

EQUITY PURCHASE AGREEMENT

Dated as of October 17, 2018

Among

**THE SELLERS LISTED ON THE SIGNATURE PAGE HERETO**

the Members of Washoe Wellness, LLC

And

**MARK E. PITCHFORD**

the Sellers' Representative

And

**WASHOE WELLNESS, LLC**

the Company

**CSAC ACQUISITION INC.**

the Buyer

And

**CANNABIS STRATEGIES ACQUISITION CORP.**

the SPAC

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<u>Exhibit</u>	<u>Description</u>
A	Acquired Subsidiaries
B	Other Transactions

C	Working Capital
D	Contribution Agreement
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F	Credit and Security Agreement
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## **EQUITY PURCHASE AGREEMENT**

This Equity Purchase Agreement (this “Agreement”), dated as of October 17, 2018, is entered into by and among the Persons (as defined in Article 1) listed as “Sellers” on the signature page hereto (being referred to individually as a “Seller” and collectively as “Sellers”), Mark E. Pitchford, as the representative of the Sellers (“Sellers’ Representative”), Washoe Wellness, LLC, a Nevada limited liability company (the “Company”), CSAC Acquisition Inc., a Nevada corporation (“Buyer”), and Cannabis Strategies Acquisition Corp, an Ontario corporation (the “SPAC”). Sellers, Sellers’ Representative, the Company, Buyer, and the SPAC being sometimes referred to individually as a “Party” and collectively, as the “Parties.”

### **RECITALS:**

- A. Sellers own all of the membership interests of the Company (the “Company Interests”).
- B. The SPAC owns all of the issued and outstanding equity interests of Buyer.
- C. Immediately prior to the Closing, the Company and Sellers intend to effectuate the Pre-Closing Restructuring (as defined in Section 2.1(a)) as further set forth in Section 2.1 below.
- D. Immediately following the consummation of the Pre-Closing Restructuring, (i) Sellers wish to sell to Buyer, and Buyer wishes to purchase from Sellers, the Newco Interests (as defined in Section 2.1(b)), except for Rollover Newco Interests (as defined in Article 1), and (ii) Sellers wish to contribute the Rollover Newco Interests in exchange for Exchangeable Shares (as defined in Article 1), all upon the terms and conditions contained in this Agreement.
- E. For federal income tax purposes, the Parties intend the contribution of the Rollover Newco Interests to qualify as a tax-free “exchange” within the meaning of Section 351 of the Code (as defined in Article 1).

### **AGREEMENT:**

**NOW, THEREFORE**, in consideration of the mutual covenants and promises contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

### **ARTICLE 1** **DEFINITIONS**

1.1. Defined Terms. As used in this Agreement, the following terms will have the following meanings:

(a) “Accounts Payable” means, without duplication, all bona fide accounts and notes payable of the Acquired Companies as of the Closing Date, including all checks written on each Acquired Company’s “zero balance” or other bank accounts, if any, on or prior to the Closing Date which have not cleared as of the Closing Date, but exclusive of (i) any accounts or

notes payable to Related Persons or Affiliates of any of the Sellers or any Acquired Company or (ii) any Seller Transaction Expense.

(b) “Accounts Receivable” means, without duplication, all bona fide accounts and notes receivable of each Acquired Company other than accounts or notes receivable from Related Persons or Affiliates of any Seller or any Acquired Company.

(c) “Acquired Companies” means, collectively, the Acquired Subsidiaries and the Company.

(d) “Acquired Subsidiaries” means, collectively, the direct and indirect wholly-owned subsidiaries of the Company listed in Exhibit A.

(e) “Acquisition Proposal” means any proposal or offer to, directly or indirectly, to acquire more than 10% of the equity or assets of the Acquired Companies, taken as a whole (other than Inventory sold in the ordinary course of the Business), including any such acquisition structured as merger, consolidation, dissolution, recapitalization or other business combination, or the issuance by an Acquired Company of equity as consideration for the assets or securities of another Person, in each case other than the Transactions.

(f) “Affiliate” means, as to any Person, any other Person which directly or indirectly controls, or is under common control with, or is controlled by, such Person. As used in this definition, “control” (including, with its correlative meanings, “controlled by” and “under common control with”) means possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise). Without limiting the generality of the foregoing, Newco will be an Affiliate of Buyer and the SPAC from and after the Closing.

(g) “Agreement” means, unless the context otherwise requires, this Equity Purchase Agreement together with the Schedules and Exhibits attached hereto, and the certificates and instruments to be executed and delivered in connection herewith.

(h) “Applications” means any and all applications, documentation, and correspondence provided to, and received from, the Regulatory Authorities or a state, county, city or local Governmental Authority involving the applications for, and issuance of, the Retained Licenses.

(i) “Application Period” means the period between the Closing Date and effective date of the sale, transfer, conveyance, substitution and/or delivery of the Retained Licenses to Buyer or the Buyer Designee pursuant to Section 2.1(c).

(j) “Business” means the cultivation, manufacture, marketing, promotion, sales and distribution of products containing cannabis, products that enable persons to consume cannabis in different forms, and other related products, for both medicinal and recreational uses, in each case within the state of Nevada, as presently conducted by the Acquired Companies.



(k) “Business Day” means any day other than a Saturday, Sunday or a legal holiday on which banks are not open for general business in the State of Nevada or in the Province of Ontario.

(l) “Cash” means cash and cash equivalents of the Acquired Companies.

(m) “COBRA” means the provisions of Part 6 of Subtitle B of Title I of ERISA and Section 4980B of the Code and all regulations thereunder.

(n) “Code” means the Internal Revenue Code of 1986, as amended.

(o) “Contracts” mean the Material Contracts and the Minor Contracts.

(p) “Employee Benefit Plans” means, collectively, all Employee Pension Benefit Plans and Employee Welfare Benefit Plans of the Acquired Companies.

(q) “Employee Pension Benefit Plan” will have the meaning set forth in ERISA Section 3(2).

(r) “Employee Welfare Benefit Plan” will have the meaning set forth in ERISA Section 3(1).

(s) “Encumbrance” means any claim, lien, pledge, option, charge, easement, security interest, right-of-way, encroachment, reservation, restriction, encumbrance, or other right of any Person, or any other restriction or limitation of any nature whatsoever, affecting title to the Newco Interests, Company Interests, the equity interests of any Acquired Subsidiary, or any assets of the Acquired Companies or, after the consummation of the Pre-Closing Restructuring, Newco. Notwithstanding the preceding, “Encumbrance” shall not include the following obligations, which Buyer shall assume: (i) approximate \$6,561,818.38 indebtedness owed to JOCHCO Investments, LLC, a Nevada limited liability company (“JOCHCO”) (the “JOCHCO Loan”); (ii) approximate \$2,400,000.00 indebtedness secured by real property located at 1645 Crane Way, Sparks, Nevada (“Crane Way Debt”); and (iii) approximate \$200,000 indebtedness secured by real property located 16735 Renewable Way, Reno, Nevada (“Renewable Way Debt”).

(t) “Enforceability Limitations” mean (i) bankruptcy, insolvency, reorganization, moratorium or similar Law now or hereafter in effect relating to creditors’ rights, (ii) the discretion of the appropriate court with respect to specific performance, injunctive relief or other terms of equitable remedies, and (iii) limitations regarding the enforceability of contracts in technical violation of the Federal Cannabis Laws.

(u) “Environmental Claims” mean any action, claim, suit, demand, directive, order (including those for contribution and/or indemnity), investigation, lien, fine, penalty, settlement, violation, threat of legal proceeding or actual legal proceeding by any Governmental Authority or Person, whether written or oral, alleging liability of whatever kind or nature (including liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural resources damages, property damages, personal injuries, indirect or consequential damages, nuisance, medical monitoring,

penalties, contribution, indemnification, or injunctive relief) arising out of, based on, or resulting from: (i) the presence of, exposure to, release of or threatened release into the environment of, any Hazardous Substances; (ii) any alleged injury or threat of injury to health, safety or the environment; (iii) the violation, or alleged violation of, any Environmental Laws or term or condition of any environmental Permits; or (iv) the non-compliance or alleged non-compliance with any Environmental Laws or term or condition of any environmental Permits.

(v) “Environmental Laws” means any applicable Law, Governmental Requirement or binding agreement with any Governmental Authority: (a) relating to pollution (or the cleanup thereof) or the preservation or protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient and indoor air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, handling, disposal, remediation, reporting release, threatened release of, any Hazardous Substances.

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

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

(y) “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

(z) “ERISA Affiliate” means a trade or business, whether or not incorporated, which is deemed to be in common control or affiliated with any Acquired Company within the meaning of Section 4001 of ERISA or Sections 414(b), (c), (m), or (o) of the Code.

(aa) “Escrow Account” means the escrow account of the SPAC established and maintained by the Escrow Agent, which holds in escrow the gross proceeds of the initial public offering of the SPAC Class A Units, including the gross proceeds of the over-allotment option in respect of SPAC Class A Units.

(bb) “Escrow Agent” means Odyssey Trust Company.

(cc) “Exchangeable Shares” means 256,364 common shares in the capital of Buyer that are exchangeable on a one-for-one basis into SPAC Class B Shares.

(dd) “Federal Cannabis Laws” means any U.S. federal laws, civil, criminal or otherwise, as such relate, either directly or indirectly, to the cultivation, harvesting, production, distribution, sale and possession of cannabis, marijuana or related substances or products containing or relating to the same, including, without limitation, the prohibition on drug trafficking under 21 U.S.C. § 841(a), et seq., the conspiracy statute under 18 U.S.C. § 846, the bar against aiding and abetting the conduct of an offense under 18 U.S.C. § 2, the bar against misprision of a felony (concealing another’s felonious conduct) under 18 U.S.C. § 4, the bar

against being an accessory after the fact to criminal conduct under 18 U.S.C. § 3, and federal money laundering statutes under 18 U.S.C. §§ 1956, 1957, and 1960 and the regulations and rules promulgated under any of the foregoing.

(ee) “Final IPO Prospectus” means the SPAC’s final long-form prospectus dated December 14, 2017 in connection with its initial public offering.

(ff) “Financial Statements” mean the audited consolidated annual financial statements with respect to the Acquired Companies for the fiscal years ended December 31, 2015, December 31, 2016 and December 31, 2017, together with reviewed consolidated interim comparative financial statements of the Acquired Companies for the fiscal period ended September 30, 2018, in each case prepared in accordance with IFRS.

(gg) “Fraud” means a claim for Delaware common law fraud with a specific intent to deceive brought against a party hereto based on a representation of such party contained in this Agreement; provided, that at the time such representation was made (i) such representation was materially inaccurate, (ii) such party had actual knowledge (and not imputed or constructive knowledge) of the material inaccuracy of such representation, (iii) such party had the specific intent to deceive another party hereto, and (iv) the other party acted in reliance on such inaccurate representation and suffered financial injury as a result of such material inaccuracy. For the avoidance of doubt, “Fraud” does not include any claim for equitable fraud, promissory fraud, unfair dealings fraud, or any torts (including a claim for fraud) based on negligence or recklessness.

(hh) “Governmental Authority” means any federal, state, commonwealth, provincial, municipal, local or foreign government, or any political subdivision thereof, or any court, agency or other entity, body, organization or group, exercising any executive, legislative, judicial, quasi-judicial, regulatory or administrative function of government, or any supranational body, arbitrator, court or tribunal of competent jurisdiction, including, for greater certainty the NEO Exchange, the SPAC Securities Authorities, and applicable self-regulatory organizations, including, if applicable, the Investment Industry Regulatory Organization of Canada.

(ii) “Governmental Requirement” means any law, statute, ordinance, writ, order, judgment, determination, directive or regulation of any Governmental Authority now in effect.

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

(kk) “HSR Act” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

(ll) “IFRS” means, with respect to all accounting matters and issues, the International Financial Reporting Standards as issued by the International Accounting Standards Board from time to time.

(mm) “Indebtedness” means, without duplication for any obligations which are already reflected in the Working Capital, with respect to any Person (without duplication), (i) all obligations of such Person for borrowed money, including without limitation all obligations for principal and interest, and for prepayment and other penalties, fees, costs and charges of whatsoever nature with respect thereto, (ii) all obligations of such Person under conditional sale or other title retention agreements relating to property purchased by such Person, (iii) all obligations of such Person issued or assumed as the deferred purchase price of property or services (other than accounts payable to suppliers and similar accrued liabilities incurred in the ordinary course of the Business and paid in a manner consistent with industry practice and other than any such obligations for services to be rendered in the future), (iv) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any lien or security interest on property owned or acquired by such Person whether or not the obligations secured thereby have been assumed, (v) all capitalized lease obligations of such Person, (vi) all obligations (including but not limited to reimbursement obligations) relating to the issuance of letters of credit for the account of such Person, (vii) all obligations arising out of interest rate and currency swap agreements, cap, floor and collar agreements, interest rate insurance, currency spot and forward contracts and other agreements or arrangements designed to provide protection against fluctuations in interest or currency exchange rates, and (viii) obligations in the nature of guarantees of obligations of the type described in clauses (i) through (vii) above of any other Person. Indebtedness specifically excludes the following obligations, which obligations Buyer shall assume: (i) the JOCHCO Loan; (ii) Crane Way Debt; and (iii) Renewable Way Debt.

(nn) “Insurance” means any fire, product liability, automobile liability, general liability, worker’s compensation, medical insurance stop-loss coverage or other form of insurance of the Business, and any tail coverage purchased with respect thereto.

(oo) “Intellectual Property” means all intellectual property used to conduct the Business, including (i) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and re-examinations thereof, (ii) all trademarks, service marks, trade dress, logos, trade names, and limited liability company names (including without limitation, the name, “Washoe Wellness”), together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (iii) all copyrightable works, all copyrights, and all applications, registrations and renewals in connection therewith, (iv) all trade secrets and confidential business information (including ideas, research and development, know-how, formulas, recipes, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals), (v) all computer software (including data and related documentation and including software installed on hard disk drives) other than off-the-shelf computer software subject to shrink-wrap or click-through licenses, (vi)

web sites, website domain names, social media accounts and passwords and other e-commerce and social media assets, and (vii) all copies and tangible embodiments of any of the foregoing (in whatever form or medium).

(pp) “Inventory” means all raw materials, ingredients and finished goods inventory of the Business after reduction for damaged, obsolete or otherwise unsaleable inventory, as reflected on the Acquired Companies’ balance sheet as of the Closing Date (but without giving effect to any actions taken by or at the direction of Buyer on the Closing Date after the Closing has occurred).

(qq) “IPO Underwriter” means Cannacord Genuity Corp.

(rr) “IRS” means the Internal Revenue Service.

(ss) “Key Employees” means the employees to be reasonably agreed to by the Parties prior to the Closing Date.

(tt) “Knowledge” and similar phrases using the term “Knowledge” means, (i) with respect to a Seller, the actual knowledge of such Seller after having made reasonable inquiry with respect to the matters which are relevant to the representation, warranty, covenant or agreement being made or given, and (ii) with respect to the Company, the actual knowledge of Mark E. Pitchford or Clint Cates after having made reasonable inquiry with respect to the matters which are relevant to the representation, warranty, covenant or agreement being made or given.

(uu) “Law” means any federal, state, local, municipal, provincial, foreign or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, consent order, consent decree, decree, Order, judgment, rule, regulation, ruling, guideline, notice, protocol, directive, regulatory guidance, agreement or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or with or under the authority of any Governmental Authority, whether or not having the force of law.

(vv) “Losses” mean all losses, liabilities, deficiencies, damages that are reasonably foreseeable (including without limitation consequential damages that are reasonably foreseeable), encumbrances, fines, penalties, claims, costs and expenses (including all fines, penalties and other amounts paid pursuant to a judgment, compromise or settlement, or costs associated with enforcing any right to indemnification hereunder), court costs and reasonable legal and accounting fees and disbursements of the substantially prevailing party; provided, however, that “Losses” will not include punitive damages, except to the extent such damages are payable to a third party.

(ww) “Material Adverse Effect” means, with respect to any Person, any change or event or effect that is materially adverse to the business or financial condition of such Person and its subsidiaries, taken as a whole, including changes in Law but excluding, in each case, any change, event or effect arising out of or resulting from: (i) changes in general business conditions; (ii) changes in conditions in the U.S. or global economy or capital, financial, credit, foreign exchange or securities markets generally, including any disruption thereof; (iii) fires, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, hurricanes, floods or other acts of God or natural disasters; (iv) any outbreak or escalation of hostilities, insurrection or war, whether

or not pursuant to declaration of a national emergency or war, acts of terrorism or similar calamity or crisis; (v) changes in applicable accounting regulations or principles or interpretations thereof; or (vi) the negotiation, announcement, pendency, execution, delivery or performance of this Agreement or any ancillary documents, the consummation of the Transaction or the identity of the other Party, including any termination of, denial of, reduction in or similar negative impact on relationships, contractual or otherwise, with any customers, suppliers, distributors, partners or employees of such Person; except, in the case of clauses (i) through (vi), to the extent such change, effect, event, occurrence, state of facts or development, has had a disproportionate effect on the industry in which such Person conducts its business or the Acquired Companies.

(xx) “Material Contracts” mean the following written and oral contracts which are currently in effect and to which any Acquired Company is a party or by which any Acquired Company is bound:

(i) any agreement for the purchase or supply of cannabis involving payments in excess of US \$25,000 for any twelve (12) month period,

(ii) any agreement (or group of related agreements with the same Person or its Affiliates) under which any Acquired Company has created, incurred or assumed any Indebtedness in excess of US \$25,000 or imposed an Encumbrance (other than Permitted Encumbrances) on any of its assets,

(iii) any agreement for the lease of real property or personal property involving payments in excess of US \$25,000 for any twelve (12) month period,

(iv) any license or royalty agreement involving payments in excess of US \$10,000 for any twelve (12) month period,

(v) any agreement with any Affiliate of any Acquired Company involving payments in excess of US \$10,000 for any twelve (12) month period,

(vi) any agreement relating to any Employee Pension Benefit Plan, Employee Welfare Benefit Plan, or any other Benefit Arrangement,

(vii) any employment, consulting or sales or leasing representative agreement not cancelable by such Acquired Company without penalty upon ninety (90) days or less written notice,

(viii) any settlement agreement or other agreement in respect of any past or present Proceeding involving payments in excess of US \$25,000,

(ix) any confidentiality, or non-competition agreement (other than confidentiality agreements with any Acquired Company’s current employees entered into in the ordinary course of the Business),

(x) any agreement providing for indemnification by any Acquired Company other than pursuant to standard terms of contracts in the ordinary course of the Business, or

(xi) any other agreement (or group of related agreements with the same Person or its Affiliates) not cancelable by an Acquired Company without penalty, (A) the performance of which will extend over a period of more than one (1) year, or (B) involving consideration in excess of US \$25,000 or is or could be reasonably anticipated to result in a loss to an Acquired Company or Acquired Companies exceeding US \$25,000.

(yy) “Minor Contracts” mean any contract and other agreement (other than the Material Contracts), whether written or oral, to which any Acquired Company is a party or by which any Acquired Company is bound.

(zz) “NEO Exchange” means the Aequitas NEO Exchange, a Canadian stock exchange based in Toronto, Ontario.

(aaa) “Nevada Cannabis Laws” means the marijuana establishment laws of any jurisdictions within the State of Nevada to which any Acquired Company is, or may at any time become, subject, including, without limitation, Chapter 453A of the Nevada Revised Statutes, as amended, 453D of the Nevada Revised Statutes and the rules and regulations adopted by the Nevada Division of Public and Behavioral Health, the Nevada Department of Taxation or any other state or local government agency with authority to regulate any marijuana operation (or proposed marijuana operation).

(bbb) “Non-Party” means any Person who is not a party hereto (including without limitation, (i) any former, current or future direct or indirect equity holder, controlling Person, management company, incorporator, member, partner, manager, director, officer, employee, agent, Affiliate, attorney or representative of, and any financial or other advisor or lender to (all above-described Persons in this subclause (i), collectively, “Affiliated Persons”) a party hereto or any Affiliate of such party, (ii) any Affiliated Persons of such Affiliated Persons but specifically excluding the parties hereto, and (ii) the successors, assigns, heirs, executors or administrators of the Persons in subclauses (i) and (ii), but specifically excluding the parties hereto.

(ccc) “Order” means any order, writ, assessment, decision, injunction, decree, judgment, ruling, award, settlement or stipulation issued, promulgated or entered into by or with any Governmental Authority.

(ddd) “Other Current Assets” mean all current assets of the Acquired Companies, including prepaid expenses and deposits of the Acquired Companies other than Cash, Accounts Receivable, and Inventory, to the extent reflected on the Acquired Companies’ balance sheet as of the Closing Date (but without giving effect to the Pre-Closing Restructuring or any actions taken by or at the direction of Buyer on the Closing Date after the Closing has occurred), but excluding any prepayment or similar asset that would not benefit Buyer following the Closing.

(eee) “Other Transactions” mean the transactions contemplated in the other cannabis related acquisitions either being considered by Buyer, the SPAC or their Affiliates, or for which Buyer, the SPAC or their Affiliate has entered into a definitive purchase agreement, and described on Exhibit B.

(fff) “Owned Tangible Personal Property” means all Tangible Personal Property owned by any Acquired Company.

(ggg) “Permits” mean all permits, licenses, consents, franchises, approvals, registrations, certificates, variances and other authorizations required to be obtained from any Governmental Authority or other Person in connection with the operation of the Business and necessary to conduct the Business as presently conducted.

(hhh) “Permitted Encumbrances” mean (i) liens which will be removed by payment of Indebtedness on the Closing Date, (ii) other liens which are removed on or prior to the Closing Date, (iii) statutory liens or encumbrances for Taxes, assessments or other governmental charges not due and payable or the amount or validity of which is being contested in good faith, (iv) such other imperfections in title, charges, easements, restrictions and encumbrances which would not result in a Material Adverse Effect, and (v) any Encumbrances arising under the Pre-Closing Restructuring Documents in favor of Buyer, the SPAC or their respective Affiliates.

(iii) “Person” means any Governmental Authority, individual, association, joint venture, partnership, corporation, limited liability company, trust or other entity.

(jjj) “Pre-Closing Restructuring Documents” means the transaction documents effecting the Pre-Closing Restructuring, including, without limitation, the Contribution Agreement, the Services Agreement, the Credit and Security Agreement, the Management Services Promissory Note, the Succession Agreement, the License Agreement, and such other documents described in Section 2.1(a).

(kkk) “Proceeding” means any claim, demand, action, suit, litigation, dispute, order, writ, injunction, judgment, assessment, decree, grievance, arbitral action, investigation or other proceeding.

(lll) “Promissory Note” means that certain 3-year promissory note in the principal amount of US \$5,640,000 issued by the Buyer in favor of Sellers and bearing interest at 6% per annum as further set forth in Section 2.3(b), in the form mutually acceptable to Buyer and the Sellers’ Representative, acting reasonably secured by all or substantially all of the assets of Newco pursuant to the Security Agreement.

(mmm) “Pro Rata Share” means, in respect of any Seller, the number of Company Interests owned by such Seller divided by the number of Company Interests owned by all of the Sellers, as set forth on Schedule 4.3(a) of the Company Disclosure Schedules.

(nnn) “Prospectus” means the non-offering preliminary prospectus and/or final prospectus of the SPAC, and any amendment thereto, as the context requires, containing disclosure regarding the Transaction and the Other Transactions, as the SPAC’s Qualifying Transaction under the rules of the NEO Exchange.

(ooo) “Purchase Price” means the purchase price for the Newco Interests which will be equal to US \$27,950,000.

(ppp) “Real Property” means all real property owned or leased by any Acquired Company or in which any Acquired Company otherwise has any interest, together with (i) all buildings and improvements located thereon and (ii) all rights, privileges, interests, easements,



hereditaments and appurtenances thereunto in any way incident, appertaining or belonging thereto.

(qqq) “Regulatory Authorities” means any and all Governmental Authorities with actual authority over the Applications for or issuance, transfer, and/or substitution of the Retained Licenses.

(rrr) “Related Person” means, (A) with respect to a particular individual: (a) each other member of such individual’s immediate family; (b) any Person that is directly or indirectly controlled by any one or more members of such individual’s immediate family; (c) any Person in which members of such individual’s immediate family hold (individually or in the aggregate) a material interest, including an equity interest of 25% or more; and (d) any Person with respect to which one or more members of such individual’s immediate family serves as a director, manager, officer, partner, executor or trustee (or in a similar capacity), and (B) with respect to a specified Person other than an individual, an Affiliate of that Person.

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

(ttt) “Representation Survival Period” means, (i) for Sellers’ and the Company’s representations and warranties (excluding the Seller Excluded Representations), the period beginning on the Closing Date and ending on the date that is the eighteen (18) month anniversary of the Closing Date, and (ii) for Buyer’s and the SPAC’s representations and warranties (excluding the Buyer Excluded Representations), the period beginning on the Closing Date and ending on the date that is the eighteen (18) month anniversary of the Closing Date.

(uuu) “Representative” means any manager, officer, director, principal, attorney, accountant, agent, employee or other representative of any Person.

(vvv) “Restricted Territory” means the States of California and Nevada and the Commonwealth of Massachusetts.

(www) “Retained Inventory” means any and all Inventory or other assets of the Acquired Companies that cannot, without the consent of any Regulatory Authorities, be transferred to Newco in connection with the Pre-Closing Restructuring or at the Closing.

(xxx) “Retained Licenses” means any and all business license, permit, certificate of occupancy or other authorizations, approvals, or documentation of any kind required by or requested from the Regulatory Authorities for the conduct of the Business and that cannot, without the consent of any Regulatory Authorities, be transferred to Newco in connection with the Pre-Closing Restructuring or at the Closing.

(yyy) “Rollover Newco Interests” means such Newco Interests designated as “Rollover Newco Interests” set forth next to Sellers’ names on Schedule 4.3(c) of the Company Disclosure Schedules.

(zzz) “Security Agreement” means the security agreement encumbering all or substantially all of the assets of Newco to secure the full and complete performance of Buyer under the Promissory Note.

(aaaa) “Seller Individual Representation” means any representation or warranty concerning a Seller set forth in Sections 4.2(a), 4.4(a), 4.4(b), 4.5(a), 4.6(a), 4.7(a) or 4.30(a).

(bbbb) “Sellers’ Representative Reserve Amount” means US\$250,000.

