

BZAM LTD.

- and -

FINAL BELL CANADA INC.

- and -

FINAL BELL HOLDINGS INTERNATIONAL LTD.

SHARE EXCHANGE AGREEMENT

December 5, 2023

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SHARE EXCHANGE AGREEMENT

This **SHARE EXCHANGE AGREEMENT** is dated December 5, 2023 and made among:

BZAM LTD., a corporation incorporated under the laws of Canada (the “**Purchaser**”);

FINAL BELL CANADA INC., a corporation incorporated under the laws of Ontario (“**FBC**”); and

FINAL BELL HOLDINGS INTERNATIONAL LTD., a corporation incorporated under the laws of British Columbia (the “**FBC Shareholder**”).

RECITALS:

- (A) The Purchaser is a company whose common shares are listed on the CSE (as hereinafter defined).
- (B) The FBC Shareholder is the beneficial and legal owner of all of the issued and outstanding FBC Shares (as defined herein).
- (C) The Purchaser wishes to purchase and acquire all of the issued and outstanding FBC Shares from the FBC Shareholder in exchange for the Consideration Shares (as hereinafter defined), upon and subject to the terms and conditions set forth in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties (each, a “**Party**” and, together, the “**Parties**”) covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement the following words and phrases will have the following meanings:

“**Accounts Payable**” means all accounts payable, trade payables, obligations to make payment, book payables and other amounts, due, owing or accruing due, together with any security interest, letters of credit or other credit support documents granted by any FBC Entity as security therefor.

“**Accounts Receivable**” means all accounts receivable, trade receivables, rights to receive payment, book debts and other amounts, due, owing or accruing due to any FBC Entity, together with any security interest, letters of credit or other credit support documents granted in favour of any FBC Entity as security therefor.

“**Acquisition Proposal**” has the meaning set forth in Section 9.9(a).

"Affiliate" with respect to any specified Person at any time, means each Person directly or indirectly, through one or more intermediaries, controlling, controlled by or under direct or indirect common control with, such specified Person at such time.

"Agreement" means this Share Exchange Agreement and all of the schedules, exhibits and other documents attached hereto or delivered pursuant to the terms hereof, as it may from time-to-time be supplemented or amended.

"Anti-Corruption Legislation" has the meaning set forth in Section 4.34(a).

"Applicable Securities Laws" means all applicable Canadian securities laws relevant to the issuance of securities of the Purchaser or the purchase and sale of the FBC Shares pursuant to the terms of this Agreement, including the published rules and policies of the CSE.

"Authorization" means, with respect to any Person, any Order, permit, approval, consent, waiver, licence or other authorization issued, granted, given or authorized by, or made applicable under the authority of, any Governmental Authority having jurisdiction over the Person.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in the City of Toronto, Ontario, Canada are closed during regular banking hours.

"Cannabis and cannabis" includes cannabis products as defined in the Cannabis Regulations with reference to Schedule 4 of the Cannabis Act and industrial hemp as defined in the Industrial Hemp Regulations made under the Cannabis Act.

"Cannabis Laws" means, collectively: (i) the laws of Canada and each of the provinces and territories therein applicable to the production, manufacture, cultivation, importation, exportation, advertisement, marketing, promotion, sale and/or distribution of cannabis and/or related products, including, without limitation, the *Cannabis Act* (Canada), the Cannabis Regulations and the *Excise Act, 2001* (Canada); and (ii) the respective regulations and rules made and forms prescribed under such laws, together with all applicable and legally enforceable published policy statements, orders and rulings of the applicable Governmental Authority in each such jurisdiction.

"Cannabis Regulations" mean the *Cannabis Regulations* (Canada), as amended from time to time.

"Claims" means claims, demands, complaints, grievances, actions, applications, suits, causes of action, charges, indictments, prosecutions, information or other similar processes.

"Closing" has the meaning set forth in Section 6.1.

"Closing Date" has the meaning set forth in Section 6.1.

"Closing Period" means the period between the close of business on the Execution Date and the Closing.

"Confidentiality Agreement" means the confidentiality agreement between FBC Shareholder and the Purchaser dated October 31, 2023.

"Consideration Shares" has the meaning set forth in Section 2.2(b).

"Contract" means any contract, agreement, option, lease, license, deed, mortgage, note, indenture, commitment or other instrument of any kind, whether written or oral, and other legal binding agreements, arrangements, understandings, commitments and undertakings, to which a Person is a party or a beneficiary or pursuant to which any of its property or assets are or may be affected.

"CSE" means the Canadian Securities Exchange.

“Damages” means any losses, liabilities, damages or out-of-pocket expenses (including reasonable legal fees and expenses) whether resulting from an action, suit, proceeding, arbitration, claim or demand that is instituted or asserted by a third Person, including a Governmental Authority, or a cause, matter, thing, act, omission or state of facts not involving a third Person.

“Disclosure Letters” means, collectively, the FBC Disclosure Letter and the Purchaser Disclosure Letter.

“Drop Dead Date” means January 30, 2024, or such other date as the Parties may mutually approve in writing.

“Effective Time” means 9:00 a.m. (Eastern Time) on the Closing Date (or such other time as may be agreed to by the Parties).

“Employee” means any full-time or part-time employee of any FBC Entity including any such employee on disability (long-term or short-term), workplace safety and insurance, workers’ compensation, pregnancy or parental or other statutory or approved leave.

“Employee Contracts” means any written or verbal employment Contract for employment between FBC and any Employee.

“Employee Plans” has the meaning set forth in Section 4.32(a).

“Environmental Authorization” means all Authorizations issued pursuant to any Environmental Laws in connection with the operation of the FBC Business or the ownership and use by any FBC Entity of the property and assets (including the Leased Properties) of FBC.

“Environmental Claim” means any Claim alleging or asserting any violation of any Environmental Law or Environmental Authorization, or liability for response costs or remedial action under an Environmental Law related to any Environmental Release.

“Environmental Laws” mean all Laws, regulations, ordinances or written decisions relating to environmental matters and relating to the protection of workers and public health, including any Laws having as a purpose or effect the protection of the environment, ground water, endangered species of flora and fauna, air, land or natural resources (including soil, land surface or subsurface strata, surface waters, groundwater, sediment, ambient air (including all layers of the atmosphere)), the prevention or reduction to acceptable levels of pollution and emissions or the provision of remedies in respect of damage arising therefrom and the generation, use, handling, release, treatment, storage, disposal or transportation of Environmentally Hazardous Substance.

“Environmental Release” means any emission, discharge, release, deposit, issuance, spray, injection, abandonment, escape, spill, leak, seepage, disposal or exhaust (other than exhaust from a vehicle) of an Environmentally Hazardous Substance, or other occurrence or event defined as such in any Environmental Laws.

“Environmentally Hazardous Substance” means any material or substance that could reasonably be expected to impair the quality of the environment or that causes or could reasonably be expected to cause an adverse effect on the environment for any use which can be made of it and as to which liabilities or standards of conduct are imposed pursuant to Environmental Laws, including any material or substance that is deemed pursuant to any Environmental Law to be “hazardous”, “toxic”, “deleterious”, “caustic”, “dangerous”, a “contaminant”, a “hazardous waste”, a “source of contaminant”, a “pollutant”, or words of similar meaning and regulatory effect under any Environmental Law, and any of the following substances: asbestos, urea formaldehyde, hydrocarbons, lead and polychlorinated biphenyls and any material or equipment containing one of these substances.

“Equity Interests” of a Person means options, warrants, calls, pre-emptive rights, subscriptions or other rights, restricted share awards, restricted share unit awards, agreements, arrangements, understandings or commitments of any kind relating to the issued or unissued shares in the capital of such Person, or other equity interests of such Person.

“Execution Date” means the date of this Agreement.

“Exemptions” has the meaning set forth in Section 2.8(a).

“FB Indemnified Losses” has the meaning set forth in Section 10.1(b).

“FB Indemnified Parties” has the meaning set forth in Section 10.1(b).

“FB Payment Plan” means the payment plan in connection with the unsecured promissory note in the principal amount of \$4,000,000 owed by FBC to the FBC Affiliated Vendor, guaranteed by the Purchaser, which shall be payable in accordance with Schedule A of this Agreement and subject to any additional terms as may be determined by the parties, acting reasonably.

“FBC” has the meaning set forth in the preamble of this Agreement.

“FBC Affiliated Vendor” means 14th Round Inc., which is a wholly-owned subsidiary of the FBC Shareholder.

“FBC Books and Records” means all books of account, financial statements, tax records, personnel records of Employees, historic documents relating to the FBC Entities, sales and purchase records, cost and pricing information, customer and supplier lists and files, referral sources, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, business reports, plans and projections and all other documents, files, correspondence and other information relating to any FBC Entity (whether in written, electronic or other form).

“FBC Business” means the business carried on by the FBC Entities on the Execution Date in Canada, consisting of operating the FBC Facilities.

“FBC Disclosure Letter” means the disclosure letter delivered by the FBC Shareholder to the Purchaser on the Execution Date.

“FBC Entities” means FBC and Final Bell Corp.

“FBC Facilities” means the licensed cannabis facility and office space located at 1100, Unit 3, Bennett Rd, Bowmanville, Ontario L1C 3K.

“FBC Financial Statements” means, collectively, (a) the unaudited financial statements of FBC for the twelve months ended December 31, 2022, and (b) the unaudited interim financial statements of FBC for the nine months ended September 30, 2023, all prepared in accordance with IFRS.

“FBC IP” has the meaning set forth in Section 4.26(a).

“FBC Material Authorizations” has the meaning set forth in Section 4.18.

“FBC Material Contracts” has the meaning set forth in Section 4.21.

“FBC Promissory Note” means the secured promissory note in the form set out as Schedule B of this Agreement, executed by FBC in favor of the FBC Affiliated Vendor on Closing, guaranteed by the Purchaser, in the aggregate principal amount of \$4,000,000, owed by FBC to the FBC Affiliated Vendor, bearing interest at zero percent (0%) and with a maturity date no earlier than March 31, 2025. For greater

clarity: (i) this note shall rank pari passu with all secured debts owed by the Purchaser to Stone Pine and bear the same maturity date as the secured debts owed by the Purchaser to Stone Pine and to the Senior Lender; and (ii) all such secured debts owed to Stone Pine and the FBC Affiliated Vendor shall be subordinated to the secured debts owed to the Senior Lender, in accordance with the terms of the Subordination Agreement and the Intercreditor Agreement.

"FBC Reference Date" means September 30, 2023.

"FBC Shareholder" has the meaning set forth in the preamble to this Agreement.

"FBC Shares" means: (i) 295 class A common shares; (ii) the 295 class B common shares; (iii) the 30 class C common shares; (iv) the 100 class D common shares; (v) 100 class E common shares; (vi) the 30 class F common shares; (vii) 100 class G common shares; (viii) 20 class H common shares; and (ix) the 30 class I common shares in the capital of FBC, and FBC Share means any one of them.

"FBC Specified Representations" has the meaning set forth in Section 7.1(a).

"Fundamental Representations" means the representations and warranties of the FBC Shareholder set forth in Sections 5.1, 5.2, and 5.3.

"Golden Iris Release" means the agreement evidencing the release of the FBC Entities as guarantors of the loan between the FBC Shareholder and Golden Iris International Ltd, and related general security agreement and PPSA registration.

"Governmental Authority" means any (a) multinational, federal, provincial, territorial, state, municipal, local or other governmental or public department, central bank, court, commission, board, arbitrator, tribunal, bureau or agency, domestic or foreign, (b) any subdivision or authority of any of the above, or (c) any quasi-governmental or private body exercising any regulatory, expropriation or tax authority under or for the account of any of the above.

"GST/HST" means goods and services tax and harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada).

"Healthcare Data Requirements" has the meaning set forth in Section 3.33(a) or Section 4.35, as applicable.

"IFRS" means generally accepted accounting principles in Canada from time to time including, for the avoidance of doubt, the standards prescribed in Part I of the CPA Canada Handbook – Accounting (which incorporates International Financial Reporting Standards, as issued by the International Accounting Standards Board) as the same may be amended, supplemented or replaced from time to time.

"Indebtedness" means with respect to FBC, (i) any liability for borrowed money (including bank loans, lines of credit and loans from related parties), or evidenced by an instrument for the payment of money, or incurred in connection with the acquisition of any property, products, services, assets or securities (including "earnouts", holdbacks, vendor notes or any other similar form of contingent or deferred payment obligation, and any conditional sale or other title retention agreement), or relating to a capitalized lease obligation, (ii) any change of control payments, bonuses, severance, termination and retention obligations, and similar amounts for which FBC becomes liable in connection with the Transaction contemplated by this Agreement, (iii) profit sharing bonus accruals; bonuses and incentives payable; and all accrued but unpaid salaries, wages and benefits, accrued matching RRSP contributions, accrued profit sharing payments, banked vacation pay and banked hours, and (iv) the employer portion of any payroll Taxes payable in connection with any amounts referred to in clause (ii) or (iii).

"Indemnified Loss" shall mean a Purchaser Indemnified Loss or a FB Indemnified Loss, as the case may be.

"Indemnified Party" shall mean a Purchaser Indemnified Party or a FB Indemnified Party, as the case may be.

"Industrial Hemp Regulations" mean the Industrial Hemp Regulations made under the *Cannabis Act*, as amended from time to time.

"Information Technology" means computer hardware, software in source code and object code form (including documentation, interfaces and development tools), websites, databases, telecommunications equipment and facilities and other information technology systems owned, licensed, used or held by a Person.

"Intellectual Property" means all intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to the applicable Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all: (a) trademarks, service marks, trade names, brand names, logos, slogans, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use of, and symbolized by, and all registrations, applications and renewals for, any of the foregoing, (b) internet domain names, whether or not trademarks, web addresses, web pages, websites and related content and URLs, (c) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights, author, performer, moral and neighboring rights, and all registrations, applications for registration and renewals of such copyrights and (d) patents (including all reissues, divisionals, provisionals, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications, and other patent rights and any other Governmental Authority-issued indicia of invention ownership (including inventor's certificates, petty patents and patent utility models).

"Intercreditor Agreement" means the intercreditor agreement to be entered into between Stone Pine and the FBC Affiliated Vendor, with respect to: (i) the ranking of any secured debts owed by the Purchaser to Stone Pine to be *pari passu* with the FBC Promissory Note; and (ii) the acknowledgement of the subordination following Closing, of all secured debts owed by the Purchaser to the FBC Affiliated Vendor and the FBC Affiliated Vendor, to the secured debts owed by the Purchaser to the Senior Lender.

"ITA" means the *Income Tax Act (Canada)*, RSC 1985, c 1 (5th Supp).

"Laws" means any and all (a) laws, constitutions, treaties, statutes, codes, ordinances, orders, decrees, rules, regulations and municipal by-laws of any Governmental Authority and (b) Orders.

"Leased Properties" means the lands and premises set out and described in Section 4.29(a) of the FBC Disclosure Letter by reference to their municipal address and proper legal description.

"Leases" means the leases and offers to lease in respect of the Leased Properties set out and described in Section 4.29(a) of the FBC Disclosure Letter.

"Liabilities" means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

"Lien" means any lien, claim, charge, pledge, hypothecation, security interest, mortgage, restriction, assignment, trust or deemed trust, title defect or objection, title retention agreement, option or encumbrance of any nature or kind whatsoever, whether contractual, statutory or otherwise arising, any other encumbrance of any nature or any arrangement or condition which, in substance, secures payment or performance of an obligation.

“Lock-up Agreement” means an agreement to be entered into between the Purchaser and the FBC Shareholder pursuant to which the FBC Shareholder will covenant not to sell, transfer or otherwise dispose of:

- i. with respect to 1/3 of the Consideration Shares, for a period ending on the 4-month plus a day anniversary of the date of issuance of such Purchaser Shares;
- ii. with respect to an additional 1/3 of the Consideration Shares, for a period ending on the 8-month anniversary of the Closing Date; and
- iii. with respect to an additional 1/3 of the Consideration Shares, for a period ending on the 12-month anniversary of the Closing Date.

“Material Adverse Effect” means, (a) in respect of a Party, any effect or change that is, individually or together with other effects or changes, materially adverse to (1) the results of operations and financial condition of the business of such Party and, if applicable, its subsidiaries, taken as a whole, or; (2) the Party’s ability to consummate the transactions contemplated by this Agreement, and (b) in respect of the Party’s assets, an effect that is individually or together with other effects or changes, materially adverse to such assets, taken as a whole; provided that a “Material Adverse Effect” does not include any effect or change arising from (i) any change affecting the cannabis industry as a whole, (ii) changes in applicable Laws, (iii) changes in IFRS, (iv) any change in general economic, business, regulatory, political (including the outbreak or escalation of war or acts of terrorism) or market conditions or in national or global financial or capital markets, (v) any natural disaster, or (vi) this Agreement or the completion of the transactions contemplated by this Agreement other than, in respect of each of clauses (i), (ii), (iii), (iv), and (v), any such effect that specifically relates to or disproportionately affects in an adverse manner the Party’s business.

“Merged Entity” means the Purchaser and the resulting group of subsidiaries following the completion of the Transaction contemplated by this Agreement.

“Misrepresentation” means an untrue statement of a material fact or an omission to state a material fact required or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made.

“Order” means any award, decision, injunction, judgment, order, ruling, subpoena or verdict entered, issued, made or rendered by any Governmental Authority.

“Ordinary Course” means, with respect to an action taken by a Person, that such action is (i) consistent with the past practices of the Person and is taken in the ordinary course of business of the normal operations of the Person or its business, and (ii) would be similar in nature to actions customarily taken in the ordinary course of the day to day operations of other Persons that are in the same line of business as such Person.

“Parties” means, collectively, the Purchaser, FBC and the FBC Shareholder and **Party** means any one of them.

“Permitted Encumbrances” means (a) Liens for Taxes, assessments or governmental charges or levies which relate to obligations not yet due or delinquent, the validity of which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with IFRS have been made in the FBC Books and Records or the Purchaser Books and Records, as the case may be, (b) easements, servitudes, encroachments and other minor imperfections of title which do not, individually or in the aggregate, detract from the value of or impair the use or marketability of any real property, (c) undetermined or inchoate Liens arising under statutory provisions which have not at the time been filed or registered in accordance with applicable Laws or of which written notice has not been given in accordance with applicable Laws, (d) Liens set out and described in Section 4.11 of the FBC Disclosure Letter or Section 1.1 of the Purchaser Disclosure Letter but only to the extent such Liens conform to their description in such Disclosure Letter and (e) Liens that would not reasonably be expected to have a Material Adverse Effect.

“Person” includes an individual, sole proprietor, corporation, body corporate, partnership, joint venture, association, trust, unincorporated organization or any other entity, or any trustee, executor, administrator or other legal representative thereof.

“Personal Information” means information about an identifiable individual other than such individual’s business contact information where such business contact information is collected, used or disclosed for the purposes of contacting such individual in that individual’s capacity as an employee or an official of an organization and for no other purpose.

“Pre-Closing Tax Period” means any Tax or fiscal period ending on or before the Closing, and with respect to a Straddle Period, the portion of a Straddle Period up to and immediately prior to the Closing.

“Privacy Laws” means the *Personal Information Protection and Electronic Documents Act* (Canada) and any similar Laws relating to the collection, use, disclosure or storage of Personal Information applicable in Canada.

“Purchase Price” has the meaning set forth in Section 2.2.

“Purchased FBC Shares” means the FBC Shares to be purchased by the Purchaser pursuant to Article 2, being all of the issued and outstanding shares in the capital of FBC.

“Purchaser” has the meaning set forth in the preamble of this Agreement.

“Purchaser Books and Records” means all books of account, financial statements, tax records, personnel records of the Purchaser Employees, historic documents relating to the assets or business of the Purchaser Entities, sales and purchase records, cost and pricing information, customer and supplier lists and files, referral sources, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, business reports, plans and projections and all other documents, files, correspondence and other information of a Purchaser Entity (whether in written, electronic or other form).

“Purchaser Disclosure Letter” means the disclosure letter delivered by the Purchaser to the FBC Shareholder on the Execution Date.

“Purchaser Disclosure Record” means all documents filed by or on behalf of the Purchaser on the System for Electronic Document Analysis Retrieval prior to the date hereof that are publicly available on the date hereof.

“Purchaser Employee” means any full-time or part-time employee of the Purchaser or any Purchaser Entity, including any such employee on disability (long-term or short-term), workplace safety and insurance, workers’ compensation, pregnancy or parental or other statutory or approved leave.

“Purchaser Employee Contracts” means any written or verbal employment Contract for employment between any Purchaser Entity and any other Person engaged in the business of any Purchaser Entity.

“Purchaser Employee Plans” has the meaning set forth in Section 3.30(a) of this Agreement.

“Purchaser Entities” means, collectively, the Purchaser and its subsidiaries.

“Purchaser Financial Statements” means the audited consolidated financial statements of the Purchaser for the years ended December 31, 2022 and 2021, and the unaudited financial statements of the Purchaser for the three and nine months ended September 30, 2023, all prepared in accordance with IFRS.

“Purchaser Indemnified Losses” has the meaning set forth in Section 10.1(a).

“Purchaser Indemnified Parties” has the meaning set forth in Section 10.1(a).

“Purchaser IP” has the meaning set forth in Section 3.24(a).

“Purchaser Leased Properties” means the lands and premises leased by the Purchaser as set out the Purchaser Disclosure Record.

“Purchaser Leases” means the leases and offers to lease in respect of the Purchaser Leased Properties set out and described in Section 3.27(a) of the Purchaser Disclosure Letter.

“Purchaser Material Authorizations” has the meaning set forth in Section 3.16.

“Purchaser Material Contracts” has the meaning set forth in Section 3.19.

“Purchaser Owned Properties” means the lands and premises owned by the Purchaser as set out the Purchaser Disclosure Record.

