seeking to lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement and defending all lawsuits or other legal, regulatory or other Proceedings against the Company challenging or affecting this Agreement or the completion of the Arrangement.

(b) In the event that the Purchaser concludes that it is necessary or desirable to proceed with another form of transaction (such as a formal take-over bid or amalgamation) whereby the Purchaser and/or its affiliates would effectively acquire all of the Company Shares, Company Series D Shares and Company Series E Shares within approximately the same time periods and on economic terms and other terms and conditions (including tax treatment) and having economic consequences to the Company and the Company Shareholders which are equivalent to or better than those contemplated by this Agreement (an "**Alternative Transaction**"), the Company agrees to support the completion of such Alternative Transaction in the same manner as the Arrangement and shall otherwise fulfill its covenants contained in this Agreement in respect of such Alternative Transaction. In the event of any proposed Alternative Transaction, any reference in this Agreement to the Arrangement shall refer to the Alternative Transaction to the extent applicable, all terms, covenants, representations and warranties of this Agreement shall be and shall be deemed to have been made in the context of the Alternative Transaction and all references to time periods regarding the Arrangement, including the Effective Time, herein shall refer to the date of closing of the transactions contemplated by the Alternative Transaction (as such date may be extended from time to time).

(c) The Company shall take all steps necessary to satisfy the U.S. Regulatory Conditions set out in Schedule C hereto.

(d) The Company shall, or shall cause each of its subsidiaries, and each Licensed Entity, as applicable, to use its commercially reasonable efforts to obtain a waiver and release, in

form and substance satisfactory to the Purchaser, acting reasonably, of all Proceedings or liabilities involving or related to [redacted] [Redacted for confidentiality purposes] (the "**Waiver and Release**").

(e) Notwithstanding anything in to the contrary herein contained, the Company shall, and shall cause each of its subsidiaries, and each Licensed Entity, as applicable, to enter into a settlement agreement, in form and substance satisfactory to Purchaser, acting reasonably, with [redacted] [Redacted for confidentiality purposes] and each of its respective shareholders, members, owners, employees, agents, contractors, officers, directors, spouses, heirs, insurers, bonding companies, successors, attorneys, assigns, and affiliates (collectively "[redacted]" providing for i) a full and complete release of all claims under that certain lawsuit initiated by Complaint for Unlawful Detainer and Breach of Contract served on February 1, 2022 naming Blacklist Holdings, Inc. and all others in possession of the property, in the Superior Court of the State of Washington for Pierce County (the "**Complaint**"); and ii) a full release and discharge of Company its respective shareholders, members, owners, employees, agents, contractors, officers, directors, spouses, heirs, insurers, bonding companies, successors, attorneys, assigns, and affiliates, of and from any and all manner of action and actions, cause and causes of action, claims, suits, damages, controversies, judgments, costs, fees, executions, and demands of any kind and nature whatsoever, at law or in equity, in contract or tort, known or unknown, contingent or fixed and including, without limitation, any claim for attorneys' fees that [redacted] [Redacted for confidentiality purposes] had or now has, and that it or its respective affiliates, successors, and assigns hereinafter can, shall, or may have, for or by reason of, arising out of, or related to, the Complaint, the parties named in the Complaint, the facts related to or underlying the Complaint, or any claim that could have been raised in the Complaint (the "**Settlement Agreement**").

4.4 Covenants of the Purchaser Regarding the Performance of Obligations

Subject to the terms and conditions of this Agreement, the Purchaser will perform all obligations required to be performed by it under this Agreement, cooperate with the Company in connection therewith, and use commercially reasonable efforts to do such other acts and things as may be necessary or desirable in order to complete the Arrangement and other transactions contemplated hereby, including:

(a) cooperating with the Company in connection with, and using its commercially reasonable efforts to assist the Company in obtaining the waivers, consents and approvals referred to in Section 4.3(a)(iii), provided, however, that, except as stated otherwise in this Agreement, in connection with obtaining any waiver, consent or approval from any person (other than a Governmental Authority) with respect to any transaction contemplated by this Agreement, the Purchaser will not be required to pay or commit to pay to such person whose waiver, consent or approval is being solicited any cash or other consideration, make any commitment or incur any liability or other obligation;

(b) using its commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by Governmental Authorities from the Purchaser relating to the Arrangement required to be completed prior to the Effective Time;

(c) upon reasonable consultation with the Company, opposing, or seeking to lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement and defending all lawsuits or other legal, regulatory or other Proceedings against or relating to the Purchaser challenging or affecting this Agreement or the completion of the Arrangement;

(d) forthwith carrying out the terms of the Interim Order and Final Order to the extent applicable to it and taking all necessary actions to give effect to the transactions contemplated herein and the Plan of Arrangement; and

(e) filing or causing to be filed with the CSE all necessary documents and taking or causing to be taken all necessary steps to ensure that the Purchaser has obtained all necessary approvals for the Consideration Shares to be listed on the CSE.

4.5 Mutual Covenants

Each of the Parties covenants and agrees that, subject to the terms and conditions of this Agreement, until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms:

(a) it will use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder as set forth in Article 7 hereof to the extent the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary and commercially reasonable to permit the completion of the Arrangement in accordance with its obligations under this Agreement, the Plan of Arrangement and applicable Laws and cooperate with the other Parties in connection therewith, including using its commercially reasonable efforts to (i) obtain all Regulatory Approvals required to be obtained by it, (ii) effect or cause to be effected all necessary registrations, filings and submissions of information requested by Governmental Authorities required to be effected by it in connection with the Arrangement, (iii) oppose, lift or rescind any injunction or restraining order against it or other order, decree, ruling or action against it seeking to stop, or otherwise adversely affecting its ability to make and complete, the Arrangement and (iv) cooperate with the other Parties in connection with the performance by it of its obligations hereunder;

(b) it will use commercially reasonable efforts not to take or cause to be taken any action, or refrain from taking any commercially reasonable action, which is inconsistent with this Agreement or which would reasonably be expected to prevent or significantly impede or materially delay the completion of the Arrangement;

(c) promptly notify the other Party of:

(i) any communication from any person alleging that the consent of such person (or another person) is or may be required in connection with the Arrangement (and the response thereto from such Party, its subsidiaries or its Representatives);

(ii) any material communication from any Governmental Authority in connection with the Arrangement (and the response thereto from such Party, its subsidiaries or its representatives); and

(iii) any litigation threatened or commenced against or otherwise affecting such Party or any of its subsidiaries that is related to the Arrangement; and

(d) it will use commercially reasonable efforts to execute and do all acts, further deeds, things and assurances as may be required in the reasonable opinion of the other Party's legal counsel to permit the completion of the Arrangement.

4.6 Covenants Related to Regulatory Approvals

Each Party, as applicable to that Party, covenants and agrees with respect to obtaining all Regulatory Approvals required for the completion of the Arrangement that, subject to the terms and conditions of this Agreement, until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms:

(a) as soon as reasonably practicable after the date hereof, each Party, or where appropriate, both Parties jointly, shall make or cause to be made all notifications, filings, applications and submissions with Governmental Authorities required by Law or that the Purchaser deems advisable, to be determined in the Purchaser's sole and absolute discretion, shall obtain all required Regulatory Approvals, in a form and substance acceptable to the Purchaser in the Purchaser's sole and absolute discretion and shall cooperate with the other Party in connection with all such Regulatory Approvals sought by the other Party. Without limiting the generality of the foregoing, the Company shall submit, or cause to be submitted, the Ancillary Cannabis Agreements for Regulatory Approval in accordance with Section 7.3, the form and substance of such Regulatory Approval to be in a form and in substance acceptable to the Purchaser in the Purchaser's sole and absolute discretion.

(b) the Parties shall request or cause to be requested that the Regulatory Approvals be processed by the applicable Governmental Authority on an expedited basis to the extent possible and, to the extent that a public hearing is held, the Parties shall request the earliest possible hearing date for the consideration of the Regulatory Approvals;

(c) no Party shall extend or consent to any extension or refuse to consent to any extension of any applicable waiting or review period or enter into any agreement with a Governmental Authority not to consummate the transactions contemplated by this Agreement, except upon the prior written consent of the other Party (such consent not to be unreasonably withheld, conditioned or delayed);

(d) all filing fees (including any Taxes thereon) in respect of any filing made to any Governmental Authority in respect of any Regulatory Approvals shall be paid by the Purchaser;

(e) each Party shall use commercially reasonable efforts to respond promptly to any request or notice from any Governmental Authority requiring that Party to supply additional information that is relevant to the review of the transactions contemplated by this Agreement in respect of obtaining or concluding the Regulatory Approvals sought by either Party, and each Party shall cooperate with the other Party and shall furnish to the other Party such information and assistance as a Party may reasonably request in connection with preparing any submission or responding to such request or notice from a Governmental Authority;

(f) each Party shall permit the other Party an opportunity to review in advance any proposed substantive applications, notices, filings, submissions, undertakings, correspondence and communications (including responses to requests for information and inquiries from any Governmental Authority) in respect of obtaining or concluding all required Regulatory Approvals, and shall provide the other Party with a reasonable opportunity to comment thereon and agree to consider those comments in good faith, and each Party shall provide the other Party with any substantive applications, notices, filings, submissions, undertakings or other substantive correspondence provided to a Governmental Authority, or any substantive communications received from a Governmental Authority, in respect of obtaining or concluding the required Regulatory Approvals;

(g) each Party shall promptly notify the other Party if it becomes aware that any (i) application, filing, document or other submission for any Regulatory Approval contains a misrepresentation, or (ii) any Regulatory Approval contains, reflects or was obtained following the submission of any application, filing, document or other submission containing a misrepresentation, such that an amendment or supplement may be necessary or advisable. In such case, the Company or the Purchaser, as applicable, shall, in consultation with and subject to the prior approval of the other Party, co-operate in the preparation, filing and dissemination, as applicable, of any such amendment or supplement;

(h) each Party shall keep the other Party and their respective counsel reasonably informed on a timely basis of the status of discussions (written and oral) relating to obtaining or concluding the required Regulatory Approvals sought by such Party and, for greater certainty, no Party shall participate in any substantive meeting (whether in person, by telephone or otherwise) with a Governmental Authority in respect of obtaining or concluding the required Regulatory Approvals unless it advises the other Party in advance and gives such other Party and its external legal counsel an opportunity to attend;

(i) if (i) any objections are asserted with respect to the transactions contemplated by this Agreement under any Law, or if any proceeding is instituted or threatened by any Governmental Authority challenging or which could lead to a challenge of any of the transactions contemplated by this Agreement as not in compliance with Law, the Parties shall use their best efforts consistent with the terms of this Agreement to resolve such proceeding so as to allow the closing of the transactions

contemplated hereby and by the Plan of Arrangement to occur on or prior to the Outside Date;

(j) if a Party becomes aware that a Regulatory Approval will not be granted, the Party becoming so aware shall promptly notify the other Party; and

(k) the Parties shall not enter into any transaction, investment, agreement, arrangement or joint venture or take any other action, the effect of which would reasonably be expected to delay the obtaining of Regulatory Approvals;

provided that, notwithstanding the foregoing, neither Party shall be obligated to disclose to the other Party any (i) information for which disclosure to the non-disclosing Party is prohibited by applicable Law, (ii) business confidential information of the disclosing Party, (iii) information for which disclosure to the non-disclosing Party would violate a confidentiality undertaking by the disclosing Party, (iv) personal identifier information of individuals associated with the disclosing Party, or (v) information that a Governmental Authority has requested be kept confidential from the non-disclosing Party; provided further that, the foregoing limitations shall not apply to the non-disclosing Party's external legal counsel which is entitled to receive such information and attend meetings on an external "counsel only" basis.

4.7 Employment Matters

(a) Prior to the Effective Time, the Company shall use commercially reasonable efforts to cause, and it shall use commercially reasonable efforts to cause any of its subsidiaries to cause, all directors and officers of the Company and its subsidiaries to provide resignations and releases of all claims against the Company or shall terminate such officers, in each case, effective as at the Effective Time.