(cccc) “Seller Transaction Expense” means (i) the costs, fees and expenses incurred by the Acquired Companies, Newco or Sellers in connection with the transactions contemplated by this Agreement for investment bankers, third party consultants and legal counsel, (ii) all change in control, retention, or transaction-related bonus amounts payable to, or for the benefit of, employees, officers, contractors or directors of an Acquired Company or Newco as a consequence of the transactions contemplated by this Agreement, whenever payable, including any Taxes that become payable by any Acquired Company or Newco in connection therewith (but excluding any post-Closing liabilities or obligations arising as a result of both (1) the Closing and (2) the occurrence of one or more additional post-Closing events under so-called “double trigger” severance provisions contained in any employment-related Contracts), and (iii) overdrafts on any bank account and reimbursement obligations under any credit facility of an Acquired Company acquired by Buyer, in each of the foregoing clauses (i) through (iii) to the extent unpaid as of the Closing Date.

(dddd) “SPAC Board” means the board of directors of the SPAC, as constituted from time to time.

(eeee) “SPAC Circular” means the notice of the SPAC Shareholder Meeting and the SPAC Warrantholder Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to the SPAC Shareholders and the SPAC Warrantholders in connection with the SPAC Meetings, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement.

(ffff) “SPAC Class A Shares” means the class A restricted voting shares in the capital of the SPAC.

(gggg) “SPAC Class A Units” means units comprised of one SPAC Class A Share, one SPAC Class A Share purchase warrant, and one SPAC Class A Share right.

(hhhh) “SPAC Class B Shares” means the class B shares in the capital of the SPAC.

(iiii) “SPAC Meetings” means, collectively, the SPAC Shareholder Meeting and the SPAC Warrantholder Meeting.

(jjjj) “SPAC Resolution” means the resolution of the SPAC Shareholders in the form to be mutually agreed to by Buyer and Sellers, acting reasonably.

(kkkk) “SPAC Securities Authorities” means, collectively, the Alberta Securities Commission, British Columbia Securities Commission, Manitoba Securities Commission, Financial and Consumer Services Commission of New Brunswick, Office of the Superintendent of Securities Service Newfoundland and Labrador, Office of the Superintendent of Securities of Northwest Territories, Nova Scotia Securities Commission, Nunavut Securities Office, Ontario Securities Commission, Office of the Superintendent of Securities of Prince Edward Island, Financial and Consumer Affairs Authority of Saskatchewan, and the Office of the Yukon Superintendent of Securities.

(llll) “SPAC Securities Laws” means the Securities Act (Ontario) and all the securities Law of each province and territory of Canada, except Quebec, and the rules, regulations and policies of the NEO Exchange.

(mmmm) “SPAC Shares” means the SPAC Class A Shares and the SPAC Class B Shares.

(nnnn) “SPAC Shareholder Approval” means the approval by the SPAC Shareholders of the Transaction, all or all but one of the Other Transactions and related matters by ordinary resolution (with holders of both classes of the SPAC Shares voting as if they were a single class), or such other approval as may be required.

(oooo) “SPAC Shareholder Meeting” means the special meeting of the SPAC Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of this Agreement, to be called and held to consider the SPAC Resolution and for any other purpose as may be set out in the SPAC Circular.

(pppp) “SPAC Shareholders” means: (i) prior to the effective time of the Closing, the registered or beneficial holders of the SPAC Shares, as the context requires; and (ii) at and after the completion of the Transaction and the Other Transactions, the registered and/or beneficial holders of the SPAC Class B Shares.

(qqqq) “SPAC Warrantholder Meeting” means the special meeting of the SPAC Warrantholders, including any adjournment or postponement of such special meeting in accordance with the terms of this Agreement, to be called and held to consider the Warrant Amendment Resolution and for any other purpose as may be set out in the SPAC Circular.

(rrrr) “SPAC Warrantholders” means the registered or beneficial holders of the SPAC Warrants.

(ssss) “SPAC Warrants” means the warrants to purchase the SPAC Shares.

(tttt) “Sponsor” means Mercer Park CB, L.P., a limited partnership formed under the laws of the State of Delaware.

(uuuu) “Tangible Personal Property” means all tangible personal property (other than Inventory) owned or leased by any Acquired Company or in which any Acquired Company has any interest including vehicles and production and processing equipment, warehouse equipment, computer hardware, furniture and fixtures, leasehold improvements, supplies and

other tangible assets, together with any transferable manufacturer or vendor warranties related thereto.

(vvvv) “Tax” means any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, startup, occupation, premium, windfall profits, environmental (including taxes under Code Section 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), health, unemployment, disability, real property, personal property, intangible property, sales, use, transfer, registration, value added, goods and services, harmonized, alternative or add-on minimum, estimated, or other tax or similar obligation of any kind whatsoever to any Tax authority, including any interest, penalty or addition thereto, whether disputed or not.

(www) “Tax Return” means any return, declaration, report, form, claim for refund, election or information return or statement relating to Taxes, including any schedule or attachment thereto, and any amendment thereof.

(xxxx) “Transaction” means the equity purchases and contributions contemplated under this Agreement.

(yyyy) “Transfer Taxes” means any sales, use, stock transfer, value added, real property transfer, transfer, stamp, registration, documentary, recording or similar duties or taxes together with any interest thereon, penalties, fines, costs, fees, additions to tax or additional amounts with respect thereto incurred in connection with the transactions contemplated by this Agreement.

(zzzz) “Treasury Regulation” means the United States Treasury regulations promulgated under the Code.

(aaaa) “Warrant Amendment Resolution” means the resolution of the SPAC Warrantholders to delete the cashless exercise feature of the SPAC Warrants.

(bbbb) “Working Capital” means, as of the Closing Date (but without giving effect to the Pre-Closing Restructuring and any actions taken by or at the direction of Buyer on the Closing Date after the Closing has occurred), (i) the sum of (A) Cash, (B) the Accounts Receivable, (C) the Inventory and (D) the Other Current Assets, minus (ii) the Accounts Payable, the computation of which is more fully illustrated on Exhibit C, subject to Section 1.3

(cccc) “Working Capital Target” means a dollar amount to be agreed upon by the Parties, acting reasonably, before the Due Diligence Expiration Date.

1.2. Other Defined Terms. The following terms will have the meanings defined for such terms in the Sections set forth below:

<u>Term</u>	<u>Section</u>
2013 Cole Memo	4.13(b)
Accounting Firm	2.5(c)
Anti-Money Laundering Laws	4.26

Benefit Arrangements	4.16(i)
Buyer	Introduction
Buyer Designee	2.1(c)
Buyer Disclosure Schedules	5
Buyer Excluded Representation	9.1(a)(ii)
Buyer's and the SPAC's Contractual Representations	5.10
Buyer's and the SPAC's Extra Contractual Representations	5.10
Canopy	6.2(c)
Canopy Interests	2.1(a)
Claim	6.11
Closing	3.1
Closing Cash Payment	2.2(a)
Closing Date	3.1
Closing Indebtedness	2.2(a)(iv)
Closing Working Capital Statement	2.5(d) or (e)
Company	Introduction
Company Disclosure Schedules	4
Company Interests	Recitals
Confidential Information	9.5
Confidentiality Agreement	6.4
Contribution Agreement	2.1(a)
Contributions	9.9(j)
Credit and Security Agreement	2.1(a)
Disclosure End Date	6.15
Due Diligence Expiration Date	7.2(e)
Draft Working Capital Statement	2.5(a)
Exchange Rights Documents	7.3(c)
Final Closing Working Capital	2.6(a)
Group	9.15(a)
Indemnified Party	9.1(e)
Indemnifying Party	9.1(e)
Leased Real Property	4.10(a)
Leases	4.10(a)
License Agreement	2.1(a)
Management Services Promissory Note	2.1(a)
Newco	2.1(a)
Newco Interests	2.1(b)
OFAC	4.27
Option	9.14
Option Expiration Date	9.14
Option Period	9.14
Option Real Property	9.14
Outside Date	8.1(b)(i)
Pension Plans	4.16(a)
Post-Closing Straddle Period	9.9(c)

Pre-Closing Restructuring	2.1(a)
Pre-Closing Straddle Period	9.9(c)
Pre-Closing Tax Periods	9.9(a)
Prospects Deadline	8.1(g)
Related Party Transaction	4.17
Releasee	9.10(a)
Restricted Contract	2.9(b)
Sanctions	4.27
Seller Excluded Representation	9.1(a)(i)
Seller Fundamental Representations	9.1(a)(i)
Sellers' and the Company's Contractual Representations	4.33
Sellers' and the Company's Extra Contractual Representations	4.33
Sellers' Representative	Introduction
Services Agreement	2.1(a)
Shareholder Approval Deadline	8.1(h)
SPAC	Introduction
SPAC Board Recommendation	6.10 (b)
Straddle Period	9.9(c)
Succession Agreement	2.1(a)
Tax and ERISA Representations	9.1(a)(i)
Tax Matter	9.9(g)
Third Party Claim	9.1(e)
Threshold	9.1(d)(i)
Transferred Asset	2.1(a)
Welfare Plans	4.16(b)

1.3. Construction of Defined Terms. Except as otherwise expressly provided, as used in Article 1 of this Agreement, Accounts Payable, Accounts Receivable, Cash, Indebtedness, Inventory, Other Current Assets and Working Capital of the Acquired Companies will mean the amounts determined without giving effect to the Pre-Closing Restructuring and in accordance with IFRS consistent with the Acquired Companies' past practices; provided, however, that if any methodology set forth in Exhibit C for determining any of the foregoing is inconsistent with IFRS, then such methodology set forth in Exhibit C will control.

1.4. Usage of Terms. Except where the context otherwise requires, words importing the singular number will include the plural number and vice versa. Use of the word "including" means "including, without limitation".

1.5. References to Articles, Sections, Exhibits and Schedules. All references in this Agreement to Articles, Sections (and other subdivisions), Exhibits and Schedules refer to the corresponding Articles, Sections (and other subdivisions), Exhibits and Schedules of or attached to this Agreement, unless the context expressly, or by necessary implication, otherwise requires.

**ARTICLE 2**  
**PRE-CLOSING RESTRUCTURING; PURCHASE AND SALE OF NEWCO INTERESTS;**  
**CONTRIBUTION OF NEWCO ROLLOVER INTERESTS**

2.1. Pre-Closing Restructuring; Sale of Newco Interests; Contribution of Newco Rollover Interests. Subject to the terms and conditions contained in this Agreement, the Parties will effectuate the following transactions:

(a) Prior to the Closing, each Acquired Company will, and Sellers will cause each Acquired Company to, (i) contribute, transfer, assign convey and deliver to a wholly owned subsidiary of the Company to be organized as a Nevada limited liability company (“Newco”) all of such Acquired Company’s right, title and interests in and to all of the assets of such Acquired Company but excluding the membership interests owned by Company in The Canopy NV, LLC, a Nevada limited liability company (“Canopy Interests”), the Retained Licenses and the Retained Inventory (the “Transferred Assets”), and Newco will assume all of the liabilities of each Acquired Company, pursuant to a Contribution Agreement substantially in the form attached hereto as Exhibit D (the “Contribution Agreement”); (ii) distribute all of the membership interest in Newco held by the Company to Sellers in accordance with Sellers’ respective Pro Rata Shares, and (iii) enter into a Management Services Agreement substantially in the form attached hereto as Exhibit E (the “Services Agreement”), a Credit and Security Agreement in substantially the form attached hereto as Exhibit F (the “Credit and Security Agreement”), a Promissory Note substantially in the form attached hereto as Exhibit G (the “Management Services Promissory Note”), a Membership Interest Transfer Restriction and Succession Agreement substantially in the form attached hereto as Exhibit H (the “Succession Agreement”), a License Agreement in the form attached hereto as Exhibit I (the “License Agreement”), and such other agreement(s) deemed mutually necessary to Buyer and the Sellers’ Representative, each in the form acceptable to Buyer and the Sellers’ Representative, acting reasonably (the transactions described in the foregoing clauses (i) through (iii), collectively the “Pre-Closing Restructuring”). Notwithstanding anything in this Agreement to the contrary, the Retained Licenses will not be sold, contributed, transferred, conveyed, substituted, and/or delivered except in accordance with Section 2.1(c), and only upon approval and authorization of such sale, contribution, transfer, conveyance, substitution, and/or delivery by the Regulatory Authorities.

(b) On the Closing Date, Sellers will (i) sell, convey, transfer, assign, and deliver to Buyer, and Buyer will acquire from Sellers, all of the issued and outstanding membership interests in Newco, other than the Rollover Newco Interests (the “Newco Interests”), and (ii) contribute, convey, transfer, assign and deliver to Buyer the Rollover Newco Interests in exchange for Exchangeable Shares, in each case under the foregoing clauses (i) and (ii) free and clear of any Encumbrances (other than Encumbrances arising under applicable federal and state securities Law). The Parties intend that such contribution of the Rollover Newco Interests and the issuance of the Exchangeable Shares to Sellers will constitute a non-taxable exchange pursuant to Section 351 of the Code and applicable state law, and the Parties will report the contribution and issuance for income tax purposes consistently therewith.

(c) Within three (3) Business Days after the Closing, Newco will, and Buyer will cause Newco to, (i) submit applications for the transfer or substitution of Newco or such other designee of Buyer in its discretion (as applicable, the “Buyer Designee”) as the holder of the

Retained Licenses, and (ii) provide copies of such application to Sellers. Further, Sellers and the Acquired Companies will cooperate in good faith and take all actions necessary to support Newco's timely submission of the Applications for the sale, transfer, conveyance, substitution, and/or delivery (as applicable under local Law) of the Retained Licenses and the Retained Inventory, in order to obtain the applicable consents and approvals of the Regulatory Authorities in a form reasonably satisfactory to Newco to effectuate the transfer and assignment of the Retained Licenses and the Retained Inventory from the Acquired Companies to the Buyer Designee for operation of the Business, and to release, to the extent possible, each Seller and the Acquired Companies from all liability under the Retained Licenses and the Retained Inventory. If the applicable Regulatory Authorities so permit, the sale, transfer, conveyance, substitution and/or delivery of the Retained Licenses and the Retained Inventory will take the form of a transfer of the Company Interests to the Buyer Designee for a nominal consideration. Sellers and the Acquired Companies will provide to Newco any required documents as necessary to support the Applications for the sale, transfer, conveyance, substitution and/or delivery of the Retained Licenses and the Retained Inventory, including, but not limited to, the execution of the Regulatory Authorities' Application forms for each Retained License. Such consent and approval of the Regulatory Authorities to the sale, transfer, conveyance, substitution and/or delivery of the Retained Licenses and the Retained Inventory is not and will not be a condition precedent to the Closing, but the parties' mutual obligations to seek such sale, transfer, conveyance, substitution and/or delivery will be an ongoing post-Closing covenant until successful completion thereof. Notwithstanding anything herein to the contrary, no Seller nor any Acquired Company makes any guaranty that the sale, transfer, conveyance, substitution and/or delivery of the Retained Licenses and the Retained Inventory will be approved by the Regulatory Authorities.

(d) Notwithstanding anything to the contrary in this Agreement, if pursuant to Sections 7.1(a) or 7.1(c) Buyer is unable to complete the transactions contemplated in Sections 2.1(a) and (b) resulting in a loss of a material portion of the economic benefits from one or two of the Retained Licenses (and the corresponding Retained Inventory), then at Buyer's option the Parties shall negotiate in good faith such amendments as are appropriate to provide for the exclusion of the related assets from the transactions contemplated herein, including making appropriate changes to the documents referred to in Section 2.1(a), in exchange for a reduction in the consideration referred to in Sections 2.2 and 2.3 that is equal to the estimated value of such excluded assets having regard to, among other things, their anticipated contribution to the overall 2019 EBITDA target of the Business prepared in accordance with IFRS as set forth in the Prospectus; provided, that upon the transfer of the foregoing excluded assets to or for the benefit of Buyer or the SPAC, such withheld or reduced portion of the original consideration, if any, shall become payable to Sellers as additional consideration hereunder.

## 2.2. Purchase Price; Rollover Consideration.

(a) As consideration for the sale, conveyance, transfer, assignment and delivery of the Newco Interests, Buyer will pay to Sellers an amount equal to the following:

- (i) the Purchase Price, minus
- (ii) the principal amount of the Promissory Note, minus



(iii) the aggregate dollar value of the Exchangeable Shares to be issued to Sellers under Section 2.3(c) and, if applicable, Section 6.14(a), minus

(iv) the amount of Indebtedness of the Acquired Companies on the Closing Date not satisfied immediately prior to the Closing Date (the “Closing Indebtedness”), minus

(v) the Seller Transaction Expenses, minus

(vi) the Sellers’ Representative Reserve Amount, and minus

(vii) any applicable withholding taxes required under the Code or any applicable Law (provided, that Buyer will notify the Sellers’ Representative in advance of any such deduction or withholding to the extent reasonably practicable).

The amount resulting from the calculation of the foregoing clauses (i)-(vii) of this Section 2.2 is referred to as the “Closing Cash Payment”.

(b) In exchange for Sellers’ contribution of the Newco Rollover Interests to Buyer, Buyer will issue the Exchangeable Shares to Sellers.

2.3. Payments by Buyer. Buyer will (i) pay to Sellers the purchase consideration set forth in Section 2.2(a) against delivery of duly executed membership unit or interest powers in form satisfactory to Buyer with respect to the sale of Newco Interests except the Rollover Newco Interests and (ii) issue the Exchangeable Shares, against delivery of duly executed membership unit or interest powers in form satisfactory to Buyer with respect to the contribution of Rollover Newco Interests, which such Newco Interests and Rollover Newco Interests will be free and clear of all Encumbrances (other than Encumbrances arising under applicable federal and state securities Law), as follows:

(a) On the Closing Date:

(i) the Closing Cash Payment will be paid by Buyer to Sellers in cash by wire transfer to such accounts as the Sellers’ Representative may designate in writing to Buyer in advance of the Closing;

(ii) the Closing Indebtedness and the Seller Transaction Expenses will be paid (on behalf of the Acquired Companies or the Sellers) by Buyer in cash by wire transfer to the applicable holders or payees thereof, and the Sellers’ Representative will obtain and deliver to Buyer debt payoff letters evidencing the outstanding amounts of the Closing Indebtedness as Buyer may reasonably request; and

(iii) the Sellers’ Representative Reserve Amount will be paid to an account of the Sellers’ Representative designated in writing to Buyer by the Sellers’ Representative.

(b) On the Closing Date, the Promissory Note will be delivered to Sellers, in the principal amount of US \$5,640,000. The Promissory Note will be guaranteed by the SPAC

and secured by a first priority (subject to the immediately following sentence) lien on all or substantially all of the assets of Newco (including the Transferred Assets). Such security interest of Sellers will be subordinated only to the JOCHCO Loan which is being assumed by Buyer pursuant to Section 6.19 and any bona fide senior bank credit facility of the SPAC, Buyer or Newco from time to time and the Crane Way Debt and the Renewable Way Debt, respectively; provided that the provider or issuer of any senior bank credit facility is not an Affiliate of the SPAC or Buyer, nor any of their respective owners, directors, officers, managers, or employees).

(c) On the Closing Date:

(i) Exchangeable Shares valued at US \$5,640,000 (which the Parties have agreed will be valued at US\$22.00 per share) will be registered in Sellers' names (as further set forth in subparagraphs (ii) and (iii) below) in exchange for the contribution of the Rollover Newco Interests;

(ii) 128,182 Exchangeable Shares will be issued and be subject to a six (6) month lock-up in favor of the SPAC such that they will not be able to be sold, transferred, pledged, exchanged or otherwise dealt with, directly or indirectly (including via derivatives) without the SPAC's prior written consent for a period of six (6) months following the Closing;

(iii) the remaining 128,182 Exchangeable Shares will be issued and be subject to a twelve (12) month lock-up in favor of the SPAC such that they will not be able to be sold, transferred, pledged, exchanged or otherwise dealt with, directly or indirectly (including via derivatives) without the SPAC's prior written consent for a period of twelve (12) months following the Closing; and

(iv) the Parties will enter into a lock-up agreement in respect of the share lock-ups described above in a form mutually acceptable to the Parties, including such exceptions as are typical for agreements of this nature in Canada.

2.4. Transfer Taxes. Buyer, on the one hand, and Sellers, on the other hand, will be equally responsible for the payment of any and all Transfer Taxes associated with the transfer of the Newco Interests (including Newco Rollover Interests, if applicable) or the Pre-Closing Restructuring pursuant to this Agreement and any deficiency, interest or penalty with respect to such taxes. Sellers' Representative will prepare, or cause to be prepared, and timely file, or cause to be timely filed, all Tax Returns required to be filed by it in connections with any such Transfer Taxes, unless Buyer or Newco are required to file such Tax Returns under applicable Law in which case. Buyer, on the one hand, and Sellers, on the other hand, as applicable, will remit to each other, in immediately available funds, the amount of any Transfer Taxes to be paid within ten (10) days of the due date of any such Tax Returns being filed by the other party.

2.5. Preparation of Working Capital Statement.

(a) Within ninety (90) days following the Closing Date (or such other date as is mutually agreed to by Sellers' Representative and Buyer in writing), Buyer will prepare and deliver to the Sellers' Representative a draft consolidated statement of: (i) a balance sheet of the Acquired Companies as of the Closing Date (but without giving effect to the Pre-Closing

Restructuring and any actions taken by or at the direction of Buyer on the Closing Date after the Closing has occurred); and (ii) based on such balance sheet, Buyer's calculation of the Working Capital (the "Draft Working Capital Statement"). The Draft Working Capital Statement will be prepared in accordance with Section 1.3 and will include reasonable detail on the computation thereof. If the Buyer fails to deliver the Draft Working Capital Statement within the aforementioned ninety (90) day period (or such other period as was mutually agreed to by Sellers' Representative and Buyer in writing), no adjustment to the Purchase Price will be made under Section 2.6, unless Sellers' Representative notifies Buyer to the contrary in writing within five (5) Business Days after the expiration of the aforementioned ninety (90) day period.

(b) The Sellers' Representative will have twenty (20) Business Days to review the Draft Working Capital Statement following receipt of it and the Sellers' Representative must notify the Buyer in writing if the Sellers' Representative has any objections to the Draft Working Capital Statement within such period. The notice of objection must contain a statement of the basis of each of the objections and each amount in dispute. The Buyer will provide access, upon every reasonable request, to the Sellers' Representative and the Representatives of the Sellers to all work papers of the Buyer's, SPAC's and their respective auditors' accounting books and records and the appropriate personnel to verify the accuracy, presentation and other matters relating to the preparation of the Draft Working Capital Statement, subject to, if applicable, execution and delivery by the Sellers' Representative and the Representatives of Sellers of any agreement or other document, including any release, waiver or indemnity that the Buyer's auditors may reasonably require prior to providing such access.

(c) If the Sellers' Representative sends a notice of objection of the Draft Working Capital Statement in accordance with Section 2.5(b), the Sellers' Representative, on the one hand, and the Buyer and/or SPAC, on the other hand, will promptly make commercially reasonable efforts to try to resolve such objections within twenty (20) Business Days following receipt of the notice of objection. Failing resolution of any objection to the Draft Working Capital Statement raised by the Sellers' Representative, only the amount(s) in dispute will be submitted for determination to an independent firm of chartered professional accountants mutually agreed to by the Sellers' Representative and the Buyer (and, failing such agreement between the Sellers' Representative and the Buyer within a further period of five (5) Business Days, such independent firm of chartered professional accountants will be Ovist & Howard, CPAs, or if such firm is unable to act a firm to be mutually agreed upon by the Sellers' Representative and Buyer, acting reasonably (the "Accounting Firm"). The Accounting Firm will identify a member of the firm to act in such mandate and will determine the procedures applicable to the resolution of the amounts in dispute with the primary purposes of minimizing expenses of the parties and expediting the accurate resolution of the dispute. The determination of such Accounting Firm of the amount(s) in dispute and any corresponding changes flowing from the resolution of such amounts in dispute will be final and binding upon the Parties and will not be subject to appeal, absent manifest error. Such Accounting Firm will be deemed to be acting as experts and not as arbitrators. Notwithstanding the foregoing, the determination of such Accounting Firm of the amount(s) in dispute will in no event be more favorable to the Buyer than reflected in the Draft Working Capital Statement delivered by the Buyer or more favorable to the Sellers than shown in the proposed changes to the Draft Working Capital Statement delivered by the Sellers' Representative under its notice of objection pursuant to this Section 2.5(c). During the review by the Accounting Firm, the Buyer and the Sellers' Representative will each make available to such

Accounting Firm, such individuals and such information, facilities, books, records and work papers as may be reasonably required by the Accounting Firm to fulfill its obligations hereunder during normal business hours (such access not to unreasonably disrupt the operations of the Buyer, the Acquired Companies, Newco or the Sellers).

(d) If the Sellers' Representative does not notify the Buyer of any objection to the Draft Working Capital Statement within the twenty (20) Business Day period set forth in Section 2.5(c), the Sellers will be deemed to have accepted and approved the Draft Working Capital Statement and such Draft Working Capital Statement will be final, conclusive and binding upon the Parties, absent manifest error and will become the "Closing Working Capital Statement" on the next Business Day following the end of such period.

(e) If the Sellers' Representative sends a notice of objection in accordance with Section 2.5(c), the Sellers' Representative and Buyer will revise the Draft Working Capital Statement to reflect the final resolution or final determination of such objections under Section 2.5(c) within five (5) Business Days following such final resolution or determination. Such revised Draft Working Capital Statement will be final, conclusive and binding upon the Parties, absent manifest error. The Draft Working Capital Statement will become the "Closing Working Capital Statement" on the next Business Day following revision of the Draft Working Capital Statement under this Section 2.5(e).

(f) The Sellers' Representative (on behalf of the Sellers) and the Buyer will each bear their own fees and expenses, including the fees and expenses of their respective auditors, in preparing or reviewing, as the case may be, the Draft Working Capital Statement. In the case of a dispute and the retention of the Accounting Firm to determine such amount(s) in dispute, the costs and expenses of such Accounting Firm will be borne by Buyer, on the one hand, and the Sellers' Representative (on behalf of Sellers), on the other hand, in such amount(s) as will be determined by the Accounting Firm based on the proportion that the aggregate amount of disputed items submitted to the Accounting Firm that is unsuccessfully disputed by Buyer, on the one hand, or the Sellers' Representative, on the other hand, as determined by the Accounting Firm, bears to the total amount of such disputed items so referred to the Accounting Firm for resolution. However, the Sellers and the Buyer will each bear their own costs in presenting their respective cases to such Accounting Firm.

(g) The Parties agree that the procedure set forth in this Section 2.5 for resolving disputes with respect to the Draft Working Capital Statement is the sole and exclusive method of resolving such disputes, absent manifest error. Subject to Section 10.4 (except the requirement to arbitrate set forth in Section 10.4(b)), this Section 2.5(g) will not prohibit any Party from instigating litigation to compel specific performance of this Section 2.5 or to enforce the determination of the Accounting Firm.