“Purchaser Reference Date” means September 30, 2023.

“Purchaser Shares” means common shares in the capital of the Purchaser, and Purchaser Share means any one of them.

“Purchaser Specified Representations” has the meaning set forth in Section 8.1(a).

“Release Date” has the meaning set forth in Section 6.5(a).

“SEDAR” means the System for Electronic Document Analysis and Retrieval, the electronic filing system for the disclosure documents of issuers across Canada.

“Senior Lender” means the Purchaser’s Canadian senior secured lender.

“Stone Pine” means Stone Pine Capital Ltd.

“Stone Pine Amendments” means any amendments to any documents evidencing secured debts owed by the Purchaser to Stone Pine, to reflect the amendment of the maturity date under such documents to March 31, 2025, cross-call provisions, prepayments to be made under such documents to require concurrent prepayments to be made under the FBC Promissory Note, and such other matters as may be agreed to by the Parties, acting reasonably.

“Straddle Period” means any taxation period of FBC ending after the Closing Date that commenced before the Closing Date. Where necessary to allocate Taxes under this Agreement with respect to a Straddle Period: (i) the amount of any real property, personal property, ad valorem, intangible, and other Taxes imposed on a periodic basis for such Straddle Period that are allocable to the Pre-Closing Tax Period shall be equal to the amount of such Taxes for the entire Straddle Period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediate preceding period) multiplied by a fraction, the numerator of which is the number of calendar days during the Straddle Period that are in the Pre-Closing Tax Period and the denominator of which is the number of calendar days in the entire Straddle Period, and (ii) the amount of any Taxes (other than Taxes allocable under clause (i) of this definition) for such Straddle Period that are allocable to the Pre-Closing Tax Period shall be computed on the basis of a “closing of the books,” as if such taxable period ended as of the end of the day on the Closing Date and all such Taxes were calculated in accordance with the past practices of FBC in preparing Tax Returns, except to the extent otherwise required by applicable Law; provided, that exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization deductions) shall be allocated between the period ending on the Closing Date and the period beginning after the Closing Date in proportion to the number of calendar days in each period.

“Subordination Agreement” means the subordination agreement to be entered into between the Senior Lender and the FBC Affiliated Vendor, with respect to the subordination following Closing, of all secured debts owed by the Purchaser to the FBC Affiliated Vendor, to the secured debts owed by the Purchaser to the Senior Lender.

“Tax” means any taxes, duties, fees, premiums, assessments, imposts, levies and other similar charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Québec and other government pension plan premiums or contributions.

“Tax Return” means any return (including any information return), report, statement, schedule, notice, election, designation, form or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Authority in connection with the determination, assessment, collection or payment of any Tax, or in connection with the administration, implementation or enforcement of, or compliance with, any Law relating to any Tax.

“Transaction” means, collectively, the purchase and sale of the Purchased FBC Shares, the issuance of the Consideration Shares, and all other transactions contemplated by this Agreement.

“Transaction Documents” means this Agreement, the FBC Promissory Note, the FB Payment Plan, the Subordination Agreement, the Intercreditor Agreement, the Lock-Up Agreement and all other agreements, certificates and other instruments or documents given pursuant to this Agreement.

1.2 Gender and Number

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, (a) words in the singular number include the plural and are to be construed as if the plural had been used and *vice versa*, and (b) words importing the use of any gender include all genders where the context or party referred to so requires, and the rest of the sentence is to be construed as if the necessary grammatical changes had been made.

1.3 Certain Phrases and Calculation of Time

In this Agreement, unless otherwise specified:

- (a) the words “including” and “includes” mean “including (or includes) without limitation”;
- (b) “Article” and “Section” followed by a number mean and refer to the specified Article or Section of this Agreement;
- (c) the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”; if the last day of any such period is not a Business Day, such period will end on the next Business Day; and
- (d) when calculating the period of time “within” which or “following” which any act or event is required or permitted to be done, notice given or steps taken, the date which is the reference date in calculating such period is to be excluded from the calculation. If the last

day of any such period is not a Business Day, such period will end on the next Business Day.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect or be used in the construction or interpretation of this Agreement.

1.5 Disclosure Letters and Exhibits

The Disclosure Letters and the exhibits attached to this Agreement are incorporated by reference into this Agreement and form an integral part hereof.

1.6 Purpose of the Disclosure Letters

The purpose of the Disclosure Letters is to set out the qualifications, exceptions and other information called for in this Agreement. The disclosure of any fact or item in any section of a Disclosure Letter shall be deemed to be an exception to (or, as applicable, a disclosure for purposes of) (i) the representations and warranties of FBC and the FBC Shareholder or the Purchaser, as the case may be, that are contained in the corresponding Section of this Agreement; and (ii) any other representations and warranties of the FBC and the FBC Shareholder or the Purchaser, as the case may be, contained in this Agreement, where it is reasonably apparent that such matter is pertinent to such other representation or warranty.

1.7 Currency

In this Agreement, unless otherwise specified, all references to dollars or to \$ are references to Canadian dollars.

1.8 Knowledge

Where any representation or warranty in this Agreement is expressly qualified by reference to the knowledge of a Party (or similar phrases), it is deemed to refer to the actual knowledge of such Party or, if such Party is not an individual, of any officer or director of such Party, in each case after due inquiry.

1.9 Accounting Terms

All accounting and financial terms and references not defined in this Agreement are to be interpreted in accordance with IFRS.

1.10 Instruments and Statutes

Any agreement, instrument or statute (including any specific provision) defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute (including any specific provision and in the case of a statute any regulations promulgated thereunder) as amended, restated, replaced, modified, qualified or supplemented, including (in the case of agreements and instruments) by waiver or consent and (in the case of statute) by succession of comparable successor statutes and all attachments thereto and instruments incorporated therein.

1.11 Governing Law; Venue

This Agreement shall be governed by and interpreted and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein without regard to applicable choice of law provisions thereof. The Parties agree that any action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby will be brought in a suitable court located

in the Province of British Columbia and each Party irrevocably submits to the exclusive jurisdiction of those courts.

ARTICLE 2 SHARE EXCHANGE

2.1 Purchase and Sale

Subject to the terms and conditions hereof, the FBC Shareholder covenants and agrees to sell, assign and transfer to the Purchaser and the Purchaser covenants and agrees to purchase from the FBC Shareholder, the Purchased FBC Shares at the Closing.

2.2 Purchase Price

In consideration for the acquisition of the Purchased FBC Shares, the Purchaser will pay a purchase price (the "**Purchase Price**") equal to the sum of the following:

- (a) Cash – The payment on Closing of \$100 in cash.
- (b) Consideration Shares – The issuance on Closing of ninety million (90,000,000) Purchaser Shares (the "**Consideration Shares**"), to the FBC Shareholder, at a deemed price per Purchaser Share of \$0.15.

2.3 Hold Period

The FBC Shareholder acknowledges that in addition to what is contemplated under the Lock-up Agreement, all Purchaser Shares comprising the Consideration Shares may be subject to a restrictive hold period of four (4) months plus a day in length, if determined to be applicable by a Governmental Authority under Applicable Securities Laws.

2.4 Allocation of Purchase Price

The Parties agree to allocate the Purchase Price on a basis to be agreed between the Parties prior to Closing. In conjunction therewith, each of the Parties will review with their respective legal, accounting and financial advisors the most tax effective structure for allocating the Purchase Price with respect to the Transaction. The Parties agree to execute and file all Tax Returns, and prepare all financial statements, on the basis of such allocation and agree not to take any position inconsistent therewith in any Tax Return, in any Tax refund claim, in any litigation or otherwise.

2.5 *Intentionally Deleted*

2.6 Purchase of Entire Interest

It is the understanding of the parties hereto that this Agreement provides for the purchase of all of the issued and outstanding FBC Shares at the Effective Time, whether same are owned as at the date hereof or to be acquired after the date hereof and prior to the Effective Time, and the FBC Shareholder therefore covenants and agrees with the Purchaser that, if prior to the Effective Time, it acquires any further FBC Shares, in addition to those set forth in this Agreement, then such FBC Shares shall be subject to the terms of this Agreement, and FBC Shares shall be delivered or such rights shall be transferred to the Purchaser at the Effective Time, without the payment of any additional or further consideration.

2.7 Delivery of Purchased FBC Shares

Subject to the fulfilment of all of the terms and conditions hereof (unless waived as herein provided), at the Effective Time, the FBC Shareholder shall be deemed to have delivered to the Purchaser certificates or equivalents representing all of the FBC Shares to the Purchaser.

2.8 Acknowledgements

The FBC Shareholder hereby acknowledges and agrees with the Purchaser as follows:

- (a) The transfer of the FBC Shares to the Purchaser, and the issuance of the Consideration Shares to the FBC Shareholder will be made pursuant to appropriate exemptions (the “**Exemptions**”) from the prospectus (or equivalent) requirements of applicable securities laws;
- (b) As a consequence of acquiring the Consideration Shares pursuant to the Exemptions:
 - (i) the Purchaser is relying on an exemption from the requirements to provide the FBC Shareholder with a prospectus and to, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the Applicable Securities Laws, including statutory rights of rescission or damages, will not be available to the FBC Shareholder;
 - (ii) the FBC Shareholder may not receive information that might otherwise be required to be provided to the FBC Shareholder, and the Purchaser is relieved from certain obligations that would otherwise apply under the *Securities Act* (Ontario) if the Exemptions were not being relied upon by the Purchaser;
 - (iii) there is no government or other insurance covering the Consideration Shares;
 - (iv) there are risks associated with the acquisition of the Consideration Shares; and
 - (v) no securities commission, stock exchange or similar regulatory authority has reviewed or passed on the merits of an investment in the Consideration Shares;
- (c) The FBC Shareholder is knowledgeable of, or has been independently advised as to, the applicable Law of that jurisdiction which applies to the sale of the FBC Shares and the issuance of the Consideration Shares, which may impose restrictions on the resale of such Consideration Shares in that jurisdiction and it is the responsibility of the FBC Shareholder to become aware of what those resale restrictions are, and to comply with them before selling or distributing any of the Consideration Shares, as applicable; and
- (d) The Consideration Shares may be subject to certain resale restrictions under applicable Law, and the FBC Shareholder agrees to comply with such restrictions and acknowledges that the certificates for the Consideration Shares may bear an applicable legend or legends respecting restrictions on transfers as required under applicable Law if and as required by Section 2.8 of this Agreement (or legend notation on each applicable Consideration Share, if applicable, issued electronically in a direct registration system), and that the FBC Shareholder have been advised to consult its own legal advisor with respect to applicable resale restrictions and that each is solely responsible for complying with such restrictions.

2.9 Joint Tax Election

The Purchaser and the FBC Shareholder, within 10 Business Days after the Closing Date (or at such later date as may be requested by the FBC Shareholder), shall jointly make and execute an election (a “**Section**

85 Election”), in the prescribed form and within the prescribed time limits, to have section 85 of the Tax Act apply in respect of the disposition of the FBC Shares by the FBC Shareholder in consideration for, inter alia, the Consideration Shares issuable to the FBC Shareholder and, in this regard, the aggregate “elected amount” for purposes of a Section 85 Election will be an amount determined by the FBC Shareholder within the limits prescribed under the Tax Act. The FBC Shareholder will be solely responsible for filing the Section 85 Elections within the time prescribed by the Income Tax Act. The Purchaser shall reasonably cooperate with the FBC Shareholder if it determines that a Section 85 Election which has been filed should be amended, supplemented or replaced.

2.10 Agreement to be Bound

Each Person who becomes a FBC Shareholder subsequent to the Execution Date, or acquires additional FBC Shares subsequent to the Execution Date, must concurrently with becoming a FBC Shareholder or acquiring such additional FBC Shares execute and deliver to the Purchaser an agreement in form and substance satisfactory to the Purchaser, agreeing to be bound by this Agreement.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser makes the following representations to the FBC Shareholder, and acknowledges and agrees that the FBC Shareholder is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

3.1 Incorporation, Corporate Power and Registration

- (a) The Purchaser is a corporation validly existing and in good standing under the federal laws of Canada and has all necessary corporate power, authority and capacity to own or lease its property and to carry on its business as presently conducted.
- (b) Subject to Section 3.2, neither the nature of the Purchaser Entities’ business nor the location or character of the assets owned or leased by the Purchaser Entities requires any Purchaser Entity to be registered, licensed or otherwise qualified as an extra-provincial or foreign corporation in any jurisdiction other than in jurisdictions where it is duly registered, licensed or otherwise qualified for such purpose and other than jurisdictions where the failure to be so registered, licensed or qualified does not have a Material Adverse Effect.

3.2 Qualification

Each Purchaser Entity is qualified, licensed or registered to carry on business in the jurisdictions set out in Section 3.2 of the Purchaser Disclosure Letter. The jurisdictions set out in Section 3.2 of the Purchaser Disclosure Letter include all jurisdictions in which (a) the nature of the Purchaser Entities’ business makes such qualification necessary, (b) the Purchaser Entity owns or leases any material property or assets which form part of the Purchaser Entity’s business or (c) the Purchaser Entity conducts the Purchaser Entity’s business, in each case except as would not have a Material Adverse Effect.

3.3 Due Authorization and Enforceability of Obligations

- (a) The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement.
- (b) The execution and delivery of this Agreement and the Transaction Documents, and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Purchaser.

- (c) This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against it in accordance with its terms except as enforcement may be limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

3.4 No Conflict with Authorizations, Laws, etc.

Except as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by the Purchaser of this Agreement and each of the Transaction Documents to which it is a party do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (a) result in a breach or a violation of, conflict with, or cause the termination or revocation of, any Authorization held by the Purchaser or necessary to the ownership of the assets owned by the Purchaser Entities or the operation of the Purchaser Entities' business;
- (b) result in or require the creation of any Lien upon any of the assets owned by the Purchaser Entities;
- (c) result in a breach or a violation of, or conflict with, any judgement, order or decree of any Governmental Authority; or
- (d) result in a material breach or a material violation of, or materially conflict with, any Law applicable to the Purchaser Entities.

3.5 No Conflict with Contracts

Except as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by the Purchaser of this Agreement and each of the Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (a) result in a material breach or a material violation of, or materially conflict with, any Purchaser Material Contract; or
- (b) result in or give any Person the right to cause (i) the termination, cancellation, amendment or renegotiation of any Purchaser Material Contract, or (ii) the acceleration of any debt or other obligation of the Purchaser, or (iii) the forfeiture or other loss, in whole or in part, of any benefit which would otherwise accrue to any Purchaser Entity.

3.6 Purchaser Financial Statements

The Purchaser Financial Statements have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly in all material respects:

- (a) the financial position of the Purchaser Entities on a consolidated basis as at such dates; and
- (b) the results of operation and changes in financial position of the Purchaser Entities on a consolidated basis for the periods then ended.

3.7 No Undisclosed Liabilities

Since the Purchaser Reference Date, no Purchaser Entity has any liabilities of the type required to be reflected as liabilities on a balance sheet prepared in accordance with IFRS, except for: (a) liabilities

reflected or reserved against in the applicable Purchaser Financial Statements; (b) current liabilities incurred since the Purchaser Reference Date in the Ordinary Course; or (c) liabilities that are not material to any Purchaser Entity, taken as a whole.

3.8 Conduct of Purchaser's Business in Ordinary Course

Except as set out in Section 3.8 of the Purchaser Disclosure Letter or as set out in the Purchaser Disclosure Record, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, since the Purchaser Reference Date, the Purchaser Entities' business has been carried on in the Ordinary Course. Without limiting the generality of the foregoing, the Purchaser Entities have not, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

- (a) sold, transferred or otherwise disposed of any assets other than inventory sold in the Ordinary Course;
- (b) granted or suffered any Lien upon any assets other than Permitted Encumbrances and unsecured current obligations and liabilities incurred in the Ordinary Course;
- (c) made any capital expenditures in excess of \$250,000;
- (d) paid any secured or unsecured obligation or liability (whether accrued, absolute, contingent or otherwise) which, individually or in the aggregate, exceeds \$250,000;
- (e) cancelled any debts or claims owed to it or amended, terminated or waived any rights of value to a Purchaser Entity;
- (f) made any payment to an officer, director, former director or other related party other than at the regular rates payable by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;
- (g) made any bonus or other extraordinary payment to a Purchaser Employee, officer, director, former director or related party other than regular amounts payable to each such Person by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;
- (h) suffered any extraordinary loss, damage or destruction in respect of any of its assets, whether or not covered by insurance;
- (i) terminated or suffered the termination of, any Purchaser Material Contract other than due to its expiration in accordance with its terms and not as a result of the potential completion of the transactions contemplated by the Agreement;
- (j) declared or paid any dividends or declared or made any other distribution on the Purchaser Shares or other securities of any of the Purchaser Entities and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of the Purchaser Shares or other securities of the Purchaser Entities;
- (k) written off as uncollectible any accounts receivable or any part thereof;
- (l) suffered any material shortage or any cessation or material interruption of inventory shipments, supplies or ordinary services;
- (m) made any forward commitments either in excess of the requirements for normal operating purposes or at prices higher than the current market prices;

- (n) compromised or settled any litigation or governmental action relating to assets owned or used by a Purchaser Entity (including the Purchaser Owned Properties and Purchaser Leased Properties);
- (o) cancelled or reduced any insurance coverage on its business, property and assets;
- (p) made any change in any method of accounting or auditing practice except in each case as required by IFRS;
- (q) made any change in the method of billing or the credit terms made available to its customers;
- (r) amended its organizational documents or structure; or
- (s) authorized, agreed or otherwise committed, whether or not in writing, to do any of the foregoing.

3.9 Capitalization of the Purchaser

The authorized capital of the Purchaser consists of an unlimited number of Purchaser Shares. As at the Execution Date, there are 180,818,952 Purchaser Shares issued and outstanding. In addition, as at the Execution Date, there are issued and outstanding (i) options to purchase, in the aggregate, 6,240,000 Purchaser Shares, (ii) warrants exercisable for, in the aggregate, 48,096,811 Purchaser Shares and (iii) restricted share units entitling certain employees of the Purchaser to, in the aggregate, 187,500 Purchaser Shares. Except as set forth in this Section 3.9, no other Purchaser Shares are issued and outstanding as at such date and there are no existing Equity Interests in, the Purchaser or any of its subsidiaries obligating the Purchaser or such subsidiary to issue, transfer, register or sell or cause to be issued, transferred, registered or sold any shares in the capital of, or voting debt securities of, or other Equity Interest in, the Purchaser or such subsidiary or securities convertible into or exchangeable for such shares or Equity Interests or other securities. All of the outstanding Purchaser Shares were duly authorized and validly issued, and are fully paid and non-assessable.

3.10 Litigation

Except as set out in Section 3.10 of the Purchaser Disclosure Record, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, there are no actions, suits or proceedings, at law or in equity, by any Person (including the Purchaser Entities), nor any arbitration, administrative or other proceeding by or before (or to the knowledge of the Purchaser any investigation by) any Governmental Authority, current or pending, or, to the knowledge of the Purchaser, threatened against the Purchaser Entities' business or any of the Purchaser Entities' assets, including the Purchaser Owned Properties, the Purchaser Leased Properties, or the Purchaser IP, or in respect of any employment matters.

3.11 Title to Assets

Except as set out in Section 3.11 of the Purchaser Disclosure Letter, each Purchaser Entity has good and marketable title to, and legal and beneficial ownership of, its properties and assets (whether immovable, movable, real, personal or mixed and whether tangible or intangible) that it purports to own including all the properties and assets reflected as being owned by the Purchaser Entities in their respective financial books and records free and clear of all Liens except for Permitted Encumbrances.

3.12 No Options, etc.

Except as set out in Section 3.12 of the Purchaser Disclosure Record, no Person has any written or oral agreement, option, understanding or commitment, or any right or privilege (whether by law, contractual or otherwise) capable of becoming such for the purchase or other acquisition from the Purchaser Entities of

any of the property and assets other than pursuant to purchase orders for inventory sold in the Ordinary Course.

3.13 Condition of Assets

Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the buildings, structures, fixtures, vehicles, equipment and other tangible personal property of the Purchaser Entities are structurally sound, in good operating condition and repair having regard to their use and age and are adequate and suitable for the uses to which they are being put, and none of such buildings, structures, fixtures, vehicles, equipment or other property are in need of maintenance or repairs except for ordinary routine maintenance and repairs that are not material in nature or cost.

3.14 Collectability of Accounts Receivable

The Accounts Receivable are recorded in the Purchaser Books and Records and are good and collectible at the aggregate recorded amounts, except to the extent of any reserves and allowances for doubtful accounts provided for such Accounts Receivable in the Purchaser Books and Records, copies of which have been provided to the FBC, and are not subject to any defence, counterclaim or set off.

3.15 Compliance with Law

- (a) Each Purchaser Entity:
 - (i) is conducting its business in compliance with all applicable Laws, in all material respects, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating to in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the Purchaser Entities' business;
 - (ii) has not received, since the Purchaser Reference Date, any correspondence or notice from Health Canada or any other Governmental Authority (A) alleging or asserting any material violation or noncompliance (or any investigation, inspection, audit, or other proceeding by any Governmental Authority involving allegations of any material violation) in respect of the Purchaser Entities' business with applicable Laws, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the Purchaser Entities' business, or any Authorization; or (B) have existed or currently exist that could lead to a loss, suspension, or modification of, or a refusal to issue or renew, any Purchaser Material Authorization; and
 - (iii) has, or has had on its behalf, since the Purchaser Reference Date, filed, declared, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments relating to the Purchaser Entities' business as required by any applicable Laws or Authorizations and to keep its Authorizations relating to the Purchaser Entities'

business in good standing and that all such reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission).

