

JOINT VENTURE AGREEMENT

THIS JOINT VENTURE AGREEMENT (this "Agreement") is entered into as of this 30th day of April, 2019 (the "Effective Date").

BETWEEN:

SPROUTLY CANADA, INC., a company incorporated under the laws of the Province of British Columbia ("Sproutly")

-and-

OCC HOLDINGS LTD., an affiliate of Moosehead Breweries Limited and a corporation incorporated under the laws of the Province of New Brunswick ("Moosehead")

WHEREAS Sproutly and Moosehead wish to establish a corporate joint venture to conduct the Business (as hereinafter defined).

NOW THEREFORE in consideration of the mutual undertakings and covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, or the term is otherwise defined herein, the following terms shall have the following meanings;

"Act" means the *Canada Business Corporations Act*.

"Affiliate" means an affiliate as that term is defined in the Act.

"Agreement" means this agreement, including all Schedules and Exhibits, as it may be amended, confirmed, supplemented or restated by written agreement between the Parties.

"Applicable Law" means each applicable provision of any constitution, treaty, statute, law, ordinance (including zoning ordinances), permits, code, rule, regulation, principle of common law or equity, policy, guideline, protocol or requirement, decision, order, decree, directive, judgment, ruling, award, injunction, verdict, subpoena, writ, release, licence or other legally binding pronouncement of any Governmental Body.

"APP Technology" means "the Aqueous Phytorecovery Process", a patent-pending process represented by the United States Patent and Trademark Office patent application number [REDACTED] developed and owned by Infusion Biosciences Inc., that uses proprietary reagents to recover naturally water-soluble plant chemicals including cannabinoids from cannabis plants, which is licenced to Infusion Biosciences Canada Inc., an Affiliate of Sproutly;

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"Board" means the board of directors of the JV Corp.

"Business" means the development, production, marketing, sale and distribution of Cannabis Beverages for the regulated recreational adult-use markets, initially in Canada.

"Business Day" means any day excluding a Saturday, Sunday or statutory holiday in the Province of Ontario, Canada.

"Cannabis Beverages" means beverage products containing Infuz₂O Products in regulated recreational adult-use markets.

"Claim" means any claim, loss, cost, expense, liability, fine, penalty, interest, payment and/or damage, including reasonable counsel and other reasonable professional fees incurred in connection therewith (provided that such fees and expenses shall only be considered a Claim to the extent that such claim, loss, cost, expense, liability, fine, penalty, interest, payment and/or damage is indemnifiable under this Agreement), but excluding, in any event, exemplary or punitive damages, provided that the amount of any such exemplary or punitive damages shall be included if paid or payable to a third party.

"Communication" means any notice, demand, request, consent, approval or other communication which is required or permitted by this Agreement to be given or made by a Party.

"Co-packing Agreement" has the meaning described thereto in paragraph 4.2(b)(iii).

"Confidential Information" means any information relating to the Joint Venture or the Business that is of a confidential or proprietary nature, including information relating to the assets, business plans, customers, employees, equipment, financial statements and financial performance, intellectual property, inventory, market strategies, operations, pricing, products, suppliers, and trade secrets of any such Persons, their Affiliates or their businesses, whether communicated in written form, orally, visually, demonstratively, technically or by any other electronic form or other media, or committed to memory, and whether or not designated, marked, labelled or identified as confidential or proprietary, including Personal Information; and all analyses, compilations, records, data, reports, correspondence, memoranda, specifications, materials, applications, technical data, studies, derivative works, reproductions, copies, extracts, summaries or other documents containing or based upon, in whole or in part, any of the information listed above in this paragraph but excluding information which:

- (i) is generally available to or known by the public other than as a result of improper disclosure by a Party or any of its Representatives; or
- (ii) is or was obtained from a source other than the Joint Venture, a Party or any of its Representatives, or any Person known to the recipient of such information at the date of inquiry to be bound by a duty of confidentiality to the disclosing Party or the Joint Venture.

“Contract” means in respect of a Person, any contract, agreement, commitment, arrangement, undertaking or understanding of any kind whatsoever (including whether oral or written), to which such Person is a party or by which such Person is contractually bound or has rights or by which the property or assets of such Person are affected, together with all related amendments, modifications, supplements, waivers and consents thereto at the relevant time.

“Effective Date” means the date of this Agreement.

“Encumbrance” means any charge, claim, condition, equitable interest, lien (statutory or otherwise), option, pledge, security interest, prior assignment, mortgage, charge, hypothec, lease, sublease, right to possession, encumbrance, privilege, easement, servitude, pre-emptive right or right of refusal or restriction of any kind, ownership or title retention agreement, conditional sale agreement, imperfections of title or encroachments relating to real property, claim, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

“Exclusivity Period” means:

- (i) in Canada, until such a time that is five years from the date of the first commercial sale of a Cannabis Beverage (the **“Initial Exclusivity Period”**) by the JV Corp. in Canada, which shall be automatically extended by an additional two years upon the JV Corp. achieving annual revenue in excess of [REDACTED] for the 12 month period ending on the expiry of the Initial Exclusivity Period; and
- (ii) in any Expansion Territory or political subdivision thereof, until:
 - A. unless the JV Corp. has notified Sproutly of its desire to sell Cannabis Beverages in such Expansion Territory or political subdivision thereof, such time that is seven months from the announcement by the applicable Governmental Body of the legalization of the sale of recreational cannabis beverages in that Expansion Territory or political subdivision thereof (the **“Expiry Date”**); or
 - B. if the JV Corp. has notified Sproutly of its desire to sell Cannabis Beverages in such Expansion Territory or political subdivision thereof before the applicable Expiry Date, such time that is two years from the date of the first commercial sale of a Cannabis Beverage by the JV Corp. in such Expansion Territory or political subdivision thereof.