## 2.6. Working Capital Purchase Price Adjustment.

(a) The Purchase Price will be increased or decreased, as the case may be, dollar-for-dollar, to the extent that the Working Capital as determined from the Closing Working Capital Statement ("Final Closing Working Capital") is more or less than the Working Capital Target.

(b) If the Final Closing Working Capital, is more than the Working Capital Target, the Buyer will pay to each Seller its Pro Rata Share of the amount of such difference as an increase to the Purchase Price in cash.

(c) If the Final Closing Working Capital is less than the Working Capital Target, each Seller will pay its Pro Rata Share of the amount of such difference as a decrease to the Purchase Price in cash to the Buyer.

(d) Any amounts to be paid directly by the Sellers or the Buyer under Section 2.6 will be paid by wire transfer of immediately available funds within five (5) Business Days after the Draft Working Capital Statement becomes the Closing Working Capital Statement as the case may be.

2.7. No Effect on Other Rights. The determination and adjustment of the Purchase Price in accordance with the provisions of this Article 2 will not limit or affect any other rights or causes of action either the Buyer or the Sellers may have with respect to the representations, warranties, covenants and indemnities in its favor contained in this Agreement.

2.8. Allocation of Purchase Price. The Purchase Price and the liabilities of Newco (and any other relevant items) will be allocated to the assets of Newco for income Tax purposes in accordance with Section 1060 of the Code (and any similar provision of state, local, or foreign Law, as appropriate) and in a manner consistent with the fair market values to be mutually agreed upon by Buyer and Sellers, acting reasonably. Buyer and Sellers will each adopt and utilize the agreed upon fair market values for purposes of filing IRS Form 8594 and all federal, state and other Tax Returns filed by each of them (unless otherwise required by Law), and each of them will not voluntarily take any position inconsistent therewith upon examination of any such Tax Return, in any Action or otherwise with respect to such Tax Returns. Buyer and Sellers each agree to provide promptly the other(s) with any other information required to complete IRS Form 8594.

2.9. Consents.

(a) Notwithstanding anything in this Agreement to the contrary, this Agreement will not constitute an agreement to sell, contribute, assign, transfer, convey or delivery any Transferred Asset or any benefit arising under or resulting from such Transferred Asset if the sale, contribution, assignment, transfer, conveyance or delivery thereof, without the consent of a third party, would, upon transfer, result in termination of Newco's or Buyer's rights under such Transferred Asset. If the sale, contribution, assignment, transfer, conveyance or delivery by the Acquired Companies to, or any assumption by Newco or Buyer of, any interest in, or liability under, any Transferred Asset requires the consent of a third party, then such sale, contribution, assignment, transfer, conveyance, delivery or assumption will be subject to such consent being obtained.

(b) To the extent that any contract or agreement that is a Transferred Asset may not be assigned to Newco or Buyer by reason of the absence of the consent described in Section 2.9(a) (the "Restricted Contract"), or any other Transferred Asset may not assigned to Newco or Buyer by reason of the absence of the consent described in Section 2.9(a), on or before

the Closing Date, Newco and Buyer will use all commercially reasonable efforts to obtain any such consent after the Closing Date until such time as it will have been obtained, and in the case of a Restricted Contract, or until it terminates in accordance with its terms. Sellers and the Acquired Companies will reasonably cooperate with Newco and Buyer in their efforts to obtain such consent, including make any required filings or submissions as license holder, and will keep Newco and Buyer fully informed with respect to any developments in the consent process that come to their attention, and will not take any action to delay, impair or impede the consent process or otherwise reduce the likelihood of receiving consent. Sellers and the Acquired Companies will fully cooperate with Newco and Buyer in any economically feasible arrangement to provide Newco or Buyer with the benefits of the applicable Acquired Company under such Restricted Contract or other Transferred Asset. From time to time after the Closing Date, as soon as a consent for the sale, contribution, assignment, transfer, conveyance, delivery or assumption of a Restricted Contract or other Transferred Asset is obtained, the applicable Acquired Company will, at the Buyer's option, either promptly (i) assign, transfer, convey and deliver such Restricted Contract or Transferred Asset to Newco, and Newco will assume the liabilities under any such Restricted Contract from and after the date of assignment to Newco, or (ii) transfer the Company Interests as contemplated in Section 2.1 if the Acquired Companies are no longer required to retain any Restricted Contracts or other Transferred Asset.

### **ARTICLE 3**

#### **CLOSING**

3.1. Closing. The closing of the Transaction (the "Closing") will take place remotely via the electronic exchange of documents and signatures as soon as practicable following the satisfaction or waiver of the conditions set forth in Article 7 and in any event within three (3) Business Days thereafter, or on such other date as Buyer and Sellers may mutually determine (the "Closing Date"). The Closing will be deemed to have occurred at 8:00 a.m., Eastern time, on the Closing Date.

### **ARTICLE 4**

#### **REPRESENTATIONS AND WARRANTIES**

#### **OF SELLERS AND THE COMPANY**

Except as set forth on the disclosure schedules delivered by the Company to Buyer as of the Disclosure End Date (the "Company Disclosure Schedules"), (i) each Seller represents and warrants to Buyer and the SPAC (solely with respect to such Seller's Seller Individual Representations, severally and not jointly), and (ii) the Company represents and warrants to Buyer and the SPAC (solely with respect to the representations and warranties in this Article 4 excluding any Seller Individual Representation), that the statements contained in this Article 4 made by such Person are correct and complete as of the Disclosure End Date. A fact or matter disclosed in the Company Disclosure Schedules with respect to one section or subsection thereof will be deemed to be disclosed with respect to each other section or subsection where such disclosure is appropriate to the extent that it is reasonably apparent from reading such Company Disclosure Schedule that such disclosure is applicable to such other sections. Notwithstanding anything to the contrary provided in this Agreement (in addition to any specific exception to Federal Cannabis Laws and any similar Law set forth in this Article 4), all representations, warranties

covenants and disclosures of the Acquired Companies and the Sellers in this Article 4 are being made with exception to and not with respect to Federal Cannabis Laws.

If the Closing occurs, each of the representations and warranties made by the Company in this Article 4 (excluding Sections 4.3(c) (Equity Information), 4.4(c) (Title), 4.6(b) (Consents and Approvals), 4.8 (Financial Statements; Unknown Liabilities), 4.23 (Bank Accounts; Powers of Attorney), 4.31 (Sufficiency of Assets of Newco)) with respect to matters relating to the Company will be deemed to have also been made with respect to Newco, in each case immediately prior to the Closing but after the consummation of the Pre-Closing Restructuring and giving effect to the Pre-Closing Restructuring; provided, however, that: (i) if any such representation or warranty of the Company deemed to have been made with respect to Newco becomes inaccurate or false solely by reason of, or as a result of, the Pre-Closing Restructuring, such inaccuracy or falsity will not be deemed a breach or violation of such representation and warranty; and (ii) Section 4.2(b) will be construed solely as to Newco's power and authority to consummate the Pre-Closing Restructuring and its binding effect on Newco.

4.1. Organization and Authority of the Acquired Companies to Conduct Business. Each Acquired Company is duly organized, validly existing and in active status under the laws of its jurisdiction of formation. Each Acquired Company is duly qualified and in good standing in each jurisdiction where it is required to be qualified. Except as set forth on Schedule 4.1 of the Company Disclosure Schedules and subject to the Pre-Closing Restructuring, no Affiliate of the Acquired Companies owns or has any interest in any of the assets used in the Business. Each Acquired Company has full corporate or limited liability company power and authority, as applicable, to conduct its business as it is presently being conducted and to own and lease its properties and assets.

4.2. Power and Authority; Binding Effect.

(a) Such Seller has all necessary power and authority and have taken all action necessary to authorize, execute and deliver this Agreement, to consummate the Pre-Closing Restructuring and the Transaction, and to perform such Seller's obligations under this Agreement (except under Federal Cannabis Laws). This Agreement has been duly executed and delivered by such Seller and constitutes a legal (except under Federal Cannabis Laws), valid and binding obligation of such Seller enforceable against such Seller in accordance with its terms, except as such enforcement may be limited by the Enforceability Limitations and Federal Cannabis Laws.

(b) The Company has all necessary power and authority and has taken all action necessary to authorize, execute and deliver this Agreement, to consummate the Pre-Closing Restructuring and the Transaction, and to perform its obligations under this Agreement (except under Federal Cannabis Laws). This Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforcement may be limited by the Enforceability Limitations and Federal Cannabis Laws.

4.3. Equity Information.

(a) As of the date hereof, the Company Interests are held exclusively by the Sellers, in the amounts set forth on Schedule 4.3(a) of the Company Disclosure Schedules. The Company Interests represent 100% of the outstanding equity interests of the Company. The Company Interests have been duly authorized and validly issued and have been issued in compliance with applicable securities Law. The Company has made available to Buyer true, correct and complete copies of the organizational documents of the Acquired Companies, each as currently in effect. The minute books of each Acquired Company contain true, complete and correct records in all material respects of all meetings and other material corporate actions held or taken by members, managers or other governing bodies through the date hereof. All such minute books of the Acquired Companies have been made available to Buyer. There are not now outstanding any other equity interests, phantom equity interests or other securities, or any options, warrants or any rights related to any Acquired Company or to any other equity interests, phantom equity interests or other securities of any Acquired Company. There are no agreements of any kind relating to the issuance of any equity interests of any Acquired Company, or any convertible or exchangeable securities or any options, warrants or other rights relating to the equity interests of any Acquired Company. There are no voting agreements, voting trusts, buy-sell agreements, options or right of first purchase agreements or other agreements of any kind relating to the Company Interests.

(b) Exhibit A sets forth a list of each of the Acquired Subsidiaries, including (i) its name and jurisdiction of incorporation or formation, (ii) the number of issued and outstanding shares of each class of its capital stock, units, partnership interests or membership interests, as applicable, and (iii) the holder of such ownership interests. All of the issued and outstanding shares of capital stock of each Acquired Subsidiary have been duly authorized and are validly issued, fully paid, and non-assessable and issued in compliance with Applicable Law and not subject to or held in violation of any purchase option, call option, right of first refusal, preemptive rights, subscription right, equity holders' agreement, voting agreement or any similar right under Applicable Law or the organizational documents of the Acquired Companies. The Company or one or more Acquired Subsidiaries hold of record and own beneficially all of the outstanding equity interests of each Acquired Subsidiary free and clear of any Encumbrances (other than Encumbrances arising under applicable federal and state securities Law, Nevada Cannabis Laws or, at Closing, the Pre-Closing Restructuring Documents). Neither the Company nor any Acquired Subsidiary controls directly or indirectly or has any direct or indirect Equity Interests in any corporation, partnership, trust, or other business association that is not an Acquired Subsidiary. Neither the Company nor any Acquired Subsidiary has an obligation to, or has any right to acquire, directly or indirectly, any outstanding capital stock of, or other equity interests in, any Person, or to provide funds to, make an investment in (in the form of a loan, capital contribution or otherwise) or provide any guarantee with respect to the obligations of, any other Person.

(c) Immediately prior to the Closing and upon the consummation of the Pre-Closing Restructuring: (i) the Newco Interests will be held exclusively by Sellers, in the amounts set forth on Schedule 4.3(c) of the Company Disclosure Schedules, (ii) the Newco Interests will represent 100% of the outstanding equity interests of Newco, (iii) the Newco Interests will have been duly authorized and validly issued and have been issued in compliance with applicable securities Law, (iv) the Company will have made available to Buyer true, correct and complete copies of the organizational documents of Newco then in effect, (v) there will not be outstanding



any other equity interests, phantom equity interests or other securities, or any options, warrants or any rights related to Newco or to any other equity interests, phantom equity interests or other securities of Newco, (vi) there will be no agreements of any kind relating to the issuance of any equity interests of Newco, or any convertible or exchangeable securities or any options, warrants or other rights relating to the equity interests of Newco; and (vii) there will be no voting agreements, voting trusts, buy-sell agreements, options or right of first purchase agreements or other agreements of any kind relating to the Newco Interests.

#### 4.4. Title.

(a) Such Seller owns good title to the Company Interests set forth next to such Seller's name on Schedule 4.3(a) of the Company Disclosure Schedules, free and clear of all Encumbrances (other than Encumbrances arising under applicable federal and state securities Law, Nevada Cannabis Laws or, at Closing, the Pre-Closing Restructuring Documents). Subject to the Nevada Cannabis Laws and the Pre-Closing Restructuring Documents at Closing, and rights of first refusal included in Company's Operating Agreement, which rights each Seller has waived, such Seller has the full and unrestricted power to sell, assign, transfer and deliver the Company Interests that such Seller owns pursuant to the terms of this Agreement, if required under Section 2.1(c). Such Seller is not a Party to any option, warrant, purchase right or other contract or commitment that could (including upon the occurrence of any contingency or event) require such Seller to sell, transfer or otherwise dispose of any of the Company Interests or any interest therein, other than this Agreement or, at Closing, Pre-Closing Restructuring Documents. Other than this Agreement or the Pre-Closing Restructuring Documents, Such Seller is not a Party to any voting trust, proxy or other agreement or understanding with respect to such Seller's ownership, voting or transfer of, or otherwise related to, the Company Interests that such Seller owns. If required under Section 2.1(c), upon delivery to the Buyer Designee of certificates for the Company Interests after the Closing, if certificated, Buyer will acquire good, valid and marketable title to the Company Interests, free and clear of all Encumbrances (other than Encumbrances arising under applicable federal and state securities Law, the Nevada Cannabis Laws or the Pre-Closing Restructuring Documents).

(b) Immediately prior to the Closing and upon the consummation of the Pre-Closing Restructuring: (i) Such Seller will own good title to the Newco Interests set forth next to such Seller's name on Schedule 4.3(c) of the Company Disclosure Schedules, free and clear of all Encumbrances (other than Encumbrances arising under applicable federal and state securities Law); (ii) Such Seller will have the full and unrestricted power to (A) sell, assign, transfer and deliver the Newco Interests (except the Rollover Newco Interests and (B) contribute the Rollover Interests, that in each case such Seller will own pursuant to the terms of this Agreement and the Pre-Closing Restructuring Documents; (iii) Such Seller will not be a Party to any option, warrant, purchase right or other contract or commitment that could (including upon the occurrence of any contingency or event) require such Seller to sell, transfer or otherwise dispose of any of the Newco Interests or any interest therein, other than this Agreement; and (iv) Such Seller will not be a Party to any voting trust, proxy or other agreement or understanding with respect to such Seller's ownership, voting or transfer of, or otherwise related to, the Newco Interests that such Seller will own. Upon delivery to Buyer of (A) the Newco Interests (except the Rollover Newco Interests) at the Closing, and Buyer's payment of the Purchase Price, Buyer will acquire good, valid and marketable title to the Newco Interests, free and clear of all Encumbrances (other than

Encumbrances arising under applicable federal and state securities Law or the Pre-Closing Restructuring Documents) and (B) the Rollover Newco Interests at the Closing, and Buyer's issuance of the Exchangeable Share to Seller, Buyer will acquire good, valid and marketable title to the Rollover Newco Interests, free and clear of all Encumbrances (other than Encumbrances arising under applicable federal and state securities Law or the Pre-Closing Restructuring Documents) .

(c) Except as set forth on Schedule 4.4(c) of the Company Disclosure Schedules and except for Permitted Encumbrances, each Acquired Company has good title to all of its assets, free and clear of all Encumbrances.

#### 4.5. No Conflict or Violation.

(a) The execution and delivery of this Agreement, the consummation of the Transaction and the Pre-Closing Restructuring, and the fulfillment of the terms of this Agreement, do not and will not result in or constitute (i) except as set forth on Schedule 4.5(a) of the Company Disclosure Schedules, a breach of, a loss of rights under, or an event, occurrence, condition or act which is or, with the giving of notice or the lapse of time, would become, a material default under, or result in the acceleration of any obligations under, any term or provision of, any material contract, agreement, indebtedness, lease, commitment, license, franchise, permit, authorization or concession to which such Seller is a party, (ii) a violation by such Seller of any statute, rule, regulation, ordinance, by-law, code, order, judgment, writ, injunction, decree or award applicable to such Seller which could result in a penalty or a loss of privilege (except for Federal Cannabis Laws) or (iii) an imposition of any Encumbrance (other than Permitted Encumbrances) on the Company Interests or, immediately prior to the Closing and upon the consummation of the Pre-Closing Restructuring, the Newco Interests.

(b) The execution and delivery of this Agreement, the consummation of the Transaction and the Pre-Closing Restructuring, and the fulfillment of the terms of this Agreement, do not and will not result in or constitute (i) a violation of or conflict with any provision of the organizational or other governing documents of any Acquired Company, (ii) except as set forth on Schedule 4.5(b) of the Company Disclosure Schedules, a breach of, a loss of rights under, or an event, occurrence, condition or act which is or, with the giving of notice or the lapse of time, would become, a material default under, or result in the acceleration of any obligations under, any term or provision of, any material contract, agreement, indebtedness, lease, commitment, license, franchise, permit, authorization or concession to which any Acquired Company is a party, (iii) a violation by any Acquired Company of any statute, rule, regulation, ordinance, by-law, code, order, judgment, writ, injunction, decree or award applicable to such Acquired Company which could result in a penalty or a loss of privilege (except for Federal Cannabis Laws) or (iv) an imposition of any Encumbrance (other than a Permitted Encumbrance) on the assets of any Acquired Company or, immediately prior to the Closing and upon the consummation of the Pre-Closing Restructuring, Newco.

#### 4.6. Consents and Approvals.

(a) Except as otherwise set forth on Schedule 4.6(a) of the Company Disclosure Schedules and subject to the requirements under the Nevada Cannabis Laws, no

consent, approval or authorization of, or declaration, filing or registration with, any Person is required to be made or obtained by such Seller in connection with the execution, delivery and performance of this Agreement and the consummation of the Transaction and the Pre-Closing Restructuring.

(b) Except as otherwise set forth on Schedule 4.6(b) of the Company Disclosure Schedules and subject to the requirements under the Nevada Cannabis Laws, no consent, approval or authorization of, or declaration, filing or registration with, any Person is required to be made or obtained by any Acquired Company in connection with the execution, delivery and performance of this Agreement and the consummation of the Transaction and the Pre-Closing Restructuring or will be necessary to ensure the continuing validity and effectiveness immediately following the Closing of any Permit or Material Contract of any Acquired Company or Newco, as applicable.

#### 4.7. No Proceedings.

(a) Except as otherwise disclosed on Schedule 4.7(a), with respect to such Seller, there is no material Proceeding pending or, to the Knowledge of such Seller, threatened against, relating to or affecting in any adverse manner, the Transaction or the Pre-Closing Restructuring.

(b) Except as otherwise disclosed on Schedule 4.7(b), with respect to each Acquired Company, there is no material Proceeding pending or, to the Knowledge of the Company, threatened against, relating to or affecting in any adverse manner, the Transaction or the Pre-Closing Restructuring.

#### 4.8. Financial Statements; Unknown Liabilities.

(a) The Company has made available to Buyer the Financial Statements. The Financial Statements fairly present the financial condition and the results of operations of each Acquired Company as of their respective dates and for the periods then ended in accordance with IFRS applied on a consistent basis, subject to, in the case of any unaudited Financial Statements, normal year-end adjustments. The books and records of each Acquired Company from which the Financial Statements were prepared fairly reflect the assets, liabilities and operations of such Acquired Company in all material respects, and the Financial Statements are in conformity therewith in all material respects.

(b) Except as disclosed in Schedule 4.8(b)(i) of the Company Disclosure Schedules, there are no material liabilities or obligations of any nature, whether absolute, accrued, contingent, known, unknown, matured, unmatured or otherwise, which would have been required to be disclosed or provided for in financial statements of any Acquired Company in accordance with IFRS, except (i) liabilities and obligations reflected in or reserved against the Financial Statements as of September 30, 2018 and (ii) liabilities and obligations incurred between September 30, 2018 and the Closing Date in the ordinary course of the Business of such Acquired Company (none of which results from, arises out of or relates to any breach of contract, breach of warranty, tort, infringement or violation of Law (except for Federal Cannabis Laws)), including, without limitation, the Seller Transaction Expenses. Except as disclosed in Schedule 4.8(b)(ii) of

the Company Disclosure Schedules, no Acquired Company has any Indebtedness as of the date hereof that would be required to be repaid at Closing.

4.9. Taxes.

(a) Except as set forth on Schedule 4.9(a) of the Company Disclosure Schedules, (i) each Acquired Company has duly and timely filed all material Tax Returns that such Acquired Company was required to file, (ii) all such Tax Returns are true, correct and complete in all material respects, (iii) all Taxes required to have been withheld in connection with amounts paid or owing to any employee, independent contractor, creditor, shareholder, member or other third party have been withheld, (iv) all Taxes required to have been paid by each Acquired Company (whether or not shown on any Tax Return) have been paid, (v) no Acquired Company is currently the beneficiary of any extension of time within which to file any Tax Return, (vi) no written notice has been received by any Acquired Company and, to the Knowledge of the Company, no claim has been made within the past five (5) years by any Governmental Authority in any jurisdiction where the Company does not file Tax Returns that it is or may be subject to taxation by that jurisdiction, (vii) there is no dispute or claim concerning any Tax liability of the Company either claimed or raised by any Governmental Authority in writing or to the Knowledge of the Company, and (viii) no Acquired Company has waived any Tax related statute of limitations which period (after giving effect to such waiver) has not yet expired.

(b) Except as set forth on Schedule 4.9(b) of the Company Disclosure Schedules, no Acquired Company is bound by and does not have any obligation under or potential liability with respect to any Tax allocation, Tax sharing or Tax indemnification agreement or similar Contract or arrangement. No Acquired Company has any liability for Taxes of any other Person under the Code or any provisions of any Law, as a transferee or successor, or by any Contract which deals primarily with Taxes. Except as set forth on Schedule 4.9(b) of the Company Disclosure Schedules, there are no Encumbrances for Taxes (other than Permitted Encumbrances), upon the assets of any Acquired Company.

(c) No Acquired Company has been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code.

(d) Except as set forth on Schedule 4.9(d) of the Company Disclosure Schedules, at all times since the date of its organization, each Acquired Company (i) has been classified under Treasury Regulation Section 301.7701-2(a) as either a partnership or a disregarded entity for federal and state income Tax purposes, and (ii) has not been a member of an affiliated group (as defined in Section 1504(a) of the Code) (other than a group of which the Company or Newco was the common parent) or filed or been included in a consolidated, combined or unitary federal or state income Tax Return (other than a consolidated, combined or unitary Tax Return of which the Company was the common parent).

(e) Except as set forth on Schedule 4.9(e) of the Company Disclosure Schedules, no Acquired Company will be required to include any amount in, or exclude any item of deduction from, income for any Tax period ending after the Closing Date as a result of a

change in accounting method for any Pre-Closing Tax Period with respect to any such Pre-Closing Tax Period. Except as set forth on Schedule 4.9(e) of the Company Disclosure Schedules, no Acquired Company will be required to include in any Tax period or portion thereof after the Closing Date any item of income that accrued in a Pre-Closing Tax Period but was not recognized in any Pre-Closing Tax Period as a result of the installment method of accounting, the completed contract method of accounting, the long-term contract method of accounting or the cash method of accounting or as a result of the receipt of any prepaid amounts.

(f) No Acquired Company has consummated or participated in, and is not currently participating in, any transaction which was or is a “Tax shelter,” “listed transaction” or “reportable transaction” as defined in Sections 6662, 6662A, 6011, 6012, 6111 or 6707A of the Code or the Treasury Regulations promulgated thereunder, including, but not limited to, transactions identified by the IRS by notice, regulation or other form of published guidance as set forth in Treasury Regulation § 1.6011-4(b)(2).

(g) Schedule 4.9 of the Company Disclosure Schedules lists all material Tax holidays, abatements, exemptions, incentives and similar grants made or awarded to each Acquired Company by any Tax authority or other Governmental Authority, and each Acquired Company has complied, in all material respects, with all terms and conditions related thereto, does not have any outstanding Tax liabilities thereunder and will not incur any liabilities thereunder as a result of the transactions contemplated by this Agreement.

#### 4.10. Real Property.

(a) Schedule 4.10(a) of the Company Disclosure Schedules lists the street address of each parcel of Real Property leased by each Acquired Company (the “Leased Real Property”), and a list, as of the date of this Agreement, of all leases for each parcel of Leased Real Property (collectively, “Leases”), including the identification of the lessee and lessor thereunder. The Acquired Companies have made available to Buyer true, accurate and complete copies of all Leases, any reciprocal easement agreements, declarations of restrictive covenants, utility contracts, roof warranties, shopping center association or co-op agreements and all other agreements that could impose material obligations on Buyer as a tenant under the Leases (including all amendments, extensions and renewals with respect thereto).