- (b) To the knowledge of the Purchaser, no investigation, inspection, audit or other proceeding by any Governmental Authority involving allegations of any material violation of any Law is currently threatened, including, without limitation, any Cannabis Laws.
- (c) The individuals listed in Section 3.15(c) of the Purchaser Disclosure Letter hold security clearances as required under the Cannabis Laws and otherwise have all qualifications, including training, experience and technical knowledge required by applicable Laws (including, without limitation, Cannabis Laws) with respect to each individual's respective association with any Purchaser Entity, and none of these individuals have previously had security clearances suspended, cancelled or revoked by Health Canada or have had Health Canada reject an application by such individual for security clearance
- (d) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all cannabis products sold or stored by the Purchaser Entities:
 - (i) meet the applicable specifications for the product;
 - (ii) are fit for the purpose for which they are intended by the Purchaser Entities, and of merchantable quality;
 - (iii) have been cultivated, processed, packaged, labelled, imported, tested, stored, transported and delivered in accordance in all material respects with the Purchaser Material Authorizations and all applicable Laws, including, without limitation, Cannabis Laws;
 - (iv) are not adulterated, tainted or contaminated and do not contain any substance not permitted by applicable Laws;
 - (v) have been cultivated, processed, packaged, labelled, imported, tested, stored and transported in facilities authorized by the Purchaser Material Authorizations in accordance in all material respects with the terms of such Authorization; and
 - (vi) (A) are not the object of any claims pursuant to any recall or product warranty or with respect to the production, distribution or sale of defective or inferior products or with respect to any warnings or instructions concerning such products; (B) have not caused or been reported to have caused an adverse reaction or serious adverse reaction, as each such term is defined in the *Cannabis Regulations* (Canada).
- (e) All of the marketing and promotion activities of all Purchaser Entities relating to the Purchaser Entities' business complies with all applicable Laws in all material respects, including, without limitation, Cannabis Laws.
- (f) (i) Each Purchaser Entity has, at all times, complied with and is currently in compliance with the terms of all Authorizations, including, without limitation, all licences held by any Purchaser Entity that have been issued pursuant to the Cannabis Laws; and (ii) to the Purchaser's knowledge, no amendments to the Authorizations (including, without limitation, the licences held by any Purchaser Entity as issued pursuant to the Cannabis Laws) are required or contemplated during the 12-month period following the Closing Date.

- (g) Each Purchaser Entity has only carried on business, affairs or operations or maintained any activities in Canada and only to the extent such business, affairs or operations or activities are legal in Canada, or any province or territory thereof, and has not engaged in the production, cultivation, marketing, distribution or sale of cannabis (as defined in the *Cannabis Act* (Canada)) or any products derived from or intended to be used in connection with cannabis or services intended to relate to cannabis in the United States of America or any other jurisdictions to the extent such activities remain prohibited under applicable Law (which, for greater certainty, will include the United States of America for so long as the production, cultivation, advertisement, marketing, promotion, sale or distribution of cannabis or related products remains prohibited by federal Laws and irrespective of whether such activities are permitted under the Laws of certain states)

3.16 Governmental Authorizations

The Purchaser Entities own, possess or lawfully use all material Authorizations which are necessary to conduct their business or for the ownership and use of their assets (including the Purchaser Owned Properties and Purchaser Leased Properties). All such Authorizations are set out in Purchaser Disclosure Record (the "**Purchaser Material Authorizations**"). Each Purchaser Material Authorization is valid, subsisting and in good standing. The Purchaser is not in default or breach of any Purchaser Material Authorization in any material respect and no proceedings are pending or, to the knowledge of the Purchaser, threatened to revoke or limit any Purchaser Material Authorization.

3.17 Required Purchaser Authorizations

There is no requirement for any Purchaser Entity to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Authority or stock exchange in connection with or as a condition to the lawful completion of, the Transaction, except for the filings, notifications and Authorizations set out in Section 3.17 of the Purchaser Disclosure Letter.

3.18 Third Party Consents

There is no requirement for any Purchaser Entity to make any filing with, give any notice to, or obtain any consent of, any Person who is a party to a Purchaser Material Contract binding on or affecting the Purchaser Entities in connection with or as a condition to the lawful completion of, the transactions contemplated by this Agreement or any of the Transaction Documents, except for the filings, notifications and consents set out in Section 3.18 of the Purchaser Disclosure Letter.

3.19 Material Contracts

Except for the Contracts listed in the "Material Contracts" section of the Purchaser's annual information form dated April 18, 2022, and as otherwise set out under Section 3.19 of the Purchaser Disclosure Letter (collectively, the "**Purchaser Material Contracts**"), no Purchaser Entity is a party to or bound by any Contract material to its business or the ownership of its assets including:

- (a) any distributor, sales or advertising Contract;
- (b) any Contract for the purchase or sale of materials, supplies, equipment or services (i) involving in the case of any such Contract, the payment by a Purchaser Entity of more than \$250,000 in aggregate in any 12-month period or (ii) which contains minimum purchase commitments or requirements or other terms that restrict or limit the purchasing or selling ability of a Purchaser Entity;
- (c) any Contract that expires, or may be renewed at the option of any Person other than a Purchaser Entity so as to expire, more than one year after the Execution Date;

- (d) any promissory note, loan agreement or other Contract for the borrowing of money, any currency exchange, commodities or other hedging or swap agreement or any leasing transaction of the type required to be capitalized in accordance with IFRS;
- (e) any Contract for capital expenditures in excess of \$250,000 in the aggregate;
- (f) any confidentiality, secrecy or non-disclosure Contract or any Contract limiting the freedom of a Purchaser Entity to engage in any line of business, compete with any Person, solicit any Person, operate its assets at maximum production capacity or otherwise restricting its ability to carry on its business;
- (g) any Contract pursuant to which a Purchaser Entity is a lessor or lessee of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property;
- (h) any Contract with any Affiliate of a Purchaser Entity or any other Person with whom a Purchaser Entity does not deal at arm's length within the meaning of the ITA;
- (i) any Contract relating to grants or other forms of assistance received by a Purchaser Entity from any Governmental Authority;
- (j) any Contract pursuant to which any Purchaser Entity grants or receives a licence to use any Purchaser IP, other than: (A) those in which grants of Purchaser IP rights are incidental to such Contract; (B) those granting rights to Purchaser IP that is generally commercially available; or (C) Contracts for sales of products and non-exclusive licences entered into in the Ordinary Course;
- (k) any Contract pursuant to which any Purchaser Entity has entered into a material joint venture, strategic alliance, partnership or similar arrangement with any Person;
- (l) any agreement of guarantee, support, indemnification, assumption or endorsement of, or any similar commitment with respect to, the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or Indebtedness of any other Person in excess of \$250,000 in the aggregate;
- (m) any Contract for Indebtedness of a Purchaser Entity in excess of \$250,000 in the aggregate; or
- (n) any Contract made outside of the Ordinary Course.

True, correct and complete copies of all Purchaser Material Contracts are available in the Purchaser Disclosure Record.

3.20 No Breach of Material Contracts

Each of the Purchaser Entities has performed in all material respects all of the obligations required to be performed by it pursuant to, and is not alleged to be in default or breach of, any Purchaser Material Contract. Each of the Purchaser Material Contracts is in full force and effect, unamended, to the knowledge of the Purchaser, no party is in material breach of any of its covenants thereunder and there exists no default or event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or circumstance, would reasonably be expected to become a material breach of, or a default or event of default under, any Purchaser Material Contract. To the knowledge of the Purchaser, all of the covenants to be performed and the obligations to be fulfilled by any party to such Purchaser Material Contract, including the applicable Purchaser Entity, have been fully performed and fulfilled in all material respects. No consent or notice is required for a valid assignment to the Purchaser of any Purchaser Material Contract.

3.21 Related Party Transactions

Except as set out the Purchaser Disclosure Record or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all Contracts, binding upon or affecting the Purchaser Entities have been entered into on an arm's length basis (within the meaning of the ITA) and any amounts due and payable by a Purchaser Entity to any Affiliate of a Purchaser Entity in relation to such Contracts are recorded on the Purchaser Books and Records at their fair market value.

3.22 Insurance

The Purchaser Entities maintain such policies of insurance as are appropriate to their business and assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets. No Purchaser Entity is in default in any material respect with respect to any of the provisions contained in the insurance policies.

3.23 Books and Records

- (a) All accounting and financial Purchaser Books and Records have been fully, properly and accurately kept and are complete in all material respects. Such Purchaser Books and Records are not recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which are not or will not be available to the FBC in the Ordinary Course after Closing. All corporate proceedings and actions reflected in the Purchaser Books and Records have been conducted or taken in compliance with all applicable Laws and in accordance with the constating documents of the Purchaser Entities.
- (b) Purchaser Books and Records stored on computer-related or other electronic media are appropriately organized and indexed and no data conversions, translations or technology upgrades are required before such data can be accessed, read, searched and used by Purchaser's current Information Technology.

3.24 Intellectual Property

- (a) The Purchaser Disclosure Record sets out a true, correct and complete description of (i) all of the registered Intellectual Property owned or used by a Purchaser Entity in connection with a Purchaser Entity's business (collectively, the "**Purchaser IP**"), and (ii) all licenses or similar agreements or arrangements to which any Purchaser Entity is a party, either as licensee or licensor, with respect to Intellectual Property necessary for the carrying on of a Purchaser Entity's business as presently conducted.
- (b) One of the Purchaser Entities is the exclusive owner of all right, title and interest in and to, or possesses the exclusive right to use the Purchaser IP, free and clear of all Liens other than Permitted Encumbrances. The Purchaser Entities have not assigned, licensed or otherwise conveyed any of the Purchaser IP.
- (c) The Purchaser Entities have maintained or caused to be maintained the rights to any of the registered Purchaser IP in full force and effect and, without limiting the generality of the foregoing, have renewed or have made application for renewal of any registered Purchaser IP owned by a Purchaser Entity and subject to expiration on or prior to the Closing Date.
- (d) The Purchaser IP has not been used, not used, enforced or not enforced in a manner that would reasonably be expected to result in the abandonment, cancellation or unenforceability of any of the Purchaser IP. In the past five years, no Purchaser Entity has received written notice of any alleged infringement or misappropriation from any Person

with respect to the Purchaser IP. During such period, no Purchaser Entity has infringed and is not currently infringing on the Intellectual Property of any other Person in any material respect.

- (e) The Purchaser Entities have the full right and authority to use the Purchaser IP in connection with the conduct of their business in the manner presently conducted, and such use or continuing use does not infringe upon or violate any rights of any other Person. The Purchaser IP is sufficient to conduct the Purchaser Entities' business as presently conducted. All licenses to which a Purchaser Entity is a party relating to Purchaser IP are in good standing, binding and enforceable in accordance with their respective terms and no default exists on the part of a Purchaser Entity thereunder. No royalty or other fees is required to be paid by any Purchaser Entity to use and exploit any of the Purchaser IP rights and, to the Purchaser's knowledge, there are no restrictions on the ability of any Purchaser Entity to use any of the Purchaser IP rights
- (f) To the knowledge of the Purchaser, no Person is infringing, misappropriating or otherwise violating, or threatening to do any of the foregoing, with respect to the Purchaser IP.
- (g) To the knowledge of the Purchaser, subject to and in compliance with applicable Laws, no current or former officer, employee or independent contractor of a Purchaser Entity owns or has claimed an ownership interest in any of the Purchaser IP, nor has any right to a royalty or other consideration as a result of its marketing, licensing or assignment.
- (h) Each Purchaser Entity has used commercially reasonable efforts (including measures to protect secrecy and confidentiality, where appropriate) to protect Purchaser IP and confidential information relating thereto. To the knowledge of the Purchaser, there has not been any material unauthorized disclosure of Intellectual Property such as to prevent the Purchaser Entities from obtaining or enforcing any right that it could otherwise have obtained or enforced with respect to such Intellectual Property.

3.25 Information Technology

- (a) The Information Technology owned, licensed, used or held for use in connection with the Purchaser Entities' businesses is sufficient for the conduct of the Purchaser Entities' businesses in the Ordinary Course after Closing. The Purchaser Entities use reasonable means, consistent with industry practice, to protect the security and integrity of all such Information Technology.
- (b) In the past three years, no notice of a defect or default has been sent or received by a Purchaser Entity in respect of any license or lease under which the Purchaser Entities receive Information Technology.

3.26 Owned Property

Except as set out in Section 3.26 of the Purchaser Disclosure Letter or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the Purchaser Entities are the absolute registered and beneficial owner of, and have good and marketable title to, the Purchaser Owned Properties free and clear of all Liens other than Permitted Encumbrances. The Purchaser Entities are not the owner of, or party to any agreement, option or right to own, any real property or any interest in any real property used in connection with the Purchaser Entities' business, other than the Purchaser Owned Properties.

3.27 Leases and Leased Property

- (a) Except as set out in Section 3.27(a) of the Purchaser Disclosure Letter, no Purchaser Entity is a party to, or under any agreement to become a party to, any real property lease other than the Purchaser Leases. Each Purchaser Lease is in good standing, creates a good and valid leasehold estate in favour of the Purchaser Entities in the Purchaser Leased Properties thereby demised and is in full force and effect without amendment. With respect to each Purchaser Lease pursuant to which a Purchaser Entity is tenant (i) all base rents and additional rents have been paid, (ii) no waiver, indulgence or postponement of any Purchaser Entity's obligations has been granted by the lessor, (iii) there exists no event of default or event, occurrence, condition or act which, with the giving of notice, the passage of time or the happening of any other event or circumstance, would become a default under the Purchaser Lease or give rise to a right of amendment, cancellation or termination of the Lease or restrict the ability of the applicable Purchaser Entity to exercise any of its rights as lessee thereunder, including any rights of renewal or first rights of refusal contained therein, (iv) to the knowledge of the Purchaser, all of the covenants to be performed by any party (other than the applicable Purchaser Entity) under the Purchaser Lease have been fully performed in all material respects, and (v) the use and occupation by the applicable Purchaser Entity of any of the Purchaser Leased Properties is not in breach, violation or non-compliance of or with any Laws in any material respect and is in material compliance with all applicable provincial plans, official plans, zoning by-laws, by-laws, development approvals and building permits of any applicable Governmental Authority, including any site plan agreements and any other agreements or approvals relating to the use and operation of the Purchaser Leased Property.
- (b) Each applicable Purchaser Entity has adequate rights of ingress and egress to, from and over the Purchaser Leased Properties in the Ordinary Course and the Purchaser Leased Properties have adequate access to and use of all necessary electrical utilities, local power grids, ground water, municipal water, waste water treatment and natural gas supply. To the knowledge of the Purchaser, there is no plan, study, notice of intent or pending by-law which, if implemented, would materially and adversely affect the ability of any Purchaser Entity to carry on business in the Ordinary Course.

3.28 Environmental Matters

- (a) The Purchaser Entities are, and at all times have been, in compliance with all Environmental Laws. There are no Environmentally Hazardous Substances located in the ground or in groundwater under any of the Purchaser Owned Properties.
- (b) Except as permitted under applicable Laws, no Purchaser Entity has used or permitted to be used at any of the Purchaser Owned Properties or Purchaser Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any Purchaser Entity for the disposal of Environmentally Hazardous Substances, and to the knowledge of the Purchaser there has not been any such use.
- (c) Except as permitted under Environmental Laws, no Purchaser Entity has caused or permitted, and the Purchaser does not have any knowledge of any Environmental Release on or from the Purchaser Owned Properties or Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any Purchaser Entity.
- (d) No Purchaser Entity has been required in writing by any Governmental Authority to: (i) alter any of the Purchaser Owned Properties or Purchaser Leased Properties in a material way in order to be in compliance with Environmental Laws; or (ii) perform any environmental closure, decommissioning, rehabilitation, clean-up, restoration, post-remedial investigations or corrective action on, about or in connection with any such property; which,

in each case, has not been complied with or cured to the satisfaction of such Governmental Authority, or which remains outstanding and unresolved.

- (e) There are no pending or, to the knowledge of the Purchaser, Environmental Claims, threatened Environmental Claims, threatened claims, proceedings or restrictions of any nature arising or resulting from any environmental liabilities or under or pursuant to any Environmental Laws with respect to or affecting any Purchaser Entity or any Purchaser Owned Properties or Purchaser Leased Properties.
- (f) Neither the Purchaser nor any Purchaser Entity has received written notice, orders or directions, from any Person, including any Governmental Authority, alleging that any Purchaser Entity or the Purchaser Entities' business has been or is in violation or potentially in violation of, or liable under, any Environmental Laws, nor been prosecuted for an offence alleging non-compliance with any Environmental Laws, or received any written request for information relating to an actual or potential violation of or liability under Environmental Laws, which in either case remains outstanding or unresolved, or would not reasonably be expected to have a Material Adverse Effect and neither the Purchaser nor any Purchaser Entity have settled any allegation of non-compliance short of prosecution. To the knowledge of the Purchaser, no Purchaser Entity nor the Purchaser Entities' business is subject to any investigation with respect to an action or potential violation of or liability under any Environmental Laws, which matter remains outstanding or unresolved.
- (g) Section 3.28(g) of the Purchaser Disclosure Letter contains a complete and accurate list of all reports and material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests relating to environmental matters affecting any Purchaser Entity or any Purchaser Owned Properties or Purchaser Leased Properties currently or formerly owned, leased or used by any Purchaser Entity or over which any Purchaser Entity has or had charge, management or control. Complete and accurate copies of all such reports and material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests in the possession or control of the Purchaser or the Purchaser Entities have been provided to FBC. To the knowledge of the Purchaser, there are no other reports or material documents relating to environmental matters affecting any Purchaser Entity or any of the Purchaser Owned Properties or Purchaser Leased Properties currently or formerly owned, leased or used by any Purchaser Entity or over which any Purchaser Entity has or had charge, management or control which have not been made available to FBC.
- (h) To the knowledge of the Purchaser, there are not any underground storage tanks located on the Purchaser Owned Properties or Purchaser Leased Properties.
- (i) No Authorizations issued to any Purchaser Entity pursuant to Environmental Laws will become void or voidable as a result of the completion of the Transactions.
- (j) No unbudgeted work or additional expenditure is required or planned in relation to the Purchaser Entities' business, the Purchaser Owned Properties, the Purchaser Leased Properties or any other assets of any Purchaser Entity to ensure compliance with applicable Environmental Laws or Authorizations issued pursuant to applicable Environmental Laws.

3.29 Employee Matters

- (a) No Purchaser Entity is a party to, subject to, or affected by any certification order or any collective agreement and no Person holds bargaining rights with respect to any employees of any Purchaser Entity.

- (b) Except as disclosed in Section 3.29(b) of the Purchaser Disclosure Letter, there are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing by any Purchaser Entity pursuant to any workplace safety and insurance legislation, and there are no orders under applicable occupational health and safety legislation relating to the Purchaser Entities' business which are currently outstanding.
- (c) To the knowledge of the Purchaser, there are no ongoing union certification drives. There are no pending proceedings for certifying a union for a Purchaser Entity and no Purchaser Entity is unionized and does not have an employee association.
- (d) Each Purchaser Entity has observed and complied, in all material respects, with the provisions of all applicable Laws respecting employment, including employment standards Laws as well as Laws relating to human rights, occupational health and safety, workplace safety and insurance, labour relations and pay equity.
- (e) There are no outstanding decisions or settlements or pending settlements under any applicable employment Laws which place any obligation upon the Purchaser Entities to do or refrain from doing any act or which place a financial obligation upon a Purchaser Entity.
- (f) In the past three years, no Purchaser Entity has received any written remedial order, notice of offence or conviction under occupational health and safety, pay equity or employment standards Laws.
- (g) Except as set out in 3.29(g) of the Purchaser Disclosure Letter, there are no actions, suits or proceedings, at law or in equity, by any Person (including the Purchaser Entities), nor any action, suit, arbitration, administrative proceeding or other proceeding by or before (or to the knowledge of the Purchaser any investigation by) any Governmental Authority, pending, or, to the knowledge of the Purchaser, threatened against or affecting the Purchaser Entities in respect of employment matters, that, if adversely determined, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Purchaser Entities or the Purchaser Entities' business. To the knowledge of the Purchaser, no event has occurred or circumstance exists which is reasonably be expected to give rise to or serve as a valid basis for the commencement of any such action, suit, investigation, arbitration, administrative proceeding or other proceedings by or against any Purchaser Entity in respect of employment matters.
- (h) All Purchaser Entities have developed and implemented all necessary employee policies, which implementation includes employee training with respect to harassment, occupational health and safety and accessibility for people with disabilities requirements
- (i) There is no labour strike, picketing, slow down, work stoppage or lock out, existing, pending, or to knowledge of the Purchaser Entities, threatened against or directly or indirectly affecting a Purchaser Entity's business, a Purchaser Entity or any of their respective operations. No Purchaser Entity has, in the past three years, experienced any labour strike, picketing, slowdown, work stoppage, lock out or other collective labour action by or with respect to its Purchaser Employees. There are no charges or complaints pending, or to the knowledge of the Purchaser, threatened with respect to or relating to a Purchaser Entity before any Governmental Authority in relation to unlawful employment practices. No Purchaser Entity has received any written notice from any such Governmental Authority responsible for the enforcement of labour or employment Laws of an intention to conduct an investigation of a Purchaser Entity or any of its business concerning its employment practices, wages, hours and terms and conditions of employment and no such investigation is, to the knowledge of the Purchaser Entity, threatened.