(b) Subject to Section 7.3(g), the Purchaser agrees that it shall cause the Company, its subsidiaries and any successor to the Company (including any Surviving Corporation) to honour and comply with the terms of all of the severance payment obligations of the Company or its subsidiaries under the existing employment, consulting, change of control and severance agreements of the Company or its subsidiaries that are fully and completely disclosed in Section 4.7(b) of the Company Disclosure Letter, in exchange for the execution of full and final releases of the Company and its subsidiaries from all liability and obligations including in respect of the change of control entitlements in favour of the Company and in form and substance satisfactory to the Purchaser, acting reasonably.

(c) The Company shall be exclusively responsible and shall pay for any withholding obligations of Taxes pursuant to the Tax Act from any amounts paid for the payments contemplated in this Section 4.7.

4.8 Indemnification and Insurance

The Parties agree that all rights to indemnification existing in favour of the present and former directors and officers of the Company (each such present or former director or officer of the Company being herein referred to as an "**Indemnified Party**" and such persons collectively

being referred to as the "**Indemnified Parties**") as provided by the notice of articles and articles of the Company or by contracts or agreements to which the Company is a party and in effect as of the date hereof, that are fully and completely disclosed in the Company Disclosure Letter and copies of which are provided to the Purchaser prior to the date hereof, and, as of the Effective Time, will survive and will continue in full force and effect and without modification, and the Company and any successor to the Company (including any Surviving Corporation) shall continue to honour such rights of indemnification and indemnify the Indemnified Parties pursuant thereto, with respect to actions or omissions of the Indemnified Parties occurring prior to the Effective Time, for six years following the Effective Date.

4.9 Pre-Acquisition Reorganization

(a) The Company shall effect such reorganization of its business, operations, subsidiaries and assets or such other transactions (each, a "**Pre-Acquisition Reorganization**") as the Purchaser may reasonably request prior to the Effective Date, and the Plan of Arrangement, if required, shall be modified accordingly; provided, however, that the Company need not effect a Pre-Acquisition Reorganization which would impede or materially delay the consummation of the Arrangement.

(b) Without limiting the foregoing and other than as set forth in clause (a) above, the Company shall use its commercially reasonable efforts to obtain all necessary consents, approvals or waivers from any persons to effect each Pre-Acquisition Reorganization, and the Company shall cooperate with the Purchaser in structuring, planning and implementing any such Pre-Acquisition Reorganization. The Purchaser shall provide written notice to the Company of any proposed Pre-Acquisition Reorganization at least ten Business Days prior to the date of the Company Meeting. In addition:

(i) any Pre-Acquisition Reorganization shall not unreasonably interfere with the Company's and its subsidiaries' material operations prior to the Effective Time;

(ii) any Pre-Acquisition Reorganization shall not require the Company or its subsidiaries to contravene any applicable Laws, its organizational documents or any Material Contract;

(iii) any Pre-Acquisition Reorganization shall not impair the ability of the Company to consummate, and will not prevent or materially delay the consummation of, the Arrangement; and

(iv) the Company shall not be obligated to take any action that could result in any Taxes being imposed on, or any adverse Tax or other consequences to, any Company Shareholder materially greater than the Taxes or other consequences to such party in connection with the consummation of the Arrangement in the absence of any Pre-Acquisition Reorganization.

(c) The Purchaser acknowledges and agrees that the planning for and implementation of any Pre-Acquisition Reorganization shall not be considered a breach of any covenant under this Agreement and shall not be considered in determining whether a representation or warranty of the

Company hereunder has been breached. The Purchaser and the Company shall work cooperatively and use commercially reasonable efforts to prepare prior to the Effective Time all documentation necessary and do such other acts and things as are necessary to give effect to such Pre-Acquisition Reorganization. Subject to the requirements of this Section 4.9(c), the Company and its subsidiaries shall not be liable for the failure of the Purchaser to benefit from any anticipated Tax efficiency as a result of a Pre-Acquisition Reorganization.

ARTICLE 5
ADDITIONAL AGREEMENTS

5.1 Acquisition Proposals

(a) Except as expressly contemplated by this Agreement or to the extent that the Purchaser, in its sole and absolute discretion, has otherwise consented to in writing, until the earlier of the Effective Time or the date, if any, on which this Agreement is terminated pursuant to Section 6.1, the Company shall not and shall cause its subsidiaries and their respective Representatives to not, directly or indirectly through any other person:

(i) make, initiate, solicit, promote, entertain or encourage (including by way of furnishing or affording access to information or any site visit or entering into any form of agreement, arrangement or understanding), or take any other action that facilitates, directly or indirectly, any inquiry or the making of any inquiry, proposal or offer with respect to an Acquisition Proposal or that reasonably could be expected to constitute or lead to an Acquisition Proposal; or

(ii) participate in any discussions or negotiations with, furnish information to, or otherwise cooperate in any way with, any person (other than the Purchaser and its subsidiaries) regarding an Acquisition Proposal or any inquiry, proposal or offer that reasonably could be expected to constitute or lead to an Acquisition Proposal; or

(iii) make or propose publicly to make a Change of Recommendation; or

(iv) accept, recommend, enter into, or propose publicly to accept, recommend or enter into, any agreement, understanding or arrangement in respect of an Acquisition Proposal (other than an Acceptable Confidentiality Agreement); or

(v) make any public announcement or take any other action inconsistent with, or that could reasonably be likely to be regarded as detracting from, the approval, recommendation or declaration of advisability of the Company Board of the transactions contemplated hereby.

(b) The Company shall and shall cause its subsidiaries and their respective Representatives to immediately cease and terminate any solicitation, encouragement, discussion, negotiation or other activities with any person (other than the Purchaser, its subsidiaries and their respective Representatives) conducted prior to the date hereof by the Company or any of its

Representatives or its subsidiaries and their Representatives with respect to any Acquisition Proposal or any inquiry, proposal or offer that reasonably could be expected to constitute or lead to an Acquisition Proposal and, in connection therewith, the Company will immediately discontinue access to and disclosure of any of its confidential information, including access to any data room, virtual or otherwise, to any person (other than access by the Purchaser and its Representatives) and will as soon as possible, and in any event within two Business Days after the date hereof, request, and use its commercially reasonable efforts to exercise all rights it has (or cause its subsidiaries to exercise any rights that they have) to require the return or destruction of all confidential information regarding the Company or its subsidiaries previously provided in connection therewith to any person other than the Purchaser and its Representatives to the extent such information has not already been returned or destroyed and use commercially reasonable efforts to ensure that such obligations are fulfilled.

(c) Notwithstanding anything to the contrary contained in Section 5.1(a), in the event that the Company receives a *bona fide* written Acquisition Proposal from any person after the date hereof and prior to the Company Meeting that was not solicited by the Company and that did not otherwise result from a breach of this Section 5.1, and subject to the Company's compliance with Section 5.1(d), the Company and its Representatives may (i) furnish information with respect to it to such person pursuant to an Acceptable Confidentiality Agreement, provided that (x) the Company provides a copy of such Acceptable Confidentiality Agreement to the Purchaser promptly upon its execution, (y) the person making the Acquisition Proposal is provided with access to such information for a maximum period of five Business Days, and (z) the Company contemporaneously provides to the Purchaser any non-public information concerning the Company that is provided to such person which was not previously provided to the Purchaser or its Representatives, and (ii) participate in any discussions or negotiations regarding such Acquisition Proposal; provided, however, that, prior to taking any action described in clauses (i) or (ii) above, the Company Board determines in good faith, after consultation with its financial advisors and outside legal counsel, that such Acquisition Proposal would, if consummated in accordance with its terms, constitute a Superior Proposal and failure to take such action would be inconsistent with the fiduciary duties of such directors under applicable Law.

(d) The Company shall promptly (and, in any event, within 24 hours) notify the Purchaser, at first orally and thereafter in writing, of any Acquisition Proposal (whether or not in writing) received by the Company, any inquiry received by the Company that could reasonably be expected to constitute or lead to an Acquisition Proposal, or any request received by the Company for non-public information relating to the Company in connection with an Acquisition Proposal or for access to the properties, books or records of the Company by any person that informs the Company that it is considering making an Acquisition Proposal, including a copy of any written Acquisition Proposal, a description of the material terms and conditions of such inquiry or request and the identity of the person making such Acquisition Proposal, inquiry or request, and promptly provide to the Purchaser such other information concerning such Acquisition Proposal, inquiry or request as the Purchaser may reasonably request, including all material or substantive correspondence relating to such Acquisition Proposal. The Company will keep the Purchaser promptly and fully informed of the status, developments and details of any such Acquisition Proposal, inquiry or request, including any material changes, modifications or other amendments thereto.

(e) Except as expressly permitted by this Section 5.1, neither the Company Board, nor any committee thereof shall: (i) make a Change of Recommendation; (ii) accept, approve, endorse or recommend or publicly propose to accept, approve, endorse or recommend any Acquisition Proposal; (iii) permit the Company to accept or enter into, or publicly propose to enter into (or permit any such actions in the case of the Company Board or any committee thereof), any letter of intent, memorandum of understanding or other Contract, agreement in principle, acquisition agreement, merger agreement or similar agreement or understanding (an "**Acquisition Agreement**") with respect to any Acquisition Proposal; or (iv) permit the Company to accept or enter into any Contract requiring the Company to abandon, terminate or fail to consummate the Arrangement or providing for the payment of any break, termination or other fees or expenses to any person proposing an Acquisition Proposal in the event that the Company completes the transactions contemplated hereby or any other transaction with the Purchaser or any of its affiliates.

(f) Notwithstanding anything to the contrary contained in Section 5.1(e), in the event the Company receives a *bona fide* Acquisition Proposal that that Company Board has determined is a Superior Proposal from any person after the date hereof and prior to the Company Meeting, then the Company Board may, prior to the Company Meeting, make a Change of Recommendation and/or enter into an Acquisition Agreement with respect to such Superior Proposal**,** but only if:

(i) the Company did not breach any provision of this Section 5.1 in connection with the preparation or making of such Acquisition Proposal and the Company has complied with the other terms of this Section 5.1(f);

(ii) the Company has given written notice to the Purchaser that it has received a Superior Proposal and that the Company Board has determined that (x) such Acquisition Proposal constitutes a Superior Proposal and (y) the Company Board intends to make a Change of Recommendation and/or enter into an Acquisition Agreement with respect to such Superior Proposal, in each case promptly following the making of such determination, together with a summary of the material terms of any proposed Acquisition Agreement or other agreement relating to such Superior Proposal (together with a copy of such agreement and any ancillary agreements and supporting materials) to be executed with the person making such Superior Proposal, and, if applicable, a written notice from the Company Board regarding the value or range of values in financial terms that the Company Board has, in consultation with its financial advisors, determined should be ascribed to any non-cash consideration offered in the Superior Proposal;

(iii) a period of five full Business Days (such period being the "**Superior Proposal Notice Period**") shall have elapsed from the later of the date the Purchaser received the notice from the Company referred to in Section 5.1(f)(ii) and, if applicable, the notice from the Company Board with respect to any non-cash consideration as contemplated in Section 5.1(f)(ii), and the date on which the Purchaser received copies of the agreements and supporting material set out in Section 5.1(f)(ii);

(iv) if the Purchaser has proposed to amend the terms of the Arrangement in accordance with Section 5.1(g), the Company Board shall have determined in good faith, after consultation with its financial advisors and outside legal counsel, that (x) the Acquisition Proposal remains a Superior Proposal compared to the Arrangement as proposed to be amended by the Purchaser and has provided the Purchaser with full details of the basis on which such determination was made and (y) failure to take such action would be inconsistent with the fiduciary duties of such directors under applicable Law;

(v) the Company concurrently terminates this Agreement pursuant to Section 6.1(d)(i) [*Superior Proposal*]; and

(vi) the Company has previously, or concurrently will have, paid to the Purchaser the Termination Fee pursuant to Section 5.2.