(b) Schedule 4.10(b) of the Company Disclosure Schedules contains a true, complete and correct list of the currently- owned Real Property (the “Owned Real Property”) and the owner thereof. The applicable Acquired Company has good and marketable fee simple title to the Owned Real Property. Except for the Owned Real Property, no Acquired Company has ever owned any Real Property. Except as set forth on Schedule 4.10(b) of the Company Disclosure Schedules, (i) each Acquired Company enjoys peaceful and undisturbed possession of the Real Property, (ii) none of the Owned Real Property and, to the Knowledge of the Company, none of the Leased Real Property, is subject to any commitment for sale or use by any Person other than the applicable Acquired Company, (iii) none of the Owned Real Property and, to the Knowledge of the Company, none of the Leased Real Property is subject to any Encumbrance which in any material respect interferes with or impairs the value, transferability or present and continued use thereof in the usual and normal conduct of the Business, (iv) the Owned Real Property and, to the Knowledge of the Company, the Leased Real Property, and each user thereof, is in material

compliance with all material Governmental Requirements (including without limitation all zoning, subdivision and other applicable land use ordinances) and all existing covenants, conditions, restrictions and easements, and the current use of the Real Property does not constitute a non-conforming use under the applicable zoning ordinances and (v) to the Knowledge of the Company, no material default or breach exists with respect to, and no Acquired Company has received any notice of any default or breach under, any Encumbrance affecting any of the Real Property. There are no condemnation or eminent domain proceedings pending, or to the Knowledge of the Company with respect to the Leased Real Property, contemplated or threatened, against the Real Property or any part thereof, and neither any Seller nor any Acquired Company has Knowledge of any desire of any Governmental Authority to take or use the Real Property or any part thereof. There are no existing, or to the Knowledge of the Company, contemplated or threatened, general or special assessments affecting the Real Property or any portion thereof. No Acquired Company has received notice of, and neither Seller nor any Acquired Company has Knowledge of, any pending or threatened action, suit, claim, investigation or other legal proceeding (including without limitation condemnation or eminent domain proceeding) before any Governmental Authority which relates to the ownership, maintenance, use or operation of the Real Property, nor does any Seller nor any Acquired Company have Knowledge of any fact which might give rise to any such action, suit, claim, investigation or other legal proceeding or any type of existing or intended use of any real property adjacent to the Real Property which might materially adversely affect the use of the Real Property. Except as set forth in Schedule 4.10(b) of the Company Disclosure Schedules, none of the Owned Real Property nor, to the Knowledge of the Company, none of the Leased Real Property is located within any area determined to be flood-prone under the Federal Flood Protection Act of 1973, or any comparable state or local Law. No Acquired Company has not received any notice from any insurance company of any defects or inadequacies in the Real Property or any part thereof which would materially and adversely affect the insurability of the Real Property or the premiums for the insurance thereof, and no notice has been given to any Acquired Company by any insurance company which has issued a policy with respect to any portion of the Real Property or by any board of fire underwriters (or other body exercising similar functions) requesting the performance of any repairs, alterations or other work which has not been complied with. To the Knowledge of the Company, all water, sewer, gas, electric, telephone and drainage facilities and all other utilities required by law or for the normal use and operation of the Real Property are installed to the improvements situated on the Real Property, are connected pursuant to valid permits, enter the Real Property through adjoining public streets and are otherwise adequate for the present operation of the Business and in compliance in all material respects with all Law applicable thereto. Access to and from the Real Property is via public streets, which streets are sufficient for the present operation of the Business. The buildings and improvements on the Owned Real Property and, to the Knowledge of the Company, on the Leased Real Property (including the heating, air conditioning, mechanical, electrical and other systems used in connection therewith), are in a reasonable state of repair, ordinary wear and tear excepted, have been maintained in a commercially reasonable manner and are free from infestation by termites, other wood destroying insects, vermin and other pests. There are no repairs or replacements for Real Property exceeding \$25,000 for any single repair or replacement which are currently contemplated by any Acquired Company, or which, to the Knowledge of the Company, should be made in order to maintain said buildings and improvements in a reasonable state of repair.

(c) With respect to the Owned Real Property, Sellers have delivered or made available to Buyer true, complete and correct copies of the deeds and other instruments (as recorded) by which the applicable Acquired Company acquired such Owned Real Property, and copies of all title insurance policies, opinions, abstracts and surveys in the possession of Sellers or the applicable Acquired Company and relating to the Owned Real Property.

#### 4.11. Tangible Personal Property.

(a) Schedule 4.11(a) of the Company Disclosure Schedules sets forth (i) a list of each item of Owned Tangible Personal Property having a book value of more than US \$5,000, and (ii) a list of each item of Tangible Personal Property leased by each Acquired Company involving annual payments in excess of US \$25,000 by such Acquired Company, in each case, exclusive of the motor vehicles separately scheduled in subparagraph (c) below. Except as set forth on Schedule 4.11(a) of the Company Disclosure Schedules, the Owned Tangible Personal Property is free and clear of any Encumbrances (other than Permitted Encumbrances). Except as set forth on Schedule 4.11(a) of the Company Disclosure Schedules, all of the Tangible Personal Property is primarily located at the Real Property.

(b) Except as set forth on Schedule 4.11(b) of the Company Disclosure Schedules, the Tangible Personal Property is, taken as a whole, in reasonable working order and adequate for its intended use, subject to ordinary wear and tear and normal repairs and replacements.

(c) Schedule 4.11(c) of the Company Disclosure Schedules sets forth a list of all motor vehicles and other material equipment owned or leased by each Acquired Company as of the date hereof, including the name of the Person that owns any such leased vehicle or other material equipment and, the model year, the corresponding serial or identification number, if any.

#### 4.12. Intellectual Property.

(a) Schedule 4.12 of the Company Disclosure Schedules sets forth a list of: (i) all patents, patent applications, trademark applications and trademark registrations owned by each Acquired Company; (ii) all patents, patent applications, trademark applications and trademark registrations licensed to each Acquired Company by a third party; and (iii) all licenses pursuant to which any material Intellectual Property of each Acquired Company is licensed or sublicensed to a third party (other than commercially available shrink-wrap or click-through end-user license agreements). No Acquired Company has received written notice from any third party regarding any assertion or claim challenging the validity of any Intellectual Property used in the Business; and no Acquired Company has received written notice from any third party regarding any actual or potential infringement by any Acquired Company of any Intellectual Property of any third party.

(b) (i) There is no intellectual property necessary to or used in the Business other than the Intellectual Property owned by or licensed to the Acquired Companies, (ii) each item of Intellectual Property owned or used by the Acquired Companies immediately prior to the Closing Date will be owned or available for use by the Acquired Companies or Newco on substantially similar terms and conditions immediately subsequent to the date hereof and (iii) the

Acquired Companies have taken reasonable commercial actions to maintain and protect each item of Intellectual Property.

4.13. Compliance with Law and Permits.

(a) Except as set forth on Schedule 4.13(a) of the Company Disclosure Schedules, the conduct of the Business is in compliance in all material respects with all applicable Governmental Requirements and Permits, except the Federal Cannabis Laws.

(b) Each Acquired Company operates in compliance in all material respects with the United States Department of Justice guidance to United States Attorneys regarding enforcement priorities for prosecuting marijuana-related crimes, as set forth in the memorandum issued by Deputy Attorney General James Cole, dated August 29, 2013 (the “2013 Cole Memo”) As part of its compliance with the 2013 Cole Memo, each Acquired Company has used commercially reasonable efforts to ensure that such Acquired Company does not: (a) distribute marijuana to minors; (b) direct revenue from the sale of marijuana to criminal enterprises, gangs, and cartels, or otherwise have any involvement with such groups; (c) divert marijuana from states where it is legal under state law in some form to other states; (d) use state-authorized marijuana activity as a cover or pretext for the trafficking of other illegal drugs or other illegal activity; or (e) use violence or firearms in the cultivation and distribution of marijuana.

(c) The Acquired Companies only operate in jurisdictions that have enacted laws legalizing cannabis. Each Acquired Company is in compliance in all material respects with all applicable state and local laws and regulatory systems controlling the cultivation, harvesting, production, handling, storage, distribution, sale, and possession of cannabis. No Acquired Company imports or exports cannabis products from or to any foreign country.

(d) Except as set forth on Schedule 4.13(d) of the Company Disclosure Schedules, no Acquired Company has ever received any written notice from any Governmental Authority to the effect that, or has otherwise been advised that, such Acquired Company is not in compliance in all material respects with any applicable Governmental Requirement, and to the Knowledge of the Company there are no presently existing facts, circumstances or events which, with notice or lapse of time, would result in material violations of any applicable Governmental Requirement or Permit.

(e) Schedule 4.13(e) of the Company Disclosure Schedules identifies all material Permits issued to each Acquired Company and currently in effect. Except as set forth on Schedule 4.13 of the Company Disclosure Schedules, the Permits constitute all permits, consents, licenses, franchises, authorizations and approvals used in the operation of and necessary to conduct the Business as currently conducted. All of the Permits are valid and in full force and effect, no violations have been experienced, noted or recorded and no Proceeding is pending or, to the Knowledge of the Company, threatened to revoke or limit any of the Permits.

4.14. Litigation. Except as set forth on Schedule 4.14 of the Company Disclosure Schedules, there is no Proceeding pending or, to the Knowledge of the Company, currently threatened which is (a) a Proceeding involving any Acquired Company or its properties,



assets or business or (b) a Proceeding relating to the Business and against or relating to any shareholder, member, director, manager, officer or employee of any Acquired Company.

#### 4.15. Labor Matters.

(a) Schedule 4.15(a) of the Company Disclosure Schedules identifies for each current employee of each Acquired Company with a current annual compensation (base salary plus bonus) in excess of US \$50,000, his or her name, his or her position or job title, his or her base compensation and bonus compensation earned in the fiscal year of such Acquired Company ending December 31, 2017, and his or her 2018 base compensation. Except as set forth on Schedule 4.15(a) of the Company Disclosure Schedules: (i) each Acquired Company has no obligations under any written or oral labor agreement, collective bargaining agreement or other agreement with any labor organization or employee group, (ii) no Acquired Company is currently engaged in any unfair labor practice and there is no unfair labor practice charge or other employee-related or employment-related complaint against any Acquired Company pending or, to the Knowledge of the Company, threatened before any Governmental Authority, (iii) there is currently no labor strike, labor disturbance, slowdown, work stoppage or other material labor dispute or arbitration pending or, to the Knowledge of the Company, threatened against any Acquired Company and no material grievance is currently being asserted by any employee of any Acquired Company, (iv) no Acquired Company has experienced a labor strike, labor disturbance, slowdown, work stoppage or other material labor dispute at any time during the three (3) years immediately preceding the date of this Agreement and (v) there is no organizational campaign being conducted or, to the Knowledge of the Company, contemplated and there is no pending or, to the Knowledge of the Company, threatened petition before any Governmental Authority or other dispute as to the representation of any employees of any Acquired Company.

(b) Except as set forth on Schedule 4.15(b) of the Company Disclosure Schedules, no Acquired Company has terminated the employment of any employee whose annual compensation was greater than US \$50,000 in 2017 or anticipated to be greater than US \$50,000 in 2018, during the ninety (90) days preceding the date hereof.

#### 4.16. Employee Benefit Plans.

(a) Schedule 4.16(a) of the Company Disclosure Schedules sets forth a list identifying each Employee Pension Benefit Plan of each Acquired Company (the “Pension Plans”). Except as set forth on Schedule 4.16(a) of the Company Disclosure Schedules, neither any Acquired Company nor any ERISA Affiliate of any Acquired Company has sponsored or contributed to or been required to contribute to (i) an Employee Pension Benefit Plan or (ii) a multiemployer plan within the meaning of 3(37) of ERISA.

(b) Schedule 4.16(b) of the Company Disclosure Schedules sets forth a list identifying each Employee Welfare Benefit Plan (the “Welfare Plans”) of each Acquired Company.

(c) With respect to each Employee Benefit Plan, each Acquired Company has delivered or has made available to Buyer complete copies, if applicable, of (i) all plan documents (or, if not written, a summary of material plan terms), including, insurance contracts or other

funding vehicles and all amendments thereto, and (ii) all summaries and summary plan descriptions, including any summary of material modifications.

(d) There has been no amendment to, written interpretation or announcement (whether or not written) by any Acquired Company relating to, or change in employee participation or coverage under any Employee Benefit Plan that would increase materially the expense of maintaining such Employee Benefit Plan above the level of expense incurred in respect of such Employee Benefit Plan for the most recent plan year with respect to Employee Benefit Plans.

(e) Each Employee Benefit Plan has been maintained in material compliance with its terms and the requirements prescribed by any and all statutes, orders, rules and regulations, including but not limited to, ERISA and the Code, which are applicable to such Employee Benefit Plan.

(f) With respect to each Employee Benefit Plan, there are no pending or, to the Knowledge of the Company, threatened (i) claims, suits or other proceedings by any employees, former employees or plan participants or the beneficiaries, spouses or representatives of any of them, other than ordinary and usual claims for benefits by participants or beneficiaries, or (ii) suits, investigations or other proceedings by any Governmental Authority.

(g) No Welfare Plan provides benefits, including without limitation, any severance or other post-employment benefit, salary continuation, termination, death, disability, or health or medical benefits (whether or not insured), life insurance or similar benefit with respect to current or former employees (or their spouses or dependents) of each Acquired Company beyond their retirement or other termination of service other than (i) coverage mandated by applicable Law, or (ii) benefits, the full cost of which is borne by the current or former employee (or his or her beneficiary).

(h) Each Acquired Company has complied with, and satisfied, the requirements of COBRA with respect to each Welfare Plan that is subject to the requirements of COBRA. Each Welfare Plan which is a group health plan, within the meaning of Section 9832(a) of the Code, has complied with and satisfied the applicable requirements of Sections 9801 and 9802 of the Code.

(i) Schedule 4.16(i) of the Company Disclosure Schedules contains a list identifying each employment, severance or similar contract, arrangement or policy and each plan or arrangement providing for insurance coverage (including any self-insured arrangements), workers' compensation, disability benefits, supplemental employment benefits, vacation benefits, retirement benefits, deferred compensation, bonuses, profit-sharing, stock options, stock appreciation rights or other forms of incentive compensation or post-retirement compensation or benefit which (i) is not an Welfare Plan or a Pension Plan and (ii) has been entered into or maintained, as the case may be, by each Acquired Company and any employee or former employee of such Acquired Company. Such contracts, plans and arrangements are referred to collectively as the "Benefit Arrangements". True and complete copies or descriptions of the Benefit Arrangements have been made available to Buyer. Each Benefit Arrangement has been

maintained in material compliance with the requirements prescribed by any and all statutes, orders, rules and regulations which are applicable to such Benefit Arrangements.

(j) No payment or benefit provided pursuant to any agreement, between each Acquired Company and any “service provider” (as such term is defined in Section 409A of the Code and the Treasury Regulations and Internal Revenue Service guidance thereunder), will or may provide for the deferral of compensation subject to Section 409A of the Code that is not in compliance with Section 409A of the Code. Each stock option and stock appreciation right, if any, was granted with an exercise price that was not less than the fair market value of the underlying common stock on the date the option or right was granted based upon a reasonable valuation method. The execution and delivery of this Agreement and the consummation of the Transaction will not (either alone or upon the occurrence of any additional or subsequent events) constitute an event under any agreement that will or may result in any payment of deferred compensation which will not be in compliance with Section 409A of the Code if timely paid in accordance with the terms of the agreement.

(k) There is no contract, agreement, plan or arrangement covering any employee or former employee of each Acquired Company that, individually or in aggregate, could give rise to the payment by any Acquired Company, directly or indirectly, of any amount that would not be deductible pursuant to the terms of Section 280G of the Code.

(l) No Acquired Company is a Party to, or otherwise obligated under, any Employee Benefit Plan or other agreement, that provides for a gross-up, make-whole or other additional payment with respect to any Taxes, including those imposed by Sections 409A and 4999 of the Code.

(m) To the Knowledge of Sellers, each individual who renders services to any Acquired Company and is classified as having the status of an independent contractor, consultant or other non-employee status is properly classified for all purposes, including eligibility to participate in the Employee Benefit Plans.

(n) Each Acquired Company and each applicable Employee Benefit Plan and Benefit Arrangement are in material compliance with the Patient Protection and Affordable Care Act, including compliance with all filing and reporting requirements, all waiting periods and the offering of affordable health insurance coverage compliant with the Patient Protection and Affordable Care Act to all employees and consultants who meet the definition of a full time employee under the Patient Protection and Affordable Care Act. No excise tax or penalty under the Patient Protection and Affordable Care Act is outstanding.

4.17. Transactions with Certain Persons. Except as set forth on Schedule 4.17 of the Company Disclosure Schedules or as otherwise disclosed in this Agreement, (i) no Related Person is presently or at any time during the past two (2) years has been a party to any transaction with any Acquired Company including any material contract, agreement or other arrangement (A) providing for the furnishing of services to or by, (B) providing for the rental or sale of real or personal property to or from or (C) otherwise requiring payments to or from (other than for services as officers or employees of an Acquired Company), such Related Person and (ii) no shareholder, member, director, manager, officer or employee or any other direct or indirect

beneficial owner of any Acquired is related to any other shareholder, member, director, manager, officer or employee or any other direct or indirect beneficial owner of any Acquired Company by blood or marriage (a “Related Party Transaction”). Except as set forth on Schedule 4.17 of the Company Disclosure Schedules, there is no outstanding amount in excess of US \$5,000 owing (including pursuant to any advance, note or other indebtedness instrument) from any Acquired Company to any Related Person identified on Schedule 4.17 of the Company Disclosure Schedules or from any Related Person identified on Schedule 4.17 of the Company Disclosure Schedules to any Acquired Company.

4.18. Insurance. Schedule 4.18 of the Company Disclosure Schedules contains a complete and accurate list of all current policies or binders of Insurance (showing as to each policy or binder the carrier, policy number and a general description of the type of coverage provided) maintained by each Acquired Company and relating to its properties, assets, operations and personnel. Except as set forth on Schedule 4.18 of the Company Disclosure Schedules, all of the Insurance is “occurrence” based insurance. Subject to the Enforceability Limitations, the Insurance is in full force and effect and sufficient for compliance in all material respects with all requirements of applicable Law and of all contracts to which each Acquired Company is a party. No Acquired Company is in material default under any of the Insurance, and no Acquired Company has failed to give any notice or to present any claim under any of the Insurance in a timely manner. No notice of cancellation, termination, reduction in coverage or material increase in premium (other than reductions in coverage or increases in premiums in the ordinary course) has been received with respect to any of the Insurance, and all premiums with respect to any of the Insurance have been paid. Except as disclosed on Schedule 4.18, no Acquired Company has experienced claims in excess of current coverage of the Insurance. Except as disclosed on Schedule 4.18 of the Company Disclosure Schedules, there will be no material retrospective insurance premiums or charges or any other similar adjustment on or with respect to any of the Insurance for any period or occurrence through the Closing Date.

4.19. Inventory; No Product Recalls. Except as set forth on Schedule 4.19 of the Company Disclosure Schedules, (i) all of the Inventory is owned by the Acquired Companies free and clear of any Encumbrances (other than Permitted Encumbrances) and is located at the Real Property, (ii) no material amount of the Inventory is on consignment, and (iii) the Inventory as reflected in the Financial Statements has been valued in a manner consistent with past practices and procedures and in accordance with IFRS. The levels of the Inventories are consistent in all material respects with the level of Inventories that have been maintained by each Acquired Company before the date of this Agreement in the ordinary course of the Business and consistent with past practices in light of seasonal adjustments, market fluctuations and the requirements of customers of the Business. All Inventory produced by each Acquired Company, or its Affiliates, was cultivated, harvested, produced, tested, handled and delivered in accordance with all applicable Law (except for the Federal Cannabis Laws) in all material respects. All Inventory purchased by each Acquired Company from third parties was, to the Knowledge of the Company, cultivated, harvested, produced, tested, handled and delivered in accordance with all applicable Law (except for the Federal Cannabis Laws) in all material respects, and was purchased from suppliers duly licensed to cultivate, harvest and produce such products. No Acquired Company has used any substance, including but not limited to pesticides, prohibited by laws applicable in the states and localities in which such Acquired Company operates, in any prohibited amount at any stage of the cultivation, harvesting, handling, storage or delivery of Inventory. Each

Acquired Company has performed (or caused to be performed by third parties) all tests and obtained all test certificates and certificates of ingredients required by applicable Law or industry practice, including but not limited to tests for microbials, contaminants, residuals, and pesticides. To Sellers' Knowledge, each Acquired Company's Inventory does not contain any prohibited pesticides, contaminants or any other substance prohibited by any Law. No recalls or withdrawals of products developed, produced, distributed or sold by any Acquired Company have been required or suggested by any Acquired Company or any Governmental Authority with respect to the products supplied by any Acquired Company and, to the Knowledge of the Company, no facts or circumstances exist that could reasonably be expected to result in any such recall or withdrawal.

4.20. Accounts Receivable. All of the Accounts Receivable of each Acquired Company are bona fide receivables, are reflected on the books and records of such Acquired Company and arose in the ordinary course of the Business. Except as set forth on Schedule 4.20 of the Company Disclosure Schedules, except to the extent reserved against the Accounts Receivables on the Financial Statements or except pursuant to the terms of any applicable Material Contract, the Accounts Receivable are free and clear of Encumbrances (other than Permitted Encumbrances), there is no right of offset against any of the Accounts Receivable, and no agreement for deduction or discount has been made with respect to any of the Accounts Receivable other than in the ordinary course of the Business and as to ordinary trade discounts.

4.21. Material Contracts. Schedule 4.21 contains a true and correct list or description of the Material Contracts. True and correct copies of the Material Contracts, including all amendments applicable thereto, have been made available to Buyer. Each of the Material Contracts is enforceable against the applicable Acquired Company and, to the Knowledge of the Company, each other party thereto, in accordance with its terms, in each case except as such enforcement may be limited by Enforceability Limitations. None of the Acquired Companies nor, to the Knowledge of the Company, any other party to any Material Contract, is in material default thereunder or in material breach thereof, and no Acquired Company has during the past twelve (12) months prior to the date hereof obtained or granted any material waiver of or under any provision of any Material Contract except for routine waivers granted or sought in the ordinary course of the Business. To the Knowledge of the Company, there exists no event, occurrence, condition or act which constitutes or, with the giving of notice, the lapse of time or the happening of any future event or condition, would reasonably be expected to become a material default by any Acquired Company or, to the Knowledge of the Company, any other party under any Material Contracts. To the Knowledge of the Company, there is not any default threatened in writing under any Material Contracts.

4.22. Suppliers. Schedule 4.22 of the Company Disclosure Schedules contain a list of the five (5) largest suppliers of the Business for the fiscal year ending December 31, 2017. Except as set forth on Schedule 4.22 of the Company Disclosure Schedules, none of the suppliers set forth on Schedule 4.22 of the Company Disclosure Schedules has informed any Acquired Company that it intends to terminate its relationship with any Acquired Company, and no Acquired Company has Knowledge that any such supplier intends to terminate such relationship or of any material problem or dispute with any such supplier.

4.23. Bank Accounts; Powers of Attorney. Schedule 4.23 of the Company Disclosure Schedules contains a true, complete and correct list of all bank accounts and safe deposit boxes maintained by each Acquired Company and all Persons entitled to draw thereon, to withdraw therefrom or with access thereto, a description of all lock box arrangements for each Acquired Company and a description of all powers of attorney granted by each Acquired Company.

4.24. Environmental Matters

(a) Each Acquired Company is currently and has been in material compliance with all Environmental Laws and has not, and neither any Acquired Company nor any Seller has received from any Person any: (i) Environmental Notice or Environmental Claim; or (ii) written request for information pursuant to Environmental Law, which, in each case, either remains pending or unresolved, or is the source of ongoing obligations or requirements.

(b) Each Acquired Company has obtained and is in material compliance with all Environmental Permits (each of which is disclosed in Section 4.24(b) of the Company Disclosure Schedules) necessary for the ownership, lease, operation or use of the business or assets of such Acquired Company and all such Environmental Permits are in full force and effect and shall be maintained in full force and effect by such Acquired Company through the Closing Date in accordance with Environmental Law, and neither Seller nor any Acquired Company is aware of any condition, event or circumstance that might prevent or impede, after the Closing Date, the ownership, lease, operation or use of the business or assets of any Acquired Company as currently carried out. With respect to any such Environmental Permits, Seller has undertaken, or will undertake prior to the Closing Date, all measures necessary to facilitate transferability of the same, and neither any Acquired Company nor any Seller is aware of any condition, event or circumstance that might prevent or impede the transferability of the same, nor have they received any Environmental Notice or written communication regarding any material adverse change in the status or terms and conditions of the same.

(c) Except as set forth in Schedule 4.24 of the Company Disclosure Schedules, no real property currently or formerly owned, operated or leased by any Acquired Company is listed on, or has been proposed for listing on, the National Priorities List (or CERCLIS) under CERCLA, or any similar state list.

(d) There has been no Release of Hazardous Substances in contravention of Environmental Law with respect to the business or assets of any Acquired Company or any real property currently or formerly owned, operated or leased by any Acquired Company, and neither any Acquired Company nor any Seller has received an Environmental Notice that any real property currently or formerly owned, operated or leased in connection with the business of any Acquired Company (including soils, groundwater, surface water, buildings and other structure located on any such real property) has been contaminated with any Hazardous Substance which could reasonably be expected to result in an Environmental Claim against, or a violation of Environmental Law or term of any Environmental Permit by any Acquired Company.

(e) Schedule 4.24(e) of the Company Disclosure Schedules contains a complete and accurate list of all active or abandoned aboveground or underground storage tanks owned or operated by any Acquired Company.

(f) Schedule 4.24(f) of the Company Disclosure Schedules contains a complete and accurate list of all off-site Hazardous Substance treatment, storage, or disposal facilities or locations used by any Acquired Company and any predecessors as to which any Acquired Company may retain liability, and none of these facilities or locations has been placed or proposed for placement on the National Priorities List (or CERCLIS) under CERCLA, or any similar state list, and neither any Seller nor any Acquired Company has received any Environmental Notice regarding potential liabilities with respect to such off-site Hazardous Substance treatment, storage, or disposal facilities or locations used by any Acquired Company.

(g) Neither any Seller nor any Acquired Company has retained or assumed, by contract or operation of Law, any liabilities or obligations of third parties under Environmental Law.

(h) Sellers have provided or otherwise made available to Buyer and listed in Schedule 4.24(h) of the Company Disclosure Schedules: (i) any and all environmental reports, studies, audits, records, sampling data, site assessments, risk assessments, economic models and other similar documents with respect to the business or assets of each Acquired Company or any currently or formerly owned, operated or leased real property which are in the possession or control of the any Acquired Company related to compliance with Environmental Laws, Environmental Claims or an Environmental Notice or the Release of Hazardous Substances; and (ii) any and all material documents concerning planned or anticipated capital expenditures required to reduce, offset, limit or otherwise control pollution and/or emissions, manage waste or otherwise ensure compliance with current or future Environmental Laws (including, without limitation, costs of remediation, pollution control equipment and operational changes).

(i) Neither any Seller nor any Acquired Company is aware of or reasonably anticipates, any condition, event or circumstance concerning the Release or regulation of Hazardous Substances that might, after the Closing Date, prevent, impede or materially increase the costs associated with the ownership, lease, operation, performance or use of the business or assets of each Acquired Company as currently carried out.

4.25. No Unlawful Contributions or Other Payments. Neither any Acquired Company nor, to the Knowledge of the Company, any equity owner, director, manager, officer, agent, employee, affiliate, or other person associated with or acting on behalf of any Acquired Company has (i) used any limited liability company funds for any unlawful contribution, gift, entertainment, or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government or regulatory official or employee; (iii) made any bribe, rebate, payoff, influence payment, kickback, or other unlawful payment; or (iv) violated or is in violation of any provision of (x) the United States Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder, (y) any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or (z) any other anti-bribery or anti-corruption statute or regulation. The Acquired Companies have instituted and maintained

and enforced policies and procedures designed to promote and ensure compliance with all applicable anti-bribery and anti-corruption laws.