3.30 Employee Benefit Plans

- (a) Section 3.30 of the Purchaser Disclosure Letter sets out a true, correct and complete list and, where appropriate, a description of all retirement, pension, supplemental pension, savings, retirement savings, retiring allowance, bonus, profit sharing, stock purchase, stock option, phantom stock, share appreciation rights, deferred compensation, severance or termination pay, life insurance, medical, hospital, dental care, vision care, drug, sick leave, short term or long term disability, salary continuation, unemployment benefits, vacation, incentive, compensation or other employee benefit plan, program, arrangement, policy or practice whether written or oral, formal or informal, funded or unfunded, registered or unregistered, insured or self-insured that is maintained or otherwise contributed to, or required to be contributed to, by or on behalf of any Purchaser Entity for the benefit of current, former or retired employees, directors, officers, shareholders, independent contractors or agents of any Purchaser Entity other than government sponsored pension, employment insurance, workers compensation and health insurance plans, but excluding for the avoidance of doubt any Purchaser Employee Contracts containing any such provisions (collectively, the "**Purchaser Employee Plans**"). None of the Purchaser Employee Plans is a registered pension plan under the ITA.
- (b) Each Purchaser Employee Plan has been maintained and administered in compliance with its terms and with the requirements of all applicable Laws in all material respects. Each Purchaser Employee Plan that is required to be registered under applicable Laws is duly registered with the appropriate Governmental Authorities.
- (c) All contributions or premiums required to be paid, deducted or remitted and all obligations required to be performed by any Purchaser Entity pursuant to the terms of any Purchaser Employee Plan or by applicable Laws, have been paid, deducted, remitted or performed, as the case may be, in a timely fashion, and in all material respects, and there are no outstanding defaults or violations with respect to same.
- (d) There is no pending termination or winding-up procedure in respect of any of the Purchaser Employee Plans, and no event has occurred or circumstance exists under which any of the Purchaser Employee Plans would reasonably be expected to be declared terminated or wound-up, in whole or in part.
- (e) No Purchaser Employee Plan has a deficit and the liabilities of all Purchaser Entities in respect of all Purchaser Employee Plans are properly accrued and reflected in the Purchaser Financial Statements in accordance with IFRS.
- (f) The Purchaser Entities have delivered true, correct and complete copies of each of the following to the Purchaser: the text of all Purchaser Employee Plans (where no text exists, a summary has been provided) and any related trust agreements, insurance contracts or other material documents governing those plans all as amended to the Execution Date and, to the knowledge of the Purchaser, no fact, condition or circumstances exists or has occurred since the date of those documents which would materially affect or change the information contained in them.
- (g) No promises or commitments have been made by any Purchaser Entity to amend any Purchaser Employee Plan, to provide increased benefits or to establish any new benefit plan, except as required by applicable Laws.
- (h) The transactions contemplated in this Agreement and in each of the Transaction Documents will not result in or require any payment or severance, or the acceleration, vesting or increase in benefits under any Purchaser Employee Plan.

- (i) No Purchaser Entity has any obligation to provide retirement benefits for any current, former or retired employees of any Purchaser Entity or to any other Person.
- (j) None of the Purchaser Employee Plans require or permit retroactive increases or assessments in premiums or payments.
- (k) No Purchaser Entity contributes, nor is any Purchaser Entity required to contribute, to any multi-employer pension or benefit plan. None of the Purchaser Employee Plans is a multi-employer pension or benefit plan.
- (l) Each of the Purchaser Employee Plans can be amended or terminated without restrictions and any applicable Purchaser Entities have the unrestricted power and authority to amend or terminate the Purchaser Employee Plans.

3.31 Tax Matters

- (a) Other than as set out in Section 3.31 of the Purchaser Disclosure Letter, the Purchaser Entities have paid or made arrangements for the payment of all Taxes in respect of any Pre-Closing Tax Period.
- (b) All Tax Returns of the Purchaser Entities that are required to be filed prior to the Closing Date have or will have been timely filed. All material Taxes shown to be due on such Tax Returns have or will be timely paid on or before the Closing Date. Each such Tax Return is true, correct and complete in all material respects.
- (c) The Purchaser Entities have properly withheld and paid or remitted to the relevant Governmental Authority, in all material respects, all Taxes required to have been withheld and paid or remitted.
- (d) No written agreement or document extending the period of assessment or collection of any Tax payable which relates to the assets of the Purchaser Entities or the Purchaser Entities' businesses is currently in effect.
- (e) The Purchaser is duly registered for HST under Part IX of the *Excise Tax Act* (Canada).
- (f) The Purchaser is a "taxable Canadian corporation" and a "public corporation" within the meaning of the ITA.

3.32 Anti-Corruption

- (a) None of the Purchaser Entities nor any of their respective directors, officers, employees or other Persons acting on their behalf has, directly or indirectly: (i) made or authorized any contribution, payment, loan, reward, benefit or gift of funds or property or anything else of value to any official, employee or agent of any Governmental Authority or public international organization, or to any Person for the benefit of any Governmental Authority or public international organization or public international organizations; (ii) for the purpose of bribing any Governmental Authority established or maintained accounts which do not appear in any of the books and records that they are required to keep in accordance with applicable accounting and auditing standards, made transactions that are not recorded or that are inadequately identified, recorded non-existent expenditures, entered liabilities with incorrect identification of their object, knowingly used false documents, or intentionally destroyed accounting books and records earlier than permitted by law; or (iii) made any contribution to any candidate for public office; where either the payment or the purpose of such contribution, payment, loan, reward or gift was, is, or would be prohibited under Anti-Corruption Legislation.

- (b) None of the Purchaser Entities nor any of their respective directors, officers, employees or other Person acting on their behalf has breached or violated in any material respect any Law regulating lobbying, accounting, bids or conflicts of interest. To the knowledge of the Purchaser, no change, fact, event, circumstance, condition or omission has occurred that would reasonably be expected to result in the Purchaser from being suspended or debarred from doing business with a Governmental Authority or otherwise prevent the Purchaser from bidding on or applying for Contracts with a Governmental Authority after Closing.

3.33 Privacy Laws

- (a) Each Purchaser Entity has complied and is complying with and is complying with all applicable Privacy Laws, including in connection with its collection, maintenance, use, disclosure, processing or transmission of Personal Information, including medical records, patient information or other personal information made available to or collected by the Purchaser Entities in connection with the operation of the Purchaser Entities' business (the "**Healthcare Data Requirements**"). No Purchaser Entity has received written complaint or notice of any breach or violation by it of any such Privacy Laws. All Personal Information of the Purchaser Entities: (i) has been collected, used or disclosed with the consent of each individual to which such Personal Information relates (if such consent was required under applicable Privacy Laws); (ii) has been used only for the purposes for which the Personal Information was initially collected or for a subsequent purpose for which consent was subsequently obtained; and (iii) has been collected, used or disclosed for a purpose in respect of which consent may, under applicable Privacy Laws, be implied.
- (b) The Purchaser Entities have taken commercially reasonable steps to implement appropriate confidentiality, security and other protective measures required by Healthcare Data Requirements.
- (c) No Purchaser Entity has disclosed, made available or provided Personal Information to third parties for any purpose except in compliance with, or as required by, applicable Laws.

3.34 No Broker

Other than as set out in Section 3.34 of the Purchaser Disclosure Letter, the Purchaser has carried on all negotiations relating to this Agreement and the Transaction directly and without intervention on its behalf of any other party in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the FBC Shareholder.

3.35 Reporting Issuer

The Purchaser is a reporting issuer not in default (or the equivalent) under Applicable Securities Laws in each of the provinces and territories of Canada, and the Purchaser Shares are listed for trading on the CSE. No order ceasing or suspending trading in any securities nor prohibiting the sale of any securities of the Purchaser has been issued by any Governmental Authority or is outstanding against the Purchaser and, to the knowledge of the Purchaser, no investigation or proceeding for such purposes are pending or threatened. To the knowledge of the Purchaser it is not, and will not be at the time of Closing, in default under any of its obligations as a reporting issuer with securities regulatory authorities or the CSE.

3.36 Consideration Shares

The Consideration Shares to be issued pursuant to this Agreement will, immediately following their issuance to the FBC Shareholder, (a) be duly and validly authorized and issued as fully paid and non-assessable Purchaser Shares in accordance with applicable Law and (b) be subject to resale restrictions, as applicable under Applicable Securities Laws. Subject to the truth of the representations and warrants of the FBC

Shareholder, the distribution of the Consideration Shares to the FBC Shareholder will be exempt from the prospectus requirements of Applicable Securities Laws.

3.37 Material Facts

This Agreement does not, nor does any Transaction Document, contain any untrue statement of a material fact nor omits to state a material fact necessary in order to make the statements contained therein or herein not misleading in light of the circumstances under which they were made.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES CONCERNING FBC

The FBC Shareholder makes the following representations to the Purchaser solidarily and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

4.1 Incorporation, Corporate Power and Registration

- (a) Each FBC Entity is a corporation or sole proprietorship, as applicable, validly existing and in good standing under its jurisdiction of incorporation (or existence, as applicable) and has all necessary corporate power, authority and capacity to own or lease its property and to carry on the FBC Business as presently conducted.
- (b) Subject to 4.2, neither the nature of the FBC Business, nor the location or character of the assets owned by any FBC Entity, requires any FBC Entity to be registered, licensed or otherwise qualified as an extra-provincial or foreign corporation in any jurisdiction other than in jurisdictions where it is duly registered, licensed or otherwise qualified for such purpose and other than jurisdictions where the failure to be so registered, licensed or qualified does not have a Material Adverse Effect.

4.2 Qualification

Each FBC Entity is qualified, licensed or registered to carry on business in the jurisdictions set out in Section 4.2 of the FBC Disclosure Letter. The jurisdictions set out in Section 4.2 of the FBC Disclosure Letter include all jurisdictions in which (a) the nature of the assets owned by each FBC Entity or the FBC Business makes such qualification necessary, (b) each FBC Entity owns or leases any material property or assets which form part of FBC Business, or (c) the FBC Business is conducted, in each case except as would not have a Material Adverse Effect.

4.3 Due Authorization and Enforceability of Obligations

- (a) FBC has all necessary corporate power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement.
- (b) The execution and delivery of this Agreement and the Transaction Documents, and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of FBC.
- (c) This Agreement constitutes a valid and binding obligation of FBC enforceable against it in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

4.4 No Conflict with Authorizations, Laws, etc.

Except as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by FBC of this Agreement and each of the Transaction Documents to which it is a party do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (a) result in a breach or a violation of, conflict with, or cause the termination or revocation of, any Authorization held by any FBC Entity or necessary to the ownership and use of the assets owned by any FBC Entity or the operation of the FBC Business;
- (b) result in or require the creation of any Lien upon any of the assets owned by any FBC Entity, other than in respect of the FBC Promissory Note;
- (c) result in a breach or a violation of, or conflict with, any judgement, order or decree of any Governmental Authority; or
- (d) result in a material breach or a material violation of, or materially conflict with, any Law applicable to any FBC Entity.

4.5 No Conflict with Contracts

Except as would not, individually or in the aggregate, have a Material Adverse Effect, or as otherwise set forth in Section 4.5 of the FBC Disclosure Letter, the execution, delivery and performance by FBC of this Agreement and each of the Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (a) result in a material breach or a material violation of, or materially conflict with, any FBC Material Contract; or
- (b) result in or give any Person the right to cause (i) the termination, cancellation, amendment or renegotiation of any FBC Material Contract, (ii) the acceleration of any debt or other obligation of any FBC Entity, or (iii) the forfeiture or other loss, in whole or in part, of any benefit which would otherwise accrue to any FBC Entity.

4.6 FBC Financial Statements

The FBC Financial Statements have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly in all material respects:

- (a) the financial position of the FBC Entities on a consolidated basis as at such dates; and
- (b) the results of operation and changes in financial position of the FBC Entities on a consolidated basis for the periods then ended.

4.7 No Undisclosed Liabilities and Indebtedness

Since the FBC Reference Date, no FBC Entity has any liabilities of the type required to be reflected as liabilities on a balance sheet prepared in accordance with IFRS, except for: (a) liabilities reflected or reserved against in the applicable FBC Financial Statements; (b) current liabilities incurred since the FBC Reference Date in the Ordinary Course; or (c) liabilities that are not material to any FBC Entity, taken as a whole, and liabilities listed in Section 4.7 of the FBC Disclosure Letter. Other than the amounts owed under the FBC Promissory Note and pursuant to the FB Payment Plan, there shall be no outstanding Indebtedness owing by FBC to the FBC Shareholder or any Affiliates of the FBC Shareholder at Closing,

provided that, notwithstanding anything in this Agreement to the contrary, any new Accounts Payable that are generated in the Ordinary Course, and approved in advance in writing by the Purchaser, following the date hereof and through to the Closing Date, payable to FBC Shareholder or its Affiliates, shall be for the account of the Purchaser and the Purchaser shall pay such Accounts Payable when due.

4.8 Bank Accounts and Powers of Attorney

Section 4.8 of the FBC Disclosure Letter sets forth a correct and complete listing of the name, address and bank account numbers for each bank or other financial institution in which any FBC Entity has an account or safe deposit box and the names of all individuals authorized to draw on the account(s) or that have access to the safety deposit box(s). No FBC Entity has granted any Person a power of attorney.

4.9 Subsidiaries

Section 4.9 of the FBC Disclosure Letter sets forth a complete and accurate organizational chart of the FBC Entities. All of the issued and outstanding shares of each FBC Entity other than FBC have been issued in accordance with all applicable laws (including Applicable Securities Laws). Other than the FBC Entities, no FBC Entity has any subsidiaries (as such term is defined in Applicable Securities Laws).

4.10 Capitalization of FBC

- (a) The authorized capital of FBC consists of an unlimited number of FBC Shares.
- (b) As at the Execution Date, the only issued and outstanding shares in the capital of FBC are the Purchased FBC Shares. In addition, as at the Execution Date, no options, warrants or other rights to purchase or acquire shares or other securities of FBC and no securities or obligations convertible into or exchangeable for shares or other securities of FBC have been authorized or agreed to be issued.
- (c) Except as set forth in this Section 4.10, no other FBC Shares are issued and outstanding and there are no existing Equity Interests in, FBC or any of its subsidiaries obligating FBC to issue, transfer, register or sell or cause to be issued, transferred, registered or sold any shares in the capital of, or voting debt securities of, or other Equity Interest in, FBC or securities convertible into or exchangeable for such shares or Equity Interests or other securities.
- (d) All of the outstanding FBC Shares were duly authorized and validly issued and are fully paid and non-assessable.
- (e) All transfer restrictions affecting the transfer of the Purchased FBC Shares to the Purchaser will have been complied with or effectively waived on Closing.
- (f) None of the FBC Entities is a reporting issuer (as such term is defined in the *Securities Act* (Ontario)) and there is no published market for the Purchased FBC Shares.
- (g) No FBC Entity is party to, or subject to, or affected by, any unanimous shareholders' agreement or declaration; and (ii) there are no shareholders' agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the securities of any FBC Entity.

4.11 Conduct of Business in Ordinary Course

Except as set out in Section 4.11 of the FBC Disclosure Letter or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, since the FBC Reference Date, the FBC Business has been carried on in the Ordinary Course. Without limiting the generality of the foregoing,

no FBC Entity has, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

- (a) sold, transferred or otherwise disposed of any assets, other than inventory sold in the Ordinary Course;
- (b) granted or suffered any Lien upon any assets other than Permitted Encumbrances and unsecured current obligations and liabilities incurred in the Ordinary Course;
- (c) made any capital expenditures in excess of \$250,000;
- (d) paid any secured or unsecured obligation or liability (whether accrued, absolute, contingent or otherwise) which, individually or in the aggregate, exceeds \$250,000;
- (e) cancelled any debts or claims owed to it or amended, terminated or waived any rights of value pertaining it;
- (f) made any payment to an officer, director, former director or other related party other than at the regular rates payable by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;
- (g) made any bonus or other extraordinary payment to an Employee, officer, director, former director or related party other than regular amounts payable to each such Person by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;
- (h) suffered any extraordinary loss, damage or destruction in respect of the FBC Business or any of its assets, whether or not covered by insurance;
- (i) terminated or suffered the termination of, any FBC Material Contract other than due to its expiration in accordance with its terms and not as a result of the potential completion of the transactions contemplated by the Agreement;
- (j) declared or paid any dividends or declared or made any other distribution on the Purchased FBC Shares or other securities of any of the FBC Entities and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of the Purchased FBC Shares or other securities of the FBC Entities;
- (k) written off as uncollectible any Accounts Receivable or any part thereof;
- (l) suffered any material shortage or any cessation or material interruption of inventory shipments, supplies or ordinary services;
- (m) made any forward commitments either in excess of the requirements for normal operating purposes or at prices higher than the current market prices;
- (n) compromised or settled any litigation or governmental action relating to assets owned or used by a FBC Entity (including the Leased Properties);
- (o) cancelled or reduced any insurance coverage on its business, property or assets;
- (p) made any change in any method of accounting or auditing practice except in each case as required by IFRS;

- (q) made any change in the method of billing or the credit terms made available to its customers;
- (r) amended its organizational documents or structure; or
- (s) authorized, agreed or otherwise committed, whether or not in writing, to do any of the foregoing.

4.12 Litigation

Except as set out in Section 4.12 of the FBC Disclosure Letter, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, there are no actions, suits, proceedings, grievances, arbitrations, investigations, audits or other alternative dispute resolution processes at law or in equity, by any Person (including any FBC Entity or the FBC Shareholder), nor any arbitration, administrative or other proceeding by or before any Governmental Authority, current or pending, to the knowledge of the FBC Shareholder, threatened against any FBC Entity or any property or assets used by any FBC Entity, including the Leased Properties, or FBC IP, or in respect of any regulatory matters or employment matters.

4.13 Title to Assets

Each FBC Entity has good and marketable title to, and legal and beneficial ownership of, its properties and assets (whether immovable, movable, real, personal or mixed and whether tangible or intangible) that it purports to own including all the properties and assets reflected as being owned by the FBC Entities in their respective financial books and records free and clear of all Liens except for Permitted Encumbrances.

4.14 No Options, etc.

Except for the Purchaser under this Agreement, no Person has any written or oral agreement, option, understanding or commitment, or any right or privilege (whether by law, contractual or otherwise) capable of becoming such for the purchase or other acquisition of any FBC Entity or any of the property and assets of any FBC Entity, other than pursuant to purchase orders for inventory sold in the Ordinary Course.

4.15 Condition of Assets

Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the buildings, structures, fixtures, vehicles, equipment and other tangible personal property of FBC or leased for use by FBC are structurally sound, in good operating condition and repair having regard to their use and age and are adequate and suitable for the uses to which they are being put, and none of such buildings, structures, fixtures, vehicles, equipment or other property are in need of maintenance or repairs except for ordinary routine maintenance and repairs that are not material in nature or cost.

4.16 Collectability of Accounts Receivable

The Accounts Receivable are recorded in the FBC Books and Records and are good and collectible at the aggregate recorded amounts, except to the extent of any reserves and allowances for doubtful accounts provided for such Accounts Receivable in the FBC Books and Records, copies of which have been provided to the Purchaser, and are not subject to any defence, counterclaim or set off.

4.17 Compliance with Law

- (a) Each of the FBC Entities:
 - (i) is, other than as disclosed in Section 4.17(i) of the FBC Disclosure Letter, conducting the FBC Business in compliance with all applicable Laws, in all material

respects, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the FBC Business;

- (ii) has not received, since the FBC Reference Date, any correspondence or notice from Health Canada or any other Governmental Authority, other than as disclosed in Section 4.17(ii) of the FBC Disclosure Letter, (A) alleging or asserting any material violation or noncompliance (or any investigation, inspection, audit, or other proceeding by any Governmental Authority involving allegations of any material violation) in respect of the FBC Business with applicable Laws, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the FBC Business, or any Authorization; or (B) have existed or currently exist that could lead to a loss, suspension, or modification of, or a refusal to issue or renew, any FBC Material Authorization; and
 - (iii) has, or has had on its behalf, since the FBC Reference Date, filed, declared, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments relating to the FBC Business as required by any applicable Laws or Authorizations and to keep its Authorizations relating to the FBC Business in good standing and that all such reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission).
- (b) To the knowledge of the FBC Shareholder, no investigation, inspection, audit or other proceeding by any Governmental Authority involving allegations of any material violation of any Law is currently threatened, including, without limitation, any Cannabis Laws, other than as disclosed in Section 4.17(b) of the FBC Disclosure Letter.
 - (c) The individuals listed in Section 4.17(c) of the FBC Disclosure Letter hold security clearances as required under the Cannabis Laws and otherwise have all qualifications, including training, experience and technical knowledge required by applicable Laws (including, without limitation, Cannabis Laws) with respect to each individual's respective association with any FBC Entity, and none of these individuals have previously had security clearances suspended, cancelled or revoked by Health Canada or have had Health Canada reject an application by such individual for security clearance.
 - (d) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all Cannabis products sold by any FBC Entity, directly or indirectly, or stored in inventory for any FBC Entity:
 - (i) meet the applicable specifications for the product;
 - (ii) are fit for the purpose for which they are intended, and of merchantable quality;

- (iii) have been cultivated, processed, packaged, labelled, imported, tested, stored, transported and delivered in accordance in all material respects with FBC Material Authorizations and all applicable Laws, including, without limitation, Cannabis Laws;
 - (iv) are not adulterated, tainted or contaminated and do not contain any substance not permitted by applicable Laws;
 - (v) have been cultivated, processed, packaged, labelled, imported, tested, stored and transported in facilities authorized by the FBC Material Authorizations in accordance in all material respects with the terms of such Authorization; and
 - (vi) (A) are not the object of any claims pursuant to any recall or product warranty or with respect to the production, distribution or sale of defective or inferior products or with respect to any warnings or instructions concerning such products; (B) have not caused or been reported to have caused an adverse reaction or serious adverse reaction, as each such term is defined in the *Cannabis Regulations* (Canada).
- (e) All of the marketing and promotion activities of all FBC Entities relating to the FBC Business complies with all applicable Laws in all material respects, including, without limitation, Cannabis Laws.
 - (f) (i) Each FBC Entity has, at all times, complied with and is currently in compliance with the terms of all Authorizations, including, without limitation, all licences held by any FBC Entity that have been issued pursuant to the Cannabis Laws; and (ii) to the FBC Shareholder's knowledge, no amendments to the Authorizations (including, without limitation, the licences held by any FBC Entity as issued pursuant to the Cannabis Laws) are required or contemplated during the 12-month period following the Closing Date.
 - (g) Each FBC Entity has only carried on business, affairs or operations or maintained any activities in Canada and only to the extent such business, affairs or operations or activities are legal in Canada, or any province or territory thereof, and has not engaged in the production, cultivation, marketing, distribution or sale of cannabis (as defined in the *Cannabis Act* (Canada)) or any products derived from or intended to be used in connection with cannabis or services intended to relate to cannabis in the United States of America or any other jurisdictions to the extent such activities remain prohibited under applicable Law (which, for greater certainty, will include the United States of America for so long as the production, cultivation, advertisement, marketing, promotion, sale or distribution of cannabis or related products remains prohibited by federal Laws and irrespective of whether such activities are permitted under the Laws of certain states).