(g) The Company acknowledges and agrees that during the Superior Proposal Notice Period or such longer period as the Company may approve for such purpose, the Purchaser shall have the right, but not the obligation, to propose to amend the terms of this Agreement and the Arrangement. The Company Board will review in good faith any offer made by the Purchaser to amend the terms of this Agreement and the Arrangement in order to determine, in consultation with its financial advisors and outside legal counsel, whether the proposed amendments would, upon acceptance, result in the Acquisition Proposal that previously constituted a Superior Proposal ceasing to be a Superior Proposal. The Company agrees that, subject to the Company's disclosure obligations under applicable Securities Laws, the fact of the making of, and each of the terms of, any such proposed amendments shall be kept strictly confidential and shall not be disclosed to any person (including without limitation, the person having made the Superior Proposal), other than the Company's Representatives, without the Purchaser's prior written consent. If the Company Board determines that such Acquisition Proposal would cease to be a Superior Proposal as a result of the amendments proposed by the Purchaser, the Company will forthwith so advise the Purchaser and will promptly thereafter accept the offer by the Purchaser to amend the terms of this Agreement and the Arrangement and the Parties agree to take such actions and execute such documents as are necessary to give effect to the foregoing. If the Company Board continues to believe in good faith, after consultation with its financial advisors and outside legal counsel, that such Acquisition Proposal remains a Superior Proposal and therefore rejects the Purchaser's offer to amend this Agreement and the Arrangement, if any, the Company may, subject to compliance with the other provisions hereof, make a Change of Recommendation and/or enter into an Acquisition Agreement with respect to such Superior Proposal.

(h) Each successive modification of any Acquisition Proposal shall constitute a new Superior Proposal for the purposes of Section 5.1(f) and shall require a new five full Business Day Superior Proposal Notice Period from the date described in Section 5.1(f)(iii) with respect to such new Acquisition Proposal. In circumstances where the Company provides the Purchaser with notice of a Superior Proposal and all documentation contemplated by Section 5.1(f)(ii) on a date that is less than seven Business Days prior to the Company Meeting, the Company may, and upon the request of the Purchaser, the Company shall, adjourn or postpone the Company Meeting to, either proceed with or postpone the Company Meeting to a date that is not more than seven Business Days after the scheduled date of such Company Meeting, as directed by the Purchaser,

provided, however, that the Company Meeting shall not be adjourned or postponed to a date later than the seventh Business Day prior to the Outside Date.

(i) The Company Board shall reaffirm its recommendation in favour of the Arrangement by news release promptly after (i) the Company Board has determined that any Acquisition Proposal is not a Superior Proposal if the Acquisition Proposal has been publicly announced or made; or (ii) the Company Board makes the determination referred to in Section 5.1(g) that an Acquisition Proposal that has been publicly announced or made and which previously constituted a Superior Proposal has ceased to be a Superior Proposal and the Parties have so amended the terms of this Agreement and the Arrangement. The Purchaser and its outside counsel shall be given a reasonable opportunity to review and comment on the form and content of any such news release and the Company shall give reasonable consideration to all amendments to such press release requested by the Purchaser and its outside counsel. Such news release shall state that the Company Board has determined that such Acquisition Proposal is not a Superior Proposal.

(j) The Company will not become a party to any Contract with any person subsequent to the date hereof that limits or prohibits the Company from (i) providing or making available to the Purchaser and its affiliates and Representatives any information provided or made available to such person or its officers, directors, employees, consultants, advisors, agents or other representatives (including solicitors, accountants, investment bankers and financial advisors) pursuant to an Acceptable Confidentiality Agreement described in this Section 5.1 or (ii) providing the Purchaser and its affiliates and Representatives with any other information required to be given to it by the Company under this Section 5.1.

(k) Nothing in this Agreement shall prevent the Company Board from: (i) responding through a directors' circular or equivalent document as required by applicable Securities Laws to an Acquisition Proposal; or (ii) making any disclosure to the securityholders of the Company if the Company Board, acting in good faith and after consultation with outside legal counsel, shall have first determined that the failure to make such disclosure would be inconsistent with the fiduciary duties of the Company Board or such other disclosure that is otherwise required under applicable Law.

(l) The Company represents and warrants that it has not waived or amended any confidentiality, standstill, non-disclosure or similar agreements, restrictions or covenant to which it or any of its subsidiaries is party. The Company agrees (i) not to release any persons from, or terminate, modify, amend or waive the terms of, any confidentiality agreement or standstill agreement or standstill provisions in any such confidentiality agreement that the Company entered into prior to the date hereof, (ii) to promptly and diligently enforce all standstill, non-disclosure, non-disturbance, non-solicitation and similar covenants that it has entered into prior to the date hereof or enter into after the date hereof. The Company shall forthwith, if provided for in a confidentiality agreement with such person, request the return or destruction of all information provided to any third party that, has entered into a confidentiality agreement with the Company to the extent that such information has not previously been returned or destroyed, and shall use all commercially reasonable efforts to ensure that such requests are honoured.

(m) Without limiting the generality of the foregoing, the Company shall ensure that its subsidiaries and Representatives are aware of the provisions of this Section 5.1, and the Company shall be responsible for any breach of this Section 5.1 by any of its subsidiaries or Representatives.

5.2 Expenses and Termination Fee

(a) "**Termination Fee Event**" means any of the following events:

(i) this Agreement shall have been terminated

(A) by either the Company or the Purchaser pursuant Section 6.1(b)(i) *[Failure to Obtain Company Shareholder Approval]* or Section 6.1(b)(iii) *[Occurrence of Outside Date]*;

(B) by the Purchaser pursuant to Section 6.1(c)(iii) *[Breach of Representations, Warranties or Covenants]*,

and both (x) prior to such termination, an Acquisition Proposal shall have been made public or proposed publicly to the Company, the Company Shareholders, the Company Series D Shareholders or the Company Series E Shareholders after the date hereof and prior to the Company Meeting, and (y) the Company shall have either (1) completed any Acquisition Proposal within 12 months after this Agreement is terminated or (2) entered into an Acquisition Agreement in respect of any Acquisition Proposal or the Company Board shall have recommended any Acquisition Proposal, in each case, within 12 months after this Agreement is terminated, and such Acquisition Proposal in either case, as it may be modified or amended, is subsequently completed (whether before or after the expiry of such 12-month period), provided, however, that for the purposes of this paragraph 5.2(a)(i) all references to "20%" in the definition of Acquisition Proposal shall be changed to "50%"; or

(ii) this Agreement shall have been terminated by the Purchaser pursuant to Section 6.1(c)(i) *[Change of Recommendation]*;

(iii) this Agreement shall have been terminated by either the Company or the Purchaser pursuant to Section 6.1(b)(i) *[Failure to Obtain Company Shareholder Approval]*, if at the time of such termination, the Purchaser was entitled to terminate this Agreement pursuant to Section 6.1(c)(i) *[Change of Recommendation]*;

(iv) this Agreement shall have been terminated by the Purchaser pursuant to Section 6.1(c)(ii) *[Material Breach of Non-Solicitation Covenants]; or*

(v) this Agreement shall have been terminated by the Company pursuant to Section 6.1(d)(i) *[Superior Proposal]*.

(b) If a Termination Fee Event occurs, the Company shall pay to the Purchaser a termination fee of $170,000 (the "**Termination Fee**") by wire transfer in immediately available funds to an account specified by the Purchaser as follows:

(i) in the case of a Termination Fee Event referred to in Section 5.2(a)(i), the Company shall pay the Termination Fee to the Purchaser on or prior to completion of the applicable Acquisition Proposal;

(ii) in the case of a Termination Fee Event referred to in Section 5.2(a)(ii), 5.2(a)(iii) or 5.2(a)(iv), the Company shall pay the Termination Fee to the Purchaser within one Business Day following such termination; or

(iii) in the case of a Termination Fee Event referred to in Section 5.2(a)(v), the Company shall pay the Termination Fee to the Purchaser concurrently with such termination.

(c) Except as otherwise specified herein, each Party will pay its respective legal and accounting costs, fees and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant to this Agreement and any other costs, fees and expenses whatsoever and howsoever incurred, and will indemnify and save harmless the others from and against any claim for any broker's, finder's or placement fee or commission alleged to have been incurred as a result of any action by it in connection with the transactions hereunder.

(d) The Company acknowledges that the agreements contained in this Section 5.2 are an integral part of the transactions contemplated in this Agreement and that without these agreements the Purchaser would not enter into this Agreement.

(e) Each Party acknowledges that all of the payment amounts set out in this Section 5.2 are payments in consideration for the disposition of the Purchaser's rights under this Agreement and represent liquidated damages which are a genuine pre-estimate of the damages which the Purchaser will suffer or incur as a result of the event giving rise to such payment and the resultant termination of this Agreement and are not penalties. The Company irrevocably waives any right that it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, subject to Section 8.14, the Parties agree that the payment of an amount pursuant to this Section 5.2 in the manner provided herein is the sole and exclusive remedy of the Purchaser in respect of the event giving rise to such payment, provided, however, that nothing contained in this Section 5.2, and no payment of any such amount, shall relieve or have the effect of relieving the Company in any way from liability for damages incurred or suffered by the Purchaser as a result of an intentional or wilful breach of this Agreement, including the intentional or wilful making of a misrepresentation in this Agreement and nothing contained in this Section 5.2 shall preclude the Company from seeking injunctive relief in accordance with Section 8.14 to restrain the breach or threatened breach of the covenants or agreements set forth in this Agreement or the Confidentiality Agreement or otherwise to obtain specific performance of any of such acts, covenants or agreements, without the necessity of posting a bond or security in connection therewith.

ARTICLE 6
TERMINATION

6.1 Termination

(a) Termination by Mutual Consent. This Agreement may be terminated at any time prior to the Effective Time by mutual written consent of the Company and the Purchaser.

(b) Termination by either the Company or the Purchaser. This Agreement may be terminated by either the Company or the Purchaser at any time prior to the Effective Time if:

(i) the Company Meeting is held and the Arrangement Resolution is not approved by the Company Shareholders and the Company Series D Shareholders in accordance with applicable Laws and the Interim Order, except that the right to terminate this Agreement under this Section 6.1(b)(i) shall not be available to any Party whose failure to fulfil any of its obligations or breach of any of its representations and warranties under this Agreement has been a principal cause of, or resulted in, the failure to receive approval of the Arrangement Resolution by the Company Shareholders and the Company Series D Shareholders;

(ii) after the date hereof, any Law is enacted or made that remains in effect and that makes the completion of the Arrangement or the transactions contemplated by this Agreement illegal or otherwise prohibited, and such Law has become final and non-appealable; or

(iii) the Effective Time does not occur on or before the Outside Date, except that the right to terminate this Agreement under this Section 6.1(b)(iii) shall not be available to any Party if such Party has not fulfilled any of its obligations or breached any of its representations and warranties under this Agreement which has been a principal cause of, or resulted in, the failure of the Effective Time to occur by the Outside Date.

(c) Termination by the Purchaser. This Agreement may be terminated by the Purchaser at any time prior to the Effective Time if:

(i) either (A) the Company Board fails to publicly make a recommendation that the Company Shareholders and the Company Series D Shareholders vote in favour of the Arrangement Resolution as contemplated in Section 2.2(d), Section 2.5(d) and Section 5.1(i) or the Company or the Company Board, or any committee thereof, withdraws, modifies, qualifies or changes in a manner adverse to the Purchaser the Company Board Recommendation (it being understood that publicly taking no position or a neutral position by the Company and/or the Company Board with respect to an Acquisition Proposal for a period exceeding three Business Days after an Acquisition Proposal has been publicly announced shall be deemed to constitute such a withdrawal, modification, qualification or change), (B) the Purchaser requests that the Company Board reaffirm its recommendation that the Company Shareholders

and the Company Series D Shareholders vote in favour of the Arrangement Resolution and the Company Board shall not have done so by the earlier of (x) the third Business Day following receipt of such request and (y) the Company Meeting, or (C) the Company and/or the Company Board, or any committee thereof, accepts, approves, endorses or recommends any Acquisition Proposal or proposes publicly to accept, approve, endorse or recommend any Acquisition Proposal (each of the foregoing, a "**Change of Recommendation**");

(ii) the Company breaches Section 5.1 in any material respect;

(iii) subject to compliance with Section 6.3, the Company breaches any of its representations, warranties, covenants or agreements contained in this Agreement, which breach would cause any of the conditions set forth in Section 7.1 or Section 7.3 not to be satisfied and such breach is incapable of being cured or is not cured in accordance with the terms of Section 6.3, provided, however, that the Purchaser is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 7.1 or Section 7.2 not to be satisfied; or

(iv) a Material Adverse Effect has occurred after the date of this Agreement and is continuing.