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"Expansion Territories" means any of the European Union (including the UK) or a particular country therein, Israel or Australia, or any political subdivision thereof.

"Governmental Body" means any governmental or quasi-governmental body, including any agency, authority, ministry, department, regulatory body, court, central bank, bureau, board or other instrumentality, court, tribunal, commission, individual, arbitrator, arbitration panel or other body or other entity, exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, having or exercising legislative, judicial, taxing, regulatory, prosecutorial or administrative powers or functions, and includes any stock or other securities exchange or professional association.

"Implementation Agreements" means, together, the Shareholders' Agreement, the Supply Agreement, the Co-packing Agreement, the Moosehead Brands Licence, the Infuz₂O Brands Licence and any other agreements contemplated by or executed and delivered pursuant to or in accordance with this Agreement.

"Implementation Date" means the date that the last of the Shareholders' Agreement, the Supply Agreement, the Moosehead Brands Licence and the Infuz₂O Brands Licence is executed and delivered.

"Infuz₂O Products" means any water soluble cannabinoid products (containing cannabidiol and/or tetrahydrocannabinol), produced, recovered, or created from marijuana plants (excluding hemp plants) using the APP Technology.

"Infuz₂O Brand" means any registered and applied for and material common law trademarks, service marks, brand names, certification marks, collective marks, d/b/a's, logos, symbols, trade dress, trade names, and other indicia of origin, all applications and registrations for the foregoing, and all goodwill associated therewith and symbolized thereby, including all renewals of same, related to or associated with Infuz₂O Products or any other name Sproutly selects after consultation with the JV Corp., in lieu thereof, for the marketing of Infuz₂O Products.

"Infuz₂O Brands Licence" has the meaning ascribed thereto in paragraph 4.2(a)(i).

"Interim Period" means the period of time from the Effective Date to the Implementation Date.

"JV Agreements" means this Agreement and the Implementation Agreements, collectively.

"JV Corp." has the meaning ascribed thereto in section 2.1.

"Joint Venture" has the meaning ascribed thereto in section 2.1.

"Licence" means any licence, permit, exemption, consent, approval or other authorization or evidence of authority issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Applicable Law.

"Moosehead Brands" means any registered and applied for and material common law trade-marks, service marks, brand names, certification marks, collective marks, d/b/a's, logos, symbols, trade dress, trade names, and other indicia of origin, all applications and registrations for the foregoing, and all goodwill associated therewith and symbolized thereby, including all renewals of same, in each case owned by Moosehead Breweries Limited in connection with its business of developing, producing, marketing, selling and distributing its products, as selected by Moosehead Breweries Limited (provided such brand includes "Moosehead") after consultation with the JV Corp. for the marketing of Cannabis Beverages.

"Moosehead Brands Licence" has the meaning ascribed thereto in paragraph 4.2(b)(i).

"Party" means a party to this Agreement.

"Person" means any individual, sole proprietorship, general partnership, limited partnership unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his or her capacity as trustee, executor, administrator, or other legal representative.

"Personal Information" means information relating to identifiable individuals.

"Proceeding" means any dispute, litigation, application hearing, claim, action, complaint, grievance, cause of action, suit, demand, inquiry, audit, investigation or other proceeding by or before any Governmental Body, or any arbitration, mediation or similar proceeding, whether civil, criminal, administrative regulations, at law or in equity.

"Representatives" means the Affiliates of a Party, and the advisors, agents, consultants, directors, officers, management, employees, subcontractors, and other representatives, including accountants, auditors, financial advisors, lenders and lawyers, of a Party and of that Party's Affiliates.

"Shareholders' Agreement" means the unanimous shareholders' agreement for the JV Corp. to be entered into between Sproutly, Moosehead and the JV Corp. pursuant to Section 2.3.

"Shares" means any shares in the capital of the JV Corp. and includes any securities, rights, warrants or options convertible into, exchangeable for, or carrying the right to subscribe for Shares.

"Supply Agreement" has the meaning ascribed thereto in paragraph 4.2(a)(i).

"Transaction" means the execution and delivery of the Implementation Agreements, in each case, as contemplated hereby.

1.2 Certain Rules of Interpretation

- (a) In this Agreement, words importing the singular number include the plural and vice versa, and words signifying gender include all genders. Every use of the words "including" or "includes" in this Agreement is to be construed as meaning "including, without limitation" or "includes, without limitation", respectively.
- (b) The division of this Agreement into Articles and Sections, the insertion of headings and the inclusion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of this Agreement.
- (c) References in this Agreement to an Article, Section, Schedule or Exhibit are to be construed as references to an Article, Section, Schedule or Exhibit of or to this Agreement unless otherwise specified.
- (d) Unless otherwise specified in this Agreement, time periods within which or following which any calculation or payment is to be made, or action is to be taken, will be calculated by excluding the day on which the period begins and including the day on which the period ends. If the last day of a time period is not a Business Day, the time period will end on the next Business Day.
- (e) Unless otherwise specified, any reference in this Agreement to any statute includes all regulations and subordinate legislation made under or in connection with that statute at any time, and is to be construed as a reference to that statute as amended, modified, restated, supplemented, extended, re-enacted, replaced or superseded at any time.
- (f) Any term or expression defined in any Article of this agreement (other than this Article) shall have such meaning only in such Article.

1.3 Currency

Except as otherwise expressly provided in this Agreement, all amounts in this Agreement are stated and shall be paid in Canadian currency.