4.18 Governmental Authorizations

The FBC Entities own, possess or lawfully use all material Authorizations which are necessary to conduct their business or for the ownership and use of their assets (including the Leased Properties). All such Authorizations are set out in Section 4.18 of the FBC Disclosure Letter (the "**FBC Material Authorizations**"). Each FBC Material Authorization is valid, subsisting and in good standing. FBC is not in default or breach of any FBC Material Authorization in any material respect and no proceedings are pending or, to the knowledge of the FBC Shareholder, threatened to revoke or limit any FBC Material Authorization.

4.19 Required Authorizations

There is no requirement for any FBC Entity, FBC or the FBC Shareholder to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Authority or stock exchange in connection with

or as a condition to the lawful completion of, the Transaction, except for the filings, notifications and Authorizations set out in Section 4.19 of the FBC Disclosure Letter.

4.20 Third Party Consents

There is no requirement for any FBC Entity to make any filing with, give any notice to, or obtain any consent of, any Person who is a party to a FBC Material Contract binding on or affecting the FBC Entities in connection with or as a condition to the lawful completion of, the transactions contemplated by this Agreement or any of the Transaction Documents, except for the filings, notifications and consents set out in Section 4.20 of the FBC Disclosure Letter.

4.21 Material Contracts

Except for the FB Payment Plan and the FBC Promissory Note to be entered into at Closing and the Contracts set out in Section 4.21 of the FBC Disclosure Letter (collectively, the “**FBC Material Contracts**”), FBC is not a party to or bound by any Contract material to it including:

- (a) any distributor, sales or advertising Contract;
- (b) any Contract for the purchase or sale of materials, supplies, equipment or services (i) involving in the case of any such Contract, the payment by any FBC Entity of more than \$250,000 in aggregate in any 12-month period or (ii) which contains minimum purchase commitments or requirements or other terms that restrict or limit the purchasing or selling ability of any FBC Entity;
- (c) any Contract that expires, or may be renewed at the option of any Person other than any FBC Entity so as to expire, more than one year after the Execution Date;
- (d) any promissory note, loan agreement or other Contract for the borrowing of money, any currency exchange, commodities or other hedging or swap agreement or any leasing transaction of the type required to be capitalized in accordance with IFRS;
- (e) any Contract for capital expenditures in excess of \$250,000 in the aggregate;
- (f) any confidentiality, secrecy or non-disclosure Contract limiting the freedom of any FBC Entity to engage in any line of business, compete with any Person, solicit any Person, operate its assets at maximum production capacity or otherwise restricting its ability to carry on business;
- (g) any Contract pursuant to which any FBC Entity is a lessor or lessee of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property;
- (h) any Contract with any Person with whom any FBC Entity or the FBC Shareholder do not deal at arm’s length within the meaning of the ITA;
- (i) any Contract relating to grants or other forms of assistance received by any FBC Entity from any Governmental Authority;
- (j) any Contract pursuant to which any FBC Entity grants or receives a licence to use any FBC IP, other than: (A) those in which grants of FBC IP rights are incidental to such Contract; (B) those granting rights to FBC IP that is generally commercially available; or (C) Contracts for sales of products and non-exclusive licences entered into in the Ordinary Course;
- (k) any Contract pursuant to which any FBC Entity has entered into a material joint venture, strategic alliance, partnership or similar arrangement with any Person;

- (l) any agreement of guarantee, support, indemnification, assumption or endorsement of, or any similar commitment with respect to, the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or Indebtedness of any other Person in excess of \$250,000 in the aggregate;
- (m) any Contract for Indebtedness of a FBC Entity in excess of \$250,000 in the aggregate; or
- (n) any Contract made outside of the Ordinary Course.

True, correct and complete copies of all FBC Material Contracts have been provided to the Purchaser.

4.22 No Breach of Material Contracts

Each FBC Entity has performed in all material respects all of the obligations required to be performed by it pursuant to, and is not alleged to be in default or breach of, any FBC Material Contract, other than as disclosed in Section 4.22 of the FBC Disclosure Letter. Each of the FBC Material Contracts is in full force and effect, unamended, to the knowledge of the FBC Shareholder, no party is in material breach of any of its covenants thereunder and there exists no default or event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or circumstance, would reasonably be expected to become a material breach of, or a default or event of default under, any FBC Material Contract, other than as disclosed in Section 4.22 of the FBC Disclosure Letter. To the knowledge of the FBC Shareholder, all of the covenants to be performed and the obligations to be fulfilled by any party to such FBC Material Contract, including the applicable FBC Entity, have been fully performed and fulfilled in all material respects, other than as disclosed in Section 4.22 of the FBC Disclosure Letter. No consent or notice is required for a valid assignment to the Purchaser of any FBC Material Contract.

4.23 Related Party Transactions

Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all Contracts, binding upon or affecting any FBC Entity have been entered into on an arm's length basis (within the meaning of the ITA) and any amounts due and payable by any FBC Entity in relation to such Contracts are recorded on the FBC Books and Records at their fair market value.

4.24 Insurance

Each FBC Entity maintains such policies of insurance as are appropriate to the FBC Business and the Leased Properties, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets. Section 4.24 of the FBC Disclosure Letter is a list of insurance policies which are maintained by or on behalf of all FBC Entities setting out, in respect of each policy, a description of the type of policy, the name of insurer, the coverage, the expiration date, the annual premium and any pending claims. No FBC Entity is in default in any material respect with respect to any of the provisions contained in such insurance policies or has failed to give any material notice or to present any material claim under any insurance policy in a due and timely fashion. True, correct and complete copies of all insurance policies held by or on behalf of all FBC Entities and the most recent inspection reports received from insurance underwriters have been delivered to the Purchaser.

4.25 Books and Records

- (a) All accounting and financial FBC Books and Records have been fully, properly and accurately kept and are complete in all material respects. Such FBC Books and Records are not recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which are not or will not be available to the Purchaser in the Ordinary Course after Closing. All corporate proceedings and actions reflected in the FBC

Books and Records have been conducted or taken in compliance with all applicable Laws and in accordance with the constating documents of the FBC Entities.

- (b) FBC Books and Records stored on computer-related or other electronic media are appropriately organized and indexed and no data conversions, translations or technology upgrades are required before such data can be accessed, read, searched and used by FBCs current Information Technology.

4.26 Intellectual Property

- (a) Section 4.26(a) of the FBC Disclosure Letter sets out a true, correct and complete list, and, where appropriate, a description of (i) all of the registered Intellectual Property owned or used by all FBC Entities (collectively, the “**FBC IP**”) and (ii) all licenses or similar agreements or arrangements to which FBC is a party, either as licensee or licensor, with respect to Intellectual Property necessary for the carrying on of the FBC Business as presently conducted.
- (b) The applicable FBC Entity is the exclusive owner of all right, title and interest in and to, or possesses the exclusive right to use the FBC IP, free and clear of all Liens other than Permitted Encumbrances. No FBC Entity has assigned, licensed or otherwise conveyed any of the FBC IP.
- (c) Each applicable FBC Entity has maintained or caused to be maintained the rights to any of the registered FBC IP in full force and effect and, without limiting the generality of the foregoing, have renewed or have made application for renewal of any registered FBC IP subject to expiration on or prior to the Closing Date.
- (d) The FBC IP has not been used, not used, enforced or not enforced in a manner that would reasonably be expected to result in the abandonment, cancellation or unenforceability of any of the FBC IP. In the past five years, no FBC Entity has received written notice of any alleged infringement or misappropriation from any Person with respect to the FBC IP. During such period, no FBC Entity has infringed and is not currently infringing on the Intellectual Property of any other Person in any material respect.
- (e) The applicable FBC Entity has the full right and authority to use, and the Purchaser will be entitled to continue to use after the Closing Date, the FBC IP in the manner presently conducted, and such use or continuing use does not infringe upon or violate any rights of any other Person. The FBC IP is sufficient to conduct the FBC Business as presently conducted. All licenses to which any applicable FBC Entity is a party relating to FBC IP are in good standing, binding and enforceable in accordance with their respective terms and no default exists on the part of any FBC Entity thereunder. No royalty or other fees is required to be paid by any FBC Entity to use and exploit any of the FBC IP rights and, to the FBC Shareholder’s knowledge, there are no restrictions on the ability of any FBC Entity to use any of the FBC IP rights.
- (f) To the knowledge of the FBC Shareholder, no Person is infringing, misappropriating or otherwise violating, or threatening to do any of the foregoing, with respect to the FBC IP.
- (g) To the knowledge of the FBC Shareholder, subject to and in compliance with applicable Laws, no current or former officer, employee or independent contractor of any FBC Entity owns or has claimed an ownership interest in any of the FBC IP, nor has any right to a royalty or other consideration as a result of its marketing, licensing or assignment.
- (h) All applicable FBC Entities have used commercially reasonable efforts (including measures to protect secrecy and confidentiality, where appropriate) to protect FBC IP and confidential

information relating thereto. To the knowledge of the FBC Shareholder, there has not been any material unauthorized disclosure of Intellectual Property such as to prevent any FBC Entity from obtaining or enforcing any right that it could otherwise have obtained or enforced with respect to such Intellectual Property.

4.27 Information Technology

- (a) The Information Technology owned, licensed, used or held for use in connection with the FBC Business is sufficient for the conduct of the FBC Business in the Ordinary Course after Closing. Each FBC Entity uses reasonable means, consistent with industry practice, to protect the security and integrity of all such Information Technology.
- (b) In the past three years, no notice of a defect or default has been sent or received by any FBC Entity in respect of any license or lease under which any FBC Entity receives Information Technology.

4.28 Leases and Leased Property

- (a) No FBC Entity is a party to, or under any agreement to become a party to, any real property lease other than the Leases, true, correct and complete copies of which have been provided to the Purchaser. Each Lease is in good standing, creates a good and valid leasehold estate in favour of the applicable FBC Entity in the Leased Properties thereby demised and is in full force and effect without amendment. With respect to each Lease pursuant to which a FBC Entity is tenant (i) all base rents and additional rents have been paid, (ii) no waiver, indulgence or postponement of any FBC Entity's obligations has been granted by the lessor, (iii) there exists no event of default or event, occurrence, condition or act which, with the giving of notice, the passage of time or the happening of any other event or circumstance, would become a default under the Lease or give rise to a right of amendment, cancellation or termination of the Lease or restrict the ability of the applicable FBC Entity to exercise any of its rights as lessee thereunder, including any rights of renewal or first rights of refusal contained therein, (iv) to the knowledge of the FBC Shareholder, all of the covenants to be performed by any party (other than the applicable FBC Entity) under the Lease have been fully performed in all material respects, and (v) the use and occupation by the applicable FBC Entity of any of the Leased Properties is not in breach, violation or non-compliance of or with any Laws in any material respect and is in material compliance with all applicable provincial plans, official plans, zoning by-laws, by-laws, development approvals and building permits of any applicable Governmental Authority, including any site plan agreements and any other agreements or approvals relating to the use and operation of the Leased Property. Section 4.28(a) of the FBC Disclosure Letter contains a list of all of the Leases setting out, in respect of each Lease, the identity of the lessor and the lessee, a description of the leased premises (by municipal address and proper legal description), the term of the Lease, the rental payments under the Lease (specifying any breakdown of base rent and additional rents), any rights of renewal and the term thereof, and any restrictions on assignment.
- (b) Each applicable FBC Entity has adequate rights of ingress and egress to, from and over the Leased Properties in the Ordinary Course and the Leased Properties have adequate access to and use of all necessary electrical utilities, local power grids, ground water, municipal water, waste water treatment and natural gas supply. To the knowledge of the FBC Shareholder, there is no plan, study, notice of intent or pending by-law which, if implemented, would materially and adversely affect the ability of any FBC Entity to carry on business in the Ordinary Course.

4.29 Customers and Suppliers

Section 4.29 of the FBC Disclosure Letter sets out a true, correct and complete list of the ten largest customers (or, if the FBC Entities have fewer than ten customers, all of the customers) and ten largest suppliers of the FBC Entities by dollar amount for the 12-month period ending the FBC Reference Date. Such list includes the approximate value of the sales and purchases for each such customer and supplier during that time. To the knowledge of the FBC Shareholder, no such supplier or customer has any intention to change its relationship or the terms upon which it conducts business with FBC Business.

4.30 Environmental Matters

- (a) The FBC Entities are, and at all times have been, in compliance with all Environmental Laws. There are no Environmentally Hazardous Substances located in the ground or in groundwater under any of the Leased Properties.
- (b) Except as permitted under applicable Laws, no FBC Entity has used or permitted to be used at any of the Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any FBC Entity for the disposal of Environmentally Hazardous Substances, and to the knowledge of the FBC Shareholder there has not been any such use.
- (c) Except as permitted under Environmental Laws, no FBC Entity has caused or permitted, and the FBC Shareholder does not have any knowledge of any Environmental Release on or from the Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any FBC Entity.
- (d) No FBC Entity has been required in writing by any Governmental Authority to: (i) alter any of the Leased Properties in a material way in order to be in compliance with Environmental Laws; or (ii) perform any environmental closure, decommissioning, rehabilitation, clean-up, restoration, post-remedial investigations or corrective action on, about or in connection with any such property; which, in each case, has not been complied with or cured to the satisfaction of such Governmental Authority, or which remains outstanding and unresolved.
- (e) There are no pending or, to the knowledge of the FBC Shareholder, Environmental Claims, threatened Environmental Claims, threatened claims, proceedings or restrictions of any nature arising or resulting from any environmental liabilities or under or pursuant to any Environmental Laws with respect to or affecting any FBC Entity or any Leased Properties.
- (f) Neither the FBC Shareholder nor any FBC Entity has received written notice, orders or directions, from any Person, including any Governmental Authority, alleging that any FBC Entity or the FBC Business has been or is in violation or potentially in violation of, or liable under, any Environmental Laws, nor been prosecuted for an offence alleging non-compliance with any Environmental Laws, or received any written request for information relating to an actual or potential violation of or liability under Environmental Laws, which in either case remains outstanding or unresolved, or would not reasonably be expected to have a Material Adverse Effect and neither the FBC Shareholder nor any FBC Entity have settled any allegation of non-compliance short of prosecution. To the knowledge of the FBC Shareholder, no FBC Entity nor the FBC Business is subject to any investigation with respect to an action or potential violation of or liability under any Environmental Laws, which matter remains outstanding or unresolved.
- (g) There are not any reports or material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests relating to environmental matters affecting any FBC Entity or any Leased Properties currently or formerly owned, leased or used by any FBC Entity or over which any FBC Entity has or

had charge, management or control. Complete and accurate copies of all such reports and material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests in the possession or control of the FBC Shareholder or the FBC Entities have been provided to Purchaser. To the knowledge of the FBC Shareholder, there are no other reports or material documents relating to environmental matters affecting any FBC Entity or any of the Leased Properties currently or formerly owned, leased or used by any FBC Entity or over which any FBC Entity has or had charge, management or control which have not been made available to Purchaser.

- (h) To the knowledge of the FBC Shareholder, there are not any underground storage tanks located on the Leased Properties.
- (i) No Authorizations issued to any FBC Entity pursuant to Environmental Laws will become void or voidable as a result of the completion of the Transactions.
- (j) No unbudgeted work or additional expenditure is required or planned in relation to the FBC Business, the Leased Properties, or any other assets of any FBC Entity to ensure compliance with applicable Environmental Laws or Authorizations issued pursuant to applicable Environmental Laws.

4.31 Employee Matters

- (a) No FBC Entity is a party to, subject to, or affected by any certification order or any collective agreement and no Person holds bargaining rights with respect to any employees of any FBC Entity.
- (b) Section 4.31 of the FBC Disclosure Letter includes a complete list of all Employees. The list includes each Person's:
 - (i) position or title with all applicable FBC Entities;
 - (ii) material terms and conditions of employment, including reference to any Employee Plans to which such Person participates and a summary of such Person's benefits thereunder;
 - (iii) current wages, salaries or hourly rate of pay and bonus (whether monetary or otherwise) paid since the beginning of the most recently completed financial year or payable in the current financial year to such Person;
 - (iv) the date upon which the wage, salary, rate or bonus in Section 4.31(b)(iii) became effective;
 - (v) the date upon which such Person was first hired or engaged;
 - (vi) the Employee Plans in which the Person participates; and
 - (vii) accrued vacation, if any.
- (c) Except as disclosed in Section 4.31(c) of the FBC Disclosure Letter, no employee of any FBC Entity has any written agreement as to length of notice or termination payment required to terminate his or her employment, other than such as results by Law from the employment of an employee without an agreement as to notice or termination, and there are no outstanding amounts owed to any Employees pursuant to any employment, consulting or similar type agreement relating to any FBC Entity.

- (d) There are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing by any FBC Entity pursuant to any workplace safety and insurance legislation, and there are no orders under applicable occupational health and safety legislation relating to the FBC Business which are currently outstanding.
- (e) To the knowledge of the FBC Shareholder, there are no ongoing union certification drives. There are no pending proceedings for certifying a union for any FBC Entity and no FBC Entity is unionized or has an employee association.
- (f) No complaint, grievance, claim, proceeding, civil action, work order or investigation has been filed, made or commenced against any FBC Entity in respect of, concerning or affecting any of the Employees.
- (g) All FBC Entities have observed and complied, in all material respects, with the provisions of all applicable Laws respecting employment, including employment standards Laws as well as Laws relating to human rights, occupational health and safety, workplace safety and insurance, labour relations and pay equity.
- (h) There are no outstanding decisions or settlements or pending settlements under any applicable employment Laws which place any obligation upon any FBC Entity to do or refrain from doing any act or which place a financial obligation upon any FBC Entity.
- (i) In the past three years, no FBC Entity has received any written remedial order, notice of offence or conviction under occupational health and safety, pay equity or employment standards Laws.
- (j) Except as set out in Section 4.31(j) of the FBC Disclosure Letter, there are no actions, suits or proceedings, at law or in equity, by any Person (including the FBC Entities), nor any action, suit, arbitration, administrative proceeding or other proceeding by or before (or to the knowledge of the FBC Shareholder any investigation by) any Governmental Authority, pending, or, to the knowledge of the FBC Shareholder, threatened against or affecting the FBC Entities in respect of employment matters, that, if adversely determined, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the FBC Entities or the FBC Business. To the knowledge of the FBC Shareholder, no event has occurred or circumstance exists which is reasonably be expected to give rise to or serve as a valid basis for the commencement of any such action, suit, investigation, arbitration, administrative proceeding or other proceedings by or against any FBC Entity in respect of employment matters.
- (k) All FBC Entities have developed and implemented all necessary employee policies, which implementation includes employee training with respect to harassment, occupational health and safety and accessibility for people with disabilities requirements.
- (l) There is no labour strike, picketing, slow down, work stoppage or lock out, existing, pending, or to knowledge of the FBC Shareholder, threatened against or directly or indirectly affecting any FBC Entity or its operations. No FBC Entity has, in the past three years, experienced any labour strike, picketing, slowdown, work stoppage, lock out or other collective labour action by or with respect to its Employees. There are no charges or complaints pending, or threatened with respect to or relating to any FBC Entity before any Governmental Authority in relation to unlawful employment practices. No FBC Entity has received any written notice from any such Governmental Authority responsible for the enforcement of labour or employment Laws of an intention to conduct an investigation of any FBC Entity concerning its employment practices, wages, hours and terms and conditions of employment and no such investigation is, to the knowledge of the FBC Shareholder, threatened.

4.32 Employee Benefit Plans

- (a) Section 4.32 of the FBC Disclosure Letter sets out a true, correct and complete list and, where appropriate, a description of all retirement, pension, supplemental pension, savings, retirement savings, retiring allowance, bonus, profit sharing, stock purchase, stock option, phantom stock, share appreciation rights, deferred compensation, severance or termination pay, life insurance, medical, hospital, dental care, vision care, drug, sick leave, short term or long term disability, salary continuation, unemployment benefits, vacation, incentive, compensation or other employee benefit plan, program, arrangement, policy or practice whether written or oral, formal or informal, funded or unfunded, registered or unregistered, insured or self-insured that is maintained or otherwise contributed to, or required to be contributed to, by or on behalf of any FBC Entity for the benefit of current, former or retired employees, directors, officers, shareholders, independent contractors or agents of any FBC Entity other than government sponsored pension, employment insurance, workers compensation and health insurance plans, but excluding for the avoidance of doubt any Employee Contracts containing any such provisions (collectively, the “**Employee Plans**”). None of the Employee Plans is a registered pension plan under the ITA.
- (b) Each Employee Plan has been maintained and administered in compliance with its terms and with the requirements of all applicable Laws in all material respects. Each Employee Plan that is required to be registered under applicable Laws is duly registered with the appropriate Governmental Authorities.
- (c) All contributions or premiums required to be paid, deducted or remitted and all obligations required to be performed by any FBC Entity pursuant to the terms of any Employee Plan or by applicable Laws, have been paid, deducted, remitted or performed, as the case may be, in a timely fashion, and in all material respects, and there are no outstanding defaults or violations with respect to same.
- (d) There is no pending termination or winding-up procedure in respect of any of the Employee Plans, and no event has occurred or circumstance exists under which any of the Employee Plans would reasonably be expected to be declared terminated or wound-up, in whole or in part.
- (e) No Employee Plan has a deficit and the liabilities of all FBC Entities in respect of all Employee Plans are properly accrued and reflected in the FBC Financial Statements in accordance with IFRS.
- (f) The FBC Entities have delivered true, correct and complete copies of each of the following to the Purchaser: the text of all Employee Plans (where no text exists, a summary has been provided) and any related trust agreements, insurance contracts or other material documents governing those plans all as amended to the Execution Date and, to the knowledge of the FBC Shareholder, no fact, condition or circumstances exists or has occurred since the date of those documents which would materially affect or change the information contained in them.
- (g) No promises or commitments have been made by any FBC Entity to amend any Employee Plan, to provide increased benefits or to establish any new benefit plan, except as required by applicable Laws.
- (h) The transactions contemplated in this Agreement and in each of the Transaction Documents will not result in or require any payment or severance, or the acceleration, vesting or increase in benefits under any Employee Plan.