(d) Termination by the Company. This Agreement may be terminated by the Company at any time prior to the Effective Time subject to compliance with Section 6.3, if

(i) at any time prior to the approval of the Arrangement Resolution, the Company Board approves and authorizes the Company to enter into an Acquisition Agreement (other than an Acceptable Confidentiality Agreement) with respect to a Superior Proposal in accordance with Section 5.1(f), provided that concurrently with such termination, the Company pays the Termination Fee payable pursuant to Section 5.2; or

(ii) subject to compliance with Section 6.3, the Purchaser breaches any of its representations, warranties, covenants or agreements contained in this Agreement, which breach would cause any of the conditions set forth in Section 7.1 or Section 7.2 not to be satisfied and such breach is incapable of being cured or is not cured in accordance with the terms of Section 6.3, provided, however, that the Company is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 7.1 or Section 7.3 not to be satisfied.

6.2 Void upon Termination

If this Agreement is terminated pursuant to Section 6.1, this Agreement shall become void and of no force and effect and no Party will have any liability or further obligation to the other Party hereunder, except that (i) any liability of the Company to pay a Termination Fee that is unpaid at the time of termination of the Agreement and (ii) the provisions of Section 4.2,

Section 5.2, this Section 6.2 and Article 8 (other than Section 8.6 and Section 8.9), shall survive any termination hereof pursuant to Section 6.1, provided, however, that neither the termination of this Agreement nor anything contained in Section 5.2 or this Section 6.2 will relieve any Party from any liability for any intentional or wilful breach by it of this Agreement, including any intentional or wilful making of a misrepresentation in this Agreement. Notwithstanding anything to the contrary contained in this Agreement, the Confidentiality Agreement shall survive any termination hereof pursuant to Section 6.1.

6.3 Notice and Cure Provisions

If any Party determines at any time prior to the Effective Time that it intends to refuse to complete the transactions contemplated hereby because of any unfilled or unperformed condition contained in this Agreement, such Party will so notify the other Party forthwith upon making such determination in order that the other Party will have the right and opportunity to take such steps, at its own expense, as may be necessary for the purpose of fulfilling or performing such condition within a reasonable period of time, but in no event later than the Outside Date. Neither the Company nor the Purchaser may elect not to complete the transactions contemplated hereby pursuant to the conditions precedent contained in Article 7 hereof or exercise any termination right arising therefrom and no payments will be payable as a result of such election pursuant to Article 7 unless forthwith and in any event prior to the Effective Time the Party intending to rely thereon has given a written notice to the other Party specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party giving such notice is asserting as the basis for the non-fulfillment of the applicable condition precedent or the exercise of the termination right, as the case may be. If any such notice is given, provided that the other Party is proceeding diligently to cure such matter, if such matter is susceptible to being cured, the Party giving such notice may not terminate this Agreement as a result thereof until the earlier of the Outside Date and the expiration of a period of 15 Business Days from such notice. If such notice has been given prior to the date of the Company Meeting, such meeting, unless the Parties otherwise agree, will be postponed or adjourned until the expiry of such period (without causing any breach of any other provision contained herein).

ARTICLE 7
CONDITIONS PRECEDENT

7.1 Mutual Conditions Precedent

The respective obligations of the Parties to complete the Arrangement are subject to the satisfaction, or mutual waiver by the Parties, on or before the Effective Date, of each of the following conditions, each of which are for the mutual benefit of the Parties and which may be waived, in whole or in part, by the mutual consent of the Purchaser and the Company at any time:

(a) the Arrangement Resolution will have been approved by the Company Shareholders and the Company Series D Shareholders at the Company Meeting in accordance with the Interim Order and applicable Laws;

(b) each of the Interim Order and Final Order will have been obtained in form and substance satisfactory to each of the Company and the Purchaser, each acting

reasonably, and will not have been set aside or modified in any manner unacceptable to either the Company or the Purchaser, each acting reasonably, on appeal or otherwise;

(c) the Purchaser shall have made the required filings with the CSE to list the Consideration Shares thereon, other than customary post-closing filings required to be submitted within the applicable time frame pursuant the rules of the CSE;

(d) no Law will have been enacted, issued, promulgated, enforced, made, entered, issued or applied and no Proceeding will otherwise have been taken under any Laws or by any Governmental Authority (whether temporary, preliminary or permanent) that makes the Arrangement illegal or otherwise directly or indirectly cease trades, enjoins, restrains or otherwise prohibits completion of the Arrangement;

(e) the Consideration Shares and Replacement Options to be issued pursuant to the Arrangement shall be exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof and pursuant to exemptions from applicable state securities laws, provided, however, that the Company shall be not entitled to the benefit of the conditions in this subsection 7.1(e), and shall be deemed to have waived such condition in the event that the Company fails to (A) advise the Court prior to the hearing in respect of the Interim Order that the Purchaser intends to rely on the exemption from registration afforded by Section 3(a)(10) of the U.S. Securities Act based on the Court's approval of the Arrangement or (B) comply with the requirements set forth in Section 2.12, and the Final Order shall reflect such reliance; and

(f) this Agreement shall not have been terminated in accordance with its terms.

7.2 Additional Conditions Precedent to the Obligations of the Company

The obligation of the Company to complete the Arrangement will be subject to the satisfaction or waiver by the Company, on or before the Effective Date, of each of the following conditions, each of which is for the exclusive benefit of the Company and which may be waived by the Company at any time, in whole or in part, in its sole discretion and without prejudice to any other rights that the Company may have:

(a) the Purchaser shall have complied in all material respects with its obligations, covenants and agreements in this Agreement to be performed and complied with on or before the Effective Date;

(b) the representations and warranties of the Purchaser in Section 3.2 shall be true and correct (disregarding for this purpose all materiality or Purchaser Material Adverse Effect qualifications contained therein) as of the Effective Date as if made on and as of such date (except for such representations and warranties which refer to or are made as of another specified date, in which case such representations and warranties will have been true and correct as of that date) and except (i) as affected by transactions, changes, conditions, events or circumstances expressly permitted by this Agreement or (ii) for breaches of representations and warranties which have

not had and would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect or prevent or significantly impede or materially delay the completion of the Arrangement;

(c) the Purchaser shall have complied with its obligations under Section 2.11 and the Depositary shall have confirmed receipt of the Consideration Shares; and

(d) the Company shall have received a certificate of the Purchaser signed by a senior officer of the Purchaser and dated the Effective Date certifying that the conditions set out in Section 7.2(a) and Section 7.2(b) have been satisfied, which certificate will cease to have any force and effect after the Effective Time.

7.3 Additional Conditions Precedent to the Obligations of the Purchaser

The obligation of the Purchaser to complete the Arrangement will be subject to the satisfaction, or waiver by the Purchaser, on or before the Effective Date, of each of the following conditions, each of which is for the exclusive benefit of the Purchaser and which may be waived by the Purchaser at any time, in whole or in part, in its sole discretion and without prejudice to any other rights that the Purchaser may have:

(a) the Company shall have complied in all material respects with its obligations, covenants and agreements in this Agreement to be performed and complied with on or before the Effective Date;

(b) the representations and warranties of the Company in Section 3.1 shall be true and correct (disregarding for this purpose all materiality or Material Adverse Effect qualifications contained therein) as of the Effective Date as if made on and as of such date (except for such representations and warranties which refer to or are made as of another specified date, in which case such representations and warranties will have been true and correct as of that date) except (i) as affected by transactions, changes, conditions, events or circumstances expressly permitted by this Agreement or (ii) for breaches of representations and warranties (other than those contained in Sections 3.1(a) *[Organization and Qualification]*, 3.1(d) *[Authority Relative to this Agreement]*, 3.1(g) *[Capitalization]*, Section 3.1(n)(ii) *[No MAE])* which have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, it being understood that it is a separate condition precedent to the obligations of the Purchaser hereunder that the representations and warranties made by the Company in 3.1(a) *[Organization and Qualification]*, 3.1(d) *[Authority Relative to this Agreement]*, 3.1(g) *[Capitalization]*, Section 3.1(n)(ii) *[No MAE])* must be accurate in all respects when made and as of the Effective Date;

(c) Company Shareholders, Company Series D Shareholders and Company Series E Shareholders shall not have exercised Dissent Rights, or have instituted proceedings to exercise Dissent Rights, in connection with the Arrangement (other than Company Shareholders, Company Series D Shareholders and Company Series

E Shareholders representing not more than 5% of the Company Shares then outstanding);

(d) since the date of this Agreement, there shall not have occurred, or have been disclosed to the public (if previously undisclosed to the public) a Material Adverse Effect;

(e) the Company shall have taken all actions required to be taken by them pursuant to Section 4.3(c) to give effect to the U.S. Regulatory Conditions set out in Schedule C hereto;

(f) the Key Employees shall have entered into new employment or consulting agreements with respect to their roles with the Purchaser or any of its subsidiaries, to be effective immediately following the Effective Time, which shall include a full release of claims for any and all compensation owned up to the Effective Date;

(g) each of the executive officers of the Company entitled to a change of control payment pursuant to the terms of such officer's existing employment agreement with the Company or a subsidiary of the Company shall have entered into an amended employment agreement with the Purchaser pursuant to which:

(i) such change of control payments will be satisfied in full by the issuance of 1,494,720 Purchaser Shares at a deemed price of CAD$0.25 per Purchaser Share, to be issued at the 36-month anniversary of the Effective Date; subject to acceleration in accordance with the terms of the amending agreement; and

(ii) any unpaid wages owing prior to October 1, 2021 will be satisfied in full by the issuance of Company Shares (to be exchanged for Purchaser Shares in accordance with the terms of the Arrangement) immediately prior to the Effective Time at a price of CAD$0.05 per Company Share;

(h) the Debenture Amendments shall have been approved by the Company Debenture Holders and shall have become effective prior to the Effective Time;

(i) the Series D Amendments shall have been approved by the Company Series D Shareholders and shall have become effective prior to the Effective Time;

(j) the Series E Amendments shall have been approved by the Company Series E Shareholders and shall have become effective prior to the Effective Time;

(k) all securities pledged by the Pledgors pursuant to the Securities Pledge Agreements shall have been fully released in form and substance acceptable to the Purchaser, acting reasonably;

(l) all Company Series D Shares and Company Series E Shares that are owned legally or beneficially by [redacted], either directly or indirectly, or over which [redacted] exercises control or direction, either directly or indirectly, shall have been converted into Company Shares prior to the execution of this Agreement;

[Redacted for confidentiality purposes]

(m) the Company and its subsidiaries' total liabilities as of the Effective Date shall not be in excess of $2,517,522 on a consolidated basis and such liabilities shall be on standard terms in accordance with the Company's ordinary course of business;

(n) no more than 8,500,000 Company Series D Shares shall have been converted by Company Series D Shareholders into Company Shares prior to the Effective Time;

(o) the Purchaser shall have received a certificate of the Company signed by a senior officer of the Company and dated the Effective Date certifying that the conditions set out in Section 7.3(a), Section 7.3(b), Section 7.3(c), Section 7.3(d), Section 7.3(e), Section 7.3(h), Section 7.3(i), Section 7.3(j), Section 7.3(k), Section 7.3(l), Section 7.3(m) and Section 7.3(n) have been satisfied, which certificate will cease to have any force and effect after the Effective Time;

(p) all waivers, consents, permits, approvals, releases, licences or authorizations under or pursuant to any Material Contract which the Purchaser has determined in its sole and absolute discretion are necessary in connection with the completion of the Arrangement, will have been obtained on terms which are satisfactory to the Purchaser, acting reasonably;

(q) there shall not be pending or threatened in writing any Proceeding by any Governmental Authority or any other person that is reasonably likely to result in any:

(i) prohibition or restriction on the acquisition by the Purchaser of any Company Shares, Company Series D Shares or Company Series E Shares or the completion of the Arrangement or any person obtaining from any of the Parties any material damages directly in connection with the Arrangement;

(ii) prohibition or material limit on the ownership by the Purchaser of the Company or any material portion of their respective businesses; or

(iii) imposition of limitations on the ability of the Purchaser to acquire or hold, or exercise full rights of ownership of, any Company Shares, Company Series D Shares or Company Series E Shares, including the right to vote such Company Shares, Company Series D Shares or Company Series E Shares;

(r) the Company shall have provided to the Purchaser evidence, in form and substance acceptable to Purchaser in its sole and absolute discretion, that: (1) the Company, each of its subsidiaries, and each Licensed Entity, as applicable, has terminated any and all oral Contracts of any kind or nature, involving [redacted] (the "**Contractor**"); and (2) the Company, each of its subsidiaries, and each Licensed Entity, as applicable, has received a waiver and release, in form and substance satisfactory to the Purchaser, acting reasonably, of all Proceedings or liabilities involving or related to the Contractor; **[Redacted for confidentiality purposes]**