1.4 Governing Law

This Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in that province.

1.5 Attornment

The Parties hereto irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario for all matters arising out of or in connection with this Agreement.

1.6 Invalidity of Provisions

If a Governmental Body declares that any of the provisions contained in this Agreement is invalid or unenforceable, that provision will be severed from the Agreement, and the remaining provisions will continue in full force and effect, without amendment. The Parties shall, in good faith, negotiate an amendment of such provisions of the Agreement or negotiate such alternate arrangements as are necessary to give effect to the intention of the Parties to the Agreement in respect of the severed provision.

1.7 Entire Agreement

This agreement constitutes the entire agreement between the parties hereto with respect to all of the matters herein and its execution has not been induced by, nor do any of the parties hereto rely upon or regard as material, any representations or writings whatsoever not incorporated herein and made a part hereof.

1.8 Conflict

In the event of a conflict between this Agreement and any Implementation Agreement, the provisions of this Agreement shall be subordinate.

1.9 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment to or waiver of any provision of this Agreement shall be binding unless executed in writing by the Party to be bound thereby. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. This Agreement may only be amended, supplemented or otherwise modified by written agreement of the Parties.

**ARTICLE 2
ESTABLISHMENT OF THE JOINT VENTURE**

2.1 Incorporation of JV Corp.

As soon as practicable after the date hereof, the Parties shall cause to be incorporated and organized a corporation pursuant to the federal laws of Canada to be called "MHSC JV Inc." (the "JV Corp." or the "Joint Venture") or such other name as may be mutually determined by the Parties, through which the Parties shall operate the Business. The Articles and By-Laws of the JV Corp. shall be subject to the prior approval of both Parties.

2.2 Capital Structure

The JV Corp. shall be authorized to issue a single class of common shares and each of Sproutly and Moosehead shall hold fifty percent (50%) of its Shares and have equal representation on its Board.

2.3 Shareholders' Agreement

The Parties shall on or before May 30, 2019, or such later date as mutually agreed to among the Parties, finalize the terms of the Shareholders' Agreement, which shall include the following:

- (1) Sproutly will be entitled to elect or appoint the Chairperson of the Board and Moosehead will be entitled to appoint the Chief Executive Officer of the JV Corp.
- (2) That decisions of the Board shall be approved by way of majority vote of the Directors present at a duly constituted meeting at which a quorum is present except that any issue or dispute related to the use of Moosehead Brands will require unanimous Board approval.
- (3) That in the event of an equality of votes at a Board meeting or at a meeting of shareholders of the JV Corp., no Person shall be entitled to a second or casting vote.
- (4) Notwithstanding Section 12.6 hereof, in the event one Party (the "Vendor") sells all of its shares of the JV Corp. to a third party (the "Purchaser") in accordance with the terms of the Shareholders' Agreement, the other Party shall, in conjunction with said sale, permit the assignment of all of the Vendor's rights and obligations under this Agreement to the Purchaser.
- (5) That any issuance, transfer, sale, assignment, exchange, gift, donation or other disposition of Shares or the granting of any lien, mortgage, charge, security interest, pledge or adverse claim relating to or in connection with any Shares or otherwise encumbering in any way whatsoever any Shares requires the unanimous approval of both Parties, unless otherwise agreed by both Parties.
- (6) That in the event either Party receives an offer from an arm's length party to sell all, but not less than all, of its Shares of the JV Corp., the other Party shall have the option to purchase such Shares on substantively the same terms and conditions as set out in such offer.
- (7) Subject to the rights set out in subsection (6), that in the event that an arm's length party makes an offer to purchase all, but not less than all, of the Shares of the JV Corp. and either Party wishes to accept such offer (the "Selling Shareholder"):
 - (i) if the total purchase price set out in such offer for all of the Shares of the JV Corp. is in excess of [REDACTED] but below [REDACTED] then the other Party (the "Non-Selling Shareholder") shall be obligated to sell 50% of its Shares of the JV Corp. pursuant to said offer; or
 - (ii) if the total purchase price set out in such offer for all of the Shares of the JV Corp. is in excess of [REDACTED] then the Non-Selling Shareholder shall be obligated to sell 100% of its Shares of the JV Corp. pursuant to said offer;

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provided always that said total purchase price reasonably approximates the fair market value of the Shares of the JV Corp., the Selling Shareholder actually sells 100% of its Shares of the JV Corp. and that there is no substantive differentiation in the consideration per Share received by the Selling Shareholder and the Non-Selling Shareholder.

For clarity, if the total purchase price is less than [REDACTED] then the Non-Selling Shareholder shall be under no obligation to sell their Shares.

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ARTICLE 3 FINANCIAL PROVISIONS

3.1 Contributions to the Joint Venture

On the Implementation Date, each of Sproutly and Moosehead shall contribute [REDACTED] in exchange for the issuance of Shares and/or by way of shareholder loan, as determined by the Parties, upon receipt of legal, commercial and tax advice in either case, to fund the working capital requirements of the Joint Venture.

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3.2 Third Party Financing

Commencing on the Effective Date, the Parties shall use commercially reasonable efforts to arrange third party financing for the JV Corp. from a commercial bank, on commercial terms acceptable to the Parties, acting reasonably, in an amount of [REDACTED] and the parties shall provide such guarantees and will meet such other conditions or requirements in proportion to their shareholdings in the JV Corp. provided, however, that neither Party shall be required to sign any guarantees or accept any liability for such financing prior to the Implementation Date.