- (i) No FBC Entity has any obligation to provide retirement benefits for any current, former or retired employees of any FBC Entity or to any other Person.
- (j) None of the Employee Plans require or permit retroactive increases or assessments in premiums or payments.
- (k) No FBC Entity contributes, nor is any FBC Entity required to contribute, to any multi-employer pension or benefit plan. None of the Employee Plans is a multi-employer pension or benefit plan.
- (l) Each of the Employee Plans can be amended or terminated without restrictions and any applicable FBC Entities have the unrestricted power and authority to amend or terminate the Employee Plans.

4.33 Tax Matters

- (a) Each of the FBC Entities have (i) properly completed, maintained appropriate supporting documentation for, and timely filed all Tax Returns required to be filed by it on or prior to the date hereof, and all such Tax Returns are true, correct and complete in all respects, (ii) has timely paid all Taxes required to be paid by it for which payment was due, (iii) has established an adequate accrual or reserve for the payment of all Taxes payable in respect of the periods or portions thereof prior to the FBC Reference Date (which accrual or reserve as of the FBC Reference Date is fully reflected on the face of the FBC Financial Statements (rather than in any notes thereto) and will establish an adequate accrual or reserve for the payment of all Taxes payable in respect of the periods or portion thereof through the Closing Date), (iv) has no liability for Taxes in excess of the amount so paid or accruals or reserves so established, other than as set out in Section 4.33 of the FBC Disclosure Letter, and (v) since the FBC Reference Date, has not incurred any liability for Taxes outside the ordinary course of business. The FBC Entities have provided to the Purchaser correct and complete copies of all Tax Returns with respect to the FBC Entities, that were filed or received for all taxable years remaining open under the applicable statute of limitations.
- (b) Except as set forth in Schedule 4.33 of the FBC Disclosure Letter: (A) the FBC Entities are not delinquent in the payment of any Tax or in the filing of any Tax Returns and no claims for assessment or collection of Taxes or for deficiencies for any Tax have been threatened, claimed, proposed or assessed against the FBC Entities or any of its officers, employees or agents in their capacity as such; and (B) there is no action by any Governmental Authority pending or, to FBC's knowledge threatened, against the FBC Entities.
- (c) Any government assistance and Tax refunds claimed or received by any FBC Entity, including under section 125.7 and subsection 153(1.02) of the ITA, and all subsidies, government assistance and Tax refunds claimed or received by any FBC Entity were claimed and received in accordance with applicable Law and no FBC Entity is liable to repay any such amounts.
- (d) No claim has ever been made by a Governmental Authority in the United States in respect of Taxes and no FBC Entity is liable for Tax in the United States.
- (e) Each of FB and FBC is registered under Part IX of the Excise Tax Act, R.S.C., 1985, c. E-15, in respect of GST/HST, and FB and FBC's registration numbers are **[Redacted – Confidential Information]** and **[Redacted – Confidential Information]**, respectively.
- (f) No FBC Entity has entered into or been contractually obligated to enter into a “reportable transaction” within the meaning of section 237.3 of the Tax Act or “notifiable transaction” within the meaning of section 237.4.

4.34 Anti-Corruption

- (a) No FBC Entity nor, to its knowledge, any of their respective shareholders, directors, officers, employees or other Persons acting on their behalf has, directly or indirectly: (i) made or authorized any contribution, payment, loan, reward, benefit or gift of funds or property or anything else of value to any official, employee or agent of any Governmental Authority or public international organization, or to any Person for the benefit of any Governmental Authority or public international organization or public international organizations; (ii) for the purpose of bribing any Governmental Authority established or maintained accounts which do not appear in any of the books and records that they are required to keep in accordance with applicable accounting and auditing standards, made transactions that are not recorded or that are inadequately identified, recorded non-existent expenditures, entered liabilities with incorrect identification of their object, knowingly used false documents, or intentionally destroyed accounting books and records earlier than permitted by law; or (iii) made any contribution to any candidate for public office; where either the payment or the purpose of such contribution, payment, loan, reward or gift was, is, or would be prohibited under the *Canada Corruption of Foreign Public Officials Act*, the *US Foreign Corrupt Practices Act of 1977*, the *UK Bribery Act, 2010* and any related or similar rules, regulations or guidelines made, issued, administered or enforced by any Governmental Authority thereunder and any other applicable Laws of similar purpose and scope (collectively, “**Anti-Corruption Legislation**”).
- (b) Neither any FBC Entity nor the FBC Shareholder, nor, to its knowledge, any of their directors, officers, employees or other Persons acting on their behalf has breached or violated in any material respect any Law regulating lobbying, accounting, bids or conflicts of interest. To the FBC Shareholder’s knowledge, no change, fact, event, circumstance, condition or omission has occurred in respect of the FBC Business that would reasonably be expected to result in the Purchaser from being suspended or debarred from doing business with a Governmental Authority or otherwise prevent the Purchaser from bidding on or applying for Contracts with a Governmental Authority after Closing.

4.35 Privacy Laws

- (a) Each FBC Entity has complied and is complying with and is complying with all applicable Privacy Laws, including in connection with its collection, maintenance, use, disclosure, processing or transmission of Personal Information, including medical records, patient information or other personal information made available to or collected by the FBC Entities in connection with the operation of the FBC Business (the “**Healthcare Data Requirements**”). No FBC Entity has received written complaint or notice of any breach or violation by it of any such Privacy Laws. All Personal Information of the FBC Entities: (i) has been collected, used or disclosed with the consent of each individual to which such Personal Information relates (if such consent was required under applicable Privacy Laws); (ii) has been used only for the purposes for which the Personal Information was initially collected or for a subsequent purpose for which consent was subsequently obtained; and (iii) has been collected, used or disclosed for a purpose in respect of which consent may, under applicable Privacy Laws, be implied.
- (b) The FBC Entities have taken commercially reasonable steps to implement appropriate confidentiality, security and other protective measures required by Healthcare Data Requirements.
- (c) No FBC Entity has disclosed, made available or provided Personal Information to third parties for any purpose except in compliance with, or as required by, applicable Laws.

4.36 No Predecessors

Except as set out in Section 4.36 of the FBC Disclosure Letter, FBC has not merged with any corporation, or by amalgamation, dissolution, arrangement or otherwise, in such a manner that FBC is or may become liable for any liabilities (contingent or otherwise) of any kind whatsoever of that corporation.

4.37 No Broker

The FBC Entities have carried on all negotiations relating to this Agreement and the Transaction directly and without intervention on its behalf of any other party in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the Purchaser.

4.38 Government Grants and Subsidies

FBC has not received any refundable or non-refundable grants and subsidies received by any FBC Entity from any Governmental Authority, including pursuant to any program set up in connection with the COVID-19 pandemic, and such list shall include the amounts in question, the date on which funds were received, the name of the programs in question as well as whether such funds are refundable or non-refundable.

4.39 Material Facts

This Agreement does not, nor does any Transaction Document, contain any untrue statement of a material fact nor omits to state a material fact necessary in order to make the statements contained therein or herein not misleading in light of the circumstances under which they were made.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF THE FBC SHAREHOLDER

The FBC Shareholder makes the following representations to the Purchaser on a solidary basis and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

5.1 Authorization

The FBC Shareholder has the capacity to enter into this Agreement and each Transaction Document to which it is a party, to perform all of its agreements and obligations hereunder and thereunder in accordance with their terms and to consummate the Transactions. The FBC Shareholder has the capacity to sell to the Purchaser all of its FBC Shares without any restriction other than restrictions on sales of securities under Applicable Securities Laws. The FBC Shareholder has duly executed and delivered this Agreement and each Transaction Document to which it is a party and, assuming the due authorization, execution and delivery by all parties thereto (other than the FBC Shareholder), this Agreement and the Transaction Documents constitute valid and binding obligations of the FBC Shareholder, enforceable against the FBC Shareholder in accordance with their respective terms, except as such enforceability may be subject to applicable bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium and similar Laws affecting the enforcement of creditors' rights and remedies generally and by general principles of equity.

5.2 Title

The FBC Shareholder is the record and beneficial owner of the FBC Shares and has good and marketable title to such FBC Shares, free and clear of all Liens, including pre-emptive rights, rights of first refusal or "put" or "call" rights created by statute, any FBC Entity's constating documents or otherwise. The FBC Shareholder does not, nor does any other Person, own or have any interest in any shares in the capital of any FBC Entity other than the FBC Shareholder's ownership of the FBC Shares. Immediately following the Closing, the Purchaser will be the legal and beneficial owner of, and have good and marketable title to, all of the issued and outstanding FBC Shares, free and clear of all Liens. Except pursuant to this Agreement,

there is no agreement pursuant to which the FBC Shareholder has, directly or indirectly, granted any option, warrant or other right to any Person to acquire any FBC Shares.

5.3 Consents

Except as set out in Section 4.19 and 4.20 of the FBC Disclosure Letter, no consent, waiver, approval, order or authorization of, or registration, declaration or filing with, or notice to any Governmental Authority or any other Person is required by, or with respect to, the valid and lawful authorization, execution, delivery and performance by the FBC Shareholder of this Agreement or the consummation of the Transactions.

5.4 No Brokers

The FBC Shareholder have carried on all negotiations relating to this Agreement and the Transaction directly and without intervention on its behalf of any other party in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the Purchaser.

5.5 Conflicts

The execution, delivery and performance by the FBC Shareholder of this Agreement and the Transaction Documents to which it is party and the consummation of the Transactions do not and will not conflict with or result in any material violation of or material default under (with or without notice or lapse of time, or both) or give rise to a right of termination, cancellation, modification or acceleration of any material obligation or loss of any material benefit under, or result in the imposition or creation of any Lien upon the FBC Shares or any of the FBC Shareholder's properties or assets (tangible or intangible) under, (a) any agreement of the FBC Shareholder, (b) any Authorization held by the FBC Shareholder that is necessary to the ownership by the FBC Shareholder of the FBC Shares or to the FBC Business, or (c) any Law applicable to the FBC Shareholder.

5.6 Litigation

No Claim is pending or, to the FBC Shareholder's knowledge, threatened, against the FBC Shareholder with respect to its execution, delivery and performance of this Agreement or any Transaction Document to which such FBC Shareholder is to be a party or the consummation of the Transactions. No Claim is pending or, to the FBC Shareholder's knowledge, threatened against it before any arbitrator or court or other Governmental Authority which (a) if adversely determined, would be reasonably likely to result in payments, penalties or fines payable by any FBC Shareholder, or (b) challenges the validity of this Agreement or any Transaction Document or any action taken or to be taken in connection herewith or therewith, including the FBC Shareholder; sale and transfer of the FBC Shares hereunder.

ARTICLE 6 CLOSING

6.1 Closing

Unless this Agreement is earlier terminated in accordance with its terms, the Transaction will be consummated as soon as practicable after all the conditions established in Article 7 and Article 8 of this Agreement have been satisfied or waived. The closing of the Transaction (the "**Closing**") will be completed at the Effective Time on the fifth (5th) Business Day following the date on which the conditions set out in Article 7 and Article 8 of this Agreement have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions at such time) or such other date prior to the Drop Dead Date as may be agreed to by the Parties (the "**Closing Date**"), at the offices of Aird & Berlis LLP, 181 Bay Street, Suite 1800, Toronto, Ontario, or at such other location and time as is mutually agreed to by the Purchaser and the FBC Shareholder. Notwithstanding the location of the Closing, each Party agrees that the Closing may be completed by undertakings or the email

exchange of documents between the respective legal counsel for the Purchaser and the FBC Shareholder, provided such undertakings and exchanges are satisfactory to each Party's respective legal counsel.

6.2 Effective Time

The transfer of the FBC Shares is deemed to take effect at the Effective Time on the Closing Date.

6.3 FBC Closing Documents

At the Closing, FBC and the FBC Shareholder will deliver, or cause to be delivered, to the Purchaser the documents set forth in Section 7.1, and such other documents as the Purchaser may reasonably require to effect the Transaction.

6.4 Purchaser Closing Documents

At the Closing, the Purchaser will deliver, or cause to be delivered, to FBC and the FBC Shareholder the documents set forth in Section 8.1, and such other documents as FBC and the FBC Shareholder may reasonably require to effect the Transaction.

6.5 Survival of Representations and Warranties

- (a) The representations and warranties made by each Party and contained in this Agreement (which for clarity, are made as of the date of this Agreement to be brought down only to the Closing Date), or contained in any document or certificate given in order to carry out the transactions contemplated hereby shall survive the Closing until the 12 month anniversary of the Closing Date (the "**Release Date**"). A Party has no obligation or liability for indemnification under this Agreement or otherwise with respect thereto after the Release Date. All of the covenants contained in this Agreement that by their nature are required to be performed after the Closing shall survive the Closing until fully performed or fulfilled.
- (b) Notwithstanding Section 6.5(a), any representation, warranty, covenant or obligation, and any obligation or liability for indemnification or otherwise with respect thereto, that would otherwise terminate on the Release Date will continue to survive if a notice of Claim shall have been given under Section 10.3, on or prior to the Release Date until the related claim for indemnification has been satisfied or otherwise resolved, but such survival shall only be with respect to the matters covered by such notice of Claim.

ARTICLE 7 PURCHASER'S CONDITIONS PRECEDENT

7.1 Purchaser's Conditions

The obligation of the Purchaser to complete the Transaction will be subject to the satisfaction of, or compliance with, at or before the Closing, the conditions precedent set forth below:

- (a) (i) the representations and warranties contained in Section 4.1 [*Incorporation, Corporate Power and Registration*], Section 4.3 [*Due Authorization and Enforceability of Obligations*], Section 4.10 [*Capitalization of the Purchaser*], Section 4.13 [*Title to Assets*] (collectively, the "**FBC Specified Representations**") and in Article 5 shall be true and correct as of the Closing Date other than for *de minimis* inaccuracies (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date; and (ii) the representations and warranties of FBC and the FBC Shareholder

contained in this Agreement (other than the FBC Specified Representations) shall be true and correct as of the Closing Date (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date, except to the extent that the failure of such representations and warranties of FBC and the FBC Shareholder to be so true and correct (read for purposes of this Section 7.1(a) without any materiality, a Material Adverse Effect or similar qualification), individually or in the aggregate, has not had or would not reasonably be likely to have a Material Adverse Effect, and (iii) each of FBC, the FBC Shareholder, and the three individuals set out in the last sentence of Section 10.2(f), shall have each executed and delivered a certificate to that effect;

- (b) each of FBC and the FBC Shareholder shall have fulfilled, performed or complied with in all material respects all covenants contained in this Agreement to be fulfilled, performed or complied with by it at or prior to Closing, and each of FBC and the FBC Shareholder shall have executed and delivered a certificate of a senior officer to that effect;
- (c) the consents, approvals and notices listed in Section 3.17 and Section 3.18 of the Purchaser Disclosure Letter shall have been obtained on terms acceptable to the Purchaser, acting reasonably;
- (d) the consents, approvals and notices listed in Sections 4.19 and 4.20 of the FBC Disclosure Letter shall have been obtained on terms acceptable to the Purchaser, acting reasonably;
- (e) any approval of the directors and/or shareholders of the Purchaser relating to the Transaction required pursuant to applicable Law or the rules, policies or guidelines of CSE, if applicable, shall have been obtained;
- (f) since the Execution Date, there shall not have occurred any Material Adverse Effect with respect to FBC;
- (g) no Law is in effect nor shall there be any Order issued and in effect by any Governmental Authority to enjoin or prohibit (i) any of the transactions contemplated by this Agreement or any of the Transaction Documents, (ii) the right of the Purchaser to acquire the FBC Shares, or (iii) the Purchaser from operating the FBC Business after Closing on substantially the same basis as currently operated;
- (h) each of FBC and the FBC Shareholder shall have delivered or caused to be delivered to the Purchaser the following:
 - (i) certified copies of (A) the notice of articles, articles and/or by-laws, as applicable, of such Party, (B) as applicable, the resolutions of the shareholders and/or the board of directors of such Party approving the entering into and completion of the transactions contemplated by this Agreement, and (C) a list of the officers and directors authorized to sign agreements together with their specimen signatures, all in form and substance satisfactory to the Purchaser, acting reasonably;
 - (ii) a certificate of status, compliance, good standing or like certificate with respect to such Party issued by appropriate government officials of its jurisdiction of incorporation;
 - (iii) executed copies of the Transaction Documents executed by FBC and/or the FBC Shareholder, as applicable;
 - (iv) the certificates referred to in Sections 7.1(a) and 7.1(b);

- (v) certificate(s) representing the FBC Shares, duly endorsed in blank for transfer or accompanied by duly executed stock transfer powers or other evidence authorizing the transfer of the FBC Shares to the Purchaser acceptable to the Purchaser, acting reasonably;
 - (vi) a direction with respect to the registration of the Consideration Shares; and
 - (vii) the FBC Books and Records.
- (i) the CSE shall not oppose the issuance of the Consideration Shares or the completion of the Transaction as contemplated herein;
 - (j) the issuance and delivery of the Consideration Shares to the FBC Shareholder pursuant to this Agreement shall be exempt from the prospectus requirements of Applicable Securities Laws, and no prospectus is required nor are any other documents required to be filed, proceedings taken, or approvals, permits, consents, orders, or authorizations of any regulatory authorities obtained under Applicable Securities Laws to permit the issue and delivery of such securities by the Purchaser, it being noted that within 10 days after the date of the issuance of such securities, the Purchaser may be required to file a report on Form 45-106F1 prepared and executed in accordance with National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators, accompanied by the prescribed fees, if any, with respect to some or all of the issuances of securities contemplated under this Agreement;
 - (k) FBC and the FBC Shareholder shall have delivered a copy of the FBC Financial Statements in a form and substance satisfactory to the Purchaser, acting reasonably;
 - (l) FBC and the FBC Shareholder shall have arranged for the irrevocable transfer and assignment to FBC of any asset or entity which is necessary or incidental to the ongoing operation of the FBC Business and that is held by a party not dealing at arm's length with FBC as at the Execution Date, other than in respect of ongoing brand licensing agreements between the Merged Entity and FBC Shareholder following Closing;
 - (m) employment agreements executed by Greg Boone and Jennifer Maccarone with the Merged Entity, in form and substance agreed to by the parties thereto, acting reasonably;
 - (n) executed resignations effective as at the Closing Date for all of the directors and officers (with the exception of Greg Boone and Jennifer Maccarone) of FBC;
 - (o) executed releases from each of the directors and officers of FBC of Claims they may have against FBC arising out of any cause existing as at or prior to Closing, in form and substance agreed to by the Purchaser and the FBC Shareholder, acting reasonably;
 - (p) executed release from the FBC Shareholder, and all subsidiaries of the FBC Shareholder except for the FBC Entities, of any and all amounts owed to it by the FBC Entities, save and except for the amounts owed under the FBC Promissory Note and as part of the FB Payment Plan;
 - (q) the executed Subordination Agreement;
 - (r) the executed Intercreditor Agreement;
 - (s) the executed Stone Pine Amendments;
 - (t) the executed Golden Iris Release;

- (u) the executed Lock-up Agreement from the FBC Shareholder;
- (v) each of the Parties shall have agreed to allocation of the Purchase Price pursuant to Section 2.2;
- (w) all other documentation and evidence reasonably requested by the Purchaser in order to establish the due authorization and completion by FBC and the FBC Shareholder of the Transaction contemplated by this Agreement, including the taking of all corporate proceedings by the board of directors and shareholders of FBC and the FBC Shareholder required to effectively carry out their respective obligations under this Agreement.

7.2 Waiver

The conditions set forth in this Article 7 are for the exclusive benefit of the Purchaser and may be waived by the Purchaser in writing in whole or in part on or before the Closing, and the Closing will be deemed to mean a waiver of all conditions of the Purchaser to Closing.

7.3 Covenant of FBC and the FBC Shareholder

Each of FBC and the FBC Shareholder covenants to deliver all of the Closing documentation required to be delivered by each such party as set out in Section 7.1 that is within its control.