(s) subject to the Purchaser providing written notice to the Company at least 10 days prior to the Effective Date that the Purchaser is requiring the Company, its

subsidiaries, and its ERISA Affiliates, as applicable, to terminate any Employee Plan maintained by the Company, its subsidiaries or its ERISA Affiliates, the Company, its subsidiaries, and its ERISA Affiliates, as applicable, shall prior to the Effective Date, terminate by all necessary and appropriate actions of the Company Board, its subsidiaries, and its ERISA Affiliates, as applicable, such Employee Plans as may be requested by the Purchaser pursuant to this Section 7.3(s) and the Company shall cause the cancellation on and prior to the Effective Date of any Contract, arrangement, or insurance policy relating to any such Employee Plan; provided that all resolutions, notices, or other documents issued, adopted or executed by the Company, its subsidiaries, and its ERISA Affiliates in connection with the implementation of this Section 7.3(s) shall be subject to the Purchaser's reasonable prior review and approval, which approval shall not be unreasonably withheld, conditioned or delayed; and the Purchaser shall reimburse the Company, up to $50,000 in respect of the Company's out-of-pocket and documented administrative costs associated with any such termination required by the Purchaser pursuant to this Section 7.3(s);

(t) the Company shall have provided to the Purchaser evidence, in form and substance acceptable to Purchaser in its sole and absolute discretion, that any Proceeding by a Governmental Authority, existing on or before the Effective Date, including, without limitation, any investigation, order, penalty, or administrative violation notice issued to or against any Licensed Entity, has been dismissed, settled, or fully resolved prior to or as of the Effective Date, including, without limitation, compliance with any terms, restrictions, requests, or orders of a Governmental Authority and payment of all fees, fines, or penalties as a condition to the dismissal, settlement, or resolution thereof, which shall specifically include Administrative Violation Notice [redacted] pending against Ionic, Inc.;

[Redacted for confidentiality purposes]

(u) the Company shall have provided to the Purchaser evidence, in form and substance acceptable to Purchaser in its sole and absolute discretion, that, with the exception of the Settlement Agreement and the Waiver and Release, the Company, each of its subsidiaries, and each Licensed Entity, as applicable, has terminated any and all agreements, of any kind or nature, involving [redacted] regardless of whether they are individually or collectively party to the agreements;

[Redacted for confidentiality purposes]

(v) the Company shall have provided to the Purchaser evidence, in form and substance acceptable to the Purchaser in its sole and absolute discretion, that: (1) [redacted] has purchased 100% of the issued and outstanding shares of Cowlitz County Cannabis Cultivation Inc. from its existing shareholders, such that [redacted] is the sole shareholder thereof; and (2) that such purchase has received Regulatory Approval from all applicable Governmental Authorities, including, without limitation, written confirmation from the Washington State Liquor and Cannabis Board, approving [redacted] as a true party of interest of Cowlitz County Cannabis Cultivation Inc. and Washington State Liquor and Cannabis Board license # [redacted], as well as vetting and approval of any source of funds associated with the acquisition of such ownership interest;

[Redacted for confidentiality purposes]

[Redacted for confidentiality purposes]

(w) the Company, its subsidiaries and the Licensed Entities, as applicable, shall have terminated all existing agreements by and between the Company, its subsidiaries and the Licensed Entities, as applicable, and shall have entered into such Ancillary Cannabis Agreements, a non-exhaustive list of which is described on Schedule C hereto, as identified by the Purchaser and each in a form and substance acceptable to the Purchaser in its sole and absolute discretion;

(x) the Purchaser shall have applied for and received Oregon Liquor and Cannabis Commission (the "**OLCC**") recreational marijuana Cannabis Licenses of the kind held by Blacklist Holdings OR, Inc., and Blacklist Holdings OR, Inc. shall have surrendered its existing Cannabis Licenses in accordance with the OLCC's change of ownership procedures and all other applicable Laws;

(y) the Purchaser shall have applied for and received any other licenses and permits necessary from any other Governmental Authority required for Purchaser or its affiliates to carry on the operation of its business, as determined in the Purchaser's sole and absolute discretion, including, without limitation any and all licenses and permits related to Hemp; and

(z) the Company shall have provided to the Purchaser, in a form and substance acceptable to the Purchaser in its sole and absolute discretion, evidence of Regulatory Approval by all applicable Governmental Authorities of the Ancillary Cannabis Agreements.

ARTICLE 8
GENERAL

8.1 Notices

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and will be given by personal delivery or by electronic mail addressed to the recipient as follows:

(a) if to the Purchaser as follows:

YourWay Cannabis Brands Inc.
2200 - 885 W Georgia Street
Vancouver, British Columbia
V6C 3E8

Attention: Jakob Ripshtein
E-mail: [redacted] **[Redacted for confidentiality purposes]**

with a copy (which will not constitute notice) to:

Cassels Brock & Blackwell LLP
2100 Scotia Plaza

40 King Street West
Toronto, Ontario M5H 3C2

Attention: Jamie Litchen / Jonathan Sherman
Email: jlitchen@cassels.com / jsherman@cassels.com

(b) if to the Company:

Ionic Brands Corp.
1142 Broadway, Suite 300
Tacoma, WA
98402

Attention: John Gorst
E-mail: john.gorst@ionicbrands.com

with a copy (which will not constitute notice) to:

McMillan LLP
1055 West Georgia Street, Suite 1500
Vancouver, British Columbia V6E 4N7

Attention: Desmond Balakrishnan
E-mail: desmond.balakrishnan@mcmillan.ca

or to such other street address, individual or electronic communication number or address as may be designated by notice given by either Party to the other. Any demand, notice or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by electronic mail, on the day of transmittal thereof if given during the normal business hours of the recipient and on the next Business Day if not given during such hours on any day.

8.2 Assignment

The Company agrees that the Purchaser may assign all or any part of its rights under this Agreement to, and its obligations under this Agreement may be assumed by, a wholly-owned direct or indirect subsidiary of the Purchaser, provided that the Purchaser shall continue to be liable jointly and severally with such subsidiary for all obligations hereunder. Subject to the foregoing, neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any Party without the prior written consent of the other Party.

8.3 Benefit of Agreement

This Agreement will enure to the benefit of and be binding upon the respective successors (including any successor by reason of amalgamation or statutory arrangement) and permitted assigns of the Parties.

8.4 Third Party Beneficiaries

Except as provided in Section 4.8 which, without limiting its terms, is intended for the benefit of the present and former directors and officers of the Company and its subsidiaries, as and to the extent applicable in accordance with its terms (collectively, the "**Third-Party Beneficiaries**"), the Parties intend that this Agreement will not benefit or create any right or cause of action in favour of any person, other than the Parties and that no person, other than the Parties, shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum. The Parties acknowledge to each of the Third-Party Beneficiaries their direct rights against the applicable Party under Section 4.8, which are intended for the benefit of, and shall be enforceable by, each Third-Party Beneficiary, his or her heirs, executors, administrators and legal representatives, and for such purpose, the Company shall hold the rights and benefits of Section 4.8 in trust for and on behalf of the Third-Party Beneficiaries and the Company hereby accepts such trust and agrees to hold the benefit of and enforce performance of such covenants on behalf of the Third-Party Beneficiaries.

8.5 Time of Essence

Time is of the essence of this Agreement.

8.6 Public Announcements

No Party shall issue any press release or otherwise make written public statements with respect to the Arrangement or this Agreement without the consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed). The Company shall not make any filing with any Governmental Authority with respect to the Arrangement or the transactions contemplated hereby without prior consultation with the Purchaser, and the Purchaser shall not make any filing with any Governmental Authority with respect to the Arrangement or the transactions contemplated hereby without prior consultation with the Company, provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any disclosure or filing required under applicable Laws, and the Party making the disclosure shall use commercially reasonable efforts to give prior oral or written notice to the other Party and reasonable opportunity for the other Party to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing), and if such prior notice is not possible, to give notice immediately following the making of any such disclosure or filing, and provided further, however, that, except as otherwise required by Section 5.1, the Company shall have no obligation to obtain the consent of or consult with the Purchaser prior to any press release, public statement, disclosure or filing by the Company with regard to an Acquisition Proposal or a Change of Recommendation.

8.7 Governing Law; Attornment; Service of Process

This Agreement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of British Columbia and the federal laws of Canada applicable therein. Each of the Parties hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of British Columbia in respect of all matters arising under and in relation to

this Agreement or the Arrangement and waives, to the fullest extent possible, the defence of an inconvenient forum or any similar defence to the maintenance of proceedings in such courts.

8.8 Entire Agreement

This Agreement constitutes, together with the Confidentiality Agreement, the entire agreement between the Parties with respect to the subject matter hereof and thereof. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Parties with respect thereto except as expressly set forth in this Agreement and the Confidentiality Agreement.

8.9 Amendment

(a) Subject to the terms of the Interim Order, the Final Order, the Plan of Arrangement and applicable Laws, this Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Company Meeting but not later than the Effective Time, be amended by written agreement of the Parties without, subject to applicable Laws, further notice to or authorization on the part of the Company Shareholders or the Company Series D Shareholders, and any such amendment may, without limitation:

(i) change the time for performance of any of the obligations or acts of the Parties;

(ii) waive any inaccuracies or modify any representation, term or provision contained herein or in any document delivered pursuant hereto; or

(iii) waive compliance with or modify any of the conditions precedent referred to in Article 7 or any of the covenants herein contained or waive or modify performance of any of the obligations of the Parties,

provided, however, that no such amendment may reduce or materially affect the consideration to be received by the Company Shareholders, the Company Series D Shareholders and the Company Series E Shareholders under the Arrangement without their approval at the Company Meeting or, following the Company Meeting, without their approval given in the same manner as required by applicable Laws for the approval of the Arrangement as may be required by the Court.

(b) Notwithstanding the foregoing, the Plan of Arrangement may only be supplemented or amended in accordance with the provisions thereof.

8.10 Waiver and Modifications

Any Party may (a) waive, in whole or in part, any inaccuracy of, or consent to the modification of, any representation or warranty made to it hereunder or in any document to be delivered pursuant hereto, (b) extend the time for the performance of any of the obligations or acts of the other Parties (c) waive or consent to the modification of any of the covenants herein contained for its benefit or waive or consent to the modification of any of the obligations of the other Parties hereto or (d) waive the fulfillment of any condition to its own obligations contained herein. No waiver or consent to the modifications of any of the provisions of this Agreement will be effective or binding unless made in writing and signed by the Party or Parties purporting to give

the same and, unless otherwise provided, will be limited to the specific breach or condition waived. The rights and remedies of the Parties hereunder are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at law or in equity or otherwise. No single or partial exercise by a Party of any right or remedy precludes or otherwise affects any further exercise of such right or remedy or the exercise of any other right or remedy to which that Party may be entitled. No waiver or partial waiver of any nature, in any one or more instances, will be deemed or construed a continued waiver of any condition or breach of any other term, representation or warranty in this Agreement.

8.11 Severability

If any provision of this Agreement is determined by any court of competent jurisdiction to be illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions will continue in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

8.12 Mutual Interest

Notwithstanding the fact that any part of this Agreement has been drafted or prepared by or on behalf of one of the Parties, all Parties confirm that they and their respective counsel have reviewed and negotiated this Agreement and that the Parties have adopted this Agreement as the joint agreement and understanding of the Parties, and the language used in this Agreement will be deemed to be the language chosen by the Parties to express their mutual intent, and the Parties waive the application of any Laws or rule of construction providing that ambiguities in any agreement or other document will be construed against the Party drafting such agreement or other document and agree that no rule of construction providing that a provision is to be interpreted in favour of the person who contracted the obligation and against the person who stipulated it will be applied against any Party.

8.13 Further Assurances

Subject to the provisions of this Agreement, the Parties will, from time to time, do all acts and things and execute and deliver all such further documents and instruments, as the other Parties may, either before or after the Effective Date, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement and, in the event the Arrangement becomes effective, to document or evidence any of the transactions or events set out in the Plan of Arrangement.