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ARTICLE 4 LICENSING AND RESOURCE CONTRIBUTIONS

4.1 Licensing

The Parties shall make commercially reasonable efforts to secure all Licences, such that the Joint Venture is authorized to conduct the Business in accordance with Applicable Law, including, but not limited to, purchasing Infuz₂O Products for use in the Business and producing and selling Cannabis Beverages.

4.2 Resource Contributions

- (a) Sproutly shall make or use best efforts to cause its Affiliates to make the following contributions to the Joint Venture:
 - (i) Infuz₂O Products for use in the Business, supplied at a cost pursuant to a perpetual supply agreement (the "Supply Agreement") and a brand licence agreement (the "Infuz₂O Brands Licence"). The Supply Agreement, the Infuz₂O Brands Licence, or agreements related thereto shall include, but not be limited by, the following terms:

A. that during the Exclusivity Period, the JV Corp. shall have the exclusive right to:

- a. purchase Infuz₂O Products, exclusively for the production of Cannabis Beverages and not for the production of pharmaceutical or medicinal product, non-beverage edibles, or any product manufactured from hemp; and
- b. manufacture and sell Cannabis Beverages containing Infuz₂O Products;

in Canada and in any Expansion Territory.

B. Infuz₂O Products will be sold at cost plus a margin to be agreed upon by the parties each acting reasonably, but subject to such reductions as necessary to ensure that the JV Corp. is treated as the most favoured customer.

- (ii) provision of technical support to the Joint Venture on an as-needed basis in respect of the use of Infuz₂O Products in the Business.
- (iii) provision of expertise to the Joint Venture on an as-needed basis including in respect of product research and development; marketing and product planning and distribution logistics; and infrastructure support including financial reporting, sales tracking, legal, administration and information technology.

(b) Moosehead shall make or use best efforts to cause its Affiliates to make the following contributions to the Joint Venture:

- (i) subject to Applicable Law and paragraph (ii), the right to use such of the Moosehead Brands in connection with the Business pursuant to a licence agreement (the "Moosehead Brands Licence") as may be reasonably requested by the JV Corp.
- (ii) developing a brand strategy for the Business and the Cannabis Beverages that, as permitted by Applicable Law, leverages the equity in the Moosehead Brands and/or using reasonable efforts to lobby the applicable Governmental Bodies in Canada for the right to use the Moosehead Brands with respect the Business and/or the Cannabis Beverages.
- (iii) if approved by the Board, access to the production facility in Saint John (including its production staff and other human resources as required) pursuant to the terms of a manufacturing agreement (the "Co-packing Agreement").
- (iv) any Cannabis Beverages manufactured and packaged by Moosehead will be charged to the Joint Venture at cost plus a margin of █████ per hectoliter of finished product in respect of annual production less than █████ hectolitres and a margin of █████ for annual production in excess of █████ hectolitres but subject to such reductions to ensure the JV Corp. is treated as the most favoured customer.

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- (v) provision of expertise to the Joint Venture on an as-needed basis including in respect of product research and development; marketing and product planning and distribution logistics; and infrastructure support including financial reporting, sales tracking, legal, administration and information technology.

4.3 Services by Sproutly and Moosehead

Unless otherwise agreed, any services provided by Sproutly or Moosehead, or their respective Affiliates, to JV Corp. shall be provided at cost until such time as JV Corp. is in a positive cash flow position and thereafter such services shall be provided at cost plus 15% and shall be provided in accordance with the policies and practices developed by the Board with respect to the Business.

4.4 Marketing and Branding

All labels for Cannabis Beverages shall incorporate in some fashion the Infuz₂O Brands pursuant to the Infuz₂O Brands Licence and subject to Applicable Laws.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of Moosehead

Moosehead represents and warrants to Sproutly that the following statements are true and correct as of the date hereof and Moosehead acknowledges that Sproutly is relying on the truth and correctness of these statements in entering into this Agreement and performing its obligations hereunder:

- (a) Organization and Power. Moosehead is a corporation duly organized under the laws of the Province of New Brunswick and is duly organized, validly existing and in good standing under such laws.
- (b) Authority. Moosehead has all necessary corporate power, authority and capacity to enter into the JV Agreements to which it is a party, and to carry out the obligations of Moosehead hereunder and thereunder, and the execution and delivery of this Agreement and, when delivered, the Implementation Agreements and the consummation of the transactions contemplated hereby and thereby have been or, when delivered, will be, duly authorized by all necessary action on the part of Moosehead and the Joint Venture, as applicable.
- (c) No Conflict. Neither the execution and delivery of the JV Agreements nor the consummation or performance of any of the transactions contemplated by the JV Agreements will, directly or indirectly (with or without notice or lapse of time):
 - (i) contravene, conflict with, or result in a violation of (1) any provision of the Organizational Documents of Moosehead (2) any resolution adopted by the board of directors of Moosehead; or (3) any Contract to which Moosehead is a party or by which its assets are affected;

- (ii) contravene, conflict with, or result in a violation of, or give any Governmental Body or other Person the right to challenge any of the transactions contemplated by the JV Agreements or to exercise any remedy or obtain any relief under any Applicable Law; or
- (iii) contravene, conflict with, or result in a violation of any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate, or modify, any Licence that is held by Moosehead, as applicable.
- (d) **Consents and Notices.** Moosehead is not required to give any notice to or obtain any approval, consent, ratification, waiver or other authorization of any Person (including any Governmental Body) in connection with the execution and delivery of the JV Agreements to which it is a party or the consummation or performance of any of the transactions contemplated hereunder or thereunder.
- (e) **Restrictive Covenants.** Moosehead is not a party to any Contract or subject to any Encumbrance including any covenant not to compete or granting exclusivity or any material confidentiality agreement, whether or not legally binding, which could in any material way affect the performance of it or the Joint Venture of any of their respective obligations under any of the JV Agreements.
- (f) **Litigation.** There are no suits, arbitration proceedings, injunctions, judgments, orders, legal actions, expropriation proceedings or other proceedings either pending, outstanding or, to the knowledge of Moosehead, threatened against or relating to Moosehead which could in any way affect the completion of or interfere with the performance of Moosehead's obligations under the JV Agreements to which it is a party.

5.2 Representations and Warranties of Sproutly

Sproutly represents and warrants to Moosehead that the following statements are true and correct as of the date hereof and acknowledges that Moosehead is relying on the truth and correctness of these statements in entering into this Agreement and performing its obligations hereunder:

- (a) **Organization and Power.** Sproutly is a corporation duly incorporated under the laws of the Province of British Columbia and is duly organized, validly existing and in good standing under such laws.
- (b) **Authority.** Sproutly has all necessary corporate power, authority and capacity to enter into the JV Agreements to which it is a party and to carry out its obligations hereunder and thereunder, and the execution and delivery of this Agreement and, when delivered, the JV Agreements and the consummation of the transactions contemplated hereby and thereby have been, or when delivered will be, duly authorized by all necessary action on the part of Sproutly.

- (c) **No Conflict.** Neither the execution and delivery of the JV Agreements nor the consummation or performance of any of the transactions contemplated by the JV Agreements will, directly or indirectly (with or without notice or lapse of time):
- (i) contravene, conflict with, or result in a violation of: (1) any provision of the Organizational Documents of Sproutly, (2) any resolution adopted by the board of directors of Sproutly, (3) any Contract to which Sproutly is a party or by which its or its Affiliates' assets are affected;
 - (ii) contravene, conflict with, or result in a violation of, or give any Governmental Body or other Person the right to challenge any of the transactions contemplated by the JV Agreements or to exercise any remedy or obtain any relief under any Applicable Law; or
 - (iii) contravene, conflict with, or result in a violation of any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate, or modify, any Licence that is held by Sproutly or any of its Affiliates.
- (d) **Consents and Notices.** Neither Sproutly nor any of its Affiliates is required to give any notice to or obtain any approval, consent, ratification, waiver or other authorization of any Person (including any Governmental Body) in connection with the execution and delivery of the JV Agreements or the consummation or performance of any of the transactions contemplated hereunder or thereunder
- (e) **Restrictive Covenants.** None of Sproutly or any of its Affiliates is a party to any Contract or subject to any Encumbrance including any covenant not to compete or granting exclusivity or any material confidentiality agreement, whether or not legally binding, which could in any material way affect the performance of it or the Joint Venture of any of their obligations under the JV Agreements.
- (f) **Litigation.** There are no suits, arbitration proceedings, injunctions, judgments, orders, legal actions, expropriation proceedings or other proceedings either pending, outstanding or, to the knowledge of Sproutly, threatened against or relating to Sproutly or any of its Affiliates which could in any way affect the completion of or interfere with the performance of Sproutly's obligations under the JV Agreements to which it is a party.

ARTICLE 6 SPECIAL COVENANTS

6.1 **Due Diligence**

In addition to other terms and conditions agreed to by the Parties, the Transaction and any other matter contemplated hereby will be subject to the completion of all legal, business, financial and technical due diligence to the satisfaction of the Parties and the timely receipt by each Party of operational, technical, legal, commercial and properties documentation, material contracts or financial data as may be

reasonably requested from the other Party and upon receipt of all required consents and approvals as may be necessary to complete the Transaction and other matter contemplated hereby.

6.2 Interim Period

- (a) During the Interim Period, each Party will: (i) conduct its business in the ordinary course in a manner consistent with past practice, (ii) maintain the assets to be contributed by it in good working condition (normal wear and tear excepted), and (iii) not incur any material liabilities or commitments to engage in any transactions affecting its contribution other than in the ordinary course in a manner consistent with past practice.
- (b) Until the Implementation Date, each of the Parties shall notify the other of any significant development or material change relating to the Party promptly after becoming aware of any such development or change.

6.3 Exclusive Dealing

During the Interim Period, the Parties shall not, without the prior written consent of the other Party, directly or indirectly, through any Representative or other Affiliate or an Affiliate Representative, and shall cause such Affiliates and Representatives not to: (A) solicit, initiate or encourage the submission of any proposal or offer from any Person (other than a Party) relating to the Business or the Joint Venture or any aspect thereof, (B) participate in any discussions or negotiations regarding, furnish any information with respect to, assist or participate in, or facilitate in any other manner, any effort or attempt by any Person (other than a Party) to do or seek any of the foregoing or (C) enter into any agreement, arrangement or understanding with respect to the foregoing.

6.4 Non-Competition

- (a) Other than as set forth herein or as otherwise agreed to in writing by Sproutly and Moosehead, after the Implementation Date and for as long as this Agreement is in effect, Moosehead and Sproutly shall not, directly or indirectly, through any Representative or other Affiliate or an Affiliate Representative, source, manufacture, produce, sell, develop, assist, operate or in any way participate in a business competitive to the Business, and, for greater certainty, shall not create or market any Cannabis Beverages other than through the Joint Venture, in Canada or, if applicable, an Expansion Territory.
- (b) Other than as set forth herein or as otherwise agreed to in writing by Sproutly and Moosehead, during the Exclusivity Period, Moosehead shall not, directly or indirectly, through any Representative or other Affiliate or an Affiliate Representative, provide co-packing services to any other Person with respect to cannabis beverages in Canada or, if applicable, an Expansion Territory. For greater clarity after the Exclusivity Period expires, Moosehead shall be free to provide co-packing services to any other Person with respect to Cannabis Beverages.
- (c) Other than as set forth herein or as otherwise agreed to in writing by Sproutly and Moosehead, during the Exclusivity Period, Sproutly shall not, directly or indirectly, through any Representative or other Affiliate or an Affiliate Representative, provide

Infuz2O Products to any other Person for the purpose of producing cannabis beverages in Canada or, if applicable, an Expansion Territory. For greater clarity after the Exclusivity Period expires, Sproutly shall be free to provide Infuz₂O Products to any other Person for the purpose of producing Cannabis Beverages.

ARTICLE 7 CONFIDENTIALITY

7.1 Confidentiality

- (a) Each Party acknowledges and agrees to the other and to the Joint Venture that:
 - (i) in the course of its association with the Joint Venture, it will acquire Confidential Information;
 - (ii) the Joint Venture has possession of, title to, and ownership of and all rights to use the Confidential Information; and
 - (iii) any disclosure of the Confidential Information to the general public would be highly detrimental to the interests of the Joint Venture, and accordingly, each Party agrees to hold in strict confidence and not disclose or use any Confidential Information for any purpose except in connection with the Joint Venture and the performance of its obligations under the JV Agreements.
- (b) Despite Section 7.1(a), Confidential Information may be disclosed to a prospective buyer of a Party's interest in the Joint Venture if that prospective buyer signs a confidentiality or non-disclosure agreement containing provisions equivalent to those in this Section 7.1.
- (c) Despite Section 7.1(a), Confidential Information may be disclosed to any Representative, if that Representative is already bound by a duty of confidentiality not to disclose any information provided to it, or signs a confidentiality or non-disclosure agreement containing provisions equivalent to those in this Section 7.1.
- (d) If a Party or any Representative of that Party is required, in the reasonable opinion of that Party's legal counsel, by Applicable Law, or by any Governmental Body, to disclose any Confidential Information, that Party will not be in breach of Section 7.1(a), provided that before making any disclosure, the Party or that Representative provides the Joint Venture and the other Party with prompt written notice of that requirement or request so that the Joint Venture and the other Party may contest the disclosure of the Confidential Information and seek an appropriate protective order or other appropriate remedy.
- (e) The obligations imposed by, and the covenants contained in, this Section 7.1 are perpetual.
- (f) Each Party shall be responsible for the compliance by its Affiliates and Representatives with the terms of this Section 7.1 and the execution by such Affiliates and Representatives of confidentiality or non-disclosure agreement pursuant to Section 7.1(c).

ARTICLE 8
SURVIVAL, TERM AND TERMINATION RIGHTS

8.1 Survival

Unless otherwise expressly provided for in this Agreement or in the Implementation Agreements, all of the covenants and representations and warranties contained in Article 7 of this Agreement will survive the termination of this Agreement.

8.2 Term

The term of this Agreement shall commence on the Effective Date and it shall subsist, unless terminated in accordance with the terms of this Article 8.

8.3 Termination Rights Prior to the Implementation Date

This Agreement may, by notice given in writing to the other Party before or at the Implementation Date, be terminated:

- (a) by mutual consent of the Parties;
- (b) by either Party if the Shareholders' Agreement, the Supply Agreement, the Moosehead Brands Licence or the Infuz₂O Brands Licence have not been executed on or before the earlier of (i) 30 days after the publication of Government regulations under the Cannabis Act with respect to Cannabis Beverages or (ii) December 31, 2019; and
- (c) by either Party upon the determining, in its sole discretion, that the results of its due diligence investigation are unsatisfactory.

8.4 Termination Rights After Implementation Date

After the Implementation Date:

- (a) this Agreement may be terminated by mutual consent of the Parties;
- (b) if:
 - (i) Sproutly or any of its Affiliates has committed a material breach of any covenant, representation and warranty or other agreement contained in this Agreement to which Sproutly or any of its Affiliates is a party;
 - (ii) Moosehead notifies Sproutly and the Joint Venture in writing of such breach and its intention to terminate the agreement on a date that is at least 90 days after the date such written notice is sent; and
 - (iii) such breach, if capable of being cured, is not remedied within sixty (60) days of receipt of written notice thereof;

then the Agreement shall be terminated on the date set forth in such written notice.

- (c) if:
- (i) Moosehead or any of its Affiliates has committed a material breach of any covenant, representation and warranty or other agreement contained in this Agreement to which Moosehead or any of its Affiliates is a party;
 - (ii) Sproutly notifies Moosehead and the Joint Venture in writing of such breach and its intention to terminate the agreement on a date that is at least 90 days after the date such written notice is sent; and
 - (iii) such breach, if capable of being cured, is not remedied within sixty (60) days of receipt of written notice thereof;

then the Agreement shall be terminated on the date set forth in such written notice.

- (d) this Agreement shall automatically terminate upon one of Moosehead (and/or its Affiliate) or Sproutly (and/or its Affiliate) holding all of the issued and outstanding Shares.

8.5 Effect of Termination

If this Agreement is terminated pursuant to this Article 8, all further obligations of the Parties under this Agreement will terminate, except those obligations that by their nature should survive and the Parties shall take all reasonable steps to forthwith cause the Joint Venture to be dissolved.

ARTICLE 9 INDEMNIFICATION

9.1 Indemnification

Each Party (the "Indemnifying Party") shall indemnify, hold and save the other (the "Indemnified Party"), and its Affiliates, the Joint Venture and their respective Representatives, as the case may be, harmless from all Claims arising directly out of:

- (a) any breach by the Indemnifying Party or any of its Affiliates of any covenant to be performed by any of them that is contained in this Agreement; and/or
- (b) any material inaccuracy in any representation or warranty contained in this Agreement provided by the Indemnifying Party.

9.2 Notice of Claim

In the event that an Indemnified Party shall become aware of any Claim in respect of which the Indemnifying Party agreed to indemnify the Indemnified Party pursuant to this Agreement, the Indemnified Party shall promptly give written notice thereof to the Indemnifying Party. Such notice shall specify with reasonable particularity (to the extent that the information is available) the factual basis for

the Claim and the amount of the Claim, if known. If, through the fault of the Indemnified Party, the Indemnifying Party does not receive notice of a Claim in time to effectively contest the determination of any liability susceptible of being contested, the Indemnifying Party shall be entitled to set off against the amount claimed by the Indemnified Party, the amount of any Claims incurred by the Indemnifying Party resulting from the Indemnified Party's failure to give such notice on a timely basis.

ARTICLE 10 DISPUTE RESOLUTION

10.1 Applies Only to Legal Claims

This Article governs only those disputes that arise under this Agreement, the outcome of which depends solely on whether a Party is in default of its contractual or other legal obligations (a "Legal Claim") and includes (i) disputes as to indemnification under this Agreement and (ii) the formation, validity, binding effect, applicability, scope, interpretation, performance, breach or termination of this Agreement.

10.2 Dispute Resolution Procedures

- (a) **Negotiation.** Either Party may give notice of a Legal Claim to the other Party. For a period of thirty (30) days from receipt of the notice, the Parties will consult with each other in a good faith effort to resolve the Legal Claim.
- (b) **Mediation.** If the Parties do not settle the Legal Claim within the thirty (30) days, either Party may provide the other Party with a notice for mediation. After delivery of such notice, the Parties will attempt in good faith to settle the matter by mediation administered by the International Centre for Dispute Resolution Canada under its Canadian mediation rules.
- (c) **Binding Arbitration.** If within thirty (30) days after receipt of the notice for mediation, the mediation does not result in settlement of the Legal Claim, then the Legal Claim will be finally resolved by arbitration administered by the International Centre for Dispute Resolution Canada, in accordance with its Canadian arbitration rules. A Party may initiate arbitration by notice to the other Party any time after expiration of 60 days from receipt of notice of the Legal Claim provided for in Subsection (b), whether or not mediation has been initiated or completed unless the mediation was completed by agreement of the parties as reflected in a written agreement. Unless the Parties agree otherwise, initiation of arbitration will not relieve any Party of its obligation to participate in any mediation initiated under Subsection (b).

10.3 Arbitration Terms.

Any arbitration will comply with the following terms:

- (a) **Formation of Tribunal.** The arbitration tribunal will consist of three arbitrators. One arbitrator will be appointed by each Party and the third will be appointed by the first two arbitrators.

- (b) Industry Experience. The arbitrators will be familiar with the commercial and industry practices of the Joint Venture.
- (c) Conduct of Arbitration. The arbitration will take place in Toronto, Ontario in the English language and will exclude any right of application or appeal to any court in connection with any question of law or fact arising in the course of the arbitration or with respect to any award made.

10.4 Awards.

The arbitration award will be final and binding on the Parties, will not be subject to judicial appeal, will not include any punitive damages and will deal with the allocation of costs of arbitration, including legal fees and all related matters. Any monetary award will stipulate a rate of interest, deemed appropriate by the arbitrators, which will run from the date notice of Legal Claim was given until the date when the award is fully satisfied. The arbitration award will be promptly satisfied by the Party against whom it is granted, free of any deduction or offset. Any cost or fee incident to enforcing the award will, to the maximum extent permitted by law, be charged against the Party resisting enforcement. Judgment upon the award rendered may be entered in any court having jurisdiction, or application may be made to that court for a judicial recognition of the award or an order of enforcement thereof, as applicable. Any Party may bring an action to enforce any award granted under this Section.

**ARTICLE 11
RELATIONSHIP OF THE PARTIES**

11.1 Limitation on Authority of Parties

- (a) Nothing contained in this Agreement shall be deemed to constitute any Party as the partner of any other Party or to constitute any Party as the agent or legal representative of any other Party, nor to create any fiduciary relationship between the Parties. The Parties do not have any intention to create, nor shall this Agreement be construed to create, any general, limited or undeclared partnership under any Applicable Laws. No Party shall have any authority to act for or to assume any obligation or responsibility on behalf of the other Party by virtue of this Agreement, except as otherwise expressly provided herein.
- (b) Save as expressly provided herein, each Party shall be responsible only for its obligations as herein set out and shall not have any liability for the debts, liabilities or obligations of the other Party.

11.2 No Third-Party Beneficiary Rights

This Agreement shall be construed to benefit the Parties and their respective successors and permitted assigns only, and shall not be construed to create third-party beneficiary rights in any other Person. Notwithstanding anything in this Agreement to the contrary, no Person or entity other than a Party shall have the right to enforce any representation or warranty of a Party hereunder, to reimburse or indemnify any other Party hereunder, and, specifically, neither the Joint Venture nor any creditor or third party shall have any such rights.

**ARTICLE 12
GENERAL PROVISIONS**

12.1 Time of Essence

Time is of the essence in all respects of this Agreement.

12.2 Notices

Any Communication must be in writing and either: delivered personally or by courier sent by prepaid registered mail; or transmitted by e-mail or functionally equivalent electronic means of transmission, charges (if any) prepaid.

Any Communication must be sent to the intended recipient at its address as follows:

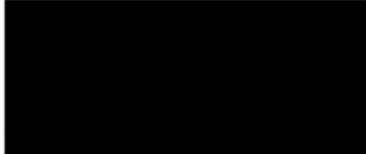
To Sproutly at:

Attention:
Email:



[Redacted: confidential contact information]

with a copy to:



[Redacted: confidential contact information]

Attention:
Email:



[Redacted: confidential contact information]

To Moosehead at:

Attention:
Email:



[Redacted: confidential contact information]

with a copy to:



[Redacted: confidential contact information]

Attention:
Email:



[Redacted: confidential contact information]

or at any other address as any Party may at any time advise the other Party by Communication given or made in accordance with this Section. Any Communication delivered to the Party to whom it is addressed will be deemed to have been given or made and received on the day it is so delivered at that Party's address, provided that if that day is not a Business Day then the Communication will be deemed to have been given or made and received on the next Business Day. Any Communication given or made by prepaid registered mail will be deemed to have been received on the fifth Business Day after which it is so mailed. If a strike or lockout of postal employees is then in effect, or generally known to be impending, every Communication must be delivered personally or by courier or transmitted by e-mail or functionally equivalent electronic means of transmission. Any Communication transmitted by e-mail or other functionally equivalent electronic means of transmission will be deemed to have been given or made and received on the day on which it was transmitted; but if the Communication is transmitted on a day which is not a Business Day or after 5:00 p.m. (local time of the recipient), the Communication will be deemed to have been received on the next Business Day.

12.3 Waiver

No supplement, modification, waiver, discharge or termination of this Agreement is binding unless it is executed in writing by each Party to be bound. No waiver of, failure to exercise, or delay in exercising, any provision of this Agreement constitutes a waiver of any other provision (whether or not similar) nor does any waiver constitute a continuing waiver unless otherwise expressly provided.

12.4 Public Announcements

A Party shall notify the other Party at least two (2) Business Days before it or its Affiliates issue any press release or otherwise make any public announcements with respect to this Agreement, the Implementation Agreements or the Business. The Parties shall consult with each other as to the form and substance of such releases or announcements, provided however, that nothing contained herein shall prohibit a Party or its Affiliates from making any such release or announcement which is required by Applicable Law if the other Party does not respond to the aforementioned notice within two (2) Business Days.

If Applicable Law precludes a Party's ability to give the other Party at least two (2) Business Days' notice of any such release or announcement (an "Urgent Announcement"), such Party shall promptly notify such other Party of such pending Urgent Announcement. The Parties shall consult with each other as to the form and substance of such Urgent Announcement, provided however, that nothing contained herein shall prohibit a Party or its Affiliates from making any such Urgent Announcement at the time required by Applicable Law.

12.5 Further Assurances

Each Party will, execute and deliver any further agreements and documents and provide any further assurances, undertakings and information as may be reasonably required by the requesting Party to give effect to this Agreement and, without limiting the generality of this provision, will do or cause to be done all acts and things, execute and deliver or cause to be executed and delivered all agreements and documents and provide any assurances, undertakings and information as may be required at any time by all Governmental Authorities having jurisdiction over the affairs of a Party or as may be required at any time under Applicable Law.

12.6 Assignment and Enurement

Neither this Agreement nor any right or obligation under this Agreement may be assigned by any Party without the prior written consent of the other Party. This Agreement enures to the benefit of and is binding upon the Parties and their respective successors and permitted assigns. For greater certainty, it is agreed that a change of control of any Party does not constitute an assignment for the purposes of this Section 12.6.

12.7 Counterparts

This Agreement may be executed and delivered by the Parties in one or more counterparts, each of which will be an original, and each of which may be delivered by fax, e-mail or other functionally equivalent electronic means of transmission, and those counterparts will together constitute one and the same instrument.

12.8 Costs and Expenses

Except as otherwise specified in this Agreement, all costs and expenses (including the fees and disbursements of accountants, financial advisors, legal counsel and other professional advisers) incurred in connection with this Agreement including the obligations under this Agreement, the completion of the transactions contemplated by this Agreement and the enforcement of this Agreement, are to be paid by the Party incurring those costs and expenses.

12.9 No Contra Proferentem

This Agreement has been reviewed by each Party's professional advisors, and revised during the course of negotiations between the Parties. Each Party acknowledges that this Agreement is the product of their joint efforts, that it expresses their agreement, and that, if there is any ambiguity in any of its provisions, no rule of interpretation favouring one Party over another based on authorship will apply.

12.10 Language

The Parties have expressly required that this Agreement, any Communication and all other contracts, documents and notices relating to this Agreement be drafted in the English language. Les Parties ont expressément exigé que la présente Convention, la communication et tous les autres contrats, documents et avis qui y sont afférents soient rédigés dans la langue anglaise.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed and delivered, by their respective authorized signatories, as of the Effective Date.

SPROUTLY CANADA, INC.



[Redacted:
signature]

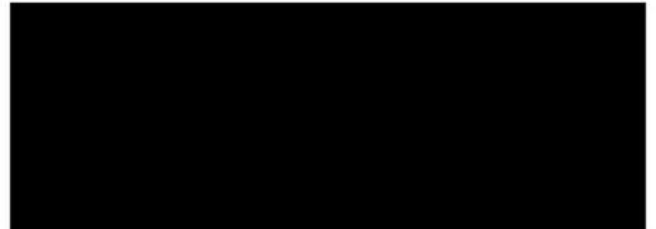
I have authority to bind the Corporation

OCC HOLDINGS LTD.



[Redacted:
signature]

I have authority to bind the Corporation



[Redacted:
signature]

I have authority to bind the Corporation