4.26. Compliance with Anti-Money Laundering Laws. Except with respect to the Federal Cannabis Laws, the operations of each Acquired Company are and have been conducted at all times in compliance in all material respects with all applicable financial recordkeeping and reporting requirements, including those of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the applicable anti-money laundering statutes of all jurisdictions where each Acquired Company conducts business, the rules and regulations thereunder and any related or similar rules, regulations, or guidelines issued, administered, or enforced by any governmental agency (collectively, the "Anti-Money Laundering Laws"); and no action, suit, or proceeding by or before any court or governmental agency, authority, or body or any arbitrator involving any Acquired Company with respect to the Anti-Money Laundering Laws is pending or, to the Knowledge of the Company, threatened in writing.

4.27. Compliance with OFAC. Neither any Acquired Company nor, to the Knowledge of the Company, any director, manager, officer, agent, employee or Affiliate of any Acquired Company is a Person that is, or is owned or controlled by a Person that is, currently the subject or target of any sanctions administered or enforced by the U.S. government (including, without limitation, the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC") or the U.S. Department of State and including, without limitation, the designation as a "specially designated national" or "blocked person"), the United Nations Security Council, or other relevant sanctions authority (collectively, "Sanctions"). Since each Acquired Company's inception, such Acquired Company has not knowingly engaged in and is not now knowingly engaged in any dealings or transactions with any Person that at the time of the dealing or transaction is or was the subject or the target of Sanctions or with any country or territory that is the subject or the target of Sanctions, including, without limitation, Cuba, Iran, North Korea, Sudan, and Syria.

4.28. Privacy. Each Acquired Company has complied in all material respects with all applicable and material contractual and legal requirements pertaining to information privacy and security. No complaint relating to an improper use or disclosure of, or a breach in the security of, any such information has been made or, to the Knowledge of the Company, threatened against any Acquired Company. To the Knowledge of the Company, there has been no: (i) material unauthorized disclosure of any third party proprietary or confidential information in the possession, custody or control of any Acquired Company, or (ii) material breach of any Acquired Company's security procedures wherein confidential information has been disclosed to a third Person.

4.29. Absence of Certain Changes. Except as set forth on Schedule 4.29 of the Company Disclosure Schedules or contemplated by this Agreement, since September 30, 2018 each Acquired Company (or in the case of subparagraph (f) below, the Acquired Companies taken as a whole):

(a) has carried on the Business substantially in the same manner as conducted prior to September 30, 2018 and has not engaged in any transaction or activity, entered into or amended any agreement or made any commitment except in the ordinary course of the Business;



(b) has used reasonable commercial efforts to preserve its existence and business organization intact and to preserve its properties, assets and relationships with its employees, suppliers, customers and others with whom it has business relations;

(c) has not (i) granted any increase in compensation in excess of twenty percent (20%) to any employee or (ii) entered into, or amend in any material respect, any Employee Benefit Plan or Benefit Arrangements;

(d) has not entered into any settlement with respect to any Proceeding against or relating to it or any of its officers, directors, employees, or properties, assets or business involving more than US \$15,000 individually or US \$30,000 in the aggregate;

(e) has not (i) granted any special conditions with respect to any Account Receivable other than in the ordinary course of the Business (e.g., extended terms), (ii) failed to pay any Account Payable in excess of US \$5,000 individually or US \$15,000 in the aggregate on a timely basis in the ordinary course of the Business consistent with past practice, (iii) except as disclosed in this Agreement, made or committed to make any capital expenditures in excess of US \$25,000 in the aggregate, (iv) taken any action designed or having the effect of accelerating or deferring the generation of Accounts Receivable in a manner inconsistent with past practice or (v) started up or acquired any new business line which is not similar to or directly complementary to any existing business line;

(f) have not experienced any Material Adverse Effect with respect to the Acquired Companies, taken as a whole; and

(g) has not made any material change in accounting methods or principles, except the conversion of the Financial Statement from the Company's past accounting practice to IFRS.

#### 4.30. No Brokers.

(a) Except as set forth on Schedule 4.30(a) of the Company Disclosure Schedule, such Seller has not entered into any agreement, arrangement or understanding with any Person which will result in the obligation to pay any finder's fee, brokerage commission or similar payment in connection with the Transaction.

(b) Except as set forth on Schedule 4.30(b) of the Company Disclosure Schedule, no Acquired Company has entered into any agreement, arrangement or understanding with any Person which will result in the obligation to pay any finder's fee, brokerage commission or similar payment in connection with the Transaction.

4.31. Sufficiency of Assets of Newco. As of the Closing after the consummation of the Pre-Closing Restructuring, except with respect to matters addressed by any agreement entered into by the Parties in connection with the Closing, except for the Retained Licenses and Retained Inventory and except as contemplated in Section 2.9 (but subject to the covenants regarding the sale, contribution, transfer, conveyance, substitution and/or delivery thereof contained herein), Newco's assets (and liabilities) will constitute all the assets used in (and

liabilities accrued from) the operation of the Business by the Acquired Companies as of immediately prior to the consummation of the Pre-Closing Restructuring.

4.32. Independent Investigations. Notwithstanding anything contained in this Agreement to the contrary, but subject to Section 10.13, each Seller and each Acquired Company acknowledges and agrees that none of Buyer, the SPAC, or any other Person (including any Non-Party) is making, has made, or will be deemed to make or have made, any representations or warranties whatsoever relating to the Buyer, the SPAC, their business or the transactions contemplated by this Agreement, whether express or implied, at law or in equity, beyond the Buyer's and the SPAC's Contractual Representations or as set forth in the Prospectus or the Final IPO Prospectus. In furtherance, not limitation, of the foregoing, each Seller and each Acquired Company (on behalf of itself and any Non-Party or other Person claiming by, through, or on behalf of each Seller or each Acquired Company) hereby:

(a) disclaims the existence of, and Seller's and each Acquired Company's (or such Non-Party or other Person's) reliance on, any other representations or warranties (including any Buyer's and the SPAC's Extra Contractual Representations), whether alleged to have been made by Buyer, the SPAC, or any of their respective Non-Parties,

(b) acknowledges and agrees that:

(i) no Non-Party (or other party hereto as to a given party hereto) has any authority, express or implied, to make any representations, warranties or agreements not specifically set forth in this Agreement, the Prospectus or the Final IPO Prospectus and subject to the limited remedies herein provided;

(ii) none of the Buyer, the SPAC, or any of their respective Non-Parties nor any other Person is making, has made, or will be deemed to make or have made, any representation or warranty, express or implied, other than the Buyer's and the SPAC's Contractual Representations or as set forth in the Prospectus or the Final IPO Prospectus;

(iii) none of the Buyer, the SPAC, or any of their respective Non-Parties or any other Person will have any liability whatsoever to each Seller or any Acquired Company or any other Person resulting from the distribution to Sellers, each Acquired Company or their respective Representatives, or each Seller's or each Acquired Company's use of, any materials constituting Buyer's and the SPAC's Extra Contractual Representations or otherwise relating to the Buyer, the SPAC, or their businesses, or the transactions contemplated by this Agreement;

(iv) each Seller and each Acquired Company has conducted to its satisfaction its own independent investigation of the condition, operations and business of the Buyer, the SPAC and their businesses and, in making its determination to proceed with the transactions contemplated by this Agreement, each Seller and each Acquired Company has relied solely on the results of its own independent investigation; and

(v) each Seller and each Acquired Company is an informed and sophisticated Person, and has engaged advisors experienced in the evaluation of transactions as contemplated hereunder and the acquisition of securities such as the Exchangeable Shares and the SPAC Class B Shares.

4.33. No Other Representations or Warranties; Schedules. Except for those representations and warranties expressly given by the Sellers and the Company in this Article 4 (as modified by the Company Disclosure Schedule) (collectively, the “Sellers’ and the Company’s Contractual Representations”), none of the Company, Newco, any Seller, or any other Person makes or has made (or will be deemed to make or have made) any other representation or warranty, expressed or implied, at law or in equity, by statute or otherwise, with respect to the Acquired Companies, Newco, the transactions contemplated by this Agreement, or any of the Acquired Companies’ or Newco’s business, assets, liabilities, operations, prospects, or condition (financial or otherwise). Except for the Sellers’ and the Company’s Contractual Representations, the Company and each Seller (directly and on behalf of all Non-Parties) hereby disclaim all liability and responsibility for any representation, warranty, projection, forecast, statement, omission, or information made, not made, communicated, or furnished (whether orally or in writing, in any data room relating to the transactions contemplated by this Agreement, in management presentations, functional “break-out” discussions, responses to questions or requests submitted by or on behalf of Buyer or the SPAC or in any other form in consideration or investigation of the transactions contemplated by this Agreement) to Buyer, the SPAC or any of their respective Affiliates or representatives (including any opinion, information, forecast, projection, or advice that may have been or may be provided to Buyer, the SPAC or their respective Affiliates or Representatives by the Company, Newco, any Seller or any Non-Party). Without limiting the generality of the foregoing, except for any specific applicable Sellers’ and the Company’s Contractual Representations, neither the Company, Newco, any Seller, or any of their respective Non-Parties makes, has made, or will be deemed to make or have made (and each hereby expressly disclaims), any representation or warranty to Buyer, the SPAC or their Non-Parties regarding any of the following (the “Sellers’ and the Company’s Extra Contractual Representations”): (i) merchantability or fitness of any assets for any particular purpose; (ii) the nature or extent of any liabilities; (iii) the prospects of the business; (iv) the probable success or profitability of the Business; or (v) the accuracy or completeness of any confidential information memoranda, documents, projections, material, statement, data, or other information (financial or otherwise) provided to Buyer, the SPAC or their respective Affiliates or delivered or made available to Buyer, the SPAC and their respective Representatives in any “data rooms,” “virtual data rooms,” management presentations or in any other form in expectation of, or in connection with, the transactions contemplated by this Agreement, or in respect of any other matter or thing whatsoever. The disclosure of any matter or item in any section of the Company Disclosure Schedule hereto will not be deemed to constitute an acknowledgment that any such matter is required to be disclosed. All matters disclosed in the Company Disclosure Schedules, including updates to the Company Disclosure Schedules prior to Closing, shall be considered exceptions to the representations, warranties and covenants of Company and Sellers. Notwithstanding any provision in this Agreement to the contrary, Company and Sellers shall not have any liability to Buyer for any breach of a representation, warranty or covenant under this Agreement to the extent that the Buyer knew of any such breach by reason of disclosure made in writing by the Sellers or an Acquired Company to Buyer or the SPAC as of the Closing Date, and all disclosed breaches shall be deemed waived upon the consummation of the Closing; provided that Buyer and the SPAC will not be obligated to consummate the Transaction if Buyer and the SPAC are not satisfied with any updated Company Disclosure Schedules following the Disclosure End Date and may terminate the agreement under Section 8.1(f).

**ARTICLE 5**  
**REPRESENTATIONS AND WARRANTIES OF BUYER AND SPAC**

Except as set forth on the disclosure schedules delivered by Buyer to Sellers and the Company on the date hereof (the “Buyer Disclosure Schedules”), Buyer and the SPAC, jointly and severally, represent and warrant as of the date hereof to Sellers and the Company as follows:

5.1. Organization and Good Standing. Buyer is a corporation, duly organized, validly existing and in good standing under the laws of the State of Nevada. Buyer has full corporate power and authority to conduct its business as presently being conducted and to own and lease its properties and assets (except under Federal Cannabis Laws). The SPAC is a corporation duly organized, validly existing and in good standing under the laws of the province of Ontario. Buyer has full corporate power and authority to conduct its business as presently being conducted and to own and lease its properties and assets (except under Federal Cannabis Laws).

5.2. Authority; Authorization; Binding Effect. Each of the SPAC and Buyer has all necessary corporate power and authority to execute and deliver this Agreement and to consummate the Transaction and to perform its obligations under this Agreement (except under Federal Cannabis Laws). This Agreement has been duly executed and delivered by each of the SPAC and Buyer and constitutes a legal (except under Federal Cannabis Laws), valid and binding obligation of the SPAC and Buyer, enforceable against the SPAC and Buyer in accordance with its terms, except as such enforcement may be limited by Enforceability Limitations.

5.3. No Conflict or Violation. The execution and delivery of this Agreement, the consummation of the Transaction and the performance by each of the SPAC and Buyer of its obligations under this Agreement, do not and will not result in or constitute (i) a violation of or a conflict with any provision of the certificate of incorporation or by-laws of the SPAC or Buyer, (ii) a breach of, a loss of rights under, or constitute an event, occurrence, condition or act which is or, with the giving of notice, the lapse of time or the happening of any future event or condition, would become, a material default under, any term or provision of any contract, agreement, indebtedness, lease, commitment, license, franchise, permit, authorization or concession to which the SPAC or Buyer is a party or (iii) a violation by the SPAC or Buyer of any statute, rule, regulation, ordinance, by-law, code, order, judgment, writ, injunction, decree or award (except for Federal Cannabis Laws).

5.4. Consents and Approvals. Except as set forth on Schedule 5.4 of the Buyer Disclosure Schedules, no consent, approval or authorization of, or declaration, filing or registration with, any Person is required to be made or obtained by the SPAC or Buyer in connection with the execution, delivery and performance of this Agreement and the consummation of the Transaction.

5.5. No Proceedings. There is no Proceeding pending or, to the knowledge of the SPAC or Buyer, threatened against, relating to or affecting in any adverse manner the Transaction.

5.6. No Brokers. Except as set forth on Schedule 5.6 of the Buyer Disclosure Schedules, SPAC and Buyer have not entered into any agreement, arrangement or understanding with any Person which will result in the obligation to pay any finder's fee, brokerage commission or similar payment in connection with the Transaction.

5.7. Capitalization. The number of authorized shares of capital stock of each class and the number of issued shares of capital stock of each class of Buyer, as of the date hereof, are set forth on Schedule 5.7 of Buyer Disclosure Schedules. The number of authorized shares of each class of capital stock and the number of issued shares of each class of capital stock of the SPAC, as of the date hereof, are set forth on Schedule 5.7 of Buyer Disclosure Schedules. As of the Closing Date, the SPAC will have sufficient authorized but unissued SPAC Class B Shares to meet its obligations under the Exchangeable Shares issued in accordance with Section 2.3(c). Except for the Exchangeable Shares and any equity interests of Buyer, the SPAC or their respective Affiliates to be issued pursuant to the Other Transactions or any other transactions contemplated by the SPAC as of the Closing Date, the shares, rights and warrants as specified in the Final IPO Prospectus, and the equity interests contemplated under the SPAC's management incentive program: (i) there are not now outstanding any other equity interests, phantom equity interests or other securities, or any options, warrants or any rights related to Buyer or the SPAC or to any other equity interests, phantom equity interests or other securities of Buyer or the SPAC; (ii) there are no agreements of any kind relating to the issuance of any equity interests of Buyer or the SPAC, or any convertible or exchangeable securities or any options, warrants or other rights relating to the equity interests of Buyer or the SPAC; and (iii) there are no voting agreements, voting trusts, buy-sell agreements, options or right of first purchase agreements or other agreements of any kind relating to the equity interests of Buyer or the SPAC.

5.8. Disclosure. As at the date hereof, the SPAC's public disclosure record is accurate in all material respects.

5.9. Independent Investigations. Notwithstanding anything contained in this Agreement to the contrary, each of Buyer and the SPAC acknowledges and agrees that none of the Acquired Companies, any Seller, or any other Person (including any Non-Party) is making, has made, or will be deemed to make or have made, any representations or warranties whatsoever relating to the Acquired Companies, the Business or the transactions contemplated by this Agreement, whether express or implied, at law or in equity, beyond the Sellers' and each Acquired Company's Contractual Representations. In furtherance, not limitation, of the foregoing, Buyer and the SPAC (on behalf of itself and any Non-Party or other Person claiming by, through, or on behalf of Buyer or the SPAC) hereby:

(a) disclaims the existence of, and Buyer's and the SPAC's (or such Non-Party or other Person's) reliance on, any other representations or warranties (including any Sellers' and the Acquired Companies' Extra Contractual Representations), whether alleged to have been made by any Acquired Company, a Seller, or any of their respective Non-Parties,

(b) acknowledges and agrees that:

(i) no Non-Party (or other party hereto as to a given party hereto) has any authority, express or implied, to make any representations, warranties or agreements not specifically set forth in this Agreement and subject to the limited remedies herein provided;

(ii) except as set forth in Article 4 (subject to the Company Disclosure Schedule), the assets and the business of the Acquired Companies and/or Newco are being transferred on a “where is” and, as to condition, “as is” basis;

(iii) none of the Acquired Companies, any Seller, or any of their respective Non-Parties nor any other Person is making, has made, or will be deemed to make or have made, any representation or warranty, express or implied, other than the Sellers’ and the Company’s Contractual Representations set forth herein;

(iv) none of the Acquired Companies, any Seller, or any of their respective Non-Parties or any other Person will have any liability whatsoever to Buyer, the SPAC, Newco or any other Person resulting from the distribution to Buyer, the SPAC or their respective Representatives, or Buyer’s or the SPAC’s use of, any materials constituting Sellers’ and the Company’s Extra Contractual Representations or otherwise relating to the Company, the Business, any Seller, or the transactions contemplated by this Agreement;

(v) each of Buyer and the SPAC has conducted to its satisfaction its own independent investigation of the condition, operations and business of the Acquired Companies and the Business and, in making its determination to proceed with the transactions contemplated by this Agreement, each of Buyer and the SPAC has relied solely on the results of its own independent investigation; and

(vi) each of Buyer and the SPAC is an informed and sophisticated Person, and has engaged advisors experienced in the evaluation and purchase of companies such as the Company and Newco as contemplated hereunder and the acquisition of securities such as the Newco Interests and, if applicable, the Company Interests.

5.10. No Other Representations or Warranties; Schedules. Subject to Section 10.13. except for those representations and warranties expressly given by Buyer and the SPAC in this Article 5 (as modified by the Buyer Disclosure Schedule) (collectively, the “Buyer’s and the SPAC’s Contractual Representations”), the Prospectus or the Final IPO Prospectus, neither the Buyer or the SPAC, or any other Person makes or has made (or will be deemed to make or have made) any other representation or warranty, expressed or implied, at law or in equity, by statute or otherwise, with respect to the Buyer, the SPAC or the transactions contemplated by this Agreement, or any of the Buyer’s or the SPAC’s business, assets, liabilities, operations, prospects, or condition (financial or otherwise). Except for the Buyer’s and the SPAC’s Contractual Representations (including any information set forth in the Prospectus or the Final IPO Prospectus), the Buyer and the SPAC (directly and on behalf of all Non-Parties) hereby disclaim all liability and responsibility for any representation, warranty, projection, forecast, statement, omission, or information made, not made, communicated, or furnished (whether orally or in writing, in any data room relating to the transactions contemplated by this Agreement, in management presentations, functional “break-out” discussions, responses to questions or requests submitted by or on behalf of the Sellers or the Acquired Companies or in any other form in

consideration or investigation of the transactions contemplated by this Agreement) to Sellers, the Company or any of their respective Affiliates or representatives (including any opinion, information, forecast, projection, or advice that may have been or may be provided to Sellers, the Company or their respective Affiliates or Representatives by Buyer and the SPAC or any Non-Party). Without limiting the generality of the foregoing, except for any specific applicable Buyer's and the SPAC's Contractual Representations (including any information set forth in the Prospectus and the Final IPO Prospectus), neither the Buyer or the SPAC, or any of their respective Non-Parties makes, has made, or will be deemed to make or have made (and each hereby expressly disclaims), any representation or warranty to Sellers or the Acquired Companies or their Non-Parties regarding any of the following (the "Buyer's and the SPAC's Extra Contractual Representations"): (i) merchantability or fitness of any assets for any particular purpose; (ii) the nature or extent of any liabilities; (iii) the prospects of their business; (iv) the probable success or profitability of their business; or (v) the accuracy or completeness of any confidential information memoranda, documents, projections, material, statement, data, or other information (financial or otherwise) provided to Sellers, the Acquired Companies or their respective Affiliates or delivered or made available to Sellers, the Acquired Companies and their respective Representatives in any "data rooms," "virtual data rooms," management presentations or in any other form in expectation of, or in connection with, the transactions contemplated by this Agreement, or in respect of any other matter or thing whatsoever. The disclosure of any matter or item in any section of the Buyer Disclosure Schedule hereto will not be deemed to constitute an acknowledgment that any such matter is required to be disclosed.

5.11 Sufficiency of Funds. Buyer will have on the Closing Date sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Purchase Price and consummate the transactions contemplated by this Agreement; provided no there are no redemptions of SPAC Shares as referenced in Section 6.14.

5.12 Solvency. Provided there are no redemptions of SPAC Shares as referenced in Section 6,14, immediately after giving effect to the transactions contemplated hereby, each of SPAC and Buyer, as applicable, shall be solvent and shall: (a) be able to pay its debts as they become due; (b) own property that has a fair saleable value greater than the amounts required to pay its debts (including a reasonable estimate of the amount of all contingent liabilities); and (c) have adequate capital to carry on its business. No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated hereby with the intent to hinder, delay or defraud either present or future creditors of SPAC or Buyer. In connection with the transactions contemplated hereby, Buyer has not incurred, nor plans to incur, debts beyond its ability to pay as they become absolute and matured.

## **ARTICLE 6**

### **PRE-CLOSING COVENANTS**

6.1. Reasonable Commercial Efforts. During the period from the date hereof and continuing until the earlier of the termination of this Agreement or the Closing Date:

(a) Each Party will each cooperate with the other Parties and use its commercially reasonable efforts to promptly (i) take or cause to be taken all actions, and do or cause to be done all things, necessary, proper or advisable under this Agreement and the ancillary documents referenced in this Agreement and applicable Law to consummate and make effective the Transaction as soon as practicable, including preparing and filing promptly and fully all documentation to effect all necessary filings, notices, petitions, statements, registrations, submissions of information, applications and other documents, (ii) obtain all approvals, consents, registrations, permits, authorizations and other confirmations required to be obtained from any third party and/or Governmental Authority necessary, proper or advisable to consummate the Transaction (including those under the HSR Act, if applicable), and (iii) execute and deliver such documents, certificates and other papers as a Party may reasonably request to evidence the other Party's satisfaction of its obligations hereunder. Subject to applicable Law relating to the exchange of information and in addition to Section 6.1(c), the Parties will have the right to review in advance, and, to the extent practicable, each will consult the others on, any information relating to each Acquired Company and Sellers or Buyer and its Affiliates, as the case may be, that appears in any filing made with, or written materials submitted to, any third party and/or any Governmental Authority in connection with the Transaction.

(b) Without limiting the forgoing, the Parties will: (i) cooperate with one another (A) promptly to determine whether any filings are required to be or should be made or consents, approvals, permits or authorizations are required to be or should be obtained under any applicable Law and (B) in promptly making any such filings, furnishing information required in connection therewith and seeking to obtain timely any such consents, permits, authorizations or approvals.

(c) Without limiting Section 6.1(a), each Party will use its commercially reasonable efforts to avoid the entry of, or to have vacated or terminated, any Order that would restrain, prevent or delay the Closing of the Transaction, including defending through litigation or arbitration on the merits any claim asserted in any court by any Person; and

(d) Each Party will keep the other Party reasonably apprised of the status of matters relating to the completion of the Transaction and work cooperatively in connection with obtaining all required approvals or consents of any Governmental Authority (whether domestic, foreign or supranational). In that regard, each Party will without limitation: (i) promptly notify the other Party of, and if in writing, furnish the other Party with copies of (or, in the case of material oral communications, advise the other orally of) any communications from or with any Governmental Authority with respect to the Transaction, (ii) permit the other Party to review and discuss in advance, and consider in good faith the views of the other Party in connection with, any proposed written (or any material proposed oral) communication with any such Governmental Authority, (iii) not participate in any meeting with any such Governmental Authority unless it consults with the other Party in advance and, to the extent permitted by such Governmental Authority, gives the other the opportunity to attend and participate thereat, (iv) furnish the other Party with copies of all correspondence, filings and communications (and memoranda setting forth the substance thereof) between it and any such Governmental Authority with respect to this Agreement, any ancillary documents and the Transaction, and (v) furnish the other Party with such necessary information and reasonable assistance as the other Party may reasonably request in



connection with its preparation of necessary filings or submissions of information to any such Governmental Authority.

6.2. Operation of Business. Except (i) for the consummation of the Pre-Closing Restructuring or the Transaction, (ii) as set forth on Schedule 6.2 of the Company Disclosure Schedules or as otherwise expressly contemplated by this Agreement or any ancillary document, or (iii) to the extent consented to by Buyer or the SPAC (such consent not to be unreasonably withheld, conditioned or delayed), during the period from the date hereof and continuing until the earlier of the termination of this Agreement or the Closing Date, the Company will, and the Company and the Sellers will cause each Acquired Company to, conduct the Business in the ordinary course of the Business. During the period from the date hereof and continuing until the earlier of the termination of this Agreement or the Closing Date, the Company agrees to pay, and Sellers and the Company agree to cause each Acquired Company to pay, each Acquired Company's debts and Taxes when due unless subject to good faith dispute, to pay or perform other obligations in the ordinary course of the Business subject to good faith disputes over whether payment or performance is owing, and to use all commercially reasonable efforts, consistent with past practices and policies, to preserve its present business organizations, keep available the services of each Acquired Company's employees, preserve its relationships with key customers, suppliers, distributors, licensors, licensees, and others having business dealings with it, reasonably pursue all of its Cannabis-related license applications. During the period from the date hereof and continuing until the earlier of the termination of this Agreement or the Closing Date, the Company will promptly notify Buyer of any event or occurrence of which the Company receives knowledge, and that the Company believes would have a Material Adverse Effect on the Acquired Companies. Without limiting the generality of the foregoing, except as set forth on Schedule 6.2 of the Company Disclosure Schedules or expressly contemplated by this Agreement, the Pre-Closing Restructuring or any ancillary document, from the date hereof until the earlier to occur of the termination of this Agreement and the Closing Date, the Company will not, and Sellers the Company will not cause any Acquired Company to, do any of the following without the prior written or email consent of Buyer or the SPAC (not to be unreasonably withheld, conditioned or delayed):

- (a) adopt or propose any change to its organizational documents;
- (b) merge or consolidate with any other Person or acquire equity interests or assets of any other Person or effect any business combination, recapitalization or similar transaction;
- (c) sell, lease, license, encumber or otherwise dispose of any material amount of assets, securities or other property, individually or in the aggregate, in excess of US \$25,000, except (A) if required pursuant to existing Contracts or commitments, (B) in the ordinary course of the Business (including sale of Inventory), (C) distribute its Membership Interest in The Canopy NV, LLC, a Nevada limited liability company ("Canopy"), immediately prior to Closing; or (D) as otherwise contemplated in this Agreement;
- (d) except where Sellers reasonably believe that the Working Capital will not be materially less than the Working Capital Target, or except as otherwise contemplated in this

Agreement, declare, set aside or pay any dividend or other distribution with respect to its equity interests;

(e) issue any equity interests or rights thereto, except if required pursuant to existing Contracts or commitments;

(f) incur additional Indebtedness, or amend the terms of any existing Indebtedness, or create or incur any Encumbrance on any of its assets other than (A) in the ordinary course of the Business, (B) Permitted Encumbrances, and (C) borrowings under lines of credit or similar working capital facilities of the Business.

(g) make any material loan, advance or capital contribution to or investment in any Person other than trade credit in the ordinary course of the Business and other than employee loans not in excess of US \$25,000 in the aggregate;

(h) grant to any employee any increase in compensation or benefits, except in the ordinary course of the Business and consistent with past practice or as may be required under existing agreements;

(i) enter into or establish any Employee Benefit Plan;

(j) enter into any new employment agreement with an annual salary in excess of US \$75,000 or collective bargaining agreement or commitment to or with any employee of any Acquired Company;

(k) enter into any Related Party Transaction;

(l) terminate or amend any Material Contract outside of the ordinary course of the Business other than as may be required to consummate the Transaction or the Pre-Closing Restructuring;

(m) enter into any settlement with respect to any Proceeding against or relating to it involving an amount in excess of US \$25,000 in the aggregate;

(n) change any method of accounting or accounting principles or practice or cash management practices, except for (i) any such change required by reason of a concurrent change in IFRS and (ii) the conversion of the financial statements of the Business from the Company's past accounting practice to IFRS;

(o) transfer any Cannabis-related license application, or

(p) agree or commit to do any of the foregoing.

6.3. Publicity. Except as otherwise required under this Agreement, the Parties will use their reasonable efforts to (i) develop a joint communication plan with respect to this Agreement and the Transaction, (ii) ensure that all press releases and other public statements with respect to this Agreement and the Transaction will be consistent with such joint communication plan, and (iii) consult promptly with each other prior to issuing any press release or otherwise

making any public statement with respect to this Agreement, the Transaction and the Other Transactions, provide to the other Party for review a copy of any such press release or statement, and not issue any such press release or make any such public statement without the other Party's consent, unless either Party determines in good faith in consultation with such Party's legal counsel that such disclosure is required or advisable under applicable Law or any listing agreement with or rules and regulations of a securities exchange. This Section 6.3 will not restrict communications by the Acquired Companies and its Affiliates that do not relate to the Transaction or the Other Transactions.

6.4. Access. During the period from the date hereof and continuing until the earlier of the termination of this Agreement or the Closing Date, the Acquired Companies will permit representatives of Buyer (including legal counsel and accountants) to have, upon prior written notice, reasonable access during normal business hours and under reasonable circumstances, and in a manner so as not to interfere with the normal business operations of the Acquired Companies, to the premises, personnel, books, records (including Tax records (but excluding income Tax Returns of any federal consolidated (and state combined or unitary) group of which each Acquired Company is a member and limited with respect to all other Tax Returns and correspondence with accountants to the portions of such Tax Returns and correspondence with accountants that specifically relate to the Acquired Companies)), Material Contracts, and documents of or pertaining to the Acquired Companies. Neither Buyer, the SPAC nor any of their respective Representatives will contact any employee, customer, supplier or landlord of any Acquired Company without the prior written consent of such Acquired Company. Notwithstanding anything to the contrary in this Section 6.4, the Acquired Companies and Sellers will not be required to provide information that (i) would violate applicable Law or (ii) constitutes information protected by the attorney/client and/or attorney work product privilege. Buyer will comply with, and will cause its Representatives to comply with, all of its obligations under the confidentiality agreement previously signed with respect to the Transaction (the "Confidentiality Agreement"), between the Company and the SPAC with respect to the terms and conditions of this Agreement and the Transaction and the Acquired Companies' information disclosed pursuant to this Section 6.4, which agreement will remain in full force and effect until the Closing Date and survive any termination of this Agreement in accordance with the terms of the Confidentiality Agreement.

6.5. Notification of Certain Matters. During the period from the date hereof and continuing until the earlier of the termination of this Agreement or the Closing Date, except as prohibited by applicable Law, each Party will give prompt notice to the other Parties of (i) the occurrence or non-occurrence of any event the occurrence or non-occurrence of which would be likely to cause any representation or warranty of such Party contained in this Agreement to be untrue or inaccurate in any material respect at or prior to the Closing such that the conditions set forth in Section 7.2(a) or Section 7.3(a) would not be satisfied, and (ii) any material failure of such Party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such Party hereunder such that the conditions set forth in Section 7.2(b) or Section 7.3(b) would not be satisfied.

6.6. No Solicitation.

(a) During the period from the date hereof and continuing until the earlier of the termination of this Agreement or the Closing Date, Sellers will not, nor will they authorize or permit any Acquired Company to, nor will they authorize or permit any officer, director or employee of, or any investment banker, attorney or other advisor or representative of, a Seller or any Acquired Company, to knowingly or intentionally, (i) directly or indirectly solicit, initiate or encourage the submission of, any Acquisition Proposal, (ii) enter into any agreement with respect to or consummate any Acquisition Proposal, or (iii) directly or indirectly participate in any substantive discussions or negotiations regarding, furnish to any Person any confidential information with respect to, or take any other action to facilitate the making of, an Acquisition Proposal.

(b) During the period from the date hereof and continuing until the earlier of the termination of this Agreement or the Closing Date, Sellers and the Company promptly will advise Buyer orally and in writing of any Acquisition Proposal and the material terms and conditions of any such Acquisition Proposal and provide Buyer with copies of any documents related to such Acquisition Proposal. Sellers and the Company will keep Buyer reasonably informed of the status (including any change to the material terms thereof) of any such Acquisition Proposal.

6.7. Member Loans. At the Closing, all loans, and the obligations relating thereto, between any Seller, on the one hand, and any Acquired Company, on the other hand, will be terminated. For clarity, the Parties acknowledge that the Promissory Note will not be subject to this Section 6.7.

6.8. The Prospectus.

(a) Buyer and the SPAC will, in consultation with the Company and its advisors, as promptly as reasonably practicable, prepare and file the Prospectus with the NEO Exchange and the Ontario Securities Commission or any other applicable securities regulators, in accordance with the NEO Exchange "Listing Manual" (as pertains to special purpose acquisition corporations), as the same was varied by the NEO Exchange, as reflected in the Final IPO Prospectus. The Company will provide such assistance, at Buyer's or the SPAC's sole cost, as may be reasonably required in connection with the preparation of the Prospectus, and Buyer and the SPAC agree that all information relating to the Company in the Prospectus, including the financial statements referred to in Section 6.8(b), will be in form and content satisfactory to the Company, acting reasonably.

(b) The Company will provide Buyer and the SPAC and their auditors access to and the opportunity to review all financial statements and financial information of the Acquired Companies that is required in connection with the preparation of the Prospectus. The Company hereby: (i) consents to the inclusion of any such financial statements in the Prospectus, and (ii) agrees to obtain any necessary consents from any of its auditors and any other advisors to the use of any financial or other expert information required to be included in the Prospectus. The Company further agrees to provide such financial information and assistance, at Buyer's or the SPAC's sole cost for any out-of-pocket expenses, as may be reasonably required in connection with any pre-filing or exemptive relief application in respect of disclosure in the Prospectus and in connection with the preparation of any pro-forma financial statements for inclusion in the

Prospectus. The Sellers will certify to the SPAC that all information and statements provided by the Sellers or the Company related to the Acquired Companies for inclusion in the preliminary and final Prospectus will be at the date the information and statements are provided, and will be at the proposed date of filing of the preliminary and final Prospectus, true and correct, contain no misrepresentation and constitute full, true and plain disclosure of all material facts relating to the Acquired Companies as required by applicable SPAC Securities Laws and no material fact or information will have been omitted from such disclosure which is required to be stated in such disclosure or is necessary to make the statements or information contained in such disclosure not misleading in light of the circumstances under which they are made.

(c) Buyer and the SPAC will use their commercially reasonable efforts to obtain approval of the NEO Exchange and a receipt for the SPAC's final Prospectus from the SPAC Securities Authorities, including providing or submitting on a timely basis all documentation and information that is reasonably required or advisable in connection with obtaining such approvals.

(d) Buyer and the SPAC will jointly seek to ensure that the Prospectus complies in all material respects with applicable Law, does not contain any misrepresentation (except that the SPAC will not be responsible for any information or financial statements relating to the Acquired Companies provided by Sellers or the Company, and neither the Company nor any Seller will be responsible for any information or financial statements not relating to the Acquired Companies or for any forward-looking information regarding the Acquired Companies that was not provided by the Company or in writing, and is in a form satisfactory to the NEO Exchange and to the SPAC Securities Authorities in order to obtain a receipt by the SPAC Securities Authorities in respect thereof.

(e) Buyer and the SPAC will give the Company and its auditors and legal counsel a reasonable opportunity to review and comment on drafts of the Prospectus and other related documents, and will give reasonable consideration to any comments made by the Company and its auditors and legal counsel, and will, subject to obtaining the NEO Exchange and the SPAC Securities Authorities clearance, cause the Prospectus to be filed on SEDAR (and sent to each SPAC Shareholder) as required by applicable Law.

6.9. The SPAC Meetings. Subject to the terms of this Agreement, the SPAC will:

(a) promptly upon obtaining clearance from the NEO Exchange and receipt for the SPAC's final prospectus from the SPAC Securities Authorities, convene and conduct the SPAC Meetings in accordance with the SPAC's Constitutive Documents and applicable Law for the purpose of considering the SPAC Resolution and the Warrant Amendment Resolution and for any other proper purpose as may be set out in the SPAC Circular, including changing the name of the SPAC, approving an advance notice by-law, and continuing the SPAC to the Province of New Brunswick or another province in Canada without director residency requirements concurrent with the Closing, and not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the SPAC Meetings without the prior written consent of the Company, except in the case of an adjournment or postponement as required for quorum purposes;

(b) solicit proxies (without being obliged to use a formal proxy solicitation service) in favor of the approval of the SPAC Resolution and against any resolution submitted by any SPAC Shareholder that is inconsistent with the SPAC Resolution;

(c) consult with the Company in fixing the date of the SPAC Shareholder Meeting and the record date, give notice to the Company of the SPAC Shareholder Meeting and allow Company's Representatives to attend the SPAC Shareholder Meeting;

(d) promptly advise the Company at such times as the Company may reasonably request and at least on a daily basis on each of the last ten (10) business days prior to the date of the SPAC Shareholder Meeting, as to the aggregate tally of the proxies received by the SPAC in respect of the SPAC Resolution and aggregate notices of redemption of the SPAC Class A Shares; and

(e) not change the record date for the SPAC Shareholders entitled to vote at the SPAC Shareholder Meeting in connection with any adjournment or postponement of the SPAC Shareholder Meeting, or change any other matters in connection with the SPAC Shareholder Meeting unless required by Law or approved by the Company.

#### 6.10. The SPAC Circular.

(a) The SPAC will, as promptly as reasonably practicable, prepare and complete, in consultation with the Company, the SPAC Circular together with any other documents required by Law in connection with the SPAC Meetings, the Transaction and the Other Transactions, and the SPAC will, subject to obtaining the NEO Exchange approval and receipts for its final Prospectus from the SPAC Securities Authorities, cause the SPAC Circular and such other documents to be filed with the Securities Authorities and sent to each SPAC Shareholder, SPAC Warrantholder and other Persons as required by applicable Law.

(b) Buyer and the SPAC will ensure that the SPAC Circular complies in all material respects with applicable Law, does not contain any misrepresentation (except that Buyer and the SPAC will not be responsible for any information relating to the Acquired Companies, or their business and affairs that is contained in the SPAC Circular, to the extent provided by the Company or Sellers and provides the SPAC Shareholders with sufficient information to permit them to form a reasoned judgment concerning the matters to be placed before the SPAC Meetings. Without limiting the generality of the foregoing, the SPAC Circular will include a statement that the SPAC Board has unanimously determined that the SPAC Resolution is in the best interests of the SPAC and fair to the SPAC Shareholders and recommends that the SPAC Shareholders vote in favor of the SPAC Resolution (the "SPAC Board Recommendation") and will include a statement that the Sponsor and each director and senior officer of the SPAC will vote all their SPAC Shares in favor of the SPAC Resolution, and against any resolution submitted by any SPAC Shareholder that is inconsistent therewith, and will not be redeeming any of their SPAC Shares.

(c) The SPAC will give the Company and its auditors and legal counsel a reasonable opportunity to review and comment on drafts of the SPAC Circular and other related documents, and will give reasonable consideration to any comments made by the Company and

its auditors and their counsel, and agrees that all information relating to the Company included in the SPAC Circular will be in a form and content satisfactory to the Company, acting reasonably.

(d) The Company will provide to the SPAC in writing all necessary information concerning the Acquired Companies that is required by applicable Law to be included by the SPAC in the SPAC Circular or other related documents, use reasonable commercial efforts to obtain any necessary consents from any of its auditors and any other advisors to the use of any financial, technical or other expert information required to be included in the SPAC Circular and to the identification in the SPAC Circular of each such advisor, and will ensure that such information does not contain any misrepresentation concerning the Acquired Companies.

(e) Each Party will promptly notify the other Party if it becomes aware that the SPAC Circular contains a misrepresentation or otherwise requires an amendment or supplement. The Parties will cooperate in the preparation of any such amendment or supplement as required or appropriate, and the SPAC will promptly mail, file or otherwise publicly disseminate any such amendment or supplement to the SPAC Shareholders and, if required by Law, file the same with the Securities Authorities or any other Governmental Authority as required.

6.11. Waiver of Access to Escrow Account. Notwithstanding anything to the contrary in this Agreement, Sellers and the Company hereby irrevocably waive and release, and upon written request by Buyer or the SPAC at any time, will cause any related party or Affiliate of Sellers and the Company in connection with the Transaction, to waive and release, on substantially similar terms, any and all right, title, interest, causes of action and claims of any kind, whether in tort or contract or otherwise (each, a “Claim”), in or to, and any and all right to seek payment of any amounts due to it in connection with the Transaction or this Agreement, (a) out of, the Escrow Account, or (b) from monies or other assets released from the Escrow Account that are payable to the SPAC Shareholders or the IPO Underwriter, and hereby irrevocably waive and release any Claim they may have in the future, as a result of, or arising out of, this Agreement or the Transaction, which Claim would reduce, encumber or otherwise adversely affect (a) the Escrow Account, (b) any monies or other assets in the Escrow Account or (c) monies or other assets released from the Escrow Account that are payable to the SPAC Shareholders or the IPO Underwriter, and further agree not to seek recourse, reimbursement, payment or satisfaction of any Claim against (a) the Escrow Account, (b) any monies or other assets in the Escrow Account, or (c) monies or other assets released from the Escrow Account that are payable to the SPAC Shareholders or the IPO Underwriter, for any reason whatsoever or to bring any proceedings against the Escrow Account, Buyer, the SPAC, the IPO Underwriter, the Escrow Agent or any other Person in connection therewith.

6.12. Auditor Consents. Sellers and the Company will take all commercially reasonable action to cause the Company’s auditors to consent to the use of the Acquired Companies’ financial statements in any SPAC Prospectus or SPAC Circular.

6.13. Other Transactions.

(a) The SPAC will (i) keep the Sellers reasonably informed as to the status of and any material changes to the terms and conditions of the Other Transactions, (ii) provide the

Sellers with a copy of the due diligence report for the Other Transactions promptly upon the SPAC's or Buyer's receipt of the same, and (iii) provide Sellers' Representative and his Representatives such documents and information as may be reasonably requested by such Persons as necessary to evaluate such Other Transactions, subject to, in each case of the foregoing clauses (ii) and (iii), the execution of customary confidentiality or non-disclosure agreements as may be reasonably requested by the SPAC or the parties to such Other Transactions.

(b) During the period commencing on the Closing Date and ending on the expiry of the 12 month lock-up period described in Section 2.3(c)(iii) (as it may be reduced pursuant to the terms hereof paragraph (c) below), the SPAC will not issue any Class B Shares or rights to acquire Class B Shares except: (a) upon the exercise of warrants or rights to acquire equity interests that are outstanding on the Closing Date; (b) as incentive compensation to directors, officers or employees of the SPAC or its subsidiaries, subject to any required approval of the NEO Exchange; (c) any Class B Shares or rights to acquire Class B Shares issued in connection with a transaction or a financing based on a value per Class B Share of not less than the Maximum Discount to Market Price (within the meaning of the NEO Exchange Listing Manual as at the date hereof, except that the reference to 20% therein will be read as 15%); or (d) any Class B Shares or rights to acquire Class B Shares issued as in-kind dividends or distributions.

(c) Notwithstanding paragraphs (a) and (b) above, if during the period commencing on the Closing Date and ending on the expiry of the 6 or 12 month lock-up periods described in Sections 2.3(c)(ii) or (iii), the SPAC intends to issue any Class B Shares or rights to acquire Class B Shares other than as permitted by paragraph (b) above, then it may do so provided that the 6 and 12 month lock-up periods described in Sections 2.3(c)(ii) and (iii) will as at the date of issuance thereof be reduced to 4 months and 8 months, respectively.

#### 6.14. Excessive Shareholder Redemptions of SPAC Shares.

(a) If excessive shareholder redemptions of the SPAC Class A Shares occur in connection with the Transaction and the Other Transactions such that Buyer will not have access to sufficient funds to pay the Closing Cash Payment portion of the Purchase Price under this Agreement and the equivalent or comparable cash portion of the purchase price under the Other Transactions, and the redeemed funds cannot be replaced with private placement debt or equity financing, a portion of the deficiency in the cash portion of the Purchase Price under this Agreement caused by the redeemed funds may be replaced by Buyer and the SPAC on a pro rata basis (or as may be otherwise agreed) as between the Transaction and the Other Transactions (based on the relative cash portion of the applicable purchase prices) by the issuance of additional Exchangeable Shares to Sellers at US\$22.00 per share. Notwithstanding anything to the contrary in this Agreement, the lock-up period (as described in Section 2.3(c)(ii) and (iii)) for the additional Exchangeable Shares issued under this Section 6.14 will be zero months.

(b) Buyer and the SPAC will use reasonable commercial efforts to promptly obtain private placement debt or equity financing to replace the deficiency in the Closing Cash Payment portion of the Purchase Price caused by the redeemed funds. Any such third party debt or equity financing shall be subject to Sellers' existing rights pursuant to the Exchange Rights Documents and related documentation.



(c) Sellers and the Company will provide Buyer and the SPAC with reasonable commercial assistance, at Buyers or the SPAC's sole cost, but at no incremental liability to Sellers, in attempting to obtain private placement debt or equity financing to replace the deficiency in the Closing Cash Payment portion of the Purchase Price caused by the redeemed funds.

6.15. Delivery of Schedules. By no later than 5 p.m. Eastern time on October 26, 2018, Sellers and the Company will deliver in writing to Buyer and the SPAC for their review and comments a completed draft of the Company Disclosure Schedules, and will deliver (or caused to be delivered or made available to) promptly to Buyer and the SPAC copies of contracts, leases and other documentation and information requested by Buyer and the SPAC with respect to information and disclosure reflected in the Company Disclosure Schedules. If Buyer or the SPAC has comments with respect to, or disagrees with the contents of, any of the Company Disclosure Schedules, the Parties will work in good faith to resolve promptly such comments, disagreements or additions by no later than October 31, 2018 (the "Disclosure End Date").

6.16. HSR Act.

(a) Without limiting the generality of anything contained in this Section 6.1, each Party agrees to: (i) within fifteen (15) Business Days of the date of determination that a filing is required, make an appropriate filing of a Notification and Report Form pursuant to the HSR Act (including seeking early termination of the waiting period under the HSR Act) with respect to the transactions contemplated by this Agreement, (ii) supply as promptly as reasonably practicable any additional information and documentary material that may be requested pursuant to the HSR Act by the United States Federal Trade Commission or the United States Department of Justice and (iii) use its commercially reasonable efforts to take or cause to be taken all other actions necessary, proper or advisable consistent with this Section 6.16 to cause the expiration or termination of the applicable waiting periods, or receipt of required authorizations, as applicable, under the HSR Act as soon as practicable. Buyer and the SPAC will be entitled to direct the antitrust defense of the transactions contemplated by this Agreement, or negotiations with, any Governmental Authority or other third party relating to the transactions contemplated by this Agreement or regulatory filings under applicable competition Law, subject to the provisions of this Section 6.16. Sellers and the Company will use their reasonable best efforts to provide full and effective support of Buyer and the SPAC in all material respects in all such negotiations and other discussions or actions to the extent requested by Buyer or the SPAC. Sellers and the Company will not make any offer, acceptance or counter-offer to or otherwise engage in negotiations or discussions with any Governmental Authority with respect to any proposed settlement, consent decree, commitment or remedy, or, in the event of litigation, discovery, admissibility of evidence, timing or scheduling, except as specifically requested by or agreed with Buyer and the SPAC. Buyer will be responsible for all filing fees in connection with any filings made under the HSR Act pursuant to this Section 6.16. Sellers and the Company will not commit to or agree with any Governmental Authority to stay, toll or extend any applicable waiting period under the HSR Act or applicable competition Law, without the prior written consent of Buyer and the SPAC. If any request for additional information and documents, including a "second request" under the HSR Act, is received from any Governmental Authority then the Parties will substantially comply with any such request at the earliest practicable date.

(b) Without limiting the generality of the Parties' undertakings pursuant to subsections (a) above, each of the Parties will use commercially reasonable efforts to:

(i) respond to any inquiries by any Governmental Authority regarding antitrust or other matters with respect to the transactions contemplated by this Agreement or any ancillary document;

(ii) avoid the imposition of any order or the taking of any action that would restrain, alter or enjoin the transactions contemplated by this Agreement or any ancillary document; and

(iii) in the event any Order adversely affecting the ability of the Parties to consummate the transactions contemplated by this Agreement or any ancillary document has been issued, to have such Order vacated or lifted.

(c) All analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals made by or on behalf of either Party before any Governmental Authority or the staff or regulators of any Governmental Authority, in connection with the transactions contemplated hereunder (but, for the avoidance of doubt, not including any interactions between a Party and any Governmental Authority in the ordinary course of business, any disclosure which is not permitted by Law or any disclosure containing confidential or privileged information) will be disclosed to the other Parties hereunder in advance of any filing, submission or attendance, it being the intent that the Parties will consult and cooperate with one another, and consider in good faith the views of one another, in connection with any such analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals. Each Party will give notice to the other Parties with respect to any meeting, discussion, appearance or contact with any Governmental Authority or the staff or regulators of any Governmental Authority, with such notice being sufficient to provide the other Party with the opportunity to attend and participate in such meeting, discussion, appearance or contact.

(d) Notwithstanding the foregoing, nothing in this Section 6.16 will require, or be construed to require, Buyer, the SPAC or any of their Affiliates to agree to (i) sell, hold, divest, discontinue or limit, before or after the Closing Date, any assets, businesses or interests of Buyer, the SPAC or any of its current or potential Affiliates, including those being purchased in the Other Transactions; (ii) any conditions relating to, or changes or restrictions in, the operations of any such assets, businesses or interests which, in either case, could reasonably be expected to result in a Material Adverse Effect or materially and adversely impact the economic or business benefits to Buyer or the SPAC of the transactions contemplated by this Agreement and any ancillary documents; (iii) any material modification or waiver of the terms and conditions of this Agreement; or (iv) any material modification or waiver of the terms and conditions of any of the Other Transactions or terminate any of the Other Transactions.

6.17. NEO Exchange Guidelines. The Acquired Companies will use reasonable efforts to comply with numbered paragraphs 1, 2 and 3 of the NEO Exchange "Guidance Regarding Companies with Marijuana-Related Activities established and/or with assets in the US

seeking to list securities on the NEO Exchange”, dated July 11, 2018 (a copy of which is attached as Exhibit J).

6.18. Issuance of SPAC Shares to JOCHCO Investments, LLC. At the Closing, the SPAC will register 13,636 in SPAC Exchangeable Shares in the name of JOCHCO Investments, LLC.

6.19. Assumption of JOCHCO Loan. At the Closing, Buyer will assume the JOCHCO Loan with interest at 6% per annum (and guaranteed and secured by the Company, with such security to be subordinated to customary permitted liens and any bank credit facility of the SPAC, Buyer or the Company from time to time, in JOCHCO’s sole discretion). The JOCHCO debt shall be fully amortized over a three year period, with principal payments of \$1 million due and payable to JOCHCO at the one and two year anniversary of the Closing Date, respectively, and the balance of principal and accrued and unpaid interest due and payable to JOCHCO on the third anniversary of the Closing Date.

6.20. Lease Guaranties. Buyer and SPAC will use reasonable efforts to cause to cause each of the guaranties signed by Sellers or their Affiliates (the “Lease Guarantors”) with respect to the Leases in effect as of the date hereof (the “Lease Guaranties”) to be terminated or released at the Closing; provided, that if such personal guaranties remain in effect despite Buyer’s and SPAC’s reasonable efforts, Buyer or SPAC will enter into an indemnification agreement with the Lease Guarantors providing for Buyer’s or SPAC’s obligation to indemnify the Lease Guarantors for Losses suffered by the Lease Guarantors pursuant to the Lease Guaranties attributable to events occurring from and after the Closing, in the form to be mutually agreed to by Buyer and the Lease Guarantors, acting reasonably.

6.21. Bonus Pool. At Closing, Buyer shall cause to be funded an escrow account with \$5 million US dollars, to be used in the sole discretion of the Seller’s Representative, to pay employee and consultant bonuses, at such times, and in such amounts, as are determined by the Seller’s Representative.

6.22. Key Employees. Each of the Key Employees and Newco shall execute mutually agreeable employment agreements, which shall become effective upon the occurrence of the Closing (“Key Employee Agreements”).

6.23. Stock Option. Buyer will adopt, and/or will cause the SPAC or Newco, as applicable, to adopt a stock option plan for the benefit of, among others, the Key Employees.

6.24. Employee Benefit Plan. Buyer will adopt and/or will cause Newco or the Acquired Companies to adopt an annual bonus plan with payments equal to 20% of profits exceeding the annual budget established by mutual agreement between the SPAC President and Mark E. Pitchford, or their respective successors, acting reasonably.

**ARTICLE 7**  
**CONDITIONS TO OBLIGATION TO CLOSE**

7.1. Conditions to Obligations of Each Party Under This Agreement. The respective obligations of each Party to effect the Transaction will be subject to the satisfaction at or prior to the Closing of the following conditions, any or all of which may be waived in writing by a Party with respect only to itself, in whole or in part, to the extent permitted by applicable Law:

(a) Proceedings.