ARTICLE 8 FBC SHAREHOLDER'S CONDITIONS PRECEDENT

8.1 FBC Shareholder's Conditions

The obligation of FBC Shareholder to complete the Transaction will be subject to the satisfaction of, or compliance with, at or before the Closing, the conditions precedent set forth below:

- (a) (i) the representations and warranties of the Purchaser contained in Sections 3.1 [*Incorporation, Corporate Power and Registration*], 3.3 [*Due Authorization and Enforceability of Obligations*], 3.9 [*Capitalization of the Purchaser*], 3.35 [*Reporting Issuer*] and 3.36 [*Consideration Shares*] (the "**Purchaser Specified Representations**") shall be true and correct as of the Closing Date other than for de minimis inaccuracies (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date; and (ii) the representations and warranties of the Purchaser contained in this Agreement (other than the Purchaser Specified Representations) shall be true and correct as of the Closing Date (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date, except to the extent that the failure of such representations and warranties of the Purchaser to be so true and correct (read for purposes of this Section 8.1(a) without any materiality, Material Adverse Effect or similar qualification), individually or in the aggregate, has not had or would not reasonably be likely to have a Material Adverse Effect; and (iii) the Purchaser shall have executed and delivered a certificate of a senior officer to that effect;
- (b) the Purchaser shall have fulfilled, performed or complied with in all material respects all other covenants contained in this Agreement to be fulfilled, performed or complied with by it at or prior to Closing, and the Purchaser shall have executed and delivered a certificate of a senior officer to that effect;

- (c) the CSE has provided any necessary approval in respect of the Transaction and this Agreement and the Purchaser Shares (including the Consideration Shares) shall have been conditionally approved for listing, subject to customary conditions, on the CSE following completion of the Transactions contemplated herein;
- (d) the consents, approvals and notices listed in Section 3.17 and Section 3.18 of the Purchaser Disclosure Letter shall have been obtained on terms acceptable to the FBC and the FBC Shareholder, acting reasonably;
- (e) the consents, approvals and notices listed in Sections 4.19 and 4.20 of the FBC Disclosure Letter shall have been obtained on terms acceptable to the FBC Shareholder, acting reasonably;
- (f) the executed Subordination Agreement;
- (g) the executed Intercreditor Agreement;
- (h) the executed Stone Pine Amendments;
- (i) effective on the Closing Date, change of corporate name of FBC to a name which excludes the use of "Final Bell";
- (j) the entering into of licensing arrangements between the Merged Entity and the FBC Shareholder for certain brands owned by the FBC Shareholder and/or its Affiliates, to be utilized by FBC for a target license fee of at least 10% and higher for certain brands, net of customary taxes and fees owed for licenses of this nature, and on such other terms as acceptable to the Parties thereto;
- (k) any approval of the directors and/or shareholders of the Purchaser relating to the Transaction required pursuant to applicable Law or the rules, policies or guidelines of CSE, if applicable, shall have been obtained;
- (l) since the Execution Date, there shall not have occurred any Material Adverse Effect with respect to the Purchaser;
- (m) no Law is in effect nor shall there be any Order issued and in effect by any Governmental Authority to enjoin or prohibit (i) any of the transactions contemplated by this Agreement or any of the Transaction Documents, or (ii) the right of the FBC Shareholder to sell the FBC Shares;
- (n) the Purchaser shall have delivered or caused to be delivered to FBC and the FBC Shareholder the following:
 - (i) certified copies of (A) the articles and by-laws of the Purchaser, (B) the resolutions of the board of directors of the Purchaser approving the entering into and completion of the transactions contemplated by this Agreement, and (C) a list of the officers and directors authorized to sign agreements together with their specimen signatures, all in form and substance satisfactory to FBC and the FBC Shareholder, acting reasonably;
 - (ii) a certificate of status, compliance, good standing or like certificate with respect to the Purchaser issued by appropriate government officials of its jurisdiction of incorporation dated within five (5) Business Days of the Closing Date;
 - (iii) executed copies of the Transaction Documents executed by the Purchaser;

- (iv) the certificates referred to in Sections 8.1(a) and 8.1(b); and
- (v) the Consideration Shares;
- (o) the Purchaser Shares shall continue to be listed for trading on the CSE;
- (p) the issuance and delivery of the Consideration Shares to the FBC Shareholder pursuant to this Agreement shall be exempt from the prospectus requirements of Applicable Securities Laws, and no prospectus is required nor are any other documents required to be filed, proceedings taken, or approvals, permits, consents, orders, or authorizations of any regulatory authorities obtained under Applicable Securities Laws to permit the issue and delivery of such securities by the Purchaser, it being noted that within 10 days after the date of the issuance of such securities, the Purchaser may be required to file a report on Form 45-106F1 prepared and executed in accordance with National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators, accompanied by the prescribed fees, if any, with respect to some or all of the issuances of securities contemplated under this Agreement;
- (q) executed resignations and releases of Greg Boone as director of the FBC Shareholder, and Jennifer Maccarone as Chief Operating Officer of the FBC Shareholder, of any Claims they may have against FBC Shareholder for any matter, in form and substance agreed to by the FBC Shareholder, acting reasonably;
- (r) executed releases from each of the directors and officers of FBC of Claims they may have against FBC Shareholder arising out of any cause existing at or prior to Closing, in form and substance agreed to by the Purchaser and the FBC Shareholder, acting reasonably;
- (s) the FBC Shareholder shall be entitled to nominate one (1) individual to the board of directors of the Merged Entity effective as of the Closing Date, subject to compliance with the regulations of the CSE and applicable securities laws, and the receipt of all applicable regulatory approvals on or before the Closing Date;
- (t) each of the Parties shall have agreed to allocation of the Purchase Price pursuant to Section 2.2; and
- (u) all other documentation and evidence reasonably requested by FBC and the FBC Shareholder in order to establish the due authorization and completion by the Purchaser of the Transaction contemplated by this Agreement, including the taking of all corporate proceedings by the board of directors and shareholders of the Purchaser required to effectively carry out their respective obligations under this Agreement.

8.2 Waiver

The conditions set forth in this Article 8 are for the exclusive benefit of FBC and the FBC Shareholder and may be waived by FBC and the FBC Shareholder in writing in whole or in part on or before the Closing, and the Closing will be deemed to mean a waiver of all conditions of the FBC and the FBC Shareholder to Closing.

8.3 Covenant of the Purchaser

The Purchaser covenants to deliver all of the Closing documentation set out in Section 8.1 that is within its control.

ARTICLE 9 COVENANTS

9.1 FBC Conduct of Business Prior to Closing

During the Closing Period, FBC shall:

- (a) carry on its business and maintain its assets in the ordinary course of business, with the exception of reasonable costs incurred in connection with the Closing and the Transaction;
- (b) not, without the prior written consent of the Purchaser, enter into any contract in respect of its business or assets, other than in the ordinary course of business;
- (c) maintain payables and other liabilities at levels consistent with past practice;
- (d) not, without the prior written consent of the Purchaser, engage in any extraordinary material transactions;
- (e) not, without the prior written consent of the Purchaser, make any distributions, dividends or special bonuses;
- (f) not, without the prior written consent of the Purchaser, repay any shareholders' loans;
- (g) make all commercially reasonable efforts to preserve the goodwill of FBC and its relationships with customers, suppliers, and others having business dealings with FBC;
- (h) not, without the prior written consent of the Purchaser, hire, engage, or retain any new employees or independent contractors to be employed, engaged or retained in connection with the FBC Business that provides for annual remuneration in an amount exceeding \$90,000 for each employee or independent contractor;
- (i) not, without the prior written consent of Purchaser, terminate any employees or transfer employees to any other positions, or take any action to materially amend any Contract with any employee;
- (j) continue in full force all of its existing insurance policies;
- (k) comply in all material respects with all Laws applicable to the FBC Business; and
- (l) apply for, and maintain in good standing, all permits and authorizations relevant to the FBC Business.

9.2 Purchaser Conduct of Business Prior to Closing

During the Closing Period, the Purchaser shall:

- (a) carry on its business and maintain its assets in the ordinary course of business, with the exception of reasonable costs incurred in connection with the Closing and the Transaction;
- (b) not, without the prior written consent of FBC, enter into any contract in respect of its business or assets, other than in the ordinary course of business;
- (c) maintain payables and other liabilities at levels consistent with past practice;

- (d) not, without the prior written consent of FBC, engage in any extraordinary material transactions;
- (e) not, without the prior written consent of FBC, make any distributions, dividends or special bonuses;
- (f) not, without the prior written consent of FBC, repay any shareholders' loans;
- (g) make all commercially reasonable efforts to preserve the goodwill of the Purchaser and its relationships with customers, suppliers, and others having business dealings with the Purchaser;
- (h) not, without the prior written consent of FBC, hire, engage, or retain any new employees, directors or independent contractors to be employed, engaged or retained in connection with the Purchaser Entities' business that provides for annual remuneration in an amount exceeding \$90,000 for each employee, director or independent consultant, as applicable, or increase the remuneration of any employees or directors;
- (i) not, without the prior written consent of FBC, terminate any employees or transfer employees to any other positions, or take any action to materially amend any Contract with any employee;
- (j) continue in full force all of its existing insurance policies;
- (k) comply in all material respects with all Laws applicable to the Purchaser Entities' business; and
- (l) apply for, and maintain in good standing, all permits and authorizations relevant to the Purchaser Entities' business.

9.3 Actions to Satisfy Closing Conditions

- (a) FBC and the FBC Shareholder shall take all such actions as are within its power to control and shall use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 7.1.
- (b) The Purchaser shall take all such actions as are within its power to control and shall use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 8.1.

9.4 Consents, Approvals and Authorizations

- (a) FBC and the FBC Shareholder shall use commercially reasonable efforts to obtain, prior to Closing, all consents, approvals, waivers or other authorizations listed in Section 4.19 or Section 4.20 of the FBC Disclosure Letter. Such consents shall be on such terms as are acceptable to the Purchaser and the FBC Shareholder, acting reasonably.
- (b) The Purchaser shall use commercially reasonable efforts to obtain, prior to Closing, all consents, approvals, waivers or other authorizations listed in Section 3.17 or Section 3.18 of the Purchaser Disclosure Letter. Such consents shall be on such terms as are acceptable to FBC and the FBC Shareholder, acting reasonably.

- (c) Each Party hereby covenants that it shall promptly prepare, file and diligently pursue until received all necessary Authorizations and make such necessary filings as are required to be obtained under applicable Law or the rules, policies and guidelines of the CSE with respect to this Agreement and the Transaction. Each Party shall offer the other Parties a reasonable opportunity to review and comment on any such filing or other such submission.
- (d) FBC and the FBC Shareholder represent and warrant that any information or disclosure relating to FBC that is furnished in writing by FBC for inclusion in any filing or submission made pursuant to this Section 9.4 will comply in all material respects with all applicable laws (including Applicable Securities Laws), and, without limiting the generality of the foregoing, that any filing or submission made pursuant to this Section 9.4 shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that FBC of the FBC Shareholder shall not be responsible for the accuracy of any information relating to the Purchaser that is furnished in writing by the Purchaser for inclusion in any filing or submission made pursuant to this Section 9.4).
- (e) Each Party shall keep the other Parties fully informed regarding the status of such consents, approvals and authorizations, and the other Parties, their representatives and counsel shall have the right to participate in any substantive discussions with any other applicable Governmental Authority in connection with the Transaction and provide input into any applications for approval and related correspondence, which will be incorporated by such Party, acting reasonably. A Party will provide notice to the other Parties (and their counsel) of any proposed substantive discussions with any applicable Governmental Authority in connection with the Transaction. Promptly after any such consent, approval and authorization has been obtained by a Party and any such filing has been made by such Party, such Party shall notify the other Parties of same.
- (f) Without limiting the generality of the foregoing, the Purchaser shall promptly make all filings required by the CSE to obtain applicable Authorizations. If the approval of the CSE is conditional on the making of customary deliveries to the CSE, the Purchaser shall ensure that such filings are made as promptly as practicable and in any event within the time frame contemplated in the conditional approval letter from the CSE. The Purchaser shall offer FBC and the FBC Shareholder a reasonable opportunity to review and comment on any such filing.

9.5 Access for Investigation

- (a) The Purchaser will permit FBC, until the Closing Date, to have reasonable access during normal business hours to any real property used in connection with the business of the Purchaser and to all the Purchaser Books and Records and to the properties and assets of Purchaser. Purchaser will also provide FBC and the FBC Shareholder with any financial and operating data and other information with respect to Purchaser as FBC or the FBC Shareholder reasonably requests to enable FBC or the FBC Shareholder to confirm the accuracy of the matters represented and warranted by Purchaser in Article 3.
- (b) FBC will permit the Purchaser, until the Closing Date, to have reasonable access during normal business hours to any real property used in connection with the FBC Business and to all the FBC Books and Records and to the properties and assets of FBC. FBC will also provide the Purchaser with any financial and operating data and other information with respect to FBC or the FBC Business as the Purchaser reasonably requests to enable the Purchaser to confirm the accuracy of the matters represented and warranted by FBC or the FBC Shareholder in Articles 4 and 5.

9.6 Delivery of Books and Records and Cooperation

At Closing, the FBC Shareholder will cause to be delivered to the Purchaser all of the FBC Books and Records, including copies of all of its insurance policies. The Purchaser shall cooperate with and assist FBC Shareholder in the filing of any Tax Returns with respect to Taxes of FBC for any Pre-Closing Tax Period, including allowing the FBC Shareholder reasonable access to all relevant FBC Books and Records following Closing.

9.7 Notification of Untrue Representation or Warranty or Breach

During the Closing Period, each Party will promptly notify the other Parties in writing if any such Party acquires knowledge of any fact or condition that causes or constitutes a breach of any of the representations and warranties set forth herein, or if such Party acquires knowledge of the occurrence of any fact or condition that would (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition, or if the respective Disclosure Letters require updating. During the Closing Period, each Party will promptly notify the other Parties of the occurrence of any breach of any covenant set forth herein or of the occurrence of any event of which it has knowledge that would reasonably be expected to make the satisfaction of the conditions to Closing set forth herein impossible, or of any update to the respective Disclosure Letters. For clarity, no notice given pursuant to this Section 9.6 shall be deemed to cure any breach of, affect or otherwise diminish any representation or warranty made in this Agreement unless the non-breaching Parties specifically agrees thereto in writing.

9.8 Disclosure of Confidential Information

The Parties acknowledge that the Confidentiality Agreement continues to apply and that any information provided by one Party to the other Parties that is non-public and/or proprietary in nature shall be subject to the terms of the Confidentiality Agreement.

9.9 Exclusive Dealing

Each Party agrees that, during the period from the date this Agreement is entered into to earlier of: (i) the Closing; and (ii) the termination of this Agreement, each Party will not, nor will they permit any Affiliates, associates, agents, consultants, advisors or representatives of any such Party to:

- (a) directly or indirectly, solicit any proposal relating to the acquisition by any third party of all or any portion of the securities of the Party or the Parties' assets (an "**Acquisition Proposal**");
- (b) directly or indirectly, engage in or continue any discussions or negotiations with any other Person regarding any such Acquisition Proposal, or otherwise encourage or facilitate any efforts by any other Person to engage in such an Acquisition Proposal;
- (c) sell, transfer or dispose of any of its material assets or businesses; or
- (d) with respect to the FBC Shareholder, sell, transfer or dispose of the Purchased FBC Shares.

9.10 Public Communications

- (a) The Purchaser and FBC Shareholder shall agree on the text of press releases by which each of the Purchaser and FBC Shareholder will announce (i) the execution of this Agreement and (ii) the completion of the Transaction contemplated herein. A Party must not issue any press release or make any other public statement or disclosure with respect to this Agreement or the transactions contemplated herein without the consent of the other

Party (which consent shall not be unreasonably withheld, conditioned or delayed), and neither Party shall make any filing with any Governmental Authority (except as contemplated by this Section 9.9) with respect to this Agreement or the transactions contemplated herein without the consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed); provided that any Party that is required to make disclosure by Laws shall use its commercially reasonable efforts to give the other Party prior oral or written notice and a reasonable opportunity to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing). The Party making such disclosure shall give reasonable consideration to any comments made by the other Party or its counsel, and if such prior notice is not possible, shall give such notice immediately following the making of such disclosure or filing.

- (b) Without limiting the generality of the foregoing and for greater certainty, each of the Parties acknowledges and agrees that the Purchaser and the FBC Shareholder shall file, in accordance with Applicable Securities Laws, this Agreement, together with a material change report related thereto, under the Purchaser's profile on SEDAR.

9.11 Tax Matters

- (a) FBC shall be responsible for all Tax Returns for all FBC Entities for any Pre-Closing Tax Period for which Tax Returns have not been filed as of the Closing Date. Each such Tax Return shall be prepared in a manner consistent with (i) Law, (ii) the FBC Financial Statements, and (iii) the past practices and procedures of FBC, and each such Tax Return shall be accompanied with a statement setting forth the amount of Taxes on such Tax Return that are attributable to the Pre-Closing Tax Period for which the FBC is responsible for pursuant to Section 9.11(c). FBC shall provide to the Purchaser a draft of each such Tax Return no later than 30 days prior to the due date for filing such Tax Return with the appropriate Governmental Authorities. The Purchaser shall notify FBC in writing within 15 days after delivery of such Tax Return if it has any reasonable comments with respect to items set forth in such Tax Return. FBC shall consider in good faith all such comments.
- (b) The Purchaser will cause to be prepared and filed on a timely basis all Tax Returns for all FBC Entities for all Straddle Periods. The Purchaser shall prepare each such Tax Return on a basis consistent with (i) Law, (ii) the FBC Financial Statements, and (iii) the past practices and procedures of FBC. The Purchaser shall provide to FBC a draft of each such Tax Return no later than 30 days prior to the due date for filing such Tax Return with the appropriate Governmental Authorities, together with a statement setting forth the amount of Taxes on such Tax Returns that are attributable to a Pre-Closing Tax Period for which FBC is responsible for pursuant to Section 9.11(c). FBC shall notify the Purchaser in writing within 15 days after delivery of such Tax Return if it has any reasonable comments with respect to items set forth in such Tax Return. The Purchaser shall consider in good faith all such comments.
- (c) Except as required by Law, the Purchaser and a FBC Entity shall not, without the prior written consent of the FBC Shareholder (not to be unreasonably withheld, conditioned or delayed), refile, amend or otherwise modify any Tax Return filed for any Pre-Closing Tax Period.

ARTICLE 10 INDEMNITY

10.1 Indemnification

- (a) Subject to subsection (c) below, the FBC Shareholder shall indemnify and save harmless the Purchaser and its respective directors, officers, agents, employees and shareholders (collectively referred to as the "**Purchaser Indemnified Parties**"), harmless from and against any claims, demands, actions, causes of action, damage, loss, deficiency, cost, liability and expense ("**Purchaser Indemnified Losses**") which may be made or brought against the Purchaser Indemnified Party or which the Purchaser Indemnified Party may suffer or incur as a result of, in respect of or arising out of:
- (i) any non-performance or non-fulfilment of any covenant or agreement on the part of FBC or the FBC Shareholder contained in this Agreement that are required to be performed on or before Closing and not waived or in any document given by the FBC Shareholder in order to carry out the transactions contemplated hereby;
 - (ii) any Misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by FBC or the FBC Shareholder contained in this Agreement or contained in any document or certificate given by the FBC Shareholder in order to carry out the transactions contemplated hereby; and
 - (iii) all costs and expenses including, without limitation, reasonable legal fees incidental to or in respect of the foregoing.
- (b) Subject to subsection (c) below, the Purchaser hereby agrees to indemnify and save the FBC Shareholder and its respective directors, officers, agents, employees and shareholders (collectively referred to as the "**FB Indemnified Parties**"), harmless from and against any claims, demands, actions, causes of action, damage, loss, deficiency, cost, liability and expense ("**FB Indemnified Losses**") which may be made or brought against the FB Indemnified Party or which the FB Indemnified Party may suffer or incur as a result of, in respect of or arising out of:
- (i) any non-performance or non-fulfilment of any covenant or agreement on the part of the Purchaser in this Agreement or in any document given in order to carry out the transactions contemplated hereby;
 - (ii) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Purchaser contained in this Agreement or contained in any document or certificate given in order to carry out the transactions contemplated hereby; and
 - (iii) all costs and expenses including, without limitation, reasonable legal fees incidental to or in respect of the foregoing.
- (c) The obligations of indemnification in respect of subsections 10.1(a) and 10.1(b), will be subject to the limitations set out under Section 10.2.
- (d) The amount of the FBC Shareholder's liability for any Claim in respect of the FBC Shareholder's indemnification obligations set forth in this Section 10.1(a) shall be fully and finally satisfied as follows: (i) by return to the Purchaser of such number of Consideration Shares issued to the FBC Shareholder as are equal to any remaining amount owing to the Purchaser by the FBC Shareholder, calculated in accordance with Section 10.1(f) or; (ii) at the option of the FBC Shareholder, in cash.

- (e) Notwithstanding the foregoing Section 10.1(d), if it is determined that: (i) the return of any of the Consideration Shares to satisfy indemnification obligations owed pursuant to this Section 10.1 constitutes an “issuer bid” under National Instrument 62-104 – *Take-Over Bids and Issuer Bids*; or (ii) a relevant prospectus exemption is not available to allow for the sale of the Consideration Shares back to the Merged Entity to address any indemnification obligations owed pursuant to this Section 10.1; then any such any indemnification obligations owed will be settled by the FBC Shareholder in cash.
- (f) If applicable, the number of Consideration Shares to be returned in accordance with Section 10.1(d), shall be determined by dividing (i) the applicable amount of the FBC Shareholder’s liability for such Claim by (ii) the higher of the deemed issue price per Consideration Share set out in Section 2.2(b) (as adjusted for any stock splits, combinations and the like) and the market price of the Consideration Shares at the time of the Claim in respect of the FBC Shareholder’s indemnification obligations, rounded down to the nearest whole share.