8.14 Injunctive Relief

Subject to Section 5.2(e), the Parties agree that irreparable harm would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached for which money damages would not be an adequate remedy at law. It is accordingly agreed that the Parties will be entitled to an injunction or injunctions, specific performance and other equitable relief to prevent breaches of this Agreement,

any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief hereby being waived.

8.15 No Personal Liability

(a) No director, officer or employee of the Purchaser will have any personal liability to the Company under this Agreement or any other document delivered in connection with this Agreement or the Arrangement on behalf of the Purchaser.

(b) No director, officer or employee of the Company will have any personal liability to the Purchaser under this Agreement or any other document delivered in connection with this Agreement or the Arrangement on behalf of the Company.

8.16 Counterparts

This Agreement may be executed and delivered in any number of counterparts (including by facsimile or electronic transmission), each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

[Remainder of page has been left intentionally blank]

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

YOURWAY CANNABIS BRANDS INC.

By: *"Jakob Ripshtein"*
Name: Jakob Ripshtein
Title: Executive Chairman

IONIC BRANDS CORP.

By: *"John Gorst"*
Name: John Gorst
Title: CEO

SCHEDULE A
FORM OF PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT UNDER DIVISION 5 OF PART 9 OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

ARTICLE 1
INTERPRETATION

1.1 Definitions.

Unless indicated otherwise, where used in this Plan of Arrangement, capitalized terms used but not defined shall have the meanings ascribed thereto in the Arrangement Agreement and the following terms shall have the following meanings (and grammatical variations of such terms shall have corresponding meanings):

"**Arrangement**" means the arrangement of the Company under Section 288 of the BCBCA on the terms and subject to the conditions set forth in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the terms of the Arrangement Agreement or Section 6.1 of this Plan of Arrangement or made at the direction of the Court in the Interim Order or Final Order with the prior written consent of the Purchaser and the Company, each acting reasonably.

"**Arrangement Agreement**" means the arrangement agreement dated as of April 20, 2022 between the Purchaser and the Company, including the schedules thereto, providing for, among other things, the Arrangement, as the same may be amended, supplemented or restated in accordance therewith, prior to the Effective Time.

"**Arrangement Resolution**" means the special resolution to be considered and, if thought advisable, passed by the Company Shareholders and Company Series D Shareholders at the Company Meeting to approve this Plan of Arrangement, to be substantially in the form of Schedule B to the Arrangement Agreement.

"**BCBCA**" means the *Business Corporations Act* (British Columbia).

"**Business Day**" means a day other than a Saturday, a Sunday or any other day on which commercial banking institutions in Vancouver, British Columbia are authorized or required by applicable Law to be closed.

"**Circular**" means the notice of meeting and accompanying management information circular (including all schedules, appendices and exhibits thereto) to be sent to the Company Shareholders and Company Series D Shareholders in connection with the Company Meeting, including any amendments or supplements thereto;

"**Company**" means Ionic Brands Corp., a corporation continued under the BCBCA.

"**Company April 2021 Warrants**" means the 2,000,000 warrants of the Company, each exercisable to acquire one Company Share until April 16, 2026 at an exercise price of $0.195 per Company Share, subject to adjustment in accordance with their terms.

"**Company Closing Share Price**" means the closing market price of the Company Shares on the CSE on the trading day preceding the Effective Date.

"**Company Convertible Debentures**" means the 10.00% secured convertible debentures of the Company due May 16, 2022 issued pursuant to the Company Debenture Indenture.

"**Company Debenture Holders**" means holders of one or more Company Convertible Debentures.

"**Company Debenture Indenture**" means the indenture between the Company and Odyssey Trust Company dated as of May 16, 2019 as amended and restated on December 20, 2019 and supplemented by a first supplemental indenture dated as of February 21, 2020 and a second supplemental indenture dated as of April 20, 2021.

"**Company December 2020 Warrants**" means the 27,083 warrants of the Company, each exercisable to acquire one Company Share until December 31, 2023 at an exercise price of $0.30 per Company Share, subject to adjustment in accordance with their terms.

"**Company March 2021 Cowlitz Warrants**" means the 4,000,000 warrants of the Company, each exercisable to acquire one Company Share until March 5, 2026 at an exercise price of $0.30 per Company Share, subject to adjustment in accordance with their terms.

"**Company March 2021 Finders Warrants**" means the 7,379,540 warrants of the Company, each exercisable to acquire one Company Share until March 2, 2023 at an exercise price of $0.19 per Company Share.

"**Company March 2021 Svenson Warrants**" means the 2,000,000 warrants of the Company, each exercisable to acquire one Company Share until March 8, 2026 at an exercise price of $0.175 per Company Share.

"**Company March 2021 Warrant Indenture**" means the warrant indenture between the Company and Odyssey Trust Company dated March 2, 2021.

"**Company March 2021 Warrants**" means the 77,695,502 warrants of the Company, each exercisable to acquire one Company Share until March 2, 2026 at an exercise price of $0.30 per Company Share, subject to adjustment in accordance with the terms of the Company March 2021 Warrant Indenture.

"**Company May 2019 Compensation and Finders Warrant**" means the 187 compensation and finders warrants of the Company, each exercisable to acquire one unit of the Company with each unit comprised of (a) one Company Convertible Debenture and (b) 1,333 Company May 2019 Warrants, until May 16, 2022 at an exercise price of $6,000 per unit, subject to adjustment in accordance with their terms.

"**Company May 2019 Warrant Indenture**" means the warrant indenture between the Company and Odyssey Trust Company dated May 16, 2019 as supplemented by supplemental indenture dated as of February 21, 2020.

"**Company May 2019 Warrants**" means the 4,389,791 warrants of the Company, each exercisable to acquire one Company Share until May 16, 2022 at an exercise price of $0.45 per

Company Share, subject to adjustment in accordance with the terms of the Company May 2019 Warrant Indenture.

"**Company Meeting**" means the special meeting of the Company Shareholders and the Company Series D Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order for the purpose of considering and, if thought advisable, approving the Arrangement Resolution and any other matters as may be set out in the Circular and agreed to by the Purchaser, acting reasonably;

"**Company Optionholder**" means a holder of one or more Company Options.

"**Company Option Plan**" means the Stock Option Plan of the Company approved by the Company Shareholders on May 27, 2016.

"**Company Option In-The-Money-Amount**" in respect of a Company Option means the amount, if any, by which the total Fair Market Value of the Company Shares that a holder is entitled to acquire on exercise of the Company Option immediately before the Effective Time exceeds the aggregate exercise price to acquire such Company Shares at that time.

"**Company Options**" means all options to acquire Company Shares outstanding immediately prior to the Effective Time granted pursuant to or otherwise subject to the Company Option Plan.

"**Company September 2019 Warrants**" means the 802,933 warrants of the Company, each exercisable to acquire one Company Share until September 19, 2022 at an exercise price of $7.98 per Company Share, subject to adjustment in accordance with their terms.

"**Company Series D Shareholder**" means a holder of one or more of Company Series D Shares.

"**Company Series D Shares**" means the series D voting preferred shares in the capital of the Company.

"**Company Series E Shareholder**" means a holder of one or more of Company Series E Shares.

"**Company Series E Shares**" means the series E non-voting preferred shares in the capital of the Company.

"**Company Shareholder**" means a holder of one or more Company Shares.

"**Company Shares**" means the common shares in the capital of the Company.

"**Company Warrant Holder**" means a holder of one or more Company Warrants.

"**Company Warrant Indentures**" means the Company March 2021 Warrant Indenture and the Company May 2019 Warrant Indenture.

"**Company Warrants**" means, collectively, the Company April 2021 Warrants, the Company December 2020 Warrants, the Company March 2021 Cowlitz Warrants, the Company March 2021 Finders Warrants, the Company March 2021 Svenson Warrants, the Company March 2021 Warrants, the Company May 2019 Warrants and the Company September 2019 Warrants.

"**Consideration**" means 0.0525 of a Purchaser Share to be received by Company Shareholders (other than the Purchaser or its affiliates and Dissenting Shareholders) pursuant to the Plan of

Arrangement in respect of each Company Share that is issued and outstanding immediately prior to the Effective Time, subject to adjustment in accordance with Section 2.16 of the Arrangement Agreement.

"**Consideration Shares**" means the Purchaser Shares to be issued pursuant to the Arrangement.

"**Court**" means the Supreme Court of British Columbia, or other court as applicable.

"**CSE**" means Canadian Securities Exchange.

"**Depositary**" means Olympia Trust Company or any other trust company, bank or other financial institution agreed to in writing by the Company and the Purchaser for the purpose of, among other things, exchanging certificates representing Company Shares, Company Series D Shares and Company Series E Shares for the Consideration Shares in connection with the Arrangement.

"**Dissent Rights**" has the meaning specified in Section 3.1.

"**Dissenting Shareholder**" means a registered holder of Company Shares, Company Series D Shares or Company Series E Shares who has properly exercised its Dissent Rights in respect of the Arrangement Resolution in accordance with Section 3.1 and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Right and who is ultimately determined to be entitled to be paid the fair value of its Company Shares, Company Series D Shares or Company Series E Shares, as applicable.

"**Dissenting Shares**" means the Company Shares, Company Series D Shares or Company Series E Shares, as applicable, held by Dissenting Shareholders in respect of which such Dissenting Shareholders have given Notice of Dissent.

"**Effective Date**" means the date upon which all of the conditions to completion of the Arrangement as set forth in the Arrangement Agreement have been satisfied or waived and all documents agreed to be delivered thereunder have been delivered to the satisfaction of the Parties, acting reasonably.

"**Effective Time**" means 12:01 a.m. (Vancouver time) on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

"**Exchange Ratio**" means 0.0525 of a Consideration Share to be issued by the Purchaser for each one Company Share exchanged pursuant to the Arrangement.

"**Fair Market Value**" means the volume weighted average trading price of the Company Shares on the CSE for the five-trading day period immediately prior to the Effective Date.

"**Final Order**" means the final order of the Court approving the Arrangement pursuant to subsection 291(4) of the BCBCA, in form and substance acceptable to the Company and the Purchaser, each acting reasonably, after a hearing upon the procedural and substantive fairness of the terms and conditions of the Arrangement, as such order may be affirmed, amended, modified, supplemented or varied by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, as affirmed or amended (provided that any such amendment, modification, supplement or variation is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal unless such appeal is withdrawn, abandoned or denied.

"**Former Shareholders**" means the holders of Company Shares immediately following the completion of the steps in Section 2.3(c).

"**Governmental Authority**" means any multinational, federal, provincial, territorial, state, regional, municipal, local or other government or governmental body and any division, agent, official, agency, commission, board or authority of any government, governmental body, quasi-governmental or private body (including the CSE or any other stock exchange) exercising any statutory, regulatory, expropriation or taxing authority under the authority of any of the foregoing and any domestic, foreign or international judicial, quasi-judicial or administrative court, tribunal, commission, board, panel or arbitrator acting under the authority of any of the foregoing.

"**Interim Order**" means the interim order of the Court to be issued following the application therefor submitted to the Court pursuant to subsection 291(2) of the BCBCA as contemplated by Section 2.2(b) of the Arrangement Agreement, after being informed of the intention to rely upon the exemption from registration under Section 3(a)(10) of the U.S. Securities Act with respect to the Consideration Shares and Replacement Options issued pursuant to the Arrangement, in form and substance acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as such order may be affirmed, amended, modified, supplemented or varied by the Court with the consent of both the Company and the Purchaser, each acting reasonably.

"**Laws**" means all laws, statutes, codes, ordinances (including zoning), decrees, rules, regulations, by-laws, notices, judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, injunctions, orders, decisions, settlements, writs, assessments, arbitration awards, rulings, determinations or awards, decrees or other requirements of any Governmental Authority having the force of law and any legal requirements arising under the common law or principles of law or equity and the term "applicable" with respect to such Laws and, in the context that refers to any person, means such Laws as are applicable at the relevant time or times to such person or its business, undertaking, property or securities and emanate from a Governmental Authority having jurisdiction over such person or its business, undertaking, property or securities.

"**Liens**" means any pledge, claim, lien, charge, option, hypothec, mortgage, security interest, restriction, adverse right, prior assignment, lease, sublease, royalty, levy, right to possession or any other encumbrance, easement, license, right of first refusal, covenant, voting trust or agreement, transfer restriction under any shareholder or similar agreement, right or restriction of any kind or nature whatsoever, whether contingent or absolute, direct or indirect, or any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing.

"**Letter of Transmittal**" means the letter of transmittal to be sent by the Company to Company Shareholders, Company Series D Shareholders and Company Series E Shareholders in connection with the Arrangement.

"**Notice of Dissent**" means a notice of dissent duly and validly given by a registered holder of Company Shares, Company Series D Shares or Company Series E Shares, as applicable, exercising Dissent Rights as contemplated in the Interim Order and as described in Article 3;

"**Parties**" means the Company and the Purchaser and "**Party**" means any one of them.

"**person**" includes an individual, sole proprietorship, corporation, body corporate, incorporated or unincorporated association, syndicate or organization, partnership, limited partnership, limited liability company, unlimited liability company, joint venture, joint stock company, trust, natural person in his or her capacity as trustee, executor, administrator or other legal representative, a government or Governmental Authority or other entity, whether or not having legal status.

"**Plan of Arrangement**" means this plan of arrangement and any amendments or variations made in accordance with Section 8.9 of the Arrangement Agreement or Section 6.1 of this plan of arrangement or made at the direction of the Court in the Final Order with the consent of the Company and the Purchaser, each acting reasonably.

"**Purchaser**" means YourWay Cannabis Brands Inc., a corporation incorporated under the laws of the Province of British Columbia.

"**Purchaser Shares**" means the common shares in the capital of the Purchaser.

"**Registrar**" means the Registrar of Companies appointed pursuant to Section 400 of the BCBCA.

"**Replacement Option**" means an option or right to purchase Purchaser Shares granted by the Purchaser in replacement of Company Options on the basis set forth in Section 2.3(e).

"**Replacement Option In-The-Money Amount**" in respect of a Replacement Option means the amount, if any, by which the total Fair Market Value of the Purchaser Shares that a holder is entitled to acquire on exercise of the Replacement Option at and from the Effective Time exceeds the aggregate exercise price to acquire such Purchaser Shares at that time.

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended and the rules and regulations promulgated thereunder.

"**U.S. Tax Code**" means the United States Internal Revenue Code of 1986, as amended.

1.2 Certain Rules of Interpretation.

In this Agreement, unless otherwise specified:

(1) *Headings, etc.* The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Plan of Arrangement.

(2) *Currency*. All references to dollars or to $ are references to Canadian dollars.

(3) *Gender and Number*. Any reference to gender includes all genders. Unless the context otherwise requires, words importing the singular number only include the plural and vice versa.

(4) *Certain Phrases, etc*. Wherever the word "including," "includes" or "include" is used in this Plan of Arrangement, it shall be deemed to be followed by the words "without limitation." the word "or" shall be disjunctive but not exclusive. The phrase "the aggregate

of," "the total of," "the sum of" or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of." References herein to a person in a particular capacity or capacities shall exclude such person in any other capacity.

(5) *Statutes*. Any reference to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or re- enacted, unless stated otherwise.

(6) *Computation of Time*. A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Plan of Arrangement by a person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

(7) *Time References*. References to time are to local time, Vancouver, British Columbia, unless otherwise indicated.

ARTICLE 2
THE ARRANGEMENT

2.1 Arrangement Agreement.

This Plan of Arrangement is made pursuant to and subject to the provisions of the Arrangement Agreement, except in respect of the sequence of the steps comprising the Arrangement, which shall occur in the order set forth herein.

2.2 Binding Effect.

This Plan of Arrangement and the Arrangement will become effective at the Effective Time and shall be binding on: (i) the Company, (ii) the Purchaser, (iii) all registered and beneficial Company Shareholders, Company Series D Shareholders and Company Series E Shareholders (including Dissenting Shareholders), and (iv) all Company Optionholders, Company Warrant Holders and Company Debenture Holders, in each case without any further act or formality required on the part of any person.

2.3 Arrangement.

Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following sequence, in each case without any further authorization, act or formality, in each case effective as at two minute intervals starting at the Effective Time:

(a) each Company Share, Company Series D Shares or Company Series E Shares, as applicable, held by a Dissenting Shareholder shall be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of all Liens to the Purchaser and the Purchaser shall thereupon be obliged to pay the amount therefor determined and payable in accordance with Article 3 hereof, and the name of such holder shall be removed from the central securities register

of the Company as a holder of Company Shares, Company Series D Shares or Company Series E Shares, as applicable, and the Purchaser shall be recorded as the registered holder of the Company Shares, Company Series D Shares or Company Series E Shares so transferred and shall be deemed to be the legal owner of such Company Shares Company Series D Shares or Company Series E Shares, as applicable;

(b) each Company Series D Share outstanding immediately prior to the Effective Time that is held by a Company Series D Shareholder shall be transferred to the Company by the Company Series D Shareholder for one Company Share and the Company Shares issuable in connection therewith will be deemed to be issued to such Company Series D Shareholder as fully paid and non-assessable shares in the capital of the Company, provided that no share certificates shall be issued with respect to such shares;

(c) each Company Series E Share outstanding immediately prior to the Effective Time that is held by a Company Series E Shareholder shall be transferred to the Company by the Company Series E Shareholder for one Company Share and the Company Shares issuable in connection therewith will be deemed to be issued to such Company Series E Shareholder as fully paid and non-assessable shares in the capital of the Company, provided that no share certificates shall be issued with respect to such shares;

(d) each issued and outstanding Company Share held by a Former Shareholder (other than a Dissenting Shareholder or the Purchaser or any affiliate of the Purchaser but including, for greater certainty, any Company Shares issued pursuant to Section 2.3(b) and Section 2.3(c)) shall be transferred to the Purchaser and in consideration therefor the Purchaser shall issue the Consideration on the basis of 0.0525 of a fully paid and non-assessable Purchaser Share for each Company Share, subject to Section 2.4 and Article 5 hereof. Following completion of this step, the Purchaser will be the holder of all of the issued and outstanding Company Shares and the central securities register of the Company will be revised accordingly; and

(e) each Company Option outstanding immediately prior to the Effective Time (whether vested or unvested) will be exchanged for a Replacement Option to acquire from the Purchaser such number of Purchaser Shares as is equal to: (A) the number of Company Shares that were issuable upon exercise of such Company Option immediately prior to the Effective Time, multiplied by (B) the Exchange Ratio, rounded down to the nearest whole number of Purchaser Shares, at an exercise price per Purchaser Share equal to the quotient determined by dividing: (X) the exercise price per Company Share at which such Company Option was exercisable immediately prior to the Effective Time, by (Y) the Exchange Ratio, rounded to the nearest whole cent. Except as set out above, the terms of each Replacement Option shall be the same as the terms of the Company Option exchanged therefor pursuant to the Company Stock Option Plan and any agreement evidencing the grant thereof prior to the Effective Time. It is intended

that the provisions of subsection 7(1.4) of the Tax Act apply to any such exchange. Therefore, in the event that the Replacement Option In-The-Money Amount in respect of a Company Option would otherwise exceed the Company Option In-The-Money Amount in respect of the Replacement Option, the number of Purchaser Shares which may be acquired on exercise of the Replacement Option at and after the Effective Time will be adjusted accordingly with effect at and from the Effective Time to ensure that the Replacement Option In-The-Money Amount in respect of the Replacement Option does not exceed the Company Option In-The-Money Amount in respect of the Company Option and the ratio of the amount payable to acquire such shares to the value of such shares to be acquired shall be unchanged.

The exchanges and cancellations provided for in this Section 2.3 will be deemed to occur on the Effective Date, notwithstanding that certain of the procedures related thereto are not completed until after the Effective Date

2.4 No Fractional Purchaser Shares.

In no event shall any fractional Purchaser Shares be issued under this Plan of Arrangement. Where the aggregate number of Purchaser Shares to be issued to a Company Shareholder as consideration under this Plan of Arrangement would result in a fraction of a Purchaser Share being issuable, then the number of Purchaser Shares to be issued to such Company Shareholder shall be rounded down to the closest whole number and no compensation shall be issued in lieu of the issuance of a fractional Purchaser Share.

2.5 Tax Treatment.

The Parties intend for the Arrangement to constitute a "reorganization" within the meaning of Section 368(a) of the U.S. Tax Code, and provided the Arrangement qualifies as such, the Parties will file all tax returns in a manner consistent with such intent.

ARTICLE 3
RIGHTS OF DISSENT

3.1 Rights of Dissent.

Pursuant to the Interim Order, each registered Company Shareholder, Company Series D Shareholder and Company Series E Shareholder may exercise rights of dissent ("**Dissent Rights**") under Section 238 of the BCBCA and in the manner set forth in Sections 237 to 247 of the BCBCA, all as modified by this Article 3 as the same may be modified by the Interim Order or the Final Order in respect of the Arrangement, provided that the written objection to the Arrangement Resolution contemplated by Section 242 of the BCBCA must be sent to and received by the Company not later than 5:00 p.m. (Vancouver time) on the Business Day that is two Business Days before the Company Meeting. Company Shareholders, Company Series D Shareholders and Company Series E Shareholders who validly exercise such rights of dissent and who:

(a) are ultimately determined to be entitled to be paid fair value from the Purchaser, for the Dissenting Shares in respect of which they have exercised Dissent Rights,

less any amounts withheld pursuant to Section 5.3, notwithstanding anything to the contrary contained in Section 245 of the BCBCA, will be deemed to have irrevocably transferred such Dissenting Shares to the Purchaser pursuant to Section 2.3(a) in consideration of such fair value; or

(b) are ultimately not entitled, for any reason, to be paid fair value for the Dissenting Shares in respect of which they have exercised Dissent Rights, will be deemed to have participated in the Arrangement on the same basis as a Company Shareholder, Company Series D Shareholder or Company Series E Shareholder, as applicable, who has not exercised Dissent Rights, as at and from the time specified in Section 2.3(a), and be entitled to receive only the consideration set forth in Section 2.3(d);

but in no case will the Company or the Purchaser or any other person be required to recognize such holders as holders of Company Shares, Company Series D Shares or Company Series E Shares after the completion of the steps set forth in Section 2.3(a), and each Dissenting Company Shareholder will cease to be entitled to the rights of a Company Shareholder, Company Series D Shareholder or Company Series E Shareholder, as applicable, in respect of the Company Shares, Company Series D Shares and Company Series E Shares in relation to which such Dissenting Shareholder has exercised Dissent Rights and the central securities register of the Company will be amended to reflect that such former holder is no longer the holder of such Company Shares, Company Series D Shares or Company Series E Shares, as applicable, as and from the completion of the steps in Section 2.3(a).

In addition to any other restrictions set forth in the BCBCA none of the following shall be entitled to exercise Dissent Rights: (i) Company Optionholders; (ii) Company Warrant Holders; (iii) Company Debenture Holders; and (iv) Company Shareholders and Company Series D Shareholders who vote in favour of the Arrangement Resolution.

ARTICLE 4
COMPANY WARRANTS AND COMPANY CONVERTIBLE DEBENTURES

4.1 Company Warrants

(a) In accordance with the terms of the Company Warrant Indentures and the certificates representing the Company Warrants, each Company Warrant Holder shall be entitled to receive (and such holder shall accept) upon the exercise of such holder's Company Warrant, in lieu of Company Shares to which such holder was theretofore entitled upon such exercise and for the same aggregate consideration payable therefor, the number of Purchaser Shares which the Company Warrant Holder would have been entitled to receive as a result of the transactions contemplated by this Arrangement if, immediately prior to the Effective Date, such Company Warrant Holder had been the registered holder of the number of Company Shares to which such Company Warrant Holder would have been entitled if such holder had exercised such holder's Company Warrants immediately prior to the Effective Time. Each Company Warrant shall continue to be governed by and be subject to the terms of the Company Warrant Indentures and the certificates representing the Company Warrants, as applicable, subject to

any supplemental indenture, warrant certificate or exercise documents, as applicable, provided by the Purchaser to the Company Warrant Holders to facilitate the exercise of the Company Warrants and the payment of the exercise price therefor.

(b) Upon any exercise of a Company Warrant following the Effective Time, the Purchaser shall deliver the Purchaser Shares needed to settle such exercise.

4.2 Company Convertible Debentures

(a) In accordance with the terms of the Company Debenture Indenture, each Company Debenture Holder shall be entitled to receive (and such holder shall accept) upon the conversion of such holder's Company Convertible Debenture, in lieu of Company Shares to which such holder was theretofore entitled upon such conversion, the number of Purchaser Shares which the Company Debenture Holder would have been entitled to receive as a result of the transactions contemplated by this Arrangement if, immediately prior to the Effective Date, such Company Debenture Holder had been the registered holder of the number of Company Shares to which such Company Debenture Holder would have been entitled if such Company Debenture Holder had converted such holder's Company Convertible Debentures immediately prior to the Effective Time. Each Company Convertible Debenture shall continue to be governed by and be subject to the terms of the Company Debenture Indenture, subject to any supplemental indenture, debenture certificate or conversion documents, as applicable, provided by the Purchaser to the Company Debenture Holders to facilitate the conversion of the Company Convertible Debentures.

(b) Upon any conversion of a Company Convertible Debenture following the Effective Time, the Purchaser shall deliver the Purchaser Shares needed to settle such conversion.

ARTICLE 5
CERTIFICATES AND PAYMENTS

5.1 Payment and Delivery of Consideration.

(a) Following receipt of the Final Order and prior to the Effective Date, the Purchaser shall deliver, or cause to be delivered, the Purchaser Shares to the Depositary to satisfy the Consideration issuable pursuant to this Plan of Arrangement (other than Company Shareholders, Company Series D Shareholders and Company Series E Shareholders who have validly exercised Dissent Rights and who have not withdrawn their notice of objection).

(b) Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Company Shares, Company Series D Shares or Company Series E Shares, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the Company

Shareholder(s), Company Series D Shareholder(s) and Company Series E Shareholder(s) represented by such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such Company Shareholder(s), Company Series D Shareholder(s) and Company Series E Shareholder(s) a certificate representing the number of Purchaser Shares to which such holder is entitled to receive under the Arrangement, which Purchaser Shares will be registered in such name or names and either (A) delivered to the address or addresses as such Company Shareholder, Company Series D Shareholder or Company Series E Shareholder, as applicable, directed in their Letter of Transmittal; or (B) made available for pick up at the office of the Depositary in accordance with the instructions of the Company Shareholder, Company Series D Shareholder or Company Series E Shareholder, as applicable, in the Letter of Transmittal, and any certificate representing Company Shares, Company Series D Shares and Company Series E Shares so surrendered shall forthwith thereafter be cancelled. Notwithstanding the foregoing, Company Series D Shareholders and Company Series E Shareholders who received Company Shares pursuant to Section 2.3(b) and Section 2.3(c), respectively, shall not receive certificates representing such Company Shares.

(c) Until surrendered as contemplated by this Section 5.1, each certificate that immediately prior to the Effective Time represented Company Shares, Company Series D Shares and Company Series E Shares (other than Company Shares, Company Series D Shares and Company Series E Shares in respect of which Dissent Rights have been validly exercised and not withdrawn), shall be deemed after the Effective Time to represent only the right to receive upon such surrender the Consideration in lieu of such certificate as contemplated in this Section 5.1, less any amounts withheld pursuant to Section 5.3. Any such certificate formerly representing Company Shares, Company Series D Shares and Company Series E Shares not duly surrendered on or before the third anniversary of the Effective Date shall cease to represent a claim by or interest of any kind or nature against or in the Company or the Purchaser. On such date, all Consideration to which such persons were entitled shall be deemed to have been surrendered to the Purchaser and shall be paid over by the Depositary to the Purchaser or as directed by the Purchaser.

(d) No dividends or other distributions declared or made after the Effective Date with respect to the Purchaser Shares with a record date on or after the Effective Date will be payable or paid to the holder of any unsurrendered certificate or certificates for Company Shares, Company Series D Shares or Company Series E Shares which, immediately prior to the Effective Date, represented outstanding Company Shares, Company Series D Shares or Company Series E Shares until the surrender of certificates for such Company Shares, Company Series D Shares or Company Series E Shares, as applicable, in exchange for the Consideration issuable therefor pursuant to the terms of this Plan of Arrangement. Subject to applicable Law and to Section 5.3, at the time of such surrender, there shall, in addition to the delivery of the Consideration to which such Company Shareholder, Company Series D Shareholder or Company Series E Shareholder, as applicable, is thereby entitled,

be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such Purchaser Shares.

(e) No holder of Company Shares, Company Series D Shares or Company Series E Shares shall be entitled to receive any consideration or entitlement with respect to such Company Shares, Company Series D Shares or Company Series E Shares, respectively, other than any consideration or entitlement to which such holder is entitled to receive in accordance with Section 2.3, this Section 5.1 and the other terms of this Plan of Arrangement and, for greater certainty, no such holder with be entitled to receive any interest, dividends, premium or other payment in connection therewith, other than any declared but unpaid dividends.

5.2 Lost Certificates.

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Company Shares, Company Series D Shares or Company Series E Shares that were transferred pursuant to Section 2.3 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, the Consideration that such Company Shareholder, Company Series D Shareholder or Company Series E Shareholder, as applicable, has the right to receive in accordance with Section 2.3 and such Former Shareholder's Letter of Transmittal. When authorizing such exchange for any lost, stolen or destroyed certificate, the person to whom such Consideration is to be delivered shall as a condition precedent to the delivery of such Consideration, give a bond satisfactory to the Purchaser and the Depositary (each acting reasonably) in such sum as the Purchaser may direct (acting reasonably), or otherwise indemnify the Purchaser and the Company in a manner satisfactory to the Purchaser (acting reasonably) against any claim that may be made against the Purchaser and the Company with respect to the certificate alleged to have been lost, stolen or destroyed.

5.3 Withholding Rights.

(a) The Purchaser, the Company or the Depositary shall be entitled to deduct and withhold from all dividends or other distributions or amounts otherwise payable to any person under the Plan of Arrangement (including, without limitation, any amounts payable pursuant to Section 3.1), such amounts as the Purchaser, the Company or the Depositary determines, acting reasonably, are required or permitted to be deducted and withheld with respect to such payment under the Tax Act, the U.S. Tax Code or any provision of any other Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the person in respect of which such withholding was made, provided that such amounts are actually remitted to the appropriate taxing authority.

(b) Each of the Company, the Purchaser and the Depositary is hereby authorized to sell or otherwise dispose of such portion of Purchaser Shares payable as Consideration as is necessary to provide sufficient funds to the Company, the

Purchaser or the Depositary, as the case may be, to enable it to implement such deduction or withholding, and the Company, the Purchaser or the Depositary will notify the holder thereof and remit to the holder any unapplied balance of the net proceeds of such sale.

5.4 No Liens.

Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind.

ARTICLE 6
AMENDMENTS

6.1 Amendments to Plan of Arrangement.

(a) The Company and the Purchaser may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be (i) set out in writing, (ii) approved by the Purchaser and the Company (subject to the Arrangement Agreement), each acting reasonably, (iii) filed with the Court and, if made following the Company Meeting, approved by the Court, and (iv) communicated to or approved by the Company Shareholders and the Company Series D Shareholders if and as required by the Court.

(b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Company or the Purchaser at any time prior to the Company Meeting (provided that the Purchaser or the Company (subject to the Arrangement Agreement) have each consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Company Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

(c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Company Meeting shall be effective only if (i) it is consented to in writing by each of the Company and the Purchaser (in each case, acting reasonably), and (ii) if required by the Court, it is consented to by some or all of the Company Shareholders voting in the manner directed by the Court.

(d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the Purchaser, provided that it concerns a matter which, in the reasonable opinion of the Purchaser, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any former Company Shareholder.

ARTICLE 7
FURTHER ASSURANCES

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order further to document or evidence any of the transactions or events set out in this Plan of Arrangement.

ARTICLE 8
U.S. SECURITIES LAW EXEMPTION

Notwithstanding any provision herein to the contrary, the Company and the Purchaser each agree that the Plan of Arrangement will be carried out with the intention that, and they will use their commercially reasonable best efforts to ensure that, all: (a) Company Shares to be issued to holders of Company Series D Shares pursuant to Section 2.3(b); (b) Company Shares to be issued to holders of Company Series E Shares pursuant to Section 2.3(c); (c) Consideration Shares to be issued in exchange for Company Shares (including those Company Shares issued pursuant to Section 2.3(b) and Section 2.3(c)); and (d) Replacement Options to be issued to holders of Company Options in exchange for Company Options pursuant to Section 2.3(e), whether in the United States, Canada or any other country, will be issued in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof and similar exemptions under applicable state securities laws, and pursuant to the terms, conditions and procedures set forth in the Arrangement Agreement and this Plan of Arrangement. Holders of Company Options entitled to receive Replacement Options will be advised that the exemption provided by the U.S. Securities Act pursuant to Section 3(a)(10) thereof, will not be available for the issuance of any Purchaser Shares issuable upon the exercise of the Replacement Options, if any. The Company Warrants and Company Convertible Debentures will be treated in accordance with their terms, as adjusted for the Arrangement. The Purchaser Shares issuable upon the exercise or conversion, as applicable, of the Replacement Options, Company Warrants or Company Convertible Debentures, if any, may be issued only pursuant to an available exemption or exclusion from the registration requirements of the U.S. Securities Act and applicable state securities laws.

SCHEDULE B
ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

A. The arrangement (as it may be modified or amended, the "**Arrangement**") under Section 288 of the Business Corporations Act (British Columbia) (the "**BCBCA**") involving Ionic Brands Corp. (the "**Company**"), its shareholders and YourWay Cannabis Brands Inc. (the "**Purchaser**"), all as more particularly described and set forth in the plan of arrangement (as it may be modified or amended, the "**Plan of Arrangement**") attached as Appendix **[A]** to the Management Information Circular of the Company dated [●], 2022 (the "**Information Circular**"), and all transactions contemplated thereby, are hereby authorized, approved and adopted.

B. The Arrangement Agreement dated as of April 20, 2022 between the Company and the Purchaser, as it may be amended from time to time (the "**Arrangement Agreement**"), and the transactions contemplated therein, the actions of the directors of the Company in approving the Arrangement and the Arrangement Agreement and the actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement and causing the performance by the Company of its obligations thereunder are hereby confirmed, ratified, authorized and approved.

C. Notwithstanding that this resolution has been passed (and the Arrangement approved and agreed to) by shareholders of the Company or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of the Company are hereby authorized and empowered without further approval of any securityholders of the Company (i) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or Plan of Arrangement and (ii) not to proceed with the Arrangement at any time prior to the Effective Time (as defined in the Arrangement Agreement).

D. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute, under the seal of the Company or otherwise, and to deliver such documents as are necessary to desirable to the Registrar under the BCBCA in accordance with the Arrangement Agreement for filing.

E. Any director or officer of the Company is hereby authorized, empowered and instructed, acting for, in the name and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or to cause to be delivered, all such other documents and to do or to cause to be done all such other acts and things as in such person's opinion may be necessary or desirable in order to carry out the intent of the foregoing paragraphs of these resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or the doing of such act or thing.

SCHEDULE C
U.S. REGULATORY CONDITIONS

In accordance with Section 7.3(w) of the Agreement, the Company shall enter into, or shall cause its subsidiaries and the Licensed Entities, as applicable, to enter into, such Ancillary Cannabis Agreements as identified by the Purchaser, in form and in substance satisfactory to the Purchaser in its sole and absolute discretion, and shall provide to the Purchaser evidence of Regulatory Approval by all applicable Governmental Authorities of such Ancillary Cannabis Agreements. Ancillary Cannabis Agreements include, but are not limited to:

1. Option agreements, granting to the Purchaser, or such other party as the Purchaser identifies, the option to acquire either the Cannabis Licenses or all outstanding ownership interest in each Licensed Entity;

2. Lease agreements, by and between the Licensed Entities and the landlord of each applicable Company Leased Property;

3. Master services agreements by and between the Company or any of its subsidiaries, as applicable, and the Licensed Entities;

4. Intellectual property licensing agreements by and between the Company or any of its subsidiaries, as applicable, and the Licensed Entities; and

5. Equipment leases, as applicable for any equipment owned by the Company or any of its subsidiaries and used by, or in possession of, any Licensed Entity.

Without limiting the foregoing, the Company shall, and shall cause its subsidiaries and the Licensed Entities, as applicable to, submit for Regulatory Approval all agreements by and between any person or entity for any ownership interest or financial interest in any Licensed Entity, including, without limitation, debt instruments as required under applicable Law.