(i) No Governmental Authority of competent jurisdiction will have enacted, issued, promulgated, enforced or entered, other than the Federal Cannabis Laws, any statute, rule, regulation, or Order (whether temporary, preliminary or permanent) that is in effect and has the effect of making the Transaction illegal or otherwise prohibiting consummation of the Transaction.

(ii) No Proceeding will have been commenced against any Party which could reasonably prevent the Closing (either by way of injunction or other legal remedy); provided, that such Proceeding is not attributable to any breach or violation of Buyer or the SPAC of the terms of this Agreement or any Other Transaction.

(iii) There will be no other legal impediment to the Closing, except for the existence of the Federal Cannabis Laws; provided, that such impediment is not attributable to any breach or violation of Buyer or the SPAC of the terms of this Agreement or any Other Transaction.

(b) Seller Credit Facility. Each Seller will have obtained any required consents of its lender pursuant to any credit facility and all liens (related to such credit facility) on the Company Interests, the Newco Interests, each Acquired Company, Newco and their respective assets pursuant to any credit facility will have been released by the lender.

(c) Consents and Approvals. Sellers and the Acquired Companies will have received all of the consents and approvals set out in Schedules 4.6(a) and (b) of the Company Disclosure Schedules on terms satisfactory to both Parties, acting reasonably. Buyer will have received all of the consents and approvals set out in Schedule 5.4 of the Buyer Disclosure Schedules on terms satisfactory to both Parties, acting reasonably.

(d) Shareholder Approval. The SPAC will have received the SPAC Shareholder Approval.

(e) Contemporaneous Closings. Buyer, the SPAC or their Affiliates will have closed (or be prepared to close) all or all but one of the Other Transactions in escrow, subject to the contemporaneous completion of the Transaction and the Other Transactions.

(f) HSR. The waiting period applicable to the transactions contemplated by this Agreement shall have expired or early termination shall have been granted.

7.2. Additional Conditions to Obligations of Buyer. The obligations of Buyer to effect the Transaction are subject to satisfaction or waiver of the following additional conditions:

(a) Representations and Warranties. The representations and warranties of Sellers and the Acquired Companies (other than the Seller Fundamental Representations) set forth in this Agreement will be true and correct in all material respects (giving effect to the applicable exceptions set forth in the Company Disclosure Schedules but without giving effect to any limitation as to “materiality” or “Material Adverse Effect”) as of the Closing Date, as if made as of such time (except to the extent that such representations and warranties expressly speak as of another date, in which case such representations and warranties will be true and correct as of such date), except where the failure of such representations and warranties to be so true and correct has not had, and would not reasonably be expected to have, a Material Adverse Effect. The Seller Fundamental Representations will be true and correct in all material respects as of the Closing Date, as if made as of such time (except to the extent that such representations and warranties expressly speak as of another date, in which case such representations and warranties will be true and correct as of such date). Buyer will have received a certificate signed on behalf the Acquired Companies to such effect.

(b) Agreements and Covenants. Each Seller and each Acquired Company will have performed and complied with all of their respective covenants hereunder in all material respects through the Closing, and Buyer will have received a certificate signed on behalf of the Acquired Companies to such effect.

(c) Documents. All of the documents, instruments and agreements to be executed and/or delivered pursuant to this Agreement (including, without limitation, such documents, instruments and agreements effectuating the Pre-Closing Restructuring) will have been executed by the Parties thereto other than Buyer and the SPAC and delivered to Buyer.

(d) No Material Adverse Effect. Since the date of this Agreement, no Material Adverse Effect on the Acquired Companies will have occurred.

(e) Due Diligence. Buyer and the SPAC will have completed their due diligence investigations of the Sellers and the Acquired Companies and with respect to the Other Transactions to their satisfaction, except that this closing condition may not be relied upon by Buyer and the SPAC after November 2<sup>nd</sup>, 2018 (the “Due Diligence Expiration Date”).

(f) Necessary Cash Consideration. Buyer will have the necessary cash balance to complete the Transaction and the Other Transactions, after paying all related expenses and taking into account any redemptions of the SPAC Class A Shares.

7.3. Additional Conditions to Obligations of Sellers and the Company. The obligations of Sellers and the Company to effect the Transaction are subject to satisfaction or waiver of the following additional conditions:

(a) Representations and Warranties. The representations and warranties of Buyer and the SPAC (other than the Buyer Excluded Representations) set forth in this Agreement will be true and correct in all material respects (giving effect to the applicable exceptions set forth

in the Buyer Disclosure Schedules but without giving effect to any limitation as to “materiality” or “Material Adverse Effect”) as of the Closing Date, as if made as of such time (except to the extent that such representations and warranties expressly speak as of another date, in which case such representations and warranties will be true and correct as of such date), except where the failure of such representations and warranties to be so true and correct has not had, and would not reasonably be expected to have, a Material Adverse Effect. The Buyer Excluded Representations will be true and correct in all material respects as of the Closing Date, as if made as of such time (except to the extent that such representations and warranties expressly speak as of another date, in which case such representations and warranties will be true and correct as of such date). Sellers will have received a certificate signed on behalf of Buyer and the SPAC to such effect.

(b) Agreements and Covenants. Buyer and the SPAC will have performed and complied with all of its covenants hereunder in all material respects through the Closing. Sellers will have received a certificate signed on behalf of Buyer and the SPAC to such effect.

(c) Documents. All of the documents, instruments and agreements to be executed and/or delivered pursuant to this Agreement, including without limitation, an Exchange Rights Agreement, a Support Agreement, an amended articles of incorporation of Buyer, and such other documents relating to the issuance of the Exchangeable Shares in the form mutually acceptable to the Parties, acting reasonably (collectively, the “Exchange Rights Documents”) will have been executed by the Parties thereto other than Sellers, the Company and Newco and delivered to the Sellers’ Representative.

(d) No Material Adverse Effect. Since the date of this Agreement, no Material Adverse Effect on Buyer or the SPAC will have occurred.

(e) Employment Agreements. Each of the Key Employees will have executed and delivered an employment agreement with the applicable Acquired Company, with annual compensation that is the same as his or her annual compensation preceding the date of this Agreement, the effectiveness of which agreements is only conditioned upon the occurrence of the Closing.

(f) Promoter Liability. None of the Sellers or any affiliate, officer, director or trustee of a Seller, shall have been required to sign the Prospectus as a “promoter” under SPAC Securities Laws (such Person in such capacity a “Promoter”) unless:

(i) The Promoter’s liability as a promoter is limited to misrepresentations in the Prospectus with respect to an Acquired Company;

(ii) the vendors in each Other Transaction and the Promoter shall have entered into an agreement to allocate any and all liability for misrepresentations contained in the Prospectus amongst the vendors in each Other Transaction and the Promoter (or amongst any other parties to the agreement) in a fair and equitable manner; or

(iii) the SPAC shall have agreed to indemnify the Promoter for any and all liability for misrepresentations contained in the Prospectus that is not related to an Acquired Company.

(g) Opinion. Buyer shall have delivered to Sellers' Representative an opinion of legal counsel for SPAC as to Exchangeable Shares and SPAC Class B shares regarding, among others, valid issuance of such securities on a fully paid, non-assessable basis, the prospectus exempt issuance (for the SPAC Class B Shares only), and freely-tradable nature of such securities subject to the applicable lockup terms set forth in this Agreement and applicable Law, in the form mutually acceptable to the Parties, acting reasonably.

(h) Canadian Counsel Review. Sellers' Canadian counsel, the Law Firm of Cassels Brock ("Sellers' Canadian Counsel"), shall have reviewed all relevant transaction documents, and the Parties have adopted any such reasonable revisions (whether by amendment, addendum, or otherwise), to adopt such reasonable revisions required by Canadian securities or corporate laws or the rules of the NEO Exchange as requested by Sellers' Canadian Counsel.

## **ARTICLE 8**

### **TERMINATION**

8.1. Termination. This Agreement may be terminated and the Transaction may be abandoned at any time prior to the Closing:

(a) By mutual written consent of Buyer and the Sellers' Representative;

(b) By either Buyer or Sellers' Representative if:

(i) the Closing has not occurred on or before March 31, 2019 (the "Outside Date"); provided, that the right to terminate this Agreement under this Section 8.1(b)(i) will not be available to any Party whose failure to fulfill any material obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing to have occurred on or before such date; or

(ii) a Governmental Authority will have issued an Order or taken any other action (excluding any Order or action arising under, relating to or in connection with the Federal Cannabis Laws), in each case that has become final and non-appealable and that restrains, enjoins or otherwise prohibits the Transaction or any part of it; provided, that the right to terminate this Agreement under this Section 8.1(b)(ii) will not be available to any Party whose failure to fulfill any material obligation under this Agreement has been the cause of, or resulted in, the issuance of such Order or such action;

(c) By Buyer, if (i) any of the representations and warranties of Sellers and the Acquired Companies in this Agreement become untrue or inaccurate such that Section 7.2(a) would not be satisfied or (ii) there has been a material breach on the part of any Acquired Company or Sellers of any of its covenants or agreements contained in this Agreement such that Section 7.2(b) would not be satisfied;

(d) By Sellers' Representative, if (i) at any time that any of the representations and warranties of Buyer in this Agreement become untrue or inaccurate such that Section 7.3(a) would not be satisfied; (ii) there has been a material breach on the part of Buyer of any of its covenants or agreements contained in this Agreement such that Section 7.3(b) would not be

satisfied; or (iii) the reasonable revisions as requested by the Sellers' Canadian Counsel under Section 7.3(g) have not been adopted whether by amendment, addendum, or otherwise;

(e) By either Buyer or the SPAC on or prior to the Due Diligence Expiration Date, if Buyer and the SPAC are not satisfied with the results of the due diligence investigation of the Acquired Companies or two (2) or more of the Other Transactions, in Buyer's or the SPAC's discretion; or

(f) By either Buyer or the SPAC, within three (3) Business Days following delivery by Sellers and the Company to Buyer and the SPAC of the Company Disclosure Schedules contemplated in Section 6.15 or any update thereto, following Buyer's review of the Company Disclosure Schedules or any update thereto if Buyer is not reasonably satisfied with the Company Disclosure Schedules or any update thereto in good faith.

(g) At any time following the twenty-one (21) day period after the receipt of all required audited and reviewed financial statements (such twenty-one (21) period, the "Prospectus Deadline") by Sellers' Representative, if Buyer and the SPAC have failed to file the Preliminary Prospectus on SEDAR and elsewhere as required with Canadian securities regulators in accordance with Section 6.8(e) or to deliver a written evidence of such filing to Sellers' Representative prior to the expiration of the Prospectus Deadline; provided that the termination right under this Section 8.1(f) shall terminate and have no further force or effect upon Buyer and the SPAC's completion of such filing and such delivery of written evidence of such filing to Sellers' Representative;

(h) At any time following the forty-five (45) day period following the issuance by Canadian securities regulators of a receipt for the final Prospectus (such forty-five (45) day period, the "Shareholder Approval Deadline") by Sellers' Representative, if Buyer and the SPAC have failed to receive the SPAC Shareholder Approval or to deliver written evidence of such receipt to Sellers' Representative prior to the expiration of the Shareholder Approval Deadline; provided, that the termination right under this Section 8.1(g) shall terminate and have no further force or effect upon Buyer and the SPAC's delivery of written evidence of receipt of the SPAC Shareholder Approval to Sellers' Representative.

8.2. Notice of Termination. If Buyer or the SPAC intends to terminate this Agreement under Sections 8.1(b), (c), (e) or (f), or if Sellers' Representative intends to terminate this Agreement under Sections 8.1(b), (d), (g) or (h), such Person will provide the other Parties with written notice of their intent, indicating in reasonable detail the deficiencies relied upon to terminate this Agreement, and, solely in the case of termination pursuant to Sections 8.1(c) or (d), the applicable Party or Parties will have a 30 day cure period from the date of receipt of notice (but not later than the Outside Date) in which to correct the deficiency or deficiencies identified in the notice, to the extent that such deficiencies are curable.

8.3. Effect of Termination. Except as provided in this Section 8.3, in the event of the termination of this Agreement pursuant to Section 8.1, this Agreement (other than this Section 8.3, Section 6.3, the last sentence of Sections 6.4, Section 6.11 and Article 10, which will survive such termination) will forthwith become void, and there will be no liability on the part of any Party or any of their respective officers or directors to the other and all rights and obligations



of any Party will cease, except that nothing in this Section 8.3 will relieve any Party from liability for Fraud in the giving of any representations or warranties or for any willful and material breach, prior to termination of this Agreement in accordance with its terms, of any covenant or agreement contained in this Agreement.

**ARTICLE 9**  
**COVENANTS AND CONDUCT OF THE PARTIES AFTER CLOSING**

9.1. Survival and Indemnifications.

(a) Survival of Representations, Warranties, Covenants and Agreements.

(i) All representations and warranties of Sellers and the Company contained in this Agreement will survive the Closing Date for the duration of the applicable Representation Survival Period; except that the representations and warranties in Section 4.1 (Organization and Authority of the Company to Conduct Business), Section 4.2 (Power and Authority; Binding Effect), Section 4.3 (Equity Information), Section 4.4 (Title) and Section 4.30 (No Brokers) (collectively, the “Seller Fundamental Representations”) will survive the Closing indefinitely and the representations and warranties made in Section 4.9 (Taxes), Section 4.16 (Employee Benefit Plans) (collectively, the “Tax and ERISA Representations”) and together with the Seller Fundamental Representations, the “Seller Excluded Representations”) will survive the Closing until sixty (60) days following the expiration of all applicable statute of limitations (giving effect to any waiver, or extension thereof). Any claim made by Buyer for a breached representation or warranty of Sellers or the Company contained in this Agreement must be initiated by Buyer or the SPAC prior to the above-referenced expiration date. Any written claim for breach of representation and warranty delivered prior to the above-referenced applicable expiration date to the Party against whom such indemnification is sought will survive thereafter and, as to any such claim, such expiration, if any, will not affect the rights to indemnification under this Article 9 of the Party making such claim. Any claim made by Buyer or the SPAC based on Fraud in the giving of such representations and warranties will survive indefinitely. All of the representations and warranties of Sellers or the Company contained in this Agreement will in no respect be limited or diminished by any past or future inspection, investigation, examination or possession on the part of Buyer, the SPAC or their Representatives. All covenants and agreements made by Sellers or the Acquired Companies contained in this Agreement (including the obligation of Sellers to convey the Company Interests to Buyer pursuant to Section 2.1, if required, and the indemnification obligations of Sellers set forth in this Section 9.1) will survive the Closing Date until fully performed or discharged.

(ii) All representations and warranties of Buyer and the SPAC contained in this Agreement will survive the Closing Date for the duration of the applicable Representation Survival Period; except that the representations and warranties in Section 5.1 (Organization and Good Standing), Section 5.2 (Authority; Authorization; Binding Effect), Section 5.6 (No Brokers), and Section 5.7 (Capitalization) (collectively, the “Buyer Excluded Representations”) will survive the Closing indefinitely. Any claim made by Sellers for a breached representation or warranty of Buyer or the SPAC contained in this Agreement must be initiated prior to the above-referenced applicable expiration date. Any claim made by Sellers based on Fraud in the giving of such representations and warranties will survive indefinitely. All

of the representations and warranties of Buyer and the SPAC contained in this Agreement will in no respect be limited or diminished by any past or future inspection, investigation, examination or possession on the part of Sellers or their Representatives. All covenants and agreements made by Buyer and the SPAC contained in this Agreement (including the indemnification obligations of Buyer and the SPAC set forth in this Section 9.1) will survive the Closing Date until fully performed or discharged.

(b) Indemnification by Sellers.

(i) Sellers hereby, severally in accordance with their respective Pro Rata Shares, agree to defend, indemnify and hold harmless Buyer, the SPAC and their Affiliates, and the directors, officers and employees of Buyer, the SPAC and their Affiliates, from, against and in respect of the following:

(1) any and all Losses suffered or incurred by any of them by reason of any breached or untrue representation or warranty of Sellers or the Company contained in this Agreement (excluding the Seller Individual Representations);

(2) any and all Losses suffered or incurred by any of them by reason of the nonfulfillment of any covenant or agreement by any Acquired Company contained in this Agreement prior to the transfer of the Company Interests to Buyer or the Buyer Designee; and

(3) any and all Losses suffered or incurred by any of them attributable to (i) any liability, payment or obligation in respect of any Taxes owing by Sellers, Newco or any Acquired Company of any kind or description (including interest and penalties) for all pre-Closing Tax periods and the Pre-Closing Straddle Period (but excluding the Application Period), (ii) any and all Taxes of any member of an affiliated, consolidated, combined, or unitary group of which Newco or the Company (or any of its respective predecessors) is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulation §1.1502-6 under the Code or any analogous or similar Law, for all pre-Closing Tax periods and the Pre-Closing Straddle Period (but excluding the Application Period) (iii) any and all Taxes for all pre-Closing Tax periods and the Pre-Closing Straddle Period (but excluding the Application Period) of any Person (other than Newco or the Company) imposed on Newco or the Company as a transferee or successor, by contract or pursuant to any Law which Taxes relate to an event or transaction occurring before the Closing, and (iv) the obligations of the Sellers, Newco or the Company as set forth in Section 9.9 or breach thereof, except in the case of Newco or the Company, only to the extent such obligations or breach relate to the period prior to Closing.

(ii) Each Seller hereby, severally and not jointly, agrees to defend, indemnify and hold harmless Buyer, the SPAC and their Affiliates, and the directors, officers and employees of Buyer, the SPAC and their Affiliates, from, against and in respect of the following:

(1) any and all Losses suffered or incurred by any of them by reason of any breached or untrue Seller Individual Representations of such Seller contained in this Agreement; or

(2) any and all Losses suffered or incurred by any of them by reason of the nonfulfillment of any covenant or agreement by such Seller contained in this Agreement.

(ii) Notwithstanding anything in this Agreement to the contrary, Sellers will have no obligation to indemnify any Party under this Agreement for any and all Losses suffered or incurred by such Party resulting from the Pre-Closing Restructuring, except for a breach of Sellers' and the Acquired Companies' covenants under Sections 2.1(c) and 2.9.

(c) Indemnification by Buyer and the SPAC. Except that no recovery of Losses may be made from the Escrow Account as set out more fully in Section 6.11, Buyer and the SPAC hereby, jointly and severally, agree to indemnify and hold harmless Sellers and their respective Affiliates from, against, and in respect of:

(i) any and all Losses suffered or incurred by any of them resulting from any breached or untrue representation or warranty by Buyer or the SPAC contained in this Agreement;

(ii) any and all Losses suffered or incurred by any of them resulting from the nonfulfillment of any covenant or agreement by Buyer or the SPAC contained in this Agreement;

(iii) any and all Losses suffered or incurred by Sellers or the Acquired Companies resulting from the operation of the Business as contemplated by the Pre-Closing Restructuring during the Application Period, including, without limitation, any Taxes owing by Sellers or the Acquired Companies arising from Sellers' ownership of the Company Interests during the Application Period, except caused by a breach of any Acquired Company's covenants under this Agreement or under the Pre-Closing Restructuring Documents;

(iv) any and all Losses suffered or incurred by Sellers resulting from the failure of the Contributions to qualify as a tax-deferred transaction under Section 351 of the Code, including, without limitation, any Taxes owing by Sellers or the Acquired Companies in connection therewith; provided, however, that the aggregate liability of Buyer and the SPAC for indemnification obligations under this Section 9.1(c)(iv) shall not exceed US\$75,000; or

(v) the following Losses suffered or incurred by Sellers resulting from any action, claim or proceeding made or alleged by Strainz NV, LLC, a Nevada limited liability company ("Strainz NV"), or any member or alleged member of Strainz NV, questioning, challenging or disputing any aspect of the transactions contemplated by this Agreement or the Equity Purchase Agreement executed between Canopy, Buyer and the SPAC, among other parties, as applicable: (A) any and all Losses, as determined by a court or tribunal of competent authority in a final, non-appealable judgment, and any and all settlement amounts paid by Sellers to Strainz NV or any member or alleged member of Strainz NV, in each case in excess of \$8 million; and (B) the reasonable out of pocket costs of Sellers and the Acquired Companies in defending or settling any claim made by Strainz NV or any member or alleged member of Strainz NV; provided that these amounts will not become payable by Buyer and the SPAC until the SPAC's qualifying transaction and the subsequent release of all funds to the SPAC from the

SPAC Escrow Account; and provided further that if the Sellers, the Company and/or Canopy have not entered into a redemption agreement with Hugh Hempel and Strainz NV to purchase all of Strainz NV's membership interests in Canopy prior to the Closing Date, the Buyer will assume the defense and settlement of any claim or asserted claim made by Hugh Hempel and Strainz NV against Sellers and/or the Company; and provided further that Buyer will not enter into any compromise or settle any claim or asserted claim without first consulting with the Seller Representative and Sellers will provide Buyer with all available information, assistance and authority to enable Buyer to take over the defense or settlement of the claim or asserted claim.

(d) Limitations on Indemnifications.

(i) For purposes of this Section, the term "Threshold" means a dollar amount equal to US \$25,000.

(ii) With respect to any Losses related to a breach of representation and warranty of the Sellers or the Company, (A) Sellers will have liability for such Losses only if the aggregate amount of all Losses exceeds the Threshold, in which case Sellers will indemnify Buyer, the SPAC and their related indemnitees for all such Losses in excess of the Threshold, and (B) in no event will Sellers' aggregate liability for all Losses resulting from breaches of representations and warranties of Sellers or the Company exceed an amount equal to US \$5,000,000. With respect to any Losses related to a breach of representation and warranty of Buyer or the SPAC, (C) Buyer and the SPAC will have liability for such Losses only if the aggregate amount of all Losses exceeds the Threshold, in which case Buyer and the SPAC will indemnify Sellers and their related indemnitees for all such Losses in excess of the Threshold, (D) in no event will Buyer's and the SPAC's aggregate liability for all Losses exceed an amount equal to the Purchase Price, and (E) no recovery of Losses incurred by Sellers or their related indemnitees may be made from the Escrow Account as set out more fully in Section 6.11.

(iii) The limitations set forth in Section 9.1(d)(ii) and (iii) will not apply to any Losses (A) incurred by Buyer as a result of Sellers' failure to comply with covenants made in this Agreement or breach of any Seller Excluded Representations, and (B) incurred by Sellers as a result of Buyer or the SPAC's failure to comply with covenants made in this Agreement or breach of any Buyer Excluded Representations.

(iv) Notwithstanding anything in this Agreement to the contrary, in no event will any Seller have any liability for indemnification obligations or otherwise arising under, relating to, or in connection with, this Agreement for any amount, individually or in the aggregate, in excess of the amount equal to the lesser of the following: (1) the product of (x) such Seller's Pro Rata Share and (y) the Purchase Price; or (2) the then-current value of all consideration received by such Seller pursuant to Section 2.2, with the Exchangeable Shares being valued at the then-trading price of the SPAC Class B Shares into which the Exchangeable Shares are exchangeable.

(v) Sellers, their related indemnitees and their respective Affiliates, including the Acquired Companies, will have no recourse against the Escrow Account for any indemnifiable Losses suffered by them as set out more fully in Section 6.11.

(vi) Each Seller will be liable under Section 9.1(b)(ii) only for such Sellers' own breach of such Seller's Seller Individual Representations or breach of or failure to comply with covenants or agreements of such Seller contained in this Agreement and no Seller will be liable under Section 9.1(b)(ii) for any other Seller's breach or inaccuracy of such other Seller's Seller Individual Representations or breach of or failure to comply with covenants or agreements of such other Seller contained in this Agreement.

(e) Notification of Claims. In the event that any Party entitled to indemnification pursuant to this Agreement (the "Indemnified Party") proposes to make any claim for such indemnification, the Indemnified Party will deliver to the indemnifying Party (the "Indemnifying Party"), which delivery with respect to the Losses arising from breaches of representations and warranties will be on or prior to the date upon which the applicable representations and warranties expire pursuant to Section 9.1(a) hereof, a signed certificate, which certificate will (i) state that Losses have been incurred or that a claim has been made for which Losses may be incurred, (ii) specify the sections of this Agreement under which such claim is made and (iii) specify in reasonable detail each individual item of Loss or other claim including the amount thereof and the date such Loss was incurred. In addition, each Indemnified Party will give notice to the Indemnifying Party within thirty (30) days of its receipt of service of any suit or proceeding initiated by a third party which pertains to a matter for which indemnification may be sought (a "Third Party Claim"); provided, however, that the failure to give such notice will not relieve the Indemnifying Party of its obligations hereunder if the Indemnifying Party has not been prejudiced thereby.

(f) Defense of Third Party Claims and Extension of Statute of Limitations. Any Indemnified Party will in good faith cooperate and assist the Indemnifying Party in defending against any claims or asserted claims with respect to which the Indemnified Party seeks indemnification under this Agreement. If requested by the Indemnifying Party, the Indemnified Party will join in any action, litigation, arbitration or proceeding, provided that the Indemnified Party will pay its own costs caused by such joinder. The Indemnified Party will not settle or compromise any claim or asserted claim, nor agree to extend any statute of limitations applicable to any claim or asserted claim, which the Indemnified Party seeks indemnification under this Agreement, without the prior written consent of the Indemnifying Party, which consent will not be unreasonably withheld. Any right of participation of the Indemnifying Party will be subject, as a condition precedent, to such Party's acknowledging to the Indemnified Party, in writing, the obligation of the Indemnifying Party to indemnify the other Party hereto in accordance with the terms of this Agreement. Upon such acknowledgment, the Indemnified Party will provide the Indemnifying Party with all reasonably available information, assistance, and authority to enable the Indemnifying Party to jointly participate in such defense or settlement, and upon the Indemnifying Party's payment of any amounts due with respect to such Proceeding, the Indemnified Party will, to the extent of such payment, assign or cause to be assigned to the Indemnifying Party the claims of the Indemnified Party, if any, against such third parties with respect to which such payment is made.

(g) In the event of a claim for indemnification under this Agreement for which an Indemnified Party has provided notice of such claim to an Indemnifying Party under this Section 9.1 (but excluding any Third Party Claim) and the Indemnifying Party receiving such notice disputes all or any part of such claim, then Buyer and Sellers' Representative will first

attempt to resolve such claim through direct negotiations in good faith. No settlement reached in such negotiations under this Section 9.1(g) will be binding until reduced to a writing signed by the applicable parties. If the dispute is not resolved within twenty (20) Business Days after the date of delivery of such claim, then such dispute will be resolved in accordance with Section 10.4. Nothing in this Section 9.1(g) will prevent any Party from seeking injunctive relief in accordance with this Agreement.

(h) Other Indemnification Matters.

(i) All indemnification payments made pursuant to this Section 9.1 will be treated as an adjustment to the Purchase Price unless otherwise required by applicable Law.

(ii) The Indemnified Party will take all commercially reasonable steps to mitigate any Losses for which such Indemnified Party seeks indemnification hereunder.

(iii) The amount of any Losses subject to indemnification under this Section 9.1 will be calculated net of any insurance proceeds received and any other payments from third parties received (reduced by any costs or expenses incurred in collection of such amounts by the Indemnified Party (or any of its Affiliates) and net of any increases in future premiums reasonably determined to result primarily from such claim) by the Indemnified Party on account of such Losses. In the event that an insurance or other recovery is received by any Indemnified Party with respect to any Losses for which any such Person has been indemnified hereunder, then a refund equal to the amount of the recovery (reduced by any costs or expenses incurred in collection of such amounts by the Indemnified Party (or any of its Affiliates) and increases in future premiums reasonably determined to result primarily from such claim) will be made promptly to the Indemnifying Party that made or directed such indemnification payments to such Indemnified Party.

(iv) Except (i) with respect to claims based upon Fraud, (ii) for remedies that cannot be waived as a matter of Law and (iii) injunctive and provisional relief in accordance with the terms of this Agreement, if the Closing occurs, this Section 9.1 will be the sole and exclusive remedy for breach of, inaccuracy in, or failure to comply with, any representation, warranty, or covenant contained in this Agreement, or otherwise in respect of the transactions contemplated by this Agreement.

(v) No Seller will have any liability for any Losses to the extent that an allowance, provision or reserve covering such Losses is included in the final calculation of the Final Closing Working Capital as determined pursuant to Section 2.6.

9.2. Set-Off Against Promissory Note.

(a) If an indemnification payment due pursuant to this Article 9 has not been made by a Seller within 10 Business Days after it is finally agreed or determined by an arbitration panel or a court, as applicable, to be owing to the Buyer pursuant to Section 9.1, Buyer will be entitled to set-off against any amount or obligation Buyer owes to Sellers under the Promissory Note. Any such set-off will be accomplished by written notice to Sellers specifying in reasonable detail the basis for such set-off.

(b) If Buyer and Newco have not received all Cannabis License Approvals by the maturity date of the Promissory Note and the SPAC or Buyer has made a claim for indemnification based on a breach by Sellers or the Acquired Companies of any of the covenants under Sections 2.1(c), 2.9(b) or any of the agreements and other documents referenced in Section 2.1(a) or otherwise relating to the Pre-Closing Restructuring, then repayment of the principal amount under the Promissory Note will be postponed until the date that the indemnification claim is finally settled. The amount of principal repayment to be postponed will be equal to the lesser of the amount of the indemnification claim and the principal amount under the Promissory Note and the payment of interest on this amount will be suspended during the postponement.

9.3. Independence of Covenants, Representations and Warranties. All covenants made in this Agreement will be given independent effect so that if a certain action or condition constitutes a default under a certain covenant, the fact that such action or condition is permitted by another covenant will not affect the occurrence of such default, unless expressly permitted under an exception to such initial covenant. In addition, except as otherwise set forth in this Agreement, all representations and warranties made in this Agreement will be given independent effect so that if a particular representation or warranty proves to be incorrect or is breached, the fact that another representation or warranty concerning the same or similar subject matter is correct or is not breached will not affect the incorrectness or a breach of such initial representation or warranty.

9.4. Use of Limited liability company Name or Trade Name. After the Closing, Sellers will not use or refer to the names “Washoe Wellness” any trade name included within the Intellectual Property, or any derivative or variation thereof or any name similar thereto, except in the performance of any duties under any employment agreement or consulting agreement entered into between a Company and Seller, if any.

9.5. Confidentiality. Sellers have had access to, and has gained knowledge with respect to the Business, including without limitation trade secrets, financial results and information, processes and techniques, technical production and cost data, methods of doing business and information concerning customers and suppliers, and other valuable and confidential information relating to the Business (the “Confidential Information”). Sellers acknowledge that unauthorized disclosure or misuse of the Confidential Information, whether before or after the Closing, will cause irreparable damage to the Acquired Companies and Buyer subsequent to the Closing. The Parties also agree that covenants by Sellers not to make unauthorized disclosures of the Confidential Information are essential to the growth and stability of the business of the Acquired Companies and Buyer. Accordingly, Sellers agree that, beginning on the Closing Date and continuing until the fifth anniversary of the Closing Date, they will not use or disclose any Confidential Information obtained in the course of their past connection with the Business, except in the performance of any duties under any employment agreement, consulting agreement or any other transaction documents in connection with the Pre-Closing Restructuring entered into with the Company, Newco, Buyer, the SPAC or any of their respective Affiliates, if any, and in accordance with that Person’s policies regarding Confidential Information. Notwithstanding the foregoing, each Seller may disclose the Confidential Information (i) to such Seller’s Affiliates and Representatives, so long as the receiving party is advised of the confidentiality provisions of this Section 9.5 or subject to obligations of confidentiality in favor of such Seller with respect to information of the type constituted by the Confidential Information so disclosed to such receiving

party, (ii) to the extent required by Law or legal process or any Governmental Authority, or in connection with the defense or enforcement of such Seller's rights and obligations under this Agreement or another agreement with the Company, Newco, Buyer, the SPAC or any of their respective Affiliates, or (iii) to the extent such Confidential Information becomes publicly available through no breach of this Agreement or other fault of such Seller. If any Seller is requested or required by Law or legal process to disclose any Confidential Information, such Seller will notify Buyer promptly of the request or requirement so that Buyer may seek an appropriate protective order or waive compliance with the provisions of this Section 9.5. If in the absence of a protective order or the receipt of a waiver hereunder, such Seller is, on the advice of counsel, compelled to disclose any Confidential Information to any Governmental Authority or else stand liable for contempt, such Seller may disclose such Confidential Information to such Governmental Authority; provided, however, that the disclosing Seller will use commercially reasonable efforts to obtain at the request and expense of Buyer, an Order or other assurance that confidential treatment will be accorded to such portion of the Confidential Information required to be disclosed as Buyer may designate.

9.6. Non-Competition. Each Seller agrees that, beginning on the Closing Date and continuing until the fifth (5<sup>th</sup>) anniversary of the Closing Date, each Seller will not, directly or indirectly, for such Seller's own account or as agent, employee, officer, director, trustee, consultant, member, partner, stockholder or equity owner of any corporation, limited liability company, or any other entity (except that Seller may own securities constituting less than five percent (5%) of any class of securities of a public company), or member of any firm or otherwise, engage or attempt to engage in the Restricted Territory in the Business; provided, however, that Sellers' continued ownership of the Company Interests after the Closing Date pursuant to Section 2.1 and performance of the duties and obligations of Sellers or the Acquired Companies under the transaction documents in connection with the Pre-Closing Restructuring will not constitute a violation of this Section 9.6.

9.7. Non-Solicitation. Each Seller agrees that, beginning on the Closing Date and continuing until the fifth (5<sup>th</sup>) anniversary of the Closing Date, such Seller will not, directly or indirectly, for such Seller's own account or as agent, employee, officer, director, trustee, consultant, member, partner, stockholder or equity owner of any corporation, limited liability company, or any other entity (i) employ or solicit the employment of any person who was employed by any Acquired Company or Newco at the Closing Date or at any time during the six-month period preceding the Closing Date, (ii) solicit business in competition with the Business from any Person who during the six-month period preceding the Closing Date will have been a customer or supplier of any Acquired Company or Newco, (iii) willfully dissuade or discourage any person or entity from using, employing or conducting business with any Acquired Company or Newco or (iv) intentionally disrupt or interfere with, or seek to disrupt or interfere with, the business or contractual relationship between any Acquired Company or Newco and any supplier, who during the six-month period preceding the Closing Date will have supplied products or services to any Acquired Company or Newco; provided, that the restrictions in this Section 9.7 will not restrict (1) the ability of any Seller or such Seller's Affiliate to solicit generally in public advertisements not specifically directed to employees, customers, or suppliers of any Acquired Company or Newco, (2) any Seller or such Seller's Affiliate from providing services or products to any customer of any Acquired Company or Newco who independently seeks products or services without any prior solicitation (except as permitted in the foregoing clause (1)) by such



Seller or such Affiliate, or (3) Sellers' continued ownership of the Company Interests after the Closing Date pursuant to Section 2.1 or performance of the duties and obligations of Sellers or the Acquired Companies under the transaction documents in connection with the Pre-Closing Restructuring.

9.8. Equitable Remedies/Reasonableness of Limitations. Sellers acknowledge that (i) a remedy at law for failure to comply with the covenants contained in Sections 9.4-9.7 may be inadequate and (ii) Buyer will be entitled to seek and obtain from a court having jurisdiction or from an arbitrator under Section 10.4, in its sole discretion, specific performance, an injunction, a restraining order or any other equitable relief in order to enforce any such provision without the need to post a bond (or if a bond is required by Law, a bond in the amount of \$100 will be sufficient). The right to obtain such equitable relief will be in addition to any other remedy to which Buyer is entitled under applicable Law (including, but not limited to, monetary damages). Sellers represent and warrant that each Seller has had an opportunity to consult with counsel regarding this Agreement, has fully and completely reviewed this Agreement with such counsel and fully understands the contents hereof. Sellers agree that the territorial, time and other limitations contained in this Agreement are reasonable and properly required for the adequate protection of the business and affairs of Buyer, and in the event that any one or more of such territorial, time or other limitations is found to be unreasonable by a court of competent jurisdiction, Sellers agree to submit to the reduction of said territorial, time or other limitations to such an area, period or otherwise as the court may determine to be reasonable. In the event that any limitation under this Agreement is found to be unreasonable or otherwise invalid in any jurisdiction, in whole or in part, Sellers acknowledge and agree that such limitation will remain and be valid in all other jurisdictions.

9.9. Tax Matters.

(a) Sellers will prepare or cause to be prepared and will file or cause to be filed all Tax Returns for Newco for all Tax periods ending on or prior to the Closing Date (the "Pre-Closing Tax Periods") and that are due after the Closing Date. Each Tax Return referred to in this Section 9.9(a) will be prepared in a manner consistent with past practices of each Acquired Company and without a change of any election or accounting method (in each case except as otherwise required by applicable Law). Sellers' Representative will provide such Tax Returns to Buyer, no later than thirty (30) days prior to the due date for such Tax Returns (including any applicable extensions). Buyer will cooperate with Sellers' Representative in connection with the filing of such Tax Returns including making available a post-Closing officer of Newco to execute such approved returns on behalf of Newco.

(b) Buyer will prepare or cause to be prepared and will file or cause to be filed all Tax Returns of Newco that are required to be filed after the Closing Date (i) with respect to all Pre-Closing Tax Periods, other than those Tax Returns that are prepared (or caused to be prepared) by the Sellers pursuant to Section 9.9(a), and (ii) with respect to any Straddle Period. Each Tax Return referred to in this Section 9.9(b) will be prepared in a manner consistent with past practices of each Acquired Company and without a change of any election or accounting method (in each case except as otherwise required by applicable Law). At least thirty (30) days prior to the date on which each such Tax Return is due (with applicable extensions), Buyer will submit such Tax Return to the Sellers' Representative for review, comment and approval.

Sellers' Representative will provide any written comments to Buyer no later than fifteen (15) days after receiving any such Tax Return and, if Sellers' Representative does not provide any written comments within fifteen (15) days, Sellers will be deemed to have accepted such Tax Return. The Parties will attempt in good faith to resolve any dispute with respect to any such Tax Return. If the Parties are unable to resolve any such dispute at least five (5) days before the date (with applicable extensions) for any such Tax Return, Buyer and Sellers' Representative will jointly engage an Accounting Firm to resolve such dispute (selected as provided for in Section 2.5(c)). Buyer and Sellers will share equally the fees and expenses of the Accounting Firm. If the Accounting Firm is unable to resolve any such dispute prior to the due date (with applicable extensions) for any such Tax Return, such Tax Return will be filed as prepared by Buyer subject to amendment, if necessary, to reflect the resolution of the dispute by the Accounting Firm.

(c) For purposes of this Section 9.9, the portion of Tax with respect to the income, property or operations of each Acquired Company or Newco that is attributable to any Tax period that begins on or before the Closing Date and ends after the Closing Date (a "Straddle Period") will be apportioned between the period of the Straddle Period that extends before the Closing Date through the end of the Closing Date (the "Pre-Closing Straddle Period") and the period of the Straddle Period that extends from the day after the Closing Date to the end of the Straddle Period (the "Post-Closing Straddle Period") in accordance with this Section 9.9(c). The portion of such Tax attributable to the Pre-Closing Straddle Period will (i) in the case of any Taxes other than sales or use taxes, value-added taxes, employment taxes, withholding taxes, and any Tax based on or measured by income, receipts or profits earned during a Straddle Period, be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction, the numerator of which is the number of days in the Pre-Closing Straddle Period and the denominator of which is the number of days in the Straddle Period, and (ii) in the case of any sales or use taxes, value-added taxes, employment taxes, withholding taxes, and any Tax based on or measured by income, receipts or profits earned during a Straddle Period, be deemed equal to the amount that would be payable if the Straddle Period ended on and included the Closing Date. The portion of a Tax attributable to a Post-Closing Straddle Period will be calculated in a corresponding manner.

(d) Except to the extent reflected in Final Working Capital, Sellers will be liable for all Taxes owed with respect to any Tax Return for any Pre-Closing Tax Period and, in the case of a Tax Return for a Straddle Period, all Taxes attributable to the Pre-Closing Straddle Period. Sellers will pay to Buyer within fifteen (15) days after the date on which Taxes are paid with respect to such periods an amount equal to the portion of such Taxes which relates to the portion of such Pre-Closing Tax Period or Pre-Closing Straddle Period, such as the case may be.

(e) To the extent permitted by applicable Law, any Tax deductions with respect to any selling expenses, transaction costs or similar expenses (including without limitation the Seller Transaction Expenses) will be allocated to the Pre-Closing Tax Period or the Pre-Closing Straddle Period.

(f) Buyer, the SPAC, Sellers and each Acquired Company will cooperate fully, as and to the extent reasonably requested by the other Parties, in connection with the filing of Tax Returns pursuant to this Section 9.9 and any audit, litigation, or other proceeding with respect to Taxes. Such cooperation will include the retention and (upon another Party's request) the

provision of records and information that are reasonably relevant to any such audit, litigation, or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Sellers, each Acquired Company, Buyer and the SPAC agree to, and agree to cause Newco to retain all books and records with respect to Tax matters pertinent to Newco relating to any Tax period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by Buyer or Sellers' Representative, any extensions thereof) of the respective Tax periods, Buyer and Sellers further agree, upon request, to use their commercially reasonable best efforts to obtain any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce, or eliminate any Tax that could be imposed (including, but not limited to, with respect to the Transaction).

(g) Notwithstanding Section 9.1, this Section 9.9(g) will control any inquiries, assessments, proceedings or similar events with respect to Taxes. The Buyer will promptly notify the Sellers' Representative: (i) upon receipt by the Buyer or any Affiliate of the Buyer of any notice of any audit or examination of any Tax Return of Newco relating to any Pre-Closing Tax Period or Straddle Period and any other proposed change or adjustment, claim, dispute, arbitration or litigation related to Taxes from any Tax Authority relating to any Pre-Closing Tax Period or Straddle Period (a "Tax Matter"); or (ii) prior to the Buyer or Newco initiating any Tax Matter with any Tax authority relating to any Pre-Closing Tax Period or Straddle Period. The Sellers' Representative may, at the Sellers' expense, participate in and, upon written notice to the Buyer, assume the defense of any such Tax Matter; provided that the failure of Buyer to provide notices as required under this Section 9.9(g) will negate the Buyer's right to indemnification under this Section 9.9 and Section 10.3 with respect to Tax liabilities resulting from any such voluntary contact. If the Sellers' Representative assumes such defense, then the Sellers' Representative will have the authority, with respect to any Tax Matter, to represent the interests of Newco before the relevant Tax authority and the Sellers' Representative will have the right to control the defense, compromise or other resolution of any such Tax Matter, subject to the limitations contained herein, including responding to inquiries, and contesting, defending against and resolving any assessment for additional Taxes or notice of Tax deficiency or other adjustment of Taxes of, or relating to, such Tax Matter. If the Sellers' Representative has assumed such defense, then the Sellers' Representative will be entitled to defend and settle such Tax Matter; provided, however, that the Sellers' Representative will not enter into any settlement of or otherwise resolve any such Tax Matter to the extent that it adversely affects the Tax liability of the Buyer, Newco, any Acquired Company or any Affiliate of the foregoing for a post-Closing Tax period without the prior written consent of the Buyer, which consent will not be unreasonably withheld, conditioned or delayed. The Sellers' Representative will keep the Buyer informed with respect to the commencement, status and nature of any such Tax Matter and will, in good faith, allow the Buyer to consult with the Sellers' Representative regarding the conduct of or positions taken in any such proceeding. The Buyer shall have the right (but not the duty) to participate in the defense of such Tax Matter and to employ counsel, solely at its own expense, separate from the counsel employed by the Sellers' Representative. Except as otherwise provided in this Section 9.9(g), Buyer shall have the right, at its own expense, to exercise control at any time over any Tax Matter regarding any Tax Return of any Acquired Company (including the right to settle or otherwise terminate any contest with respect thereto).

(h) Except to the extent included in Final Closing Working Capital, any refunds for Taxes (including any interest in respect thereof actually received from a Taxing Authority), net of reasonable expenses, actually received by Buyer or the Newco, and any amounts credited against Taxes to which Buyer, Newco, or any of their Affiliates become entitled and that reduce the Taxes otherwise payable by Buyer, Newco, or any of their Affiliates (including by way of any amended tax return), related to, or resulting or arising, directly or indirectly from Taxes of Newco for any Pre-Closing Tax Period or Pre-Closing Straddle Period shall be property of the Sellers; provided, however, that any such refunds or amounts credited shall be the property of Newco and Buyer if such refunds are received or such amounts credited are actually utilized by Newco or Buyer on a date that is three (3) or more years after the Closing Date.

(i) If the Company Interests are transferred to Buyer or the Buyer Designee pursuant to Section 2.1(c), the Parties agree that the provisions of this Section 9.9(a)-(i) will apply to the tax matters of the Company, mutatis mutandis, so that such provisions will be read as if the term “Newco” will be replaced with the “Company”, as applicable, and the term “Closing Date” will mean the effective date of the transfer of the Company Interests to Buyer or the Buyer Designee. Further, in such case, Buyer and the SPAC will be responsible for all Taxes of the Company or Sellers owed with respect to any Tax Return for any Application Period. Buyer and the SPAC will pay to Sellers within fifteen (15) days after the date on which Taxes are paid with respect to the Application Period an amount equal to the portion of such Taxes which relates to the portion of such Application Period.

(j) Buyer and Sellers each acknowledge and agree that the contribution to Buyer of the Rollover Newco Interests in exchange for Buyer’s issuance of the Exchangeable Shares is occurring concurrently and pursuant to a single, integrated plan with the cash capital contribution to Buyer by CSAC Holdings Inc. or its Affiliates (collectively, the “Contributions”), and the Contributions are intended to be treated as a transaction described in Section 351 of the Code. Buyer and Sellers will report the Contributions for all U.S. federal income tax purposes accordingly.

(k) Notwithstanding anything in this Agreement to the contrary, the provisions of this Section 9.9 will survive for the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof) plus thirty (30) days.

#### 9.10. Releases.

(a) In consideration of the Purchase Price paid to Sellers on the Closing Date and effective on the Closing Date, Sellers release and forever discharge each Acquired Company, Newco, Buyer, the SPAC and each of their respective individual, joint or mutual, past, present and future directors, officers, representatives, Affiliates, stockholders, controlling persons, subsidiaries, successors and assigns (individually, a “Releasee” and collectively, “Releasees”) from any and all claims, demands, proceedings, causes of action, orders, obligations, contracts, agreements, debts and liabilities whatsoever, whether known or unknown, suspected or unsuspected, both at law and in equity, that Sellers now have, have ever had or may hereafter have against the Releasees arising prior to the Closing or on account of or arising out of any matter, cause or event occurring prior to the Closing; provided, however, that nothing contained

in this Section 9.10(a) will operate to release any obligations of or claims against each Acquired Company, Newco, Buyer or the SPAC (i) arising under this Agreement or the Transaction, (ii) with respect to current claims for salaries, wages or benefits accrued but not paid as of the Closing Date, (iii) relating to any other matter in connection with any relationship of a Seller with each Acquired Company, Newco, SPAC or Buyer (or any of their respective Affiliates) from and after the Closing, (iv) in the case of Newco or each Acquired Company, to indemnify any Seller for serving as an officer, director, manager, agent or employee of any Acquired Company, Newco or any of their respective Affiliates, providing services on behalf of any Acquired Company, Newco or any of their respective Affiliates, or serving as a trustee or fiduciary of any Welfare Plan, to the extent such right to indemnification exists as a matter of Law or by contract (including, without limitation, pursuant to any organizational or other governing documents of any Acquired Company or Newco (or any of their respective Affiliates) existing prior to the Closing Date, (v) for any acts of Fraud on the part of Buyer or SPAC, or (vi) to the extent such claim cannot be released as a matter of Law; and provided, further, that no Acquired Company will be a Releasee under this Section 9(a) and the release in favor of the Acquired Companies set forth in this Section 9(a) will have no force or effect until the consummation of the transfer of the Company Interests to Buyer of the Buyer Designee pursuant to Section 2.1(c).

(b) In consideration of the contribution and transfer of membership interests on the Closing Date and effective on the Closing Date, Buyer, the SPAC and Newco release and forever discharge the Sellers and each of their Releasees from any and all claims, demands, proceedings, causes of action, orders, obligations, contracts, agreements, debts and liabilities whatsoever, whether known or unknown, suspected or unsuspected, both at law and in equity, that Buyer, the SPAC, Newco and the Company now have, have ever had or may hereafter have against the Sellers and each of the Releasees arising prior to the Closing or on account of or arising out of any matter, cause or event occurring prior to the Closing; provided, however, that nothing contained in this Section 9.10(b) will operate to release any obligations of or claims against the Sellers or their Releasees (i) arising under this Agreement, any agreement or other document that is ancillary to, or required to be executed by Sellers or the Company under, this Agreement, or the Transaction, (ii) for any acts of criminal fraud or bribery on the part of Sellers, or (iii) to the extent such claim cannot be released as a matter of Law.

9.11. Appointment of SPAC Directors. Sellers will, immediately after the Closing, appoint Mark E. Pitchford to the SPAC Board, subject to Mark E. Pitchford being qualified under the SPAC's Constitutive Documents and applicable Law, and not objected to by the Ontario Securities Commission or the NEO Exchange. In such case, subject to any required SPAC shareholder approval, the SPAC will take all action necessary to correspondingly increase the size of the SPAC Board and cause the election of Mark E. Pitchford to the SPAC Board to serve so long as Mark Pitchford holds at least forty percent (40%) of the Exchangeable Shares (including the SPAC Class B Shares issued upon conversion or exchange of such Exchangeable Shares) issued to Mark Pitchford at the Closing pursuant to this Agreement<sup>1</sup>. The SPAC will purchase a reasonable amount of director and officer liability insurance, if it is available to the SPAC on commercially reasonable terms. The SPAC will enter into an indemnification

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<sup>1</sup> **HR NTD:** To be discussed with client.

agreement with Mark E. Pitchford on terms that are customary for a public company incorporated in Canada.

9.12. The SPAC Stock Option Plan. The SPAC will, immediately after the Closing, adopt a stock option plan, as approved by the SPAC Board, to be used as a performance incentive for the SPAC's and the Company's management.

9.13. Indemnification Rights of SPAC/Buyer in Other Transactions. The SPAC and Buyer will use commercially reasonable efforts to enforce their indemnification rights under the Other Transactions.

9.14. Option to Purchase Real Property. The Acquired Companies, each Seller or their respective Affiliates own certain real property used in the Business as described on Schedule 9.14 (collectively, the "Option Real Property"). Effective upon Closing, the Acquired Companies and each Seller (as applicable) grant, and will cause their Affiliates (as applicable) to grant, to Buyer the exclusive right and option to purchase the Option Real Property (the "Option"), on the terms and conditions set forth in this Section 9.14. The term of the Option (the "Option Period") will commence on the Closing Date and expire upon the fifth anniversary of the Closing Date (the "Option Expiration Date"). Buyer may exercise the Option, on one or more of the properties that make up the Option Real Property from time to time, by giving written notice to Sellers' Representative on or before 5:00 p.m. on the Option Expiration Date. If Buyer exercises the Option, the closing of the purchase of the applicable Option Real Property will occur within thirty (30) days of Sellers' Representative receipt of the Option Notice (the "Option Closing Date"). The purchase price for the Option Real Property will be the fair market value of the Option Real Property, on the date the Option Notice is received by Sellers' Representative, as determined by taking the average price determined by each of three real estate appraisers. One appraiser will be appointed by Buyer, one appraiser will be appointed by Sellers' Representative and one appraiser will be appointed by the two appraisers appointed by Buyer and Sellers' Representative. Buyer and Sellers' Representative will direct the appraisers to complete their appraisals within thirty (30) days of Seller's receipt of the Option Notice. Buyer may transfer its rights to purchase the Option Real Property to an Affiliate or another entity set up specifically to hold such real property. If the Buyer does not exercise the Option in accordance with its terms, the Option and the rights of Buyer will automatically and immediately terminate without notice. Notwithstanding the provisions of this Section 9.14, the Option with respect to the Option Real Property owned by JOCHCO may only be exercised by Buyer after the JOCHCO Loan is repaid in full and the purchase price may not be less than US\$2.75 million.

9.15. Seller Protective Provisions. If, during the period commencing on the Closing Date and ending on the expiry of the 12 month lock-up period described in Section 2.3(c)(iii) (as it may be reduced pursuant to the terms of Section 6.13(c)), either of Buyer and the SPAC, either directly or indirectly by amendment, merger, consolidation or otherwise, does any of the following acts listed below in this Section 9.15 without prior the written consent of the Sellers' Representative, the lock-up periods described in Sections 2.3(c)(ii) and (iii) will immediately terminate and be of no further force or effect.

(a) Any amendment to the constitutional documents (i.e. charter, bylaws, equityholder agreements, or similar arrangements) of Buyer, the SPAC or their respective

subsidiaries (collectively, the “Group”