10.2 Limitations on Indemnification

- (a) Notwithstanding the foregoing, no obligation to indemnify a Purchaser Indemnified Party for Purchaser Indemnified Losses, or a FB Indemnified Party for FB Indemnified Losses, under this Agreement will arise in respect of subsections 10.110.1(a) and 10.110.1(b), as applicable, until the aggregate amount of all of Purchaser Indemnified Losses or FB Indemnified Losses, as the case may be, in respect of which a claim for indemnity has been made exceeds the sum of \$300,000 (the “**Liability Deductible**”) and, in such case, such indemnity shall only apply to the amount in excess of the Liability Deductible.
- (b) The maximum aggregate liability of any Indemnified Party under this Agreement for Indemnified Losses suffered is limited to 20% of the Purchase Price, other than for a claim by the Purchaser pursuant to Section 10.1 hereof in respect of one or more Fundamental Representations in which case the maximum liability for such Indemnified Losses shall be 50% of the Purchase Price, subject to the Liability Deductible.
- (c) Neither the Purchaser nor the FBC Shareholder will have any liability for, or obligation with respect to, any special, indirect, consequential, punitive or aggravated Damages resulting from any Claims, unless: (a) such Damages have been awarded to a third Person by a court of competent jurisdiction; and (b) in the case of any special or consequential Damages, to the extent that such Damages have been determined by a court of competent jurisdiction to be reasonably foreseeable.
- (d) The limitations set forth above in Sections 10.2(a) and (b) shall not apply with respect to any portion of Damages that have been determined by a court of competent jurisdiction to have resulted primarily and directly from the fraud or the willful misconduct of a Party or its officers, directors, employees, agents, affiliates, representatives, successors or assigns.
- (e) If the amount of Indemnified Losses incurred by an Indemnified Party at any time subsequent to the making of a payment pursuant to an Indemnity claim is reduced by any recovery, settlement or otherwise under any insurance coverage or under any claim, recovery, settlement or payment by or against any other Person, the Indemnified Party will promptly repay to the Indemnifying Party the amount of the reduction (less any costs, expenses (including Taxes) or premiums incurred in connection therewith). Upon making full payment of an Indemnity Claim, the Indemnifying Party will, to the extent of the payment, be subrogated to all rights of the Indemnified Party against any third party that is not an affiliate of the Indemnified Party in respect of Indemnified Losses to which the indemnify payment relates. Until the Indemnified Party recovers full payment of its Indemnified Losses, any and all claims of the Indemnifying Party against any such third

party on account of the payment for Indemnity Losses will be postponed and subordinated in right of payment to the Indemnified Party's right against that third party.

- (f) Notwithstanding anything to the contrary in this Agreement, the FBC Shareholder shall not be liable under this Article 10 for any Purchaser Indemnified Losses pursuant to Section 10.1(a)(ii) if the Purchaser Indemnified Party seeking indemnification for such losses had knowledge of or FBC had knowledge of any such Misrepresentation, inaccuracy, incorrectness or breach on or before Closing. For clarity, the term "knowledge" as used in the paragraph as relating to FBC shall mean the knowledge of Greg Boone, Jennifer Maccarone, or Qingru Zhou.

10.3 Indemnification Procedures

- (a) In the case of Claims made by a third party with respect to which indemnification is sought, the Indemnified Party shall give prompt notice, and in any event within 15 days, to the Indemnifying Party of any such Claims made upon it. If the Indemnified Party fails to give such notice, such failure shall not preclude the Indemnified Party from obtaining such indemnification but its right to indemnification may be reduced to the extent that such delay prejudiced the defence of the Claim or increased the amount of liability or cost of defence.
- (b) The Indemnifying Party shall have the right, at its sole expense, to have carriage of any negotiations with respect to, and to dispute and contest any Claims provided that it so notifies the Indemnified Party within 10 Business Days of receiving such notice and provided further that such dispute is prosecuted or negotiations conducted by the Indemnifying Party reasonably and in good faith.
- (c) The Indemnifying Party and the Indemnified Party shall cooperate with each other in any proceedings with respect to any Claims.
- (d) The rights and benefits provided in this Article 10 are supplemental to any other rights, actions or causes of action which may arise pursuant to any other Section of this Agreement.
- (e) Any Claim pursuant to the provisions of this Article 10 must be commenced within the time periods provided for herein.
- (f) The amount of any loss or Damage which may be claimed by a party pursuant to the provisions of this Article 10 shall be calculated after giving effect to any insurance proceeds received by the Indemnifying Party in relation to the subject matter of the Claim.

ARTICLE 11 TERMINATION

11.1 Termination

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

- (a) mutual written agreement of the Parties;
- (b) the written notice of the Purchaser to FBC and the FBC Shareholder if the Closing shall not have occurred on or before the Drop Dead Date, provided that the right to terminate this Agreement under this Section 11.1(b) shall not be available to the Purchaser if the failure of the Purchaser to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to the Drop Dead Date;

- (c) the written notice of the Purchaser to FBC and the FBC Shareholder if there has been a violation or breach by FBC or the FBC Shareholder of any representation, warranty, covenant or agreement set forth in this Agreement such that any condition specified in Section 7.1 would be incapable of being satisfied by the Closing Date or if any such condition is otherwise incapable of being satisfied by the Closing Date, and such violation or breach is not waived by the Purchaser or, in the case of a covenant breach, cured by FBC and the FBC Shareholder to the reasonable satisfaction of the Purchaser within ten (10) Business Days after notice of such breach is given by the Purchaser (except that no cure period will be provided for a breach by FBC or the FBC Shareholder that, by its nature, cannot be cured);
- (d) the written notice of the FBC Shareholder to the Purchaser if the Closing shall not have occurred on or before the Drop Dead Date, provided that the right to terminate this Agreement under this Section 11.1(d) shall not be available to the FBC Shareholder if the failure of FBC or the FBC Shareholder to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to such date;
- (e) the written notice of the FBC Shareholder to the Purchaser if there has been a violation or breach by the Purchaser of any representation, warranty, covenant or agreement set forth in this Agreement such that any condition specified in Section 8.1 would be incapable of being satisfied by the Closing Date or if any such condition is otherwise incapable of being satisfied by the Closing Date, and such violation or breach is not waived by the FBC Shareholder or, in the case of a covenant breach, cured by the Purchaser to the reasonable satisfaction of the FBC Shareholder within ten (10) Business Days after notice of such breach is given by the FBC Shareholder (except that no cure period will be provided for a breach by the Purchaser that by its nature cannot be cured); or
- (f) any of the Parties if: (i) there shall be any applicable Law that makes consummation of the Transaction contemplated by this Agreement illegal or otherwise prohibited; or (ii) any Governmental Authority shall have issued an Order restraining or enjoining the Transaction contemplated by this Agreement, and such Order shall have become final and non-appealable.

11.2 Agreement of No Further Force or Effect

In the event of the termination of this Agreement by a Party as provided in Section 11.1, written notice thereof shall forthwith be given by the terminating Party to the other Parties, and this Agreement shall thereupon terminate and will be of no further force or effect, except as otherwise expressly contemplated hereby and provided that the provisions of Article 1, Section 9.8, Section 9.10, Article 12, and this Section 11.2 shall survive any termination hereof; and provided further that (a) such termination shall not relieve any Party of any liability for any breach of this Agreement (other than non-willful breaches of representations, warranties and covenants, as to which no Party shall be liable hereunder) and (b) upon such termination, the Parties shall comply with all of the provisions of the Confidentiality Agreement.

11.3 Remedies; Injunctive Relief

The Parties agree that irreparable harm would occur for which money Damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the Parties agree that, in the event of any breach or threatened breach of this Agreement by a Party, the non-breaching Party will be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance, and the Parties shall not object to the granting of injunctive or other equitable relief on the basis that there exists an adequate remedy at law. Such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at Law or equity to each of the Parties.

ARTICLE 12 GENERAL

12.1 Expenses

Except as otherwise expressly provided in this Agreement, all costs and expenses (including the fees and disbursements of legal counsel, brokers, investment advisers, consultants and accountants) incurred in connection with this Agreement and the transactions contemplated herein are to be paid by the Party incurring such expenses.

12.2 Assignment

No Party to this Agreement may assign any of its respective rights under this Agreement without the prior consent of each of the other Parties. Any attempt to assign any of the rights, duties or obligations in this Agreement without such written consent is void. This Agreement and each of the terms and provisions hereof will enure to the benefit of and be binding upon the Parties and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns, as applicable.

12.3 Notices

Any notice required or permitted to be given under this Agreement will be in writing and may be given by delivering, sending by email or other means of electronic communication capable of producing a printed copy, or sending by overnight courier, the notice to the following address or number:

If to the Purchaser:

BZAM Ltd.
19100 Airport Way, Unit 518
Pitt Meadows, BC V3Y 0E2

Attention: Matt Milich, Chief Executive Officer
Email: **[Redacted – Confidential Information]**

If to FBC (prior to closing) or the FBC Shareholder:

Final Bell Holdings International Ltd.
#1000, 925 West Georgia Street
Vancouver, British Columbia V7C 3L2

Attention: Robert Meyer, Chief Executive Officer
Email: **[Redacted – Confidential Information]**

(or to such other address or number as any Party may specify by notice in writing to another Party).

Any notice delivered or sent by email or other means of electronic communication capable of producing a printed copy on a Business Day will be deemed conclusively to have been effectively given on the day the notice was sent or, if such day is not a Business Day, on the next following Business Day. Any notice sent by overnight courier will be deemed conclusively to have been effectively given on the second Business Day after it is deposited with the courier service.

12.4 Severability

If any covenant or other provision of this Agreement is invalid, illegal, or incapable of being enforced by reason of any rule of law or public policy, then such covenant or other provision will be severed from and will not affect any other covenant or other provision of this Agreement, and this Agreement will be construed

as if such invalid, illegal, or unenforceable covenant or provision had never been contained in this Agreement. All other covenants and provisions of this Agreement will, nevertheless, remain in full force and effect and no covenant or provision will be deemed dependent upon any other covenant or provision unless so expressed herein.

12.5 Entire Agreement

This Agreement, the Confidentiality Agreement and the exhibits and schedules attached hereto contain the entire agreement among the Parties with respect to the subject matter hereof, and expressly supersede and terminate all prior offers, arrangements and understandings, both written and oral, expressed or implied, with respect thereto.

12.6 Waiver

The failure or delay by a Party in enforcing, or insisting upon strict performance of, any provision of this Agreement does not constitute a waiver of such provision or in any way affect the enforceability of this Agreement (or any of its provisions) or deprive a Party of the right, at any time or from time to time, to enforce or insist upon strict performance of that provision or any other provision of this Agreement. Any waiver by a Party of any provision of this Agreement is effective only if in writing and signed by a duly authorized representative of such Party.

12.7 Further Assurances

The Parties will execute and deliver all such further documents, do or cause to be done all such further acts and things, and give all such further assurances as may be necessary to give full effect to the provisions and intent of this Agreement.

12.8 Third Party Beneficiaries

Except as otherwise expressly provided in this Agreement, the Parties do not intend that this Agreement benefit or create any legal or equitable right, remedy or cause of action in, or on behalf of, any Person other than a Party and no Person, other than a Party, is entitled to rely on the provisions of this Agreement in any proceeding.

12.9 Amendment

This Agreement may not be amended except by an instrument in writing signed by each of the Parties.

12.10 Counterparts

This Agreement may be executed in several counterparts, each of which will be deemed to be an original and all of which will together constitute one and the same instrument and delivery of an executed copy of this Agreement by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery of this Agreement as of the Execution Date.

12.11 Language

The Parties acknowledge that it is their express wish that this agreement and all documents related thereto be drawn up in the English language only. Les parties reconnaissent qu'il est de leur volonté expresse que la présente convention et tous les documents s'y rapportant soient rédigés en anglais seulement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF each of the Parties has duly executed this Agreement as of the Execution Date.

BZAM LTD.

By: (s) "Matt Milich"
Name: Matt Milich
Title: Chief Executive Officer

FINAL BELL CANADA INC.

By: (s) "Greg Boone"
Name: Greg Boone
Title: President

FINAL BELL HOLDINGS INTERNATIONAL LTD.

By: (s) "Kay Jessel"
Name: Kay Jessel
Title: Executive Director

SCHEDULE A

FB Payment Plan

PROMISSORY NOTE

VANCOUVER, BRITISH COLUMBIA

Cdn. \$4,000,000.00

•, 2023

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "**Note**"), Final Bell Canada Inc. (the "**Borrower**"), hereby unconditionally promises to pay to the order of 14th Round Inc. (the "**Lender**"), in immediately available funds, at 1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2 or such other location as the Lender shall designate in writing, four million dollars (\$4,000,000.00) advanced by the Lender to the Borrower on •, 2023 (the amount advanced under this Note being the "**Principal Amount**"), and to pay interest on the unpaid Principal Amount hereof at the rates and as specified below. Repayment shall be made in lawful currency of the United States, at the daily exchange rate published by the Bank of Canada applicable to any payment date.

The aggregate advanced and unpaid Principal Amount of this Note, together with all accrued and unpaid interest thereon, shall mature on December 15, 2024 and shall be payable in accordance with the payment schedule at Exhibit "A" hereto.

The Borrower agrees to pay interest to the Lender on the advanced and unpaid Principal Amount of this Note from the date of advance at a rate per annum equal to zero percent (0%) per annum, such interest to be calculated monthly and payable on the last day of each calendar month. The advanced and unpaid Principal Amount, together with all interest accrued and unpaid thereon are hereinafter referred to as the "**Indebtedness**".

The Borrower may prepay the Principal Amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving three (3) Business Days' notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued and unpaid interest to the date of such prepayment. For this Note, "**Business Day**" means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business.

If the Borrower fails to pay any amounts due and payable hereunder, and such default remains uncured for five (5) Business Days from written notice of such default, all outstanding obligations payable by the Borrower under this Note shall begin to accrue interest at a rate of 18% per annum (which interest, for clarity, shall constitute Indebtedness) and shall be immediately due and payable, and the Lender may exercise any right, power or remedy granted to the Lender pursuant to this Note, the Security Agreement, or otherwise available to it by law, either by suit in equity or by action at law, or both.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the other Lender, which consent may be withheld in the sole discretion of such party. The Lender may assign this Note or any rights and obligations under this Note at its sole discretion. Any such assignment of this Note must be made in accordance with applicable securities laws.

This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

This Note and any amendments, waivers, consents, acknowledgements or supplements may be executed in number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which counterparts together shall constitute but one agreement. Counterparts may be executed in original or facsimile form or similar method of electronic transmission. Upon the request of the Lender, the Borrower shall deliver, or cause to be delivered, a manually executed, original counterpart of any electronic signature to this Note or any other documents reasonably requested by the Lender in connection herewith.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

FINAL BELL CANADA INC.

By: _____

Name:

Title:

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

14TH ROUND INC.

By: _____

Name:

Title:

GUARANTEE AGREEMENT

The undersigned hereby declares that it has read the promissory note between Final Bell Canada Inc. (the "**Borrower**") and 14th Round Inc. (the "**Lender**") dated as of ●, 2023 (the "**Note**"), and agrees that it is liable for, and, as a primary obligor and not merely as surety, absolutely, unconditionally and irrevocably guarantees to the Lender, the prompt payment and performance when due, owing, and so obliged, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, all of the payment obligations of the Borrower under the Note (the "**Obligations**") and all costs and expenses including, without limitation, all court costs and reasonable attorneys' and paralegals' fees and expenses paid or incurred by the Lender in endeavoring to collect or secure performance of all or any part of the Obligations from, or in prosecuting any action against, the Borrower of all or any part of the Obligations (such costs and expenses, together with the Obligations, collectively the "**Guaranteed Obligations**"). This Guarantee is a guarantee of payment, performance and collection. The Guarantor hereby waives any right to require the Lender to sue the Borrower or any other person obligated for all or any part of the Guaranteed Obligations.

In addition, to the extent that the Borrower is unable to make payments to the Lender as a result of banking or other similar restrictions, the undersigned agrees to make such payments in accordance with the Borrower's payment obligations.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Note.

For the purposes of any notice to be sent in accordance with the Note, the undersigned's address shall be:

BZAM Ltd.
19100 Airport Way, Unit 518
Pitt Meadows, British Columbia
V3Y 0E2
Attention: Matt Milich, Chief Executive Officer

BZAM LTD.

Per: _____

Name:

Title:

Exhibit "A"

Due Date	Amount
15-Jan-24	\$333,333
15-Feb-24	\$333,333
15-Mar-24	\$333,333
15-Apr-24	\$333,333
15-May-24	\$333,333
15-Jun-24	\$333,333
15-Jul-24	\$333,333
15-Aug-24	\$333,333
15-Sep-24	\$333,333
15-Oct-24	\$333,333
15-Nov-24	\$333,333
15-Dec-24	\$333,333
	\$4,000,000

**SCHEDULE B
FBC PROMISSORY NOTE**

SECURED DEMAND PROMISSORY NOTE

VANCOUVER, BRITISH COLUMBIA

Cdn. \$4,000,000.00

•, 2023

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "**Note**"), Final Bell Canada Inc. (the "**Borrower**"), hereby unconditionally promises to pay to the order of 14th Round Inc. (the "**Lender**"), in immediately available funds, at 1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2 or such other location as the Lender shall designate in writing, four million dollars (\$4,000,000.00) advanced by the Lender to the Borrower on •, 2023 (the amount advanced under this Note being the "**Principal Amount**"), and to pay interest on the unpaid Principal Amount hereof at the rates and as specified below. Repayment shall be made in lawful currency of the United States, at the daily exchange rate published by the Bank of Canada applicable to any payment date.

The aggregate advanced and unpaid Principal Amount of this Note, together with all accrued and unpaid interest thereon, shall be due and payable on demand; *provided that*, the Lender agrees and acknowledges that the Lender shall not be permitted to make demand hereunder until at least March 31, 2025.

The Borrower agrees to pay interest to the Lender on the advanced and unpaid Principal Amount of this Note from the date of advance at a rate per annum equal to zero percent (0%) per annum, such interest to be calculated monthly and payable on the last day of each calendar month. The advanced and unpaid Principal Amount, together with all interest accrued and unpaid thereon are hereinafter referred to as the "**Indebtedness**". For greater certainty, no payments on account of the Principal Amount shall be required to be made by the Borrower until demand by the Lender for payment in full of the Indebtedness hereunder.

The Borrower may prepay the Principal Amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving three (3) Business Days' notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued and unpaid interest to the date of such prepayment. For this Note, "**Business Day**" means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business.

The Indebtedness hereunder is secured by a security interest in the collateral specified in the security agreement dated on or about the date hereof by and between the Borrower and Lender (the "**Security Agreement**"). In accordance with the terms of an intercreditor agreement entered into between Stone Pine Capital Ltd. and the Lender, and a subordination agreement entered into between Cortland Credit Lending Corporation and the Lender: (i) the Security Agreement and Indebtedness are hereby postponed and subordinated in right of payment to the prior payment in full of any and all Senior Indebtedness, except and to the extent as may be expressly permitted by the terms of such Senior Indebtedness; and (ii) the Security Agreement and the Indebtedness shall rank *pari passu* with all secured debts owed by the BZAM Ltd. and its subsidiaries, to Stone Pine. For the purposes of this Note, "**Senior Indebtedness**" shall mean all amounts due in connection with indebtedness of the Merged Entity under the amended and restated credit agreement dated September 29, 2021 (as amended) to the Senior Lender and the other lenders party thereto.

If the Borrower fails to pay on demand any amounts due and payable hereunder, and such default remains uncured for five (5) Business Days from written notice of such default, all outstanding obligations payable by the Borrower under this Note shall begin to accrue interest at a rate of 18% per annum (which interest, for clarity, shall constitute Indebtedness) and shall be immediately due and payable, and the Lender may

exercise any right, power or remedy granted to the Lender pursuant to this Note, the Security Agreement, or otherwise available to it by law, either by suit in equity or by action at law, or both.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the other Lender, which consent may be withheld in the sole discretion of such party. The Lender may assign this Note or any rights and obligations under this Note at its sole discretion. Any such assignment of this Note must be made in accordance with applicable securities laws.

The Borrower acknowledges that the security granted pursuant to the Security Agreement secures all Indebtedness evidenced by this Note.

This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

This Note and any amendments, waivers, consents, acknowledgements or supplements may be executed in number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which counterparts together shall constitute but one agreement. Counterparts may be executed in original or facsimile form or similar method of electronic transmission. Upon the request of the Lender, the Borrower shall deliver, or cause to be delivered, a manually executed, original counterpart of any electronic signature to this Note or any other documents reasonably requested by the Lender in connection herewith.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

FINAL BELL CANADA INC.

By: _____

Name:

Title:

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

14TH ROUND INC.

By: _____

Name:

Title:

GUARANTEE AGREEMENT

The undersigned hereby declares that it has read the promissory note between Final Bell Canada Inc. (the "**Borrower**") and 14th Round Inc. (the "**Lender**") dated as of ●, 2023 (the "**Note**"), and agrees that it is liable for, and, as a primary obligor and not merely as surety, absolutely, unconditionally and irrevocably guarantees to the Lender, the prompt payment and performance when due, owing, and so obliged, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, all of the payment obligations of the Borrower under the Note (the "**Obligations**") and all costs and expenses including, without limitation, all court costs and reasonable attorneys' and paralegals' fees and expenses paid or incurred by the Lender in endeavoring to collect or secure performance of all or any part of the Obligations from, or in prosecuting any action against, the Borrower of all or any part of the Obligations (such costs and expenses, together with the Obligations, collectively the "**Guaranteed Obligations**"). This Guarantee is a guarantee of payment, performance and collection. The Guarantor hereby waives any right to require the Lender to sue the Borrower or any other person obligated for all or any part of the Guaranteed Obligations, or otherwise to enforce its payment against the Collateral securing all or any part of the Guaranteed Obligations.

In addition, to the extent that the Borrower is unable to make payments to the Lender as a result of banking or other similar restrictions, the undersigned agrees to make such payments in accordance with the Borrower's payment obligations.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Note.

For the purposes of any notice to be sent in accordance with the Note, the undersigned's address shall be:

BZAM Ltd.
19100 Airport Way, Unit 518
Pitt Meadows, British Columbia
V3Y 0E2

Attention: Matt Milich, Chief Executive Officer

BZAM LTD.

Per: _____

Name:

Title: