

SHARE EXCHANGE AGREEMENT

THIS SHARE EXCHANGE AGREEMENT is made effective the 1st day of June 2021.

AMONG:

ICANIC BRANDS COMPANY INC., a corporation existing under the laws of the Province of British Columbia and having an office located at Suite 810 – 789 West Pender Street, Vancouver, British Columbia, V6C 1H2

(hereinafter referred to as the “**Purchaser**”)

- and -

DE KROWN ENTERPRISES LLC, a limited liability company existing under the laws of the State of California and having an office located at Suite 300 - 8583 Elder Creek Road, Sacramento, CA 95820

(hereinafter referred to as “**De Krown**”)

- and -

The Unitholders of De Krown listed in the attached Schedule “A”

(which Unitholders, together, if applicable, with any persons that become Unitholders of De Krown prior to Closing, hereinafter collectively referred to as, the “**Unitholders**”, and individually as, a “**Unitholder**”)

WHEREAS

- A. The Unitholders are the legal and beneficial owners of 100,000 Membership Interest Units of De Krown, representing all the issued and outstanding Units of Membership Interest of De Krown (the “**De Krown Units**”) as set out in Schedule “A”;
- B. The Purchaser has agreed to purchase the De Krown Units in accordance with the terms and conditions set forth in this Agreement (the “**Transaction**”); and
- C. The Unitholders who have executed this Agreement have agreed to the Transaction.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the respective covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
INTERPRETATION

1.01 Definitions

In this Agreement, unless otherwise defined, capitalized words and terms will have the following meanings:

- (a) **"8583"** has the meaning set forth in Section 3.04(c)(i);
- (b) **"8583 Debt"** has the meaning set forth in Section 3.04(c)(i);
- (c) **"8583 Debt Repayment"** has the meaning set forth in Section 3.04(d)(i);
- (d) **"Additional Consideration"** has the meaning set forth in Section 2.02;
- (e) **"Agreement"** means this share exchange agreement as the same may be supplemented or amended from time to time;
- (f) **"Alternative Transaction"** means any of the following (other than the transactions contemplated by this Agreement): (a) any merger, amalgamation, arrangement, share exchange, take-over bid, tender offer, recapitalization, consolidation or other business combination directly or indirectly involving De Krown or the Purchaser, or any analogous transaction; (b) any acquisition of all or substantially all of the assets of De Krown or the Purchaser (or any lease, long-term supply agreement, exchange, mortgage, pledge or other arrangement having a similar economic effect); (c) any acquisition of beneficial ownership of 20% or more of De Krown's or the Purchaser's shares in a single transaction or a series of related transactions; (d) any acquisition by De Krown or the Purchaser of any assets or capital stock of another person (other than acquisitions of capital stock or assets of any other person that are not, individually or in the aggregate, material to De Krown or the Purchaser); or (e) any bona fide proposal to, or public announcement of an intention to, do any of the foregoing on or before the Termination Date;
- (g) **"Applicable Laws"** means all applicable rules, policies, notices, orders and legislation of any kind whatsoever of any Governmental Authority having jurisdiction over the transactions completed hereby;
- (h) **"Bonus Shares"** has the meaning set forth in Section 3.03(e)(i);
- (i) **"Books and Records"** means all technical, business and financial records, financial books and records of account, books, data, reports, files, lists, drawings, plans, logs, briefs, customer and supplier lists, deeds, certificates, contracts, surveys, title opinions or any other documentation and information in any form whatsoever (including written, printed, electronic or computer printout form) relating to a corporation and its business;
- (j) **"Business Day"** means a day which is not a Saturday, Sunday or a statutory holiday in the Province of British Columbia, Canada;
- (k) **"CBCC"** means the California Bureau of Cannabis Control;
- (l) **"Chang"** has the meaning set forth in Section 3.03(a)(i);

- (m) **“Change of Control”** means any bona fide transaction or series of transactions pursuant to which any person(s) or entity(ies) (in each case, acting together as a group) acquire(s) (i) equity interests of the Purchaser possessing the voting power (other than voting rights accruing only in the event of a default, breach or event of noncompliance) to elect a majority of the board of directors of the Purchaser (whether by merger, consolidation, reorganization, combination, sale or transfer of equity interests, unitholder, membership or voting agreement, proxy, power of attorney or otherwise), or (ii) all or substantially all of the Purchaser’s assets determined on a consolidated basis;
- (n) **“Claim”** has the meaning set forth in Section 9.03;
- (o) **“Closing”** means the completion of the Transaction in accordance with the terms and conditions of this Agreement;
- (p) **“Closing Date”** means the date of Closing, which will be on or prior to the tenth Business Day following the satisfaction or waiver of all conditions to the obligations of the parties to consummate the Transaction (other than conditions that are satisfied with respect to actions the respective parties will take at the Closing itself), or such other date as the Purchaser and De Krown may mutually determine;
- (q) **“Common Shares”** means common shares in the capital of the Purchaser;
- (r) **“Consideration Shares”** has the meaning set forth in Section 2.02;
- (s) **“Contracts”** (individually, a **“Contract”**) means all written or oral outstanding contracts and agreements, leases (including the real property leases), third-party licenses, insurance policies, deeds, indentures, instruments, entitlements, commitments, undertakings and orders made by or to which a party is bound or under which a party has, or will have, any rights or obligations and includes rights to use, franchises, license and sub-licenses agreements and agreements for the purchase and sale of assets or shares;
- (t) **“Corporate Records”** means the corporate records of a corporation, including: (i) its notice of articles, articles, by-laws or other constating documents, any unanimous shareholders agreement and any amendments thereto; (ii) all minutes of meetings and resolutions of shareholders, directors and any committee thereof; (iii) the share certificate books, register of shareholders, register of transfers and registers of directors and officers; and (iv) all accounting records;
- (u) **“Creditors”** has the meaning set forth in Section 3.04(c)(ii);
- (v) **“CSE”** means the Canadian Securities Exchange;
- (w) **“Debt”** has the meaning set forth in Section 3.04(a);
- (x) **“Debt Shares”** has the meaning set forth in Section 3.04(b);
- (y) **“Debtholders”** has the meaning set forth in Section 3.04(a);
- (z) **“De Krown Financial Statements”** has the meaning set forth in Section 6.03(1);

- (aa) **“De Krown Unitholder Consent Agreement”** means the consent agreement to be entered into between the Purchaser and each New De Krown Unitholder by the Time of Closing, substantially in the form attached hereto as Schedule “B”;
- (bb) **“De Krown Units”** has the meaning set forth in the recitals of this Agreement;
- (cc) **“Disclosed”** means, in the case of the Unitholders and De Krown, fairly disclosed in writing to the Purchaser prior to the date of this Agreement (with sufficient details to identify the nature and scope of the matter disclosed), and, in the case of the Purchaser, fairly disclosed in writing to De Krown prior to the date of this Agreement (with sufficient details to identify the nature and scope of the matter disclosed);
- (dd) **“Efficiency Bonus”** has the meaning set forth in Section 3.03(f);
- (ee) **“Efficiency Rate”** has the meaning set forth in Section 3.03(f);
- (ff) **“Efficiency Shares”** has the meaning set forth in Section 3.03(f)(ii);
- (gg) **“Employees”** has the meaning set forth in Section 3.03(a)(iv);
- (hh) **“Employment Agreements”** has the meaning set forth in Section 3.03(a);
- (ii) **“Exchange Policies”** means the rules and policies of the CSE and any other stock exchange electronic quotation system on which the Common Shares are listed or quoted, if any;
- (jj) **“Executives”** has the meaning set forth in Section 3.03(a)(iii);
- (kk) **“Exemptions”** has the meaning set forth in Section 2.04(a);
- (ll) **“Expenditures”** has the meaning set forth in Section 3.06(a);
- (mm) **“Force Majeure Event”** has the meaning set forth in Section 3.01(j);
- (nn) **“First Revenue Payment Date”** has the meaning set forth in Section 3.02(b)(i);
- (oo) **“Gjoraas”** has the meaning set forth in Section 3.03(a)(ii);
- (pp) **“Governmental Authority”** means any (a) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, court, tribunal, commission, board or agency, domestic or foreign; or (b) regulatory authority, including the CBCC, and any securities commission, gaming commission or stock exchange, including the CSE;
- (qq) **“Gross Revenue”** means all revenue received by De Krown, calculated in accordance with generally accepted accounting principles, prior to the deduction of any expenses or taxes;
- (rr) has the meaning set forth in Section 2.02;
- (ss) **“Gross Revenue Milestone”** or **“Gross Revenue Milestones”** has the meaning set forth in Section 3.03(c);

- (tt) **“Intellectual Property Rights”** means any and all intellectual property or proprietary rights arising at law or in equity, including, without limitation, (i) patents, all patent rights and all applications therefor and all reissues, re-examinations, continuations, continuations-in-part, divisions, and patent term extensions thereof; (ii) inventions (whether patentable or not), discoveries, improvements, concepts, innovations and industrial models; (iii) registered and unregistered copyrights, copyright registrations and applications, mask works and mask work registrations and applications therefor, author’s rights and works of authorship; (iv) URLs, web sites, web pages and any part thereof; (v) technical information, know-how, trade secrets, drawings, designs, design protocols, specifications, proprietary data, customer lists, databases, proprietary and manufacturing processes, technology, formulae, and algorithms; (vi) trade names, trade dress, trademarks, domain names, service marks, logos, business names, and registrations and applications therefor; (vii) industrial designs or design patents, whether or not patentable or registrable, patented or registered or the subject of applications for registration or patent or registration and all rights of priority, applications, continuations, continuations-in-part, divisions, re-examinations, reissues and other derivative applications and patents therefor; (viii) licenses, contracts and agreements otherwise relating to the Intellectual Property Rights; and (ix) the goodwill symbolized or represented by the foregoing;
- (uu) **“Investment Debt”** has the meaning set forth in Section 3.04(a);
- (vv) **“Involuntary Delisting”** means a delisting of the Common Shares on the CSE and any or all stock exchanges or digital quotation systems in North America on which the Common Shares are listed or quoted, if any, by reason of the Company failing to meet continued listing requirements and/or non-compliance with Exchange Policies and Applicable Laws. Notwithstanding the foregoing, and for greater certainty, an Involuntary Delisting shall not include a delisting of the Common Shares: (i) that is initiated and approved by the Purchaser’s board of directors and/or shareholders; or (ii) that occurs in conjunction with (a) any merger, amalgamation, arrangement, share exchange, take-over bid, tender offer, recapitalization, consolidation or other business combination directly or indirectly involving the Purchaser, or any analogous transaction, (b) any acquisition of all or substantially all of the assets of the Purchaser, or (c) any other transaction that results in a Change of Control of the Purchaser;
- (ww) **“Johnson”** has the meaning set forth in Section 3.03(a)(iii);
- (xx) **“Kirsch”** has the meaning set forth in Section 3.03(a)(iv);
- (yy) **“laws”** means all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, or any provisions of the foregoing, including general principles of common and civil law and equity, binding on or affecting the person referred to in the context in which such word is used; and **“law”** means any one of them;
- (zz) **“LOI”** means the letter of intent dated February 1, 2021 between the Purchaser and De Krown;
- (aaa) **“Material Adverse Effect”** means, in respect of any party, any change, event, effect or occurrence that is, individually or in aggregate, material and adverse to the business, properties, assets, liabilities (including any contingent liabilities that may arise through

outstanding, pending or threatened litigation or otherwise), capitalization, condition (financial or otherwise), operations or results of operations of that party and its subsidiaries and material joint ventures taken as a whole, other than any change, effect, event or occurrence:

- (i) relating to the general economic conditions, global political conditions or securities markets in general;
- (ii) relating to a change in the market trading price of publicly traded securities of that party, either:
 - (A) related to this Agreement and the Transaction or the announcement thereof, or
 - (B) related to such a change in the market trading price primarily resulting from a change, effect, event or occurrence excluded from this definition of Material Adverse Effect under clauses (i), (ii), (iv), (v) or (vi) hereof;
- (iii) relating to any of the principal markets served by that party's business generally or shortages or price changes with respect to products used or sold by that party;
- (iv) relating to currency exchange rates;
- (v) relating to any generally applicable change in Applicable Laws or regulations (other than orders, judgments or decrees against that party any of its subsidiaries and material joint ventures) or in accounting standards; or
- (vi) attributable to the announcement or pendency of this Agreement or the Transaction, or otherwise contemplated by or resulting from the terms of this Agreement,

provided, however, that such effect referred to in clause (i), (ii), (iv) or (vi) above does not primarily relate only to (or have the effect of primarily relating only to) that party and its subsidiaries and material joint ventures, taken as a whole, or disproportionately adversely affect that party and its subsidiaries and material joint ventures taken as a whole, compared to other companies of similar size operating in the industry in which that party and its subsidiaries and material joint ventures operate;

- (bbb) "**Material Contract**" means any Contract to which a person is a party and which is material to such person, including any Contract: (i) the termination of which would have a Material Adverse Effect on such person; (ii) any contract which would result in payments to or from such person or its subsidiaries (if any) in excess of \$25,000, whether payable in one payment or in successive payments; (iii) any agreement or commitment relating to the borrowing of money or to capital expenditures; and (iv) any agreement or commitment not entered into in the ordinary course of business;
- (ccc) "**material fact**" has the meaning ascribed to such term in the *Securities Act* (British Columbia);
- (ddd) "**misrepresentation**" has the meaning ascribed to such term in the *Securities Act* (British Columbia);

- (eee) **“Net Profit”** has the meaning set forth in Section 3.01(b);
- (fff) **“New De Krown Unitholder”** has the meaning set forth in Section 2.01;
- (ggg) **“Non-Competition Agreements”** has the meaning set forth in Section 3.05(a);
- (hhh) **“Non-Resident Unitholder”** means those Unitholders identified in the attached Schedule “A”;
- (iii) **“Noteholders”** has the meaning set forth in Section 3.04(a);
- (jjj) **“Noteholder Debt”** has the meaning set forth in Section 3.04(a);
- (kkk) **“Objecting Party”** has the meaning set forth in Section 3.01(e);
- (lll) **“O’Connor”** has the meaning set forth in Section 3.04(c);
- (mmm) **“O’Connor Debt”** has the meaning set forth in Section 3.04(c);
- (nnn) **“O’Connor Debt Shares”** has the meaning set forth in Section 3.04(d)(i);
- (ooo) **“O’Connor Debt Repayment”** has the meaning set forth in Section 3.04(d)(iii);
- (ppp) **“Option Plan”** has the meaning set forth in Section 3.03(e)(ii);
- (qqq) **“Option Shares”** has the meaning set forth in Section 3.03(e)(ii);
- (rrr) **“Options”** has the meaning set forth in Section 3.03(e)(ii);
- (sss) **“Performance Bonus”** or **“Performance Bonuses”** has the meaning set forth in Section 3.03(c);
- (ttt) **“person”** includes an individual, sole proprietorship, partnership, limited partnership, unincorporated association or organization, unincorporated syndicate, body corporate, trust, trustee, executor, administrator, legal representative of the Crown or any agency or instrumentality thereof;
- (uuu) **“Profit Sharing Arrangement”** has the meaning set forth in Section 3.01(a);
- (vvv) **“Profit Sharing Payment”** has the meaning set forth in Section 3.01(c);
- (www) **“Profit Sharing Repayments”** has the meaning set forth in Section 3.07(b);
- (xxx) **“Profit Statement”** has the meaning set forth in Section (d)3.01(d);
- (yyy) **“Public Record”** means the information relating to the Purchaser contained in all press releases, material change reports, financial statements and related management’s discussion and analysis, information circulars and all other documents of the Purchaser which have been filed on the System for Electronic Document Analysis and Retrieval (SEDAR);
- (zzz) **“Purchase Price”** has the meaning set forth in Section 2.02;

- (aaaa) **“Purchaser Financial Statements”** has the meaning set forth in Section 6.01(l);
- (bbbb) **“Regulation D”** means Regulation D under the U.S. Securities Act;
- (cccc) **“Regulation S”** means Regulation S under the U.S. Securities Act;
- (dddd) **“Repayment Shares”** has the meaning set forth in Section 3.04(d)(ii);
- (eeee) **“Repurchased Units”** has the meaning set forth in Section 3.07(a);
- (ffff) **“Revenue Payment”** or **“Revenue Payments”** has the meaning set forth in Section 3.02(a);
- (gggg) **“Revenue Payment Date”** or **“Revenue Payment Dates”** has the meaning set forth in Section 3.02(b)(iii);
- (hhhh) **“Revenue Payment Shares”** has the meaning set forth in Section 3.02(e);
- (iiii) **“Second Revenue Payment Date”** has the meaning set forth in Section 3.02(b)(ii);
- (jjjj) **“Securities Laws”** means the securities legislation having application, the regulations and rules thereunder and all administrative policy statements, instruments, blanket orders, notice, directions and rulings issued or adopted by the applicable securities regulatory authority, as amended;
- (kkkk) **“Signing Bonus”** has the meaning set forth in Section 3.03(e)(i);
- (llll) **“Tax Act”** means the *Income Tax Act* (Canada);
- (mmmm) **“Tax Election Form”** has the meaning set forth in Section 2.03;
- (nnnn) **“Tax Election Provision”** has the meaning set forth in Section 2.03;
- (oooo) **“Termination Date”** means June 30, 2021, or such later date as may be agreed to in writing between the Purchaser and De Krown;
- (pppp) **“Third Revenue Payment Date”** has the meaning set forth in Section 3.02(b)(iii);
- (qqqq) **“Time of Closing”** means 10:00 a.m. (Vancouver time) on the Closing Date, or such other time as the Purchaser and De Krown may mutually determine;
- (rrrr) **“Transaction”** has meaning set forth in the recitals to this Agreement;
- (ssss) **“United States”** or **“U.S.”** means, as the context requires, the United States of America, its territories and possessions, any state of the United States, and/or the District of Columbia;
- (tttt) **“U.S. Person”** means a U.S. person as defined in Rule 902(k) of Regulation S under the U.S. Securities Act;
- (uuuu) **“U.S. Securities Act”** means the United States Securities Act of 1933, as amended; and

(vvvv) “U.S. Unitholder” means (i) a U.S. Person; (ii) any person who is or was offered any Consideration Shares while in the United States; (iii) any person acquiring the Consideration Shares on behalf of, or for the account or benefit of, any U.S. Person or any person in the United States; or (iv) any person who is or was in the United States at the time when such person executed or delivered this Agreement.

1.02 Currency

All sums of money which are referred to in this Agreement are expressed in the lawful money of the United States of America unless otherwise specified.

1.03 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and other portions and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an Article, Section or a Schedule or Exhibit refers to the specified Article or Section of, or Schedule or Exhibit to this Agreement.

1.04 Number, etc.

Unless the subject matter or context requires the contrary, words importing the singular number only will include the plural and vice versa; words importing the use of any gender will include all genders and words importing persons will include natural persons, firms, trusts, partnerships and corporations.

1.05 Date for Any Action

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

1.06 Statutory References

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

1.07 Accounting Principles

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference will be deemed to be International Financial Reporting Standards or the Canadian generally accepted accounting principles, as applicable, approved by the International Accounting Standards Board or the Canadian Institute of Chartered Accountants, as the case may be, or any successor thereto, applicable as at the date on which a calculation is made or required to be made in accordance with generally accepted accounting principles.

1.08 Knowledge

- (a) Any reference herein to “the knowledge of the Purchaser” (or similar expressions) will be deemed to mean the actual knowledge of Brandon Kou, the Chief Executive Officer of the Purchaser, together with the knowledge such persons would have had if they had conducted a diligent inquiry into the relevant subject matter.

- (b) Any reference herein to “the knowledge of De Krown” (or similar expressions) will be deemed to mean the actual knowledge of Stuart Chang, the Managing Member of De Krown, together with the knowledge such persons would have had if they had conducted a diligent inquiry into the relevant subject matter.
- (c) Any reference herein to “the knowledge of the Unitholders” (or similar expressions) will be deemed to mean the actual knowledge of the applicable Unitholder.

1.09 Schedules

The schedules to this Agreement, listed below, are an integral part of this Agreement, and must be completed and attached before the Closing Date for this Agreement to be fully-integrated and thereafter enforceable by or against either party:

<u>Schedule</u>	<u>Description</u>
Schedule “A”	De Krown Unitholders
Schedule “B”	De Krown Unitholder Consent Agreement
Schedule “C”	U.S. Representation Letter for U.S. Unitholders
Schedule “D”	U.S. Representation Letter for Creditors
Schedule “E”	Expenditures

ARTICLE II PURCHASE AND SALE

2.01 Purchase and Sale

Subject to the terms and conditions hereof, the Unitholders covenant and agree to sell, assign and transfer to the Purchaser and the Purchaser covenants and agrees to purchase from the Unitholders, the number of De Krown Units which are beneficially owned by such Unitholder at the Time of Closing. As at the date of this Agreement, the number of De Krown Units which are beneficially owned by each Unitholder is the number set forth opposite the name of such Unitholder as set out in Schedule “A” attached hereto.

It is acknowledged and agreed that, prior to Closing, the Unitholders may transfer some or all of their De Krown Units to a trustee or nominee unitholder (the “**New De Krown Unitholder**”) (while retaining beneficial ownership) as part of personal tax planning and the Purchaser shall be notified in writing of any such transfer no less than five (5) Business Days prior to Closing, on condition that such transferring Unitholder obtains the consent and agreement of the New De Krown Unitholder to the Transaction evidenced by the execution and delivery by such New De Krown Unitholder of a De Krown Unitholder Consent Agreement in the form attached as Schedule “B” hereto. The parties agree that the New De Krown Unitholder shall become a party to and be bound by this Agreement holding the De Krown Units previously registered in the name of the transferor of those De Krown Units.

In addition, for greater certainty, if any Unitholder, may acquire any additional De Krown Units (for example, from another Unitholder that might not be a party to this Agreement, or with the consent of the Purchaser), such additional De Krown Units so acquired shall form part of the De Krown Units and the applicable Unitholder covenants and agrees to sell, assign and transfer to the Purchaser and the

Purchaser covenants and agrees to purchase from such Unitholder the additional De Krown Units held by such Unitholder so acquired, in addition to the De Krown Units described in Schedule "A".

2.02 Purchase Price

In consideration for the acquisition of the De Krown Units, the Purchaser shall pay to the Unitholders, *pro rata* in proportion to their holdings of De Krown Units at the Time of Closing, the following, which together shall constitute the "**Purchase Price**": (i) the Debt (as herein after defined); (ii) the 8583 Debt (as herein defined); (iii) the O'Connor Debt (as herein defined); and (iv) and all Expenditures since February 1, 2021 (as defined herein). The Purchase Price is approximately \$2,210,990.78, subject to changes and adjustments for payments made and interest accrued prior to Closing.

In addition to the Purchase Price, the Unitholders shall be entitled to receive as additional consideration for the acquisition of the De Krown Units, the following items in the form of (i) the Employment Agreements (as herein defined); (ii) the Profit-Sharing Arrangement (as herein defined); (iii) the Performance and Efficiency Bonus (as defined herein and in the Employment Agreements); and (iv) the Revenue Payments (as herein defined)(collectively referred to as the "**Additional Consideration**").

Except as otherwise expressly set forth herein, the Purchaser, in its sole discretion, shall have the right to pay the Purchase Price by issuing to the Unitholders, *pro rata* in proportion to their holdings of De Krown Units at the Time of Closing, Common Shares with the aggregate value of the Purchase Price (the "**Consideration Shares**"), at a price per Consideration Share equal to the volume weighted trading price of the Common Shares on the CSE for the ten (10) Business Days ending on the day prior to the relevant payment date. To the extent a Unitholder is to receive a fractional Consideration Share, that entitlement will be rounded down to the nearest whole number and no consideration shall be payable therefore.

2.03 Tax Election

The Purchaser agrees that, at the request and expense of any Unitholder who is resident in Canada for the purposes of the Tax Act, the Purchaser shall jointly elect with the Unitholder for the provisions of subsection 85(1) or (2) of the Tax Act and any equivalent provision under provincial legislation (each a "**Tax Election Provision**") to apply to the De Krown Units acquired by the Purchaser from the Unitholder. In order to make any such election, the Unitholder shall prepare any prescribed election form (each a "**Tax Election Form**") and deliver any such Tax Election Form to the Purchaser within 90 days of the Closing Date. Upon receipt, the Purchaser shall sign the Tax Election Form and deliver a copy of the Tax Election Form to the Unitholder by mail using the address that the Unitholder provided to the Purchaser in the Tax Election Form within 30 days of receipt thereof. It shall be the sole responsibility of the Unitholder making the request to file the Tax Election Form with the Canada Revenue Agency or relevant provincial Governmental Authority. The Purchaser shall not be liable for any damages arising to a Unitholder for a late filing of a Tax Election Form or any errors or omissions on a Tax Election Form.

Notwithstanding anything contained in this Agreement, the Purchaser does not assume and shall not be liable for any taxes under the Tax Act or under provincial legislation or any other amount whatsoever which may be or become payable by Unitholders including, without limiting the generality of the foregoing, any Tax resulting from or arising as a consequence of the sale by Unitholders to the Purchaser of the De Krown Units herein contemplated, or the availability (or lack thereof) of any Tax Election Provision, or the content or impact of any election made under any Tax Election Provision.

2.04 Restrictions on Resale

Each of the Unitholders acknowledges and agrees as follows:

- (a) the transfer of the De Krown Units and the issuance of the Consideration Shares, if applicable, will be made pursuant to appropriate exemptions, including (but not limited to) the take-over bid prospectus exemption found in Section 2.16 of National Instrument 45-106 – *Prospectus Exemptions* (the “**Exemptions**”) from any applicable take-over bid and registration and prospectus (or equivalent) requirements of the Securities Laws;
- (b) as a consequence of acquiring the Consideration Shares, if applicable, pursuant to the Exemptions:
 - (i) the Unitholder will be restricted from using certain of the civil remedies available under the Securities Laws;
 - (ii) the Unitholder may not receive information that might otherwise be required to be provided to the Unitholder, and the Purchaser is relieved from certain obligations that would otherwise apply under Securities Laws if the Exemptions were not being relied upon by the Purchaser;
 - (iii) no securities commission, stock exchange or similar regulatory authority has reviewed or passed on the merits of an investment in the Consideration Shares;
 - (iv) there is no government or other insurance covering the Consideration Shares; and
 - (v) an investment in the Consideration Shares is speculative and of high risk;
- (c) the Consideration Shares have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws, and will be issued to U.S. Unitholders as “restricted securities” (as defined in Rule 144(a)(3) under the U.S. Securities Act) pursuant to exemptions from the registration requirements of the U.S. Securities Act and applicable U.S. states securities laws, in reliance by the Purchaser on each U.S. Unitholder’s representations, warranties, acknowledgements and covenants contained in the U.S. Representation Letter for U.S. Unitholders to be completed, executed and delivered by such U.S. Unitholder pursuant to Section 5.04(b);
- (d) the certificates representing the Consideration Shares, if applicable, will bear such legends as required by Securities Laws and Exchange Policies and it is the responsibility of the Unitholder to find out what those restrictions are and to comply with them before selling the Consideration Shares; and
- (e) the Unitholder is knowledgeable of, or have been independently advised as to, the Applicable Laws of that jurisdiction which apply to the sale of the De Krown Units and the issuance of the Consideration Shares, if applicable, and which may impose restrictions on the resale of such Consideration Shares in that jurisdiction and it is the responsibility of the Unitholder to find out what those resale restrictions are, and to comply with them before selling the Consideration Shares, if applicable.

ARTICLE III
ADDITIONAL AGREEMENTS

3.01 Profit Sharing Arrangement

- (a) Effective for a period commencing on the Closing Date and ending on the date that is the earlier of (i) Twenty Four (24) months from the Closing Date, and (ii) the completion of the Gross Revenue Period, De Krown's Net Profit (as herein defined) shall be allocated among the parties hereto as follows:
- (i) 50% shall be payable *pro rata* to the Unitholders; and
 - (ii) 50% shall be payable to the Purchaser
- (the "**Profit Sharing Arrangement**").
- (b) In this Agreement the term "**Net Profit**" shall mean the profit that remains after deducting all expenses and taxes, calculated in accordance with generally accepted accounting principles.
- (c) Payments (the "**Profit Sharing Payments**", and each a "**Profit Sharing Payment**") from De Krown to the Purchaser and the Unitholders pursuant to the Profit Sharing Arrangement shall be due and payable quarterly on the last day of the calendar month following the end of the calendar quarter in which the same accrued.
- (d) Profit Sharing Payments will be accompanied by a statement prepared by De Krown showing in reasonable detail on a product by product basis for the relevant calendar quarters (the "**Profit Statement**"):
- (i) the quantities and types of products produced and sold in the quarter;
 - (ii) the Gross Revenue received in the quarter;
 - (iii) all deductions and other adjustments in the quarter; and
 - (iv) other pertinent information in sufficient details to explain the calculation the Profit Sharing Payment.
- (e) All Profit Sharing Payments will be considered final and in full satisfaction of all obligations of De Krown with respect thereto, unless the Purchaser or the Unitholders gives De Krown written notice describing and setting forth a specific objection to the determination thereof within fifteen (15) days after receipt by the Purchaser or the Unitholders of the quarterly Profit Statement. If the Purchaser or the Unitholders (the "**Objecting Party**") object to a particular quarterly Profit Statement and the respective Profit Sharing Payment as herein provided, then:
- (i) the Objecting Party shall have the right, upon 5 days notice and at a reasonable time, and for a reasonable period of duration, to have De Krown's accounts and records relating to the calculation of the Profit Sharing Payment in question audited by a chartered professional accountant selected by the Objecting Party;

- (ii) if such audit determines that there has been a deficiency or an excess in the payment made to the Objecting Party, such deficiency or excess will be resolved by adjusting the next quarterly Profit Sharing Payment due hereunder; and
 - (iii) the Objecting Party will pay all costs of such audit unless a deficiency of three percent (3%) or more of the amount due to the Objecting Party is determined to exist. De Krown will pay the costs of such audit if a deficiency of three percent (3%) or more of the amount due is determined to exist.
- (f) If no objection is made to a Profit Statement or a Profit Sharing Payment within 15 days receipt thereof, any right to object to such Profit Statement or Profit Sharing Payment shall be deemed to have been waived.
- (g) De Krown shall keep true, complete and accurate books and records of all of its operations and activities, prepared in accordance with generally accepted accounting principles. The Purchaser and the Unitholders, and/or their authorized representatives, shall be entitled, upon delivery of ten (10) Business Days advance written notice, during the normal business hours of De Krown, in a manner that does not unreasonably interfere with De Krown's business, and not more than once per calendar quarter, to perform audits or other reviews and examinations of De Krown's books and records relevant to the calculation and payment of Profit Sharing Payments to confirm compliance with the terms of this Agreement.
- (h) All Profit Sharing Payments will be made in U.S. dollars.
- (i) All Profit Sharing Payments will be made without demand, notice, set-off or reduction, by wire transfer in good, immediately available funds, to such account or accounts as the Purchaser may designate pursuant to wire instructions provided to De Krown not less than three (3) Business Days prior to the dates upon which such Profit Sharing Payment is to be made.
- (j) In the event that De Krown's operating facility is shut down, or is otherwise materially adversely affected, by or as a result of a Force Majeure Event, the term of the Profit Sharing Arrangement shall be extended by a period of time equal in length to the period of time De Krown's operating facility is shut down, or is otherwise materially adversely affected. In this Agreement the term "**Force Majeure Event**" shall include: (a) acts of God; (b) flood, fire, earthquake, epidemic, pandemic, public health emergency or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot or other civil unrest; (d) government order, law or action; (e) embargoes or blockades in effect on or after the date of this Agreement; (f) national or regional emergency; (g) strikes, labor stoppages or slowdowns or other industrial disturbances; (h) shortage of adequate utilities; and (i) other similar events beyond the control of De Krown.

3.02 Revenue Payments

- (a) In addition to the Profit Sharing Arrangement, the Unitholders shall be entitled to certain Revenue Payments based on the Gross Revenue realized by De Krown during any 12 consecutive month period within twenty-four (24) months from the start of the first calendar month after Closing (the "**Gross Revenue Period**"), subject to the adjustments described in this Section. Following the first full twelve (12) months after Closing, the Unitholders at Unitholders' sole discretion shall notify Purchaser by providing Purchaser

written notice of the end of the Gross Revenue Period. In the event that the Unitholders do not choose a specific Gross Revenue Period, the Gross Revenue Period shall be deemed the twelve (12) period beginning at the one-year anniversary of Closing and ending on the day before the second anniversary of the Closing.

- (b) In addition to the Profit Sharing Arrangement, and if De Krown has not made a final Gross Revenue Period calculation, the Purchaser shall make a total of three (3) revenue payments (the “**Revenue Payments**”, and each a “**Revenue Payment**”) to the Unitholders *pro rata*. Revenue Payments shall be deducted from the final Gross Revenue Payment. Revenue Payments shall be made to the Unitholders *pro rata* on the following dates:
 - (i) the date that is six (6) months following the Closing Date (the “**First Revenue Payment Date**”);
 - (ii) the date that is twelve (12) months following the Closing Date (the “**Second Revenue Payment Date**”); and
 - (iii) the date that is eighteen (18) months following the Closing Date (the “**Third Revenue Payment Date**”, and together with the First Revenue Payment Date and Second Revenue Payment Date, the “**Revenue Payment Dates**” and each a “**Revenue Payment Date**”).
- (c) The amount of the First Revenue Payment shall be calculated as follows:

<p>(De Krown’s Gross Revenue for the three (3) months prior to the applicable Revenue Payment Date x 4) / 2</p>	minus	<p>(i) the sum of Profit Sharing Payments made in the six (6) months prior to the applicable Revenue Payment Date; (ii) the amount of Debt (as herein defined) extinguished in the six (6) months prior to the applicable Revenue Payment Date; (iii) the amount of 8583 Debt (as herein defined) extinguished in the six (6) months prior to the applicable Revenue Payment Date; and (iv) the amount of O’Connor Debt (as herein defined) extinguished in the six (6) months prior to the applicable Revenue Payment Date</p>
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- (d) Following the First Revenue Payments, the calculation of each subsequent Gross Revenue Payment shall be the increase in Revenue for the trailing 3 months prior to the applicable Revenue Payment date over the previously applicable trailing 3 month Revenue Payment Date annualized and divided by two (2). The Revenue payments shall not include (i) the sum of Profit Sharing Payments made in the six (6) months prior to the applicable Revenue Payment Date; (ii) the amount of Debt (as herein defined) extinguished in the six (6) months prior to the applicable Revenue Payment Date; (iii) the amount of 8583 Debt (as herein defined) extinguished in the six (6) months prior to the applicable Revenue Payment Date; and (iv) the amount of O’Connor Debt (as herein defined) extinguished in the six (6) months prior to the applicable Revenue Payment Date.
- (e) The Purchaser shall within 30 business days make the Revenue Payments by issuing *pro rata* to the Unitholders, Common Shares with the aggregate value of the applicable Revenue Payment (the “**Revenue Payment Shares**”) at a price per Revenue Payment

Share equal to the volume weighted trading price of the Common Shares on the CSE for the ten (10) Business Days ending on the day prior to the completion of the applicable Revenue Payment Date. To the extent a Unitholder is to receive a fractional Revenue Payment Share, that entitlement will be rounded down to the nearest whole number and no consideration shall be payable therefore.

- (f) The Purchaser shall issue the Revenue Payment Shares as directed by the Unitholders on or before the last day of each calendar month following the period in which the same accrued.
- (g) Revenue Payments will be accompanied by a statement prepared by De Krown showing in reasonable detail on a product by product basis for the relevant period:
 - (i) the quantities and types of products produced and sold in the relevant period;
 - (ii) the Gross Revenue received in the relevant period;
 - (iii) all deductions and other adjustments in the relevant period; and
 - (iv) other pertinent information in sufficient details to explain the calculation the Revenue Payment.
- (h) All Revenue Payments will be considered final and in full satisfaction of all obligations of the Purchaser with respect thereto, unless the Unitholders gives the Purchaser written notice describing and setting forth a specific objection to the determination thereof within 15 days after receipt by the Unitholders of the applicable Revenue Payment. If the Unitholders object to a particular quarterly Revenue Payment as herein provided, then:
 - (i) the Unitholders shall have the right, upon five (5) days notice and at a reasonable time, and for a reasonable period of duration not to exceed thirty (30) days, to have De Krown's accounts and records relating to the calculation of the Revenue Payment in question audited by a chartered professional accountant selected by the Unitholders;
 - (ii) if such audit determines that there has been a deficiency or an excess in the payment made to the Unitholders, such deficiency or excess will be resolved by adjusting the next quarterly Revenue Payment due hereunder; and
 - (iii) the Unitholders will pay all costs of such audit unless a deficiency of three percent (3%) or more of the amount due to the Unitholders is determined to exist. The Purchaser will pay the costs of such audit if a deficiency of three percent (3%) or more of the amount due is determined to exist.
 - (iv) Failure to make an objection within 15 days of a statement setting forth the relevant Revenue Payment shall be deemed a waiver of Purchaser's right to object to such Revenue Payment.
- (i) If, after calculating a Revenue Payment pursuant to the formula set forth in this section, the sum of the Revenue Payment is a negative number, such Revenue Payment shall be deemed to be zero and no Revenue Payment shall be due. Under no circumstances shall the Unitholders be required to refund or rebate any amount of a Revenue Payment or

Profit Sharing Payment already received and not timely objected to as per the procedure herein.

3.03 Employment Agreements

- (a) Effective at Closing, the Purchaser shall have caused De Krown to enter into employment agreements with:
 - (i) Stuart Chang (“**Chang**”) in relation to his position as a Managing Member of De Krown, with a salary of [REDACTED] per annum and a minimum term of two (2) years;
 - (ii) Josh Gjoraas (“**Gjoraas**”) in relation to his position as a Managing Member of De Krown, with a salary of [REDACTED] per annum and a minimum term of two (2) years;
 - (iii) Dave Johnson (“**Johnson**”, and together with Chang and Gjoraas, the “**Executives**”) in relation to his position as Managing Member of De Krown, with a base salary of [REDACTED] per annum and a minimum term of two (2) years; and
 - (iv) David Kirsch (“**Kirsch**”, and together with the Executives, the “**Employees**”) in relation to his position as a General Manager of De Krown, with a base salary of [REDACTED] per annum per annum and a minimum term of two (2) years.

(collectively, the “**Employment Agreements**”, and each an “**Employment Agreement**”)
- (b) The Employment Agreements shall provide that the Employees are eligible to participate in the Purchaser’s stock Option Plan (as herein defined).
- (c) The Employment Agreements shall provide that the Company shall pay the Employees performance bonuses (the “**Performance Bonuses**”, and each a “**Performance Bonus**”) upon De Krown achieving specified Gross Revenue milestones (the “**Gross Revenue Milestones**” and each a “**Gross Revenue Milestone**”), as follows:

<u>Gross Revenue Milestone</u>	<u>Performance Bonus payable to each of Chang, Gjoraas, and Johnson</u>	<u>Performance Bonus payable to Kirsch</u>
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

- (d) All Performance Bonuses shall be due and payable on the last day of each calendar month during which the applicable Gross Revenue Milestone was achieved and will be made without demand, notice, set-off or reduction, by wire transfer in good, immediately available funds, to such account or accounts as the respective Employees may designate pursuant to wire instructions provided to the Purchaser not less than three (3) Business Days prior to the dates upon which such Performance Bonus is to be paid.
- (e) Each of the Employment Agreements entered into by the Executives shall provide that:
- (i) the Purchaser shall pay to each of the Executives a cash signing bonus of USD\$50,000 (the "**Signing Bonus**"). The Purchaser, in its sole discretion, shall have the right to pay the Signing Bonuses by issuing to each of the Executives, Common Shares (the "**Bonus Shares**") with the aggregate value of their respective Signing Bonuses, at a price per Bonus Share equal to the volume weighted trading price of the Common Shares on the CSE for the ten (10) Business Days ending on the day prior to each of the Executives entering into their respective Employment Agreements; and
- (ii) the Purchaser shall issue, pursuant to its stock option plan (the "**Option Plan**"), 66,666 stock options (the "**Options**") to each of the Executives to purchase 66,666 Common Shares (the "**Option Shares**") in accordance with the terms and conditions of the Option Plan.
- (f) In addition to the Performance Bonus described above, and as further Additional Consideration, the Executives shall be entitled to a quarterly "**Efficiency Bonus**" based on De Krown achieving an EBITA over Gross Revenue Ratio of at least 17.5% ("**Efficiency Rate**"). The calculation of the Efficiency Bonus shall increase based on the increase in the Efficiency Rate for each relevant quarter in accordance with the table below. The Efficiency Rate is calculated by dividing the EBITA by the Gross Revenue for the relevant calendar month. The Efficiency Bonus Payment (the "**EBP**") shall be calculated by multiplying the Gross Revenue for the relevant calendar quarter by the Efficiency Bonus Rate set for in the table below. In each instance whereby the Executive is to receive an EBP, said EBP shall be equal to one third of the total EBP for the relevant period. For the purposes of calculating EBITA, all other items comprising the Additional Consideration set forth herein, except for the Efficiency Bonus shall be added back into the EBITA.

Efficiency Rate	Efficiency Bonus Rate
17.5% to 24.99%	1%
25% to 29.99%	3%
30% to 34.99%	4%
35% to 39.99%	5%
40% to 44.99%	6%
45% to 49.99%	7%
> 50%	8%

- (i) All Efficiency Bonuses shall be due and payable on the last day of each calendar month immediately after the quarter during which the Executives reached the requisite Efficiency Rate and will be made without demand, notice, set-off or reduction, by wire transfer in good, immediately available funds, to such account or accounts as the respective Executives may designate pursuant to wire instructions provided to the Purchaser not less than three (3) Business Days prior to the dates upon which such Efficiency Bonus is to be paid.
 - (ii) Notwithstanding Section 3.03(f)(i), the Purchaser, in its sole discretion, shall have the right to pay the Efficiency Bonuses by issuing to each of the Executives Common Shares (the “Efficiency Shares”) with the aggregate value of their respective Efficiency Bonuses, at a price per Efficiency Share equal to the volume weighted trading price of the Common Shares on the CSE for the ten (10) Business Days ending on the day prior to the applicable Efficiency Bonus becoming due and payable.
 - (iii) The specific terms governing the Efficiency Bonus shall be set forth in the Employment Agreements. To the extent there are any inconsistencies between the Efficiency Bonus terms in the Employment Agreement and this Agreement, the Employment Agreement shall be controlling.
- (g) The Bonus Shares (if any), the Efficiency Shares (if any), and the Options, and the Option Shares underlying the Options, have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws, and will be issued to U.S. Unitholders as “restricted securities” (as defined in Rule 144(a)(3) under the U.S. Securities Act) pursuant to exemptions from the registration requirements of the U.S. Securities Act and applicable U.S. states securities laws. The Bonus Shares, Efficiency Shares, and Options, as applicable, are being offered to the Executive in reliance by the Purchaser on each Executive’s representations, warranties, acknowledgements and covenants contained in the U.S. Representation Letter for U.S. Unitholders to be completed, executed and delivered by such Executive, as a U.S. Unitholder, pursuant to Section 5.04(b).

3.04 De Krown Debt

- (a) Effective immediately prior to Closing, De Krown shall be indebted to: (i) various debtholders (the “Debtholders”) in the aggregate sum of \$711,550.00 (the “Investment Debt”); and (ii) various investment noteholders (the “Noteholders”) in the aggregate sum of \$1,037,417.70 (the “Noteholder Debt”, and together with the Investment Debt, the “Debt”) as further described in the table below:

<u>Debtholder/Noteholder</u>	<u>Investment Debt</u>	<u>Noteholder Debt</u>
Dave Johnson	\$100,000.00	\$221,724.80
Josh Gjoraas	\$100,000.00	\$397,016.40
Stuart Chang	\$250,000.00	\$418,676.50
Vern Chang Family Trust	\$150,000.00	Nil
Reignover Holdings	\$111,550.00	Nil
Total	\$711,550.00	\$1,037,417.70

- (b) At Closing, the Purchaser shall extinguish the Debt by issuing to the Debtholders and Noteholders, *pro rata* in proportion to their share of the Debt, Common Shares (the “**Debt Shares**”) at a price per Debt Share equal to the volume weighted average trading price of the Common Shares for the ten (10) trading days ending on the day of Closing.
- (c) Additionally, effective immediately prior to Closing, De Krown shall be indebted to:
- (i) 8583 Holdings LLC (“**8583**”) in the aggregate sum of \$160,000 (the “**8583 Debt**”); and
 - (ii) Pat O’Connor (“**O’Connor**”, and together with the Debtholders and the Noteholders, the “**Creditors**”) in the aggregate sum of \$275,710 (the “**O’Connor Debt**”).
- (d) At Closing, the Purchaser shall extinguish the 8583 Debt and the O’Connor Debt by:
- (i) making a cash payment (the “**8583 Debt Repayment**”) to 8583 or its assigns in the aggregate sum of \$160,000 by wire transfer in good, immediately available funds, to such account or accounts as 8583 may designate pursuant to wire instructions provided to the Purchaser not less than three (3) Business Days prior to Closing;
 - (ii) issuing to O’Connor or his assigns the aggregate sum of \$120,000, payable in Common Shares (the “**O’Connor Debt Shares**”, together with the Debt Shares, the “**Repayment Shares**”) at a price per O’Connor Debt Share equal to the volume weighted average trading price of the Common Shares for the ten (10) trading days ending on the day prior to Closing, and
 - (iii) making a cash payment (the “**O’Connor Debt Repayment**”) to O’Connor or his assigns in the aggregate sum of \$155,625.00 by wire transfer in good, immediately available funds, to such account or accounts as O’Connor may designate pursuant to wire instructions provided to the Purchaser not less than three (3) Business Days prior to Closing.

- (e) In addition to hold or restrictive periods applicable pursuant to applicable Securities Laws, the Repayment Shares will be subject to a voluntary hold period of four (4) months from the date of issuance.
- (f) The Repayment Shares have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws, and will be issued to the Creditors as “restricted securities” (as defined in Rule 144(a)(3) under the U.S. Securities Act) pursuant to exemptions from the registration requirements of the U.S. Securities Act and applicable U.S. states securities laws. The Repayment Shares are being offered to the Creditors in reliance by the Purchaser on each Creditor’s representations, warranties, acknowledgements and covenants contained in the U.S. Representation Letter for Creditors to be completed, executed and delivered by such Creditor pursuant to Section 5.03(f).

3.05 Non-Competition Agreements

- (a) Effective at Closing, each of the Employees shall have entered into non-competition agreements with the Purchaser, pursuant to which they will agree not to engage in the cannabis manufacturing and white labeling business in the State of California for a period equal to the term of their employment as set out in their respective Employment Agreement (the “**Non-Competition Agreements**”). Said restrictive covenants may be included in the Employment Agreements and nothing in this section or any non-competition restrictive covenant shall prevent De Krown from continuing to service existing customers or new customers on behalf of Purchaser.

3.06 CapX Expenditures

- (a) At Closing, the Purchaser shall reimburse the Executives for CapX expenditures made since February 1, 2021 (the “**Expenditures**”), *pro rata* in proportion to the respective Expenditures made by each Executive, by wire transfer in good, immediately available funds, to such account or accounts as the respective Executives may designate pursuant to wire instructions provided to the Purchaser not less than three (3) Business Days prior to the dates upon which such Expenditures shall be repaid. A schedule of the Expenditures is annexed hereto as Schedule “D”.

3.07 Involuntary Delisting

- (a) In the event the Purchaser undergoes an Involuntary Delisting, each Unitholder, in its sole discretion, shall have the right to re-purchase the number of De Krown Units (the “**Repurchased Units**”) set forth opposite the name of such Unitholder as set out in Schedule “A” attached hereto. In consideration for the acquisition of the Repurchased Units, each Unitholder who has elected to acquire such Repurchased Units, shall:
 - (i) pay to the Purchaser a cash payment equal to the proportion of the Purchase Price received by such Unitholder; or
 - (ii) return to the Purchaser the Consideration Shares received by such Unitholder from the Purchaser pursuant to this Agreement.
- (b) In addition, upon an Involuntary Delisting the Purchaser shall repay to the Unitholders, *pro rata* in proportion to their holdings of De Krown Units at the Time of Closing, all Profit Sharing Payments received by the Purchaser in accordance with the Profit-Sharing

Arrangement (the “**Profit Sharing Repayments**”). The Profit Sharing Repayments shall be due and payable within fifteen (15) days following the Involuntary Delisting and will be made without demand, notice, set-off or reduction, by wire transfer in good, immediately available funds, to such account or accounts as the respective Unitholder may designate pursuant to wire instructions provided to the Purchaser within five (5) days following the Involuntary Delisting.

ARTICLE IV CONDITIONS OF CLOSING

4.01 Mutual Conditions of Closing

The obligations to complete the Transaction are subject to the fulfillment of the following conditions on or before the Time of Closing:

- (a) there shall be no action taken under any Applicable Law by any court or Governmental Authority that makes it illegal or restrains, enjoins or prohibits the Transaction, results in a judgment or assessment of damages relating to the Transaction that is materially adverse to the Purchaser or De Krown or that could reasonably be expected to impose any condition or restriction upon the Purchaser or De Krown which, after giving effect to the Transaction, would so materially and adversely impact the economic or business benefits of the Transaction as to render inadvisable the consummation of the Transaction;
- (b) there shall be no legislation (whether by statute, regulation, order-in-council, notice of ways and means motion, by-law or otherwise) enacted, introduced or tabled which, in the opinion of the Purchaser, acting reasonably, materially adversely affects or is reasonable likely to materially adversely affect the Transaction;
- (c) receipt of all required regulatory, corporate and third party approvals, including CSE and CBCC approval, if applicable, and compliance with all applicable regulatory requirements and conditions necessary to complete the Transaction;
- (d) the Unitholders will have approved or consented to all such matters as either the Purchaser or De Krown, acting reasonably, will consider necessary or desirable in connection with the Transaction in the manner required thereby;
- (e) neither party shall be subject to unresolved litigation or court proceedings;
- (f) the completion of the Transaction without being classified as a “Fundamental Change” for the Purchaser, pursuant to the policies of the CSE;
- (g) there being no prohibition at law against the completion of the Transaction; and
- (h) the Closing Date shall be on or before the Termination Date.

The foregoing conditions precedent are for the benefit of all parties and may be waived by De Krown (on its own behalf and on behalf of the Unitholders) and the Purchaser, in whole or in part, without prejudice to any party’s right to rely on any other condition in favour of any party.

4.02 Conditions of Closing in Favour of the Purchaser

The obligations of the Purchaser to complete the Transaction are subject to the fulfillment of the following conditions on or before the Time of Closing:

- (a) the Unitholders and De Krown will have tendered all closing deliveries set forth in Sections 5.03 and 5.04, respectively, including all documents required to transfer the De Krown Units to the Purchaser;
- (b) the representations and warranties of De Krown set forth in this Agreement will have been true and correct as of the date hereof and will be true and correct at the Time of Closing in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier), except as affected by the transactions contemplated by this Agreement, and a certificate of a director, senior officer or managing member of De Krown to this effect will have been delivered to the Purchaser;
- (c) all of the terms, covenants and conditions of this Agreement to be complied with or performed by De Krown at or before the Time of Closing will have been complied with or performed and a certificate of a director, senior officer or managing member of De Krown to this effect will have been delivered to the Purchaser;
- (d) the representations and warranties of the Unitholders set forth in this Agreement will have been true and correct in all material respects as of the date hereof and will be true and correct in all material respects as of the Time of Closing and delivery by the Unitholders of the documents described in Section 5.04 required to be delivered by the Unitholders will constitute a reaffirmation and confirmation by the Unitholders of such representations and warranties;
- (e) on or before the Time of Closing, De Krown shall have obtained the consent of each of the New De Krown Unitholders, if any, evidenced by the delivery of the De Krown Unitholder Consent Agreement;
- (f) all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Unitholders at or before the Time of Closing will have been complied with or performed and delivery of the documents described in Section 5.04 will constitute confirmation of such compliance and performance;
- (g) to the best of De Krown's knowledge, there being no inquiry or investigation (whether formal or informal) in relation to De Krown or its respective directors or officers commenced or threatened by any securities commission or official of the CSE or regulatory body having jurisdiction, including but not limited to the CBCC, such that the outcome of such inquiry or investigation could have a Material Adverse Effect on, De Krown, its business, assets or financial condition; and
- (h) to the best of De Krown's knowledge, there will not have been after the date of this Agreement any Material Adverse Effect with respect to De Krown.

The foregoing conditions precedent are for the benefit of the Purchaser and may be waived by the Purchaser, in whole or in part, without prejudice to the Purchaser's right to rely on any other condition in favour of the Purchaser.

4.03 Conditions of Closing in Favour of De Krown and the Unitholders

The obligations of De Krown and the Unitholders to complete the Transaction are subject to the fulfillment of the following conditions on or before the Time of Closing:

- (a) the Purchaser will have tendered all closing deliveries set forth in Section 5.02 including evidence of the issuance of the Consideration Shares, if applicable;
- (b) all consents, assignments, waivers, permits, orders and approvals of all Governmental Authorities (including the CSE and CBCC) or other persons necessary to permit the completion of the Transaction will have been obtained;
- (c) the representations and warranties of the Purchaser set forth in this Agreement will have been true and correct as of the date hereof and will be true and correct at the Time of Closing in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier), except as affected by the transactions contemplated by this Agreement, and a certificate of a director or senior officer of the Purchaser to this effect will have been delivered to the Unitholders and De Krown;
- (d) all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser at or before the Time of Closing will have been complied with or performed and a certificate of a director or senior officer of the Purchaser to this effect will have been delivered to the Unitholders and De Krown;
- (e) there will not have been after the date of this Agreement any Material Adverse Effect with respect to the Purchaser;
- (f) the Consideration Shares, if applicable, will have been approved for issuance by the directors of the Purchaser and will be issued as fully paid and non-assessable shares in the capital of the Purchaser, free and clear of any and all encumbrances, liens, charges and demands of whatsoever nature; and
- (g) there being no inquiry or investigation (whether formal or informal) in relation to the Purchaser or its respective directors or officers commenced or threatened by any securities commission or official of the CSE or regulatory body having jurisdiction, including but not limited to the CBCC, such that the outcome of such inquiry or investigation could have a Material Adverse Effect on, the Purchaser, its business, assets or financial condition.

The foregoing conditions precedent are for the benefit of De Krown and the Unitholders and may be waived by De Krown (on its own behalf and on behalf of the Unitholders) and the Unitholders, in whole or in part, without prejudice to De Krown's and the Unitholders' right to rely on any other condition in favour of De Krown or the Unitholders.

4.04 Notice and Cure Provisions

Each party will give prompt notice to the other parties hereto of the occurrence, or failure to occur, at any time from the date hereof until the Closing Date, of any event or state of facts which occurrence or failure would or would be likely to:

- (a) cause any of the representations or warranties of such party contained herein to be untrue or inaccurate on the date hereof or at the Closing Date; or
- (b) result in the failure by such party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such party hereunder prior to the Closing Date.

Subject to Article VIII, no party may elect not to complete the Transaction as contemplated herein as a result of the non-fulfillment of the conditions precedent contained in Sections 4.01, 4.03, or 4.03 as applicable, unless the party intending to rely thereon has delivered a written notice to the other parties hereto prior to the Time of Closing specifying, in reasonable detail, all breaches of representations and warranties or covenants or other matters which the party delivering such notice is asserting as the basis for the non-fulfillment of the applicable condition precedent.

ARTICLE V CLOSING AND POST CLOSING ARRANGEMENTS

5.01 Time and Place of Closing

Closing of the Transaction will take place at the Time of Closing at the offices of McMillan LLP, Suite 1500, Royal Centre, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7, or such other location or remotely as agreed upon by the Parties.

5.02 Closing Deliveries of the Purchaser

At the Time of Closing, the Purchaser will deliver or cause to be delivered:

- (a) payment of the Purchase Price and such other Additional Consideration due at date of Closing;
- (b) share certificates (or DRS) evidencing the Consideration Shares, if applicable;
- (c) a certificate of one of the Purchaser's directors or senior officers, dated as of the Closing Date, certifying: (i) that attached thereto are true and complete copies of the constating documents of the Purchaser (and all amendments thereto as in effect as on such date); (ii) all resolutions of the board of directors of the Purchaser approving the entering into of this Agreement and all ancillary agreements contemplated herein and the completion of the Transaction, including the issuance of the Consideration Shares, if applicable;
- (d) if applicable, duly executed copies of any De Krown Unitholder Consent Agreements signed by the Purchaser;
- (e) the officer's certificates referred to in Sections 4.03(c) and 4.03(d);
- (f) duly executed Non-Competition Agreements with each of the directors, senior officers and managing members of De Krown (which may be included with the Employment Agreements);
- (g) duly executed Employment Agreements;
- (h) certificates evidencing the Options, issued in accordance with Section 3.03(e); and

- (i) a certificate of good standing for the Purchaser.

5.03 Closing Deliveries of De Krown

At the Time of Closing, De Krown will deliver or cause to be delivered:

- (a) a certificate of a director, senior officer or managing member of De Krown, dated as of the Closing Date, certifying: (i) that attached thereto are true and complete copies of the constating documents of De Krown (and all amendments thereto as in effect as on such date); and (ii) all resolutions of the members of De Krown approving the entering into of this Agreement and the completion of the Transaction;
- (b) if applicable, and if not previously delivered to the Purchaser, duly executed copies of the De Krown Unitholder Consent Agreements referred to in Section 4.02(e) signed by each New De Krown Unitholder and De Krown;
- (c) the certificates referred to in Sections 4.02(b) and 4.02(c);
- (d) duly executed Non-Competition Agreements from each of the directors, senior officers and managing members of De Krown (which may be included in the Executive Employment Agreements);
- (e) duly executed Employment Agreements;
- (f) with respect to the Creditors, a duly executed U.S. Representation Letter for Creditors in the form attached hereto as Schedule "D"; and
- (g) a certificate of good standing for De Krown.

5.04 Closing Deliveries of the Unitholders

At the Time of Closing, each Unitholder will cause to be delivered:

- (a) certificates evidencing the De Krown Units owned by such Unitholder, duly endorsed in blank for transfer or accompanied by duly executed stock transfer powers or other evidence authorizing transfer of the De Krown Units to the Purchaser; and
- (b) with respect to U.S. Unitholders, a duly executed U.S. Representation Letter for U.S. Unitholders in the form attached hereto as Schedule "C".

ARTICLE VI REPRESENTATIONS AND WARRANTIES

6.01 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to and in favour of each of the Unitholders and De Krown as follows and acknowledges that such parties are relying upon such representations and warranties in connection with the transactions contemplated herein:

- (a) the Purchaser is a corporation validly existing and in good standing under the laws of the Province of British Columbia and is duly registered, licensed or qualified to carry on

business under the laws of the jurisdictions in which the nature of its business makes such registration, licensing or qualification necessary;

- (b) the Purchaser is a “**reporting issuer**” in the provinces of British Columbia, Alberta and Ontario and is not in any material default of the Securities Laws;
- (c) the Purchaser has the corporate power and capacity to enter into this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, to perform its obligations hereunder and thereunder, to own and lease its property, and to carry on its business as now being conducted;
- (d) this Agreement has been, and each additional agreement or instrument to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed and delivered by the Purchaser and each is, or will be at the Time of Closing, a legal valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms;
- (e) the execution and delivery of this Agreement has been authorized by all necessary corporate actions of the Purchaser and this Agreement constitutes a valid and binding obligation of the Purchaser, and is enforceable against it in accordance with its terms subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy, insolvency, reorganization or other laws affecting creditors’ rights generally and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought;
- (f) the execution and delivery of this Agreement does not, and the consummation of the Transaction will not: (i) result in a breach or violation of the constating documents of the Purchaser or of any resolutions of the directors or shareholders of the Purchaser; (ii) conflict with, result in a breach of, constitute a default under or accelerate the performance required by or result in the suspension, cancellation, material alteration or creation of an encumbrance upon any material agreement (including any Material Contract of the Purchaser), license or permit to which the Purchaser is a party or by which the Purchaser is bound or to which any material assets or property of the Purchaser is subject; or (iii) violate any provision of any Applicable Laws or regulation or any judicial or administrative order, award, judgment or decree applicable to the Purchaser;
- (g) the Common Shares are listed for trading on the CSE and the Purchaser is not in material default of any of the listing requirements of the CSE;
- (h) when issued in accordance with the terms hereof, the Consideration Shares, if applicable, will be validly issued as fully paid and non-assessable Common Shares;
- (i) all disclosure documents of the Purchaser filed under the Securities Laws of the Provinces of British Columbia, Alberta and Ontario since the date of its incorporation, but not limited to, financial statements, prospectuses, offering memorandums, information circulars, material change reports and shareholder communications contain no untrue statement of a material fact as at the date thereof nor do they omit to state a material fact which, at the date thereof, was required to have been stated or was necessary to prevent a statement that was made from being false or misleading in the circumstances in which it was made;

- (j) the Purchaser holds all material licenses and permits required for the Purchaser to own or lease its property and assets and to carry on its business as conducted as of the date hereof, except where failure to hold such licenses or permits individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect on the Purchaser;
- (k) the Purchaser has no knowledge of any reasonably likely circumstances pursuant to which the announcement or pendency of this Agreement or the Transaction or any change, effect, event or occurrence contemplated by the terms of this Agreement would have a Material Adverse Effect on the Purchaser;
- (l) the audited financial statements of the Purchaser as at and for the fiscal years ended July 31, 2020 and 2019 and unaudited interim financial statements of the Purchaser as at and for the period ended January 31, 2021 (the “**Purchaser Financial Statements**”) have been prepared in accordance with International Financial Reporting Standards applied on a basis consistent with prior periods. The Purchaser Financial Statements are true, correct and complete and present fairly the assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of the Purchaser as at the respective dates thereof and results of operations of the Purchaser for the respective periods then ended. Since January 31, 2021, there has been no material alteration in the manner of keeping the books, accounts or records of the Purchaser or in its accounting policies or practices;
- (m) except as disclosed in the Purchaser Financial Statements, there are no related-party transactions or off-balance sheet structures or transactions with respect to the Purchaser;
- (n) except as disclosed in the Purchaser Financial Statements, the Purchaser is not a party to, or bound by, any agreement of guarantee, indemnification, assumption or endorsement or any like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person;
- (o) since January 31, 2021 there has been no material adverse change in the condition (financial or otherwise), assets, liabilities, operations, earnings or business of the Purchaser;
- (p) the Purchaser has conducted and is conducting its business in compliance in all material respects with all Applicable Laws, regulations, by-laws, ordinances, regulations, rules, judgments, decrees and orders of each jurisdiction in which its business is carried on, other than any non-compliance that individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect on the Purchaser;
- (q) the Material Contracts of the Purchaser are in full force and effect, unamended, and there exists no default, warranty claim or other obligation or liability or event, occurrence, condition or act (including the purchase and sale of the De Krown Units hereunder and the issuance of the Consideration Shares, and the other transactions contemplated hereunder) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default, or give rise to a warranty claim or other obligation or liability thereunder that could reasonably be expected to have a Material Adverse Effect on the Purchaser. The Purchaser has not violated or breached, in any material respect, any of the terms or conditions of any Material Contract of the Purchaser and all the covenants to be performed by any other party thereto have been fully and properly performed;

- (r) there are no waivers, consents, notices or approvals required to be given or obtained by the Purchaser in connection with Transaction and the other transactions contemplated by this Agreement under any Contract to which the Purchaser is a party that could reasonably be expected to have a Material Adverse Effect on the Purchaser;
- (s) no consent, approval, order or authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over the Purchaser is required to be obtained by the Purchaser in connection with the execution and delivery of this Agreement or the consummation of the Transaction, including, without limitation, the issuance of the Consideration Shares, if applicable, except for those consents, orders, authorizations, declarations, registrations or approvals which are contemplated by this Agreement or those consents, orders, authorizations, declarations, registrations or approvals that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent or materially delay the Purchaser from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on the Purchaser;
- (t) there is no suit, action or proceeding or, to the knowledge of the Purchaser, pending or threatened against the Purchaser that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on the Purchaser, and there is no judgment, decree, injunction, rule or order of any Governmental Authority outstanding against the Purchaser causing, or which could reasonably be expected to cause, a Material Adverse Effect on the Purchaser;
- (u) there is no bankruptcy, liquidation, winding-up or other similar proceedings pending or in progress or, to the knowledge of the Purchaser, threatened against the Purchaser before any court, regulatory or administrative agency or tribunal;
- (v) the Purchaser has good and marketable title to its properties and assets (other than property or an asset as to which the Purchaser is a lessee, in which case it has a valid leasehold interest), except for such defects in title that individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the Purchaser;
- (w) the Purchaser has duly filed on a timely basis all tax returns required to be filed by it and the Purchaser has paid all taxes which are due and payable and has paid all assessments and reassessments, and all other taxes, governmental charges, penalties, interest and fines due and payable on or before the date hereof, and adequate provision has been made for taxes payable for the current period for which tax returns are not yet required to be filed. There are no actions, suits or claims asserted or assessed against the Purchaser in respect of taxes, governmental charges or assessments, nor are any matters under discussion with any Governmental Authority relating to taxes, governmental charges or assessments asserted by such Governmental Authority. The Purchaser has withheld from each payment made by it to any person and remitted to the proper tax and other receiving offices within the time required all income tax and other deductions required to be withheld from such payments;
- (x) the Purchaser has not been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental Authority notified the Purchaser of such Governmental Authority's intention to commence or to conduct any investigation, that could be reasonably likely to have a Material Adverse Effect on the Purchaser;

- (y) other than any deficiencies would not reasonably be likely to have a Material Adverse Effect on the Purchaser, the Corporate Records of the Purchaser are complete and accurate in all material respects and all corporate proceedings and actions reflected therein have been conducted or taken in compliance with all Applicable Laws and with the constating documents of the Purchaser, and without limiting the generality of the foregoing: (i) the minute books contain complete and accurate minutes of all meetings of the directors (and any committee thereof) and shareholders of the Purchaser; (ii) such minute books contain all written resolutions passed by the directors (and any committee thereof) and shareholders of the Purchaser; (iii) the share certificate books, if any, securities register and register of transfers of the Purchaser are complete and accurate, and all transfers of shares of the Purchaser reflected therein have been duly completed and approved; and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers of the Purchaser were duly elected or appointed as the case may be;
- (z) all Books and Records of the Purchaser have been fully, properly and accurately kept and, where required, completed in accordance with generally accepted accounting principles, and there are no material inaccuracies or discrepancies of any kind contained or reflected therein;
- (aa) no director, officer, employee or consultant of the Purchaser is party to a Change of Control, severance, termination, golden parachute or similar agreement or provision or would or may receive payments under such an agreement or provision as a result of the Transaction; and
- (bb) to the knowledge of the Purchaser, no representation or warranty of the Purchaser contained in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.
- (cc) The Purchaser understands and acknowledges that De Krown is a duly licensed cannabis manufacturing business operating within the State of California and City of Sacramento, and therefore, after closing Purchaser shall assume all responsibility for procuring, obtaining and/or maintaining the relevant licenses issued by the relevant Government Authorities to De Krown, including but not limited to the Type 6 Manufacturing license issued to De Krown by State of California and the City of Sacramento.

6.02 Representations and Warranties of the Unitholders

Each of the Unitholders, on its own behalf and not on behalf of any other Unitholder, hereby severally (and, for greater certainty, not jointly with any other Unitholder) represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying on such representations and warranties in connection with the transactions contemplated herein:

- (a) this Agreement has been, and each additional agreement or instrument required to be delivered by the Unitholder pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed and delivered by the Unitholder and each is, or will be at the Time of Closing, a legal, valid and binding obligation of the Unitholders, enforceable against the Unitholder in accordance with its terms;
- (b) if the Unitholder is not an individual, the Unitholder is validly existing under the laws of its jurisdiction of organization and has the corporate or other power to enter into this

Agreement and any other agreement to which it is, or is to become, a party to pursuant to the terms hereof and to perform its obligations hereunder and thereunder;

- (c) to the knowledge of the Unitholder, the execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) if the Unitholder is not an individual, result in a breach or violation of the articles or by-laws of the Unitholder (or other constating documents of the Unitholder) or of any resolutions of the directors, shareholders or unitholders of the Unitholder, or (ii) violate any provision of any Applicable Laws or regulation or any judicial or administrative order, award, judgment or decree applicable to the Unitholder;
- (d) the Unitholder is the owner of that number of De Krown Units, as the case may be, set forth opposite the Unitholder's name in Schedule "A", free and clear of all liens, charges, mortgages, security interests, pledges, demands, claims and other encumbrances of any nature whatsoever;
- (e) other than the operating agreements utilized for the formation of De Krown, no person has any agreement or option or any right or privilege capable of becoming an agreement for the purchase of the De Krown Units held or beneficially owned by the Unitholder and none of such De Krown Units are subject to any voting trust, Unitholders agreement, voting agreement or other agreement with respect to the disposition or enjoyment of any rights of such De Krown Units;
- (f) to the knowledge of the Unitholder, no consent, approval, order or authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over the Unitholder is required to be obtained by the Unitholder in connection with the execution and delivery of this Agreement or the consummation by the Unitholder of the Transaction, except for those consents, orders, authorizations, declarations, registrations or approvals which are contemplated by this Agreement or those consents, orders, authorizations, declarations, registrations or approvals that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent the Unitholder from performing its obligations under this Agreement;
- (g) except for the Non-Resident Unitholders, the Unitholders is not a "non-resident" of Canada within the meaning of the Tax Act;
- (h) unless the Unitholder is a U.S. Unitholder and has completed and delivered a U.S. Representation Letter for U.S. Unitholders in the form attached hereto as Schedule "C" (in which case the Unitholder makes the representations, warranties and covenants therein):
 - (i) the offer to purchase the Unitholder's De Krown Units was not made to the Unitholder when either the Unitholder or any beneficial purchaser for whom it is acting, if applicable, was in the United States;
 - (ii) the Unitholder is not a U.S. Person, is not in the United States and is not acquiring De Krown Units on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States;
 - (iii) at the time this Agreement was executed and delivered by the Unitholders the Unitholder was outside the United States;

- (iv) if the Unitholder is a corporation or entity, (A) a majority of the Unitholder's voting equity is beneficially owned by persons resident outside the United States; and (B) the Unitholder's affairs are wholly controlled and directed from outside of the United States;
 - (v) the Unitholder or any beneficial purchaser for whom it is acting, if applicable, has no intention to distribute either directly or indirectly any of the Consideration Shares, if applicable, in the United States, except in compliance with the U.S. Securities Act; and
 - (vi) the current structure of this transaction and all transactions and activities contemplated in this Agreement is not a scheme to avoid the registration requirements of the U.S. Securities Act and any applicable state securities laws;
- (i) Non-Resident Unitholders represent, warrant and/or acknowledge, as applicable, that:
- (i) the Consideration Shares issuable hereunder, if applicable, have not been and will not be registered under the securities laws of any foreign jurisdiction and that the issuance of the Consideration Shares, if applicable, pursuant to the terms of this Agreement is being made in reliance on applicable exemptions; and
 - (ii) the receipt of the Consideration Shares by Non-Resident Unitholders, if applicable, does not contravene any of the applicable securities legislation in the jurisdiction in which it is resident and does not trigger: (i) any obligation to prepare and file a prospectus or similar document, or any other report with respect to such transfer; and (ii) any registration or other obligation on the part of Purchaser;
- (j) the Unitholder has not authorized any person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement, that in any manner may or will impose liability on De Krown or the Purchaser; and
- (k) to the knowledge of the Unitholder, no representation or warranty of the Unitholder contained in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

6.03 Representations and Warranties of De Krown

De Krown represents and warrants to the Purchaser as follows, except as Disclosed, and acknowledges that the Purchaser is relying on such representations and warranties in connection with the transactions contemplated herein:

- (a) De Krown is a limited liability corporation validly existing and in good standing under the laws of its jurisdiction of incorporation and is duly registered, licensed or qualified to carry on business under the laws of the jurisdictions in which the nature of its business makes such registration, licensing or qualification necessary;
- (b) De Krown has the authority and capacity to enter into this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, to perform its obligations hereunder and thereunder, to own and lease its property, and to carry on its business as now being conducted;

- (c) De Krown is not a 'reporting issuer' or equivalent in any jurisdiction nor are any shares of De Krown listed or quoted on any stock exchange or electronic quotation system;
- (d) this Agreement has been, and each additional agreement or instrument to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed and delivered by De Krown and each is, or will be at the Time of Closing, a legal, valid and binding obligation of De Krown, enforceable against De Krown in accordance with its terms;
- (e) the execution and delivery of this Agreement has been authorized by all necessary corporate actions of De Krown and this Agreement constitutes a valid and binding obligation of De Krown, and is enforceable against it in accordance with its terms subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought;
- (f) to the knowledge of De Krown, the execution and delivery of this Agreement does not, and the consummation of the Transaction will not: (i) result in a breach or violation of the constating documents of De Krown or any resolutions of the directors or Unitholders of De Krown; (ii) conflict with, result in a breach of, constitute a default under or accelerate the performance required by or result in the suspension, cancellation, material alteration or creation of an encumbrance upon any material agreement (including any Material Contract of De Krown), license or permit to which De Krown is a party or by which De Krown is bound or to which any material assets or property of De Krown is subject; or (iii) violate any provision of any Applicable Laws or regulation or any judicial or administrative order, award, judgment or decree applicable to De Krown;
- (g) the authorized capital of De Krown consists of an unlimited number of De Krown Units, of which, as of the date of this Agreement, 100,000 De Krown Units are issued and outstanding as fully paid and non-assessable units; and as of the date hereof, there are nil convertible securities outstanding;
- (h) De Krown holds all material licenses and permits required for De Krown to own or lease its property and assets and to carry on its business as conducted as of the date hereof, except where failure to hold such licenses or permits individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect on De Krown;
- (i) De Krown has no knowledge of any reasonably likely circumstances pursuant to which the announcement or pendency of this Agreement or the Transaction or any change, effect, event or occurrence contemplated by the terms of this Agreement would have a Material Adverse Effect on De Krown;
- (j) other than as described herein, De Krown does not own, and has not at any time owned, and does not have any agreements of any nature to acquire, directly or indirectly, any shares in the capital of or other equity or proprietary interests in any person, and De Krown C does not have any agreements to acquire or lease any material assets or properties or any other business operations;
- (k) except as disclosed herein, no person (other than the Purchaser pursuant to this Agreement) has any agreement, option, right or privilege (whether by law, pre-emptive or

contractual) capable of becoming an agreement, including convertible securities, options, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any unissued shares or other securities of De Krown;

- (l) the financial statements of De Krown as at March 1, 2021 (the “**De Krown Financial Statements**”) are true, correct and complete and present fairly the assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of De Krown and results of operations of De Krown as at March 1, 2021. Since March 1, 2021, there has been no material alteration in the manner of keeping the books, accounts or records of De Krown or in its accounting policies or practices;
- (m) except as disclosed in the De Krown Financial Statements, there are no related-party transactions or off-balance sheet structures or transactions with respect to De Krown;
- (n) except as disclosed in the De Krown Financial Statements, De Krown is not a party to, or bound by, any agreement of guarantee, indemnification, assumption or endorsement or any like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person;
- (o) since March 1, 2021 there has been no material adverse change in the condition (financial or otherwise), assets, liabilities, operations, earnings or business of De Krown;
- (p) De Krown has conducted and is conducting its business in compliance in all material respects with all Applicable Laws, regulations, by-laws, ordinances, regulations, rules, judgments, decrees and orders of each jurisdiction in which its business is carried on;
- (q) the Material Contracts of De Krown are in full force and effect, unamended, and there exists no default, warranty claim or other obligation or liability or event, occurrence, condition or act (including the purchase and sale of the De Krown Units hereunder and the other transactions contemplated hereunder, including, without limitation, the issuance of the Consideration Shares) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default, or give rise to a warranty claim or other obligation or liability thereunder. De Krown has not violated or breached, in any material respect, any of the terms or conditions of any Material Contract of De Krown and all the covenants to be performed by any other party thereto have been fully and properly performed;
- (r) there are no waivers, consents, notices or approvals required to be given or obtained by De Krown in connection with the Transaction and the other transactions contemplated by this Agreement under any Contract to which De Krown is a party;
- (s) no consent, approval, order or authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over De Krown is required to be obtained by De Krown in connection with the execution and delivery of this Agreement, except for those consents, orders, authorizations, declarations, registrations or approvals which are contemplated by this Agreement or those consents, orders, authorizations, declarations, registrations or approvals that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent or materially delay De Krown from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on De Krown;

- (t) there is no suit, action or proceeding or, to the knowledge of De Krown, pending or threatened against De Krown that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on De Krown, and there is no judgment, decree, injunction, rule or order of any Governmental Authority outstanding against De Krown causing, or which could reasonably be expected to cause, a Material Adverse Effect on De Krown;
- (u) no bankruptcy, insolvency or receivership proceedings have been instituted by De Krown or, to the knowledge of De Krown, are pending against De Krown;
- (v) De Krown has good and marketable title to its properties and assets (other than property or an asset as to which De Krown is a lessee, in which case it has a valid leasehold interest), except for such defects in title that individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on De Krown;
- (w) other than as contemplated herein, no person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming an agreement, option, understanding or commitment for the purchase from De Krown of any of its assets or property;
- (x) De Krown has duly filed on a timely basis all tax returns required to be filed by it and De Krown has paid all taxes which are due and payable and has paid all assessments and reassessments, and all other taxes, governmental charges, penalties, interest and fines due and payable on or before the date hereof, and adequate provision has been made for taxes payable for the current period for which tax returns are not yet required to be filed. There are no actions, suits or claims asserted or assessed against De Krown in respect of taxes, governmental charges or assessments, nor are any matters under discussion with any Governmental Authority relating to taxes, governmental charges or assessments asserted by such Governmental Authority. De Krown has withheld from each payment made by it to any person and remitted to the proper tax and other receiving offices within the time required all income tax and other deductions required to be withheld from such payments;
- (y) De Krown has not been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental Authority notified De Krown of such Governmental Authority's intention to commence or to conduct any investigation, that could be reasonably likely to have a Material Adverse Effect on De Krown;
- (z) other than any deficiencies would not reasonably be likely to have a Material Adverse Effect on De Krown, the Corporate Records of De Krown are complete and accurate in all material respects and all corporate proceedings and actions reflected therein have been conducted or taken in compliance with all Applicable Laws and with the constating documents of De Krown, and without limiting the generality of the foregoing: (i) the minute books contain complete and accurate minutes of all meetings of the directors (and any committee thereof) and Unitholders of De Krown; (ii) such minute books contain all written resolutions passed by the directors (and any committee thereof) and Unitholders of De Krown; (iii) the share certificate books, if any, securities register and register of transfers of De Krown are complete and accurate, and all transfers of shares of De Krown reflected therein have been duly completed and approved; and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers of De Krown were duly elected or appointed as the case may be;

- (aa) all Books and Records of De Krown have been fully, properly and accurately kept and, where required, completed in accordance with generally accepted accounting principles, and there are no material inaccuracies or discrepancies of any kind contained or reflected therein;
- (bb) no director, officer, managing member, employee or consultant of De Krown is party to a change of control, severance, termination, golden parachute or similar agreement or provision or would or may receive payments under such an agreement or provision as a result of the Transaction;
- (cc) to the knowledge of De Krown:
 - (i) the business of De Krown does not infringe upon the Intellectual Property Rights of any third party and there exists no claim of any infringement or breach of any industrial or Intellectual Property Rights of any other person by De Krown or in connection with the business of De Krown;
 - (ii) there exists no claim or assertion by a third party of any ownership rights in the Intellectual Property Rights used or proposed to be used in connection with the business of De Krown; and
 - (iii) De Krown has not received any notice that the conduct of its business, including the use of its Intellectual Property Rights, infringes upon or breaches any Intellectual Property Rights of any other person; and
- (dd) to the knowledge of De Krown, no representation or warranty of De Krown contained in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

6.04 Survival of Representations and Warranties

The representations and warranties made by the parties and contained in this Agreement or any document or certificate given pursuant hereto will survive the Closing of the Transaction until the date that is 24 months from the Closing Date. No claim for breach of any representation, warranty or covenant will be valid unless that party against whom such claim is made has been given notice thereof before the expiry of such 24 month period.

ARTICLE VII COVENANTS

7.01 Mutual Covenants

Each of the parties hereby covenants and agrees as follows:

- (a) to use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder which are reasonably under its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws and regulations to complete the Transaction in accordance with the terms of this Agreement. Without limiting the generality of the foregoing, in the event that any person, including without limitation, any securities regulatory authority, seeks to prevent, delay or hinder implementation of all or

any portion of the Transaction or seeks to invalidate all or any portion of this Agreement, each of the parties will use commercially reasonable efforts to resist such proceedings and to lift or rescind any injunction or restraining order or other order or action seeking to stop or otherwise adversely affecting the ability of the parties to complete the Transaction;

- (b) to use commercially reasonable efforts to obtain, before the Time of Closing, all authorizations, waivers, exemptions, consents, orders and other approvals from domestic or foreign courts, Governmental Authorities, shareholders, unitholders and third parties as are necessary for the consummation of the transactions contemplated herein;
- (c) to use commercially reasonable efforts to defend or cause to be defended any lawsuits or other legal proceedings brought against it challenging this Agreement or the completion of the Transaction; no party will settle or compromise any claim brought against them in connection with the transactions contemplated by this Agreement prior to the Closing Date without the prior written consent of each of the other parties, such consent not to be unreasonably withheld or delayed;
- (d) to promptly notify each of the other parties if any representation or warranty made by it in this Agreement ceases to be true and correct in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier) and of any failure to comply in any material respect with any of its obligations under this Agreement;
- (e) to co-operate with each of the other parties hereto in good faith in order to ensure the timely completion of the Transaction; and
- (f) to use commercially reasonable efforts to co-operate with each of the other parties hereto in connection with the performance by the other of its obligations under this Agreement.

7.02 Covenants of the Purchaser

The Purchaser covenants and agrees with the Unitholders and De Krown that, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VIII it will:

- (a) in a timely and expeditious manner:
 - (i) file and/or deliver any document or documents as may be required in order for the Transaction as contemplated herein to be effective; and
 - (ii) file and/or deliver any document or documents required pursuant to Applicable Laws and/or the Exchange Policies and the CBCC in connection with the Transaction as contemplated herein after the Closing;
- (b) to make available and afford De Krown and its authorized representatives and, if requested by De Krown, provide a copy of all title documents, contracts, financial statements, minute books, share certificate books, if any, share registers, plans, reports, licenses, orders, permits, books of account, accounting records, constating documents and all other documents, information and data relating to the Purchaser. The Purchaser will afford De Krown and its authorized representatives every reasonable opportunity to have

free and unrestricted access to the Purchaser's property, assets, undertaking, records and documents. At the request of De Krown, the Purchaser will execute or cause to be executed such consents, authorizations and directions as may be necessary to permit any inspection of the Purchaser's business and any of its property or to enable De Krown or its authorized representatives to obtain full access to all files and records relating to any of the assets of the Purchaser maintained by governmental or other public authorities. The obligations in this Section 7.02(b) are subject to any access or disclosure contemplated herein not being otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained, provided that in such circumstance the Purchaser will be required to disclose that information has been withheld on this basis. The exercise of any rights of inspection by or on behalf of De Krown under this Section 7.02(b) will not mitigate or otherwise affect the representations and warranties of the Purchaser hereunder;

- (c) to the extent necessary, apply to the CSE and diligently pursue the approval of the Transaction (including the obligation of the Purchaser to issue the Consideration Shares, if applicable);
- (d) except for non-substantive communications, and provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained (provided that in such circumstance the Purchaser will be required to disclose that information has been withheld on this basis), furnish promptly to De Krown (on behalf of the Unitholders) a copy of each notice, report, schedule or other document or communication delivered, filed or received by the Purchaser in connection with or related to the Transaction, any filings under Applicable Laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein;
- (e) use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to complete the Transaction as contemplated herein, including using commercially reasonable efforts to:
 - (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases, licenses, agreements and other Contracts, as applicable;
 - (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Transaction and participate and appear in any proceedings of either the Purchaser or De Krown before any Governmental Authority to the extent permitted by such authorities; and
 - (iii) fulfill all conditions and satisfy all provisions of this Agreement and the Transaction;
- (f) subject to Applicable Laws, not take any action, refrain from taking any action, or permit any action to be taken or not taken inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction;

- (g) conduct and operate its business and affairs only in the ordinary course consistent with past practice and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other persons;
- (h) except as may be necessary or desirable in order to effect the Transaction as contemplated hereunder, not alter or amend its constating documents as the same exist at the date of this Agreement;
- (i) not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization or arrangement with, or transfer its undertaking or assets as an entirety or substantially as an entirety to, any other person or perform any act which would render inaccurate in any material way any of its representations and warranties set forth herein as if such representations and warranties were made at a date subsequent to such act and all references to the date of this Agreement were deemed to be such later date, except as contemplated in this Agreement, and without limiting the generality of the foregoing, it will not:
 - (i) make any distribution by way of dividend, distribution of property or assets, return of capital or otherwise to or for the benefit of its Unitholders;
 - (ii) increase or decrease its paid-up capital or purchase or redeem any shares; or
 - (iii) issue or enter into any commitment to issue any of its shares or securities convertible into, or rights, warrants or options to acquire, any such shares, except pursuant to and as contemplated by this Agreement;
- (j) take all necessary corporate action and proceedings to approve and authorize the issuance of the Consideration Shares to the Unitholders, if applicable;
- (k) prepare and file with all applicable securities commissions such notifications and fees necessary to permit, or that are required in connection with, the issuance of the Consideration Shares to the Unitholders, if applicable, on a basis exempt from the prospectus and registration requirements of the applicable Securities Laws of the provinces of Canada in which the Unitholders are resident;
- (l) use its commercially reasonable efforts to maintain its status as a “reporting issuer” (as defined under applicable securities legislation), not in default of the securities laws of the Provinces of British Columbia, Alberta or Ontario;
- (m) to co-operate with each of the other parties hereto in good faith in order to ensure the timely completion of the Transaction;
- (n) to use commercially reasonable efforts to co-operate with each of the other parties hereto in connection with the performance by the other of its obligations under this Agreement; and
- (o) to use commercially reasonable efforts to maintain the listing of the Common Shares on the CSE or other stock exchange in North America.

7.03 Covenants of De Krown

De Krown covenants and agrees with the Purchaser that, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VIII it will:

- (a) not to solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Transaction and without limiting the generality of the foregoing, not to induce or attempt to induce any other person to initiate any shareholder proposal or "takeover bid," exempt or otherwise, within the meaning of the *Securities Act* (British Columbia), for securities or assets of De Krown, nor to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Transaction, including, without limitation, allowing access to any third party to conduct due diligence, nor to permit any of its officers or directors to authorize such access, except as required by statutory obligations. In the event, De Krown, including any of its officers or directors, receives any form of offer or inquiry, De Krown shall forthwith (in any event within one business day following receipt) notify the Purchaser of such offer or inquiry and provide the Purchaser with such details as it may request;
- (b) to make available and afford the Purchaser and its authorized representatives and, if requested by the Purchaser, provide a copy of all title documents, contracts, financial statements, minute books, share certificate books, if any, share registers, if any, plans, reports, licenses, orders, permits, books of account, accounting records, constating documents and all other documents, information and data relating to De Krown. De Krown will afford the Purchaser and its authorized representatives every reasonable opportunity to have free and unrestricted access to De Krown's property, assets, undertaking, records and documents. At the request of the Purchaser, De Krown will execute or cause to be executed such consents, authorizations and directions as may be necessary to permit any inspection of De Krown's business and any of its property or to enable the Purchaser or its authorized representatives to obtain full access to all files and records relating to any of the assets of De Krown maintained by governmental or other public authorities. The obligations in this Section 7.03(b) are subject to any access or disclosure contemplated herein not being otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained, provided that in such circumstance De Krown will be required to disclose that information has been withheld on this basis. The exercise of any rights of inspection by or on behalf of Purchaser under this Section 7.03(b) will not mitigate or otherwise affect the representations and warranties of De Krown hereunder;
- (c) except for non-substantive communications, and provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained (provided that in such circumstance De Krown will be required to disclose that information has been withheld on this basis), furnish promptly to the Purchaser a copy of each notice, report, schedule or other document or communication delivered, filed or received by De Krown in connection with or related to the Transaction, any filings under Applicable Laws and any dealings with any

Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein;

- (d) use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to complete the Transaction as contemplated herein, including using commercially reasonable efforts to:
 - (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases, licenses, agreements and other Contracts, as applicable;
 - (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Transaction and participate and appear in any proceedings of either the Purchaser or De Krown before any Governmental Authority to the extent permitted by such authorities; and
 - (iii) fulfill all conditions and satisfy all provisions of this Agreement and the Transaction;
- (e) subject to Applicable Laws, not take any action, refrain from taking any action, or permit any action to be taken or not taken inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction;
- (f) conduct and operate its business and affairs only in the ordinary course consistent with past practice and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other persons and, for greater certainty, it will not enter into any material transaction out of the ordinary course of business consistent with past practice without the prior consent of the Purchaser, and De Krown will keep the Purchaser fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business, provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver could not be obtained;
- (g) except as may be necessary or desirable in order to effect the Transaction as contemplated hereunder, not alter or amend its articles or by-laws as the same exist at the date of this Agreement;
- (h) not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization or arrangement with, or transfer its undertaking or assets as an entirety or substantially as an entirety to, any other person or perform any act which would render inaccurate in any material way any of its representations and warranties set forth herein as if such representations and warranties were made at a date subsequent to such act and all references to the date of this Agreement were deemed to be such later date, except as contemplated in this Agreement, and without limiting the generality of the foregoing, it will not:

- (i) make any distribution by way of dividend, distribution of property or assets, return of capital or otherwise to or for the benefit of its Unitholders, except the Approved Distribution or in the ordinary course of business;
 - (ii) increase or decrease its paid-up capital or purchase or redeem any De Krown Units; or
 - (iii) issue or enter into any commitment to issue any of its De Krown Units or securities convertible into, or rights, warrants or options to acquire, any such De Krown Units, except pursuant to and as contemplated by this Agreement;
- (i) to co-operate with each of the other parties hereto in good faith in order to ensure the timely completion of the Transaction;
 - (j) to use commercially reasonable efforts to co-operate with each of the other parties hereto in connection with the performance by the other of its obligations under this Agreement; and
 - (k) take all necessary corporate action and proceedings to approve and authorize the valid and effective transfer of the De Krown Units to the Purchaser.

7.04 Covenants of the Unitholders

Each of the Unitholders, on its own behalf, covenants and agrees with the other parties hereto that, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VIII it will:

- (a) use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are 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, proper or advisable under all Applicable Laws to complete the Transaction, including using commercially reasonable efforts to:
 - (i) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Transaction; and
 - (ii) fulfill all conditions and satisfy all provisions of this Agreement and the Transaction;
- (b) subject to Applicable Laws or as otherwise authorized by this Agreement, not take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction;
- (c) if the Unitholder is a corporation or entity, take all necessary corporate action and proceedings to approve and authorize the valid and effective transfer of the De Krown Units to the Purchaser;
- (d) not encumber in any manner the De Krown Units and ensure that at the Time of Closing the De Krown Units are free and clear of all Liens, charges, mortgages, security interests, pledges, demands, claims and other encumbrances whatsoever;

- (e) to co-operate with each of the other parties hereto in good faith in order to ensure the timely completion of the Transaction; and
- (f) to use commercially reasonable efforts to co-operate with each of the other parties hereto in connection with the performance by the other of its obligations under this Agreement.

ARTICLE VIII TERMINATION

8.01 Termination

This Agreement may be terminated at any time prior to Closing:

- (a) by mutual written consent of De Krown and the Purchaser;
- (b) by either De Krown or the Purchaser if Closing will not have been consummated on or prior to the Termination Date, without liability to the terminating party on account of such termination; provided that the right to terminate this Agreement pursuant to this Section 8.01(b) will not be available to a party whose willful breach or violation of any representation, warranty, covenant, obligation or agreement under this Agreement has been the cause of or has resulted in the failure of the Closing to occur on or before such date;
- (c) by the Purchaser, if there has been a material breach by De Krown or the Unitholders of any representation, warranty, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby which breach would result in the failure to satisfy one or more of the conditions set forth in Section 4.02 which De Krown or the Unitholders, as applicable, fails to cure within ten (10) Business Days after written notice thereof is given by the Purchaser;
- (d) by De Krown if there has been a material breach by the Purchaser of any representation, warranty, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby which breach would result in the failure to satisfy one or more of the conditions set forth in Section 4.03 which the Purchaser fails to cure within ten (10) Business Days after written notice thereof is given by De Krown;
- (e) by the Purchaser or De Krown, if the other party completes an Alternative Transaction or enters into a definitive and binding agreement to effect an Alternative Transaction; and
- (f) by any party, if any permanent injunction or other order of a court or other competent authority preventing the Closing will have become final and non-appealable; provided, however, that no party will be entitled to terminate this Agreement if such party's material breach of this Agreement or any of the documents contemplated hereby has resulted in such permanent injunction or order.

8.02 Effect of Termination

Upon termination of this Agreement in accordance with the terms hereof, the parties hereto will have no further obligations under this Agreement, other than the obligations contained in Section 10.03 and Section 10.08.

**ARTICLE IX
INDEMNIFICATION**

9.01 Indemnification by the Purchaser

Subject to Section 6.04, the Purchaser will indemnify and save the Unitholders and De Krown harmless for and from:

- (a) any loss, damages or deficiencies suffered by the Unitholders or De Krown as a result of any breach of representation, warranty or covenant on the part of the Purchaser contained in this Agreement or in any certificate or document delivered pursuant to or contemplated by this Agreement; and
- (b) all claims, demands, costs and expenses, including reasonable legal fees, in respect of the foregoing.

9.02 Indemnification by the Unitholders

Subject to Section 6.04, each of the Unitholders, on its own behalf, and not on behalf of any other Unitholder, severally (and for greater certainty, not jointly with any other Unitholder) shall indemnify and save the Purchaser harmless for and from:

- (a) any loss, damages or deficiencies suffered by the Purchaser as a result of any breach by such Unitholder of any representation, warranty or covenant on the part of such Unitholder contained in this Agreement or in any certificate or document delivered pursuant to or contemplated by this Agreement; and
- (b) all claims, demands, costs and expenses, including reasonable legal fees, in respect of the foregoing.

9.03 Notice of Claim

A party entitled to and seeking indemnification pursuant to the terms of this Agreement (the “**Indemnified Party**”) will promptly give written notice to the party or parties, as applicable, responsible for indemnifying the Indemnified Party (the “**Indemnifying Party**”) of any claim for indemnification pursuant to Sections 9.01 or 9.02 (a “**Claim**”, which term will include more than one Claim). Such notice will specify whether the Claim arises as a result of a claim by a person against the Indemnified Party (a “**Third Party Claim**”) or whether the Claim does not so arise (a “**Direct Claim**”), and will also specify with reasonable particularity (to the extent that the information is available):

- (a) the factual basis for the Claim; and
- (b) the amount of the Claim, or, if any amount is not then determinable, an approximate and reasonable estimate of the likely amount of the Claim.

9.04 Procedure for Indemnification

- (a) Direct Claims. With respect to Direct Claims, following receipt of notice from the Indemnified Party of a Claim, the Indemnifying Party will have 30 days to make such investigation of the Claim as the Indemnifying Party considers necessary or desirable. For the purpose of such investigation, the Indemnified Party will make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate

the Claim. If the Indemnified Party and the Indemnifying Party agree at or prior to the expiration of such 30 day period (or any mutually agreed upon extension thereof) to the validity and amount of such Claim, the Indemnifying Party will immediately pay to the Indemnified Party the full agreed upon amount of the Claim.

- (b) Third Party Claims. With respect to any Third Party Claim, the Indemnifying Party will have the right, at its own expense, to participate in or assume control of the negotiation, settlement or defense of such Third Party Claim and, in such event, the Indemnifying Party will reimburse the Indemnified Party for all the Indemnified Party's out-of-pocket expenses incurred as a result of such participation or assumption. If the Indemnifying Party elects to assume such control, the Indemnified Party will cooperate with the Indemnifying Party, will have the right to participate in the negotiation, settlement or defense of such Third Party Claim at its own expense and will have the right to disagree on reasonable grounds with the selection and retention of counsel, in which case counsel satisfactory to the Indemnifying Party and the Indemnified Party will be retained by the Indemnifying Party. If the Indemnifying Party, having elected to assume such control, thereafter fails to defend any such Third Party Claim within a reasonable time, the Indemnified Party will be entitled to assume such control and the Indemnifying Party will be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim.

9.05 General Indemnification Rules

The obligations of the Indemnifying Party to indemnify the Indemnified Party in respect of Claims will also be subject to the following:

- (a) without limiting the generality of Sections 9.01 or 9.02 , any Claim for breach of any representation, warranty or covenant will be subject to Section 6.04;
- (b) the Indemnifying Party's obligation to indemnify the Indemnified Party will only apply to the extent that the Claims in respect of which the Indemnifying Party has given an indemnity, in the aggregate, exceed \$25,000;
- (c) notwithstanding anything to the contrary in this Agreement, the aggregate liability of an Indemnifying Party which is a Unitholder to any and all Indemnified Parties under this Agreement shall be limited to the amount paid by such Indemnifying Party in respect of its De Krown Units pursuant to Section 2.01; for greater certainty, no Unitholder shall be liable, in the aggregate, to any and all Indemnified Parties for any amount in excess of the value of its *pro rata* share of the Purchase Price;
- (d) notwithstanding anything to the contrary in this Agreement, the aggregate liability of De Krown or the Purchaser to any and all Indemnified Parties under this Agreement will be limited to the value of the Consideration Shares issuable under this Agreement;
- (e) if any Third Party Claim is of a nature such that the Indemnified Party is required by Applicable Laws to make a payment to any person (a "Third Party") with respect to such Third Party Claim before the completion of settlement negotiations or related legal proceedings, the Indemnified Party may make such payment and thereafter seek reimbursement from the Indemnifying Party for any such payment. If any Indemnifying Party pays, or reimburses an Indemnified Party in respect of any Third Party Claim before completion of settlement negotiations or related legal proceedings, and the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which

such a payment was made, as finally determined, is less than the amount which was paid by the Indemnifying Party, the Indemnified Party will, forthwith after receipt of the difference from the Third Party, pay the amount of such difference to the Indemnifying Party;

- (f) except in the circumstance contemplated by Section 9.04, and whether or not the Indemnifying Party assumes control of the negotiation, settlement or defense of any Third Party Claim, the Indemnified Party will not negotiate, settle, compromise or pay any Third Party Claim except with the prior written consent of the Indemnifying Party (which consent will not be unreasonably withheld);
- (g) the Indemnified Party will not permit any right of appeal in respect of any Third Party Claim to terminate without giving the Indemnifying Party notice and an opportunity to contest such Third Party Claim;
- (h) the Indemnified Party and the Indemnifying Party will cooperate fully with each other with respect to Third Party Claims and will keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available); and
- (i) the provisions of this Article IX will constitute the sole remedy available to a party against another party with respect to any and all breaches of any agreement, covenant, representation or warranty made by such other party in this Agreement.

ARTICLE X GENERAL

10.01 Power of Attorney

Each of the Unitholders hereby severally and irrevocably appoints De Krown as its agent and attorney to take any action that is required under the Agreement or to execute and deliver any documents on their behalf, including without limitation, for the purposes of all Closing matters (including without limitation, the receipt of certificates representing the Consideration Shares and deliveries of documents and do and cause to be done all such acts and things as may be necessary or desirable in connection with the closing matters for the Transaction. Without limiting the generality of the foregoing, De Krown may, on its own behalf and on behalf of the Unitholders, extend the Termination Date and/or the Closing Date, modify or waive any conditions as are contemplated herein, negotiate, settle and deliver the final forms of any documents that are necessary or desirable to give effect to the Transaction, extend such time periods as may be contemplated herein or terminate this Agreement, in its absolute discretion, as it deems appropriate. Each of the Unitholders hereby acknowledges and agrees that any decision or exercise of discretion made by De Krown under this Agreement, shall be final and binding upon the Unitholders so long as such decision or exercise was made in good faith. The Purchaser shall have no duty to enquire into the validity of any document executed or other action taken by De Krown on behalf of the Unitholders pursuant to this Article X.

10.02 Notices

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement (each, a “notice”) will be in writing addressed as follows:

(a) if to the Purchaser:

Icanic Brands Company Inc.
Suite 810 – 789 West Pender Street
Vancouver, BC V6C 1H2

Attention: Brandon Kou
E-mail: brandon.kou@gmail.com

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

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

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

(b) if to De Krown or the Unitholders:

De Krown Enterprises LLC
Suite 300, 8583 Elder Creek Road
Sacramento, CA 95820

Attention: Stuart Chang
E-mail: stu@dekrown.com

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

Scoolidge Peters Russotti & Fox LLP
2 Park Avenue, 20th Floor
New York, New York 10016

Attention: Kelly Paul Peters
E-mail: kelly@sprflp.com

or such other address as may be designated by notice given by either De Krown or the Purchaser to the other in accordance with this Section 10.02. Each notice shall be personally delivered to the addressee or sent by e-mail to the addressee and a notice which is personally delivered or sent by email shall, if delivered or sent prior to 4:00 p.m. (local time of the recipient) on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the next Business Day. Any notice delivered to De Krown in accordance with this Section 10.02 prior to the Time of Closing shall be deemed to have been delivered to each of the Unitholders. The previous sentence of this Section 10.02 shall not apply to a notice given as contemplated in Section 4.04 of the occurrence, or failure to occur, of any event or state of facts which would or would likely to cause any of the representations or warranties of any Unitholder to be untrue or inaccurate or result in the failure by any Unitholder to comply with or satisfy any covenant, condition or agreement, which notice shall not be deemed to have been received by such Unitholder unless delivered to the address of such Unitholder as reflected in the books of De Krown (or after the Time of Closing, the books of the Purchaser). Any Unitholder may, from time to time, by notice given in accordance with this Section 10.02, designate or provide an address of such Unitholder for notices to be given after the Time of Closing.

10.03 Confidentiality

Prior to Closing and, if the Transaction is not completed, at all times thereafter, each of the parties hereto will keep confidential and refrain from using all information obtained by it in connection with the transactions contemplated by this Agreement relating to any other party hereto, provided however that such obligation shall not apply to any information which was in the public domain at the time of its disclosure to a party or which subsequently comes into the public domain other than as a result of a breach of such party's obligations under this Section 10.03. For greater certainty, nothing contained herein shall prevent any disclosure of information which may be required pursuant to Applicable Laws or pursuant to an order in judicial or administrative proceedings or any other order made by any Governmental Authority.

10.04 Assignment

Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by any party without the prior written consent of the other parties, except that the Purchaser may assign all or part of its rights under this Agreement to, and its obligations under this Agreement may be assumed by, any of its affiliates without the consent of the other parties, provided that if such assignment and/or assumption takes place, the Purchaser shall continue to be liable jointly and severally with such affiliate for all of its obligations hereunder.

10.05 Binding Effect

This Agreement will be binding upon and will enure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns.

10.06 Waiver

No waiver of any provision of this Agreement will constitute a waiver of any other provision, nor will any waiver constitute a continuing waiver unless otherwise expressly provided.

10.07 Governing Law

Except for any provision of this Agreement relating to Canadian Securities Law which shall be interpreted in accordance with such relevant provision Canadian law, this Agreement will be governed by and construed and interpreted in accordance with the laws of the State of California in the United States of America. If a controversy or dispute arises between the parties with regard to this Agreement, the parties agree to submit such controversy or dispute first to mediation, and if that does not resolve the dispute, then to binding arbitration before a mediator and an arbitrator appointed by, and in accordance with the rules and procedures of the American Arbitration Association, or organization of similar stature located in Alameda County, or a location otherwise agreed to by all parties. The parties agree to abide by the terms of any award rendered by the arbitrator, and the judgment upon any such award may be entered in any court having jurisdiction thereof. In addition to rendering a decision regarding such controversy or dispute, the arbitrator shall award the prevailing party, as determined by the arbitrator, such party reasonable attorneys' fees and expenses in connection with such arbitration. If any party commences a legal action based on a dispute or refuses to first attempt to resolve the matter through mediation and arbitration, then such party shall not be entitled to recover attorneys' fees, even if they would have otherwise been available to such party in any such action.

10.08 Expenses

Each party to this Agreement will pay its own costs and expenses in connection with this Agreement and the Transaction.

10.09 No Personal Liability

- (a) No director, officer, employee or agent of the Purchaser (in such capacity) will have any personal liability whatsoever to De Krown or the Unitholders under this Agreement or any other document delivered in connection with the Transaction on behalf of the Purchaser.
- (b) No director, officer, employee or agent of De Krown (in such capacity) will have any personal liability whatsoever to the Purchaser under this Agreement or any other document delivered in connection with the Transaction on behalf of De Krown.

10.10 Time of Essence

Time is of the essence of this Agreement and of each of its provisions.

10.11 Public Announcements

De Krown and the Purchaser will co-operate with the other in releasing information concerning this Agreement and the transactions contemplated herein, and will furnish to and discuss with the other drafts of all press and other releases prior to publication. No press release or other public announcement concerning the proposed transactions contemplated by this Agreement will be made by any party hereto without the prior consent of De Krown and the Purchaser, such consent not to be unreasonably withheld or delayed; provided that nothing contained herein will prevent any party hereto at any time from furnishing any information to any Governmental Authority or to the public if so required by Applicable Laws.

10.12 Further Assurances

Each party will, upon request but without further consideration, from time to time promptly execute and deliver all further documents and take all further action necessary or appropriate to give effect to and perform the provisions and intent of this Agreement and to complete the transactions contemplated herein.

10.13 Entire Agreement

This Agreement and the documents required to be delivered pursuant to this Agreement, constitute the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions, whether oral or written, between the parties hereto with respect to the subject matter hereof including the LOI. There are no representations, warranties, covenants or conditions with respect to the subject matter hereof except as contained in this Agreement and any document delivered pursuant to this Agreement.

10.14 Amendments

Except as expressly provided herein, no amendment of any provision of this Agreement will be binding on any party unless consented to in writing by such party.

10.15 Counterparts

This Agreement may be executed and delivered in one or more counterparts and may be executed and delivered by facsimile or any other electronically communicated method, each of which when executed and delivered will be deemed an original and all of which counterparts together will be deemed to constitute one and the same instrument.

10.16 Independent Legal Advice

EACH UNITHOLDER ACKNOWLEDGES, CONFIRMS AND AGREES THAT HE, SHE OR IT HAS HAD THE OPPORTUNITY TO SEEK AND WAS NOT PREVENTED OR DISCOURAGED BY ANY PARTY HERETO FROM SEEKING INDEPENDENT LEGAL ADVICE PRIOR TO THE EXECUTION AND DELIVERY OF THIS AGREEMENT AND THAT, IN THE EVENT THAT ANY UNITHOLDER DID NOT AVAIL HIMSELF/HERSELF/ITSELF WITH THAT OPPORTUNITY PRIOR TO SIGNING THIS AGREEMENT, SUCH UNITHOLDER DID SO VOLUNTARILY WITHOUT ANY UNDUE PRESSURE AND AGREES THAT SUCH UNITHOLDER'S FAILURE TO OBTAIN INDEPENDENT LEGAL ADVICE SHALL NOT BE USED BY HIM/HER/IT AS A DEFENSE TO THE ENFORCEMENT OF HIS/HER/ITS OBLIGATIONS UNDER THIS AGREEMENT.

[Signature page follows.]

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto on the date first above written.

ICANIC BRANDS COMPANY INC.

By:

Name: Brandon Kou
Title: CEO, Icanic

DE KROWN ENTERPRISES LLC

By:

Name: *STURGEON CHANG*
Title: *MANAGING MEMBER*

[Signature pages of Unitholders follows.]

De Krown Unitholders

Name of Witness [Please Print]

Dave Johnson [REDACTED]

Signature of Witness

[REDACTED SIGNATURE]

6/1/2021

Name of Witness [Please Print]

Josh Gjoraas [REDACTED]

Signature of Witness

[REDACTED SIGNATURE]

6/1/2021

Name of Witness [Please Print]

Stuart Chang [REDACTED]

Signature of Witness

[REDACTED SIGNATURE]

6/1/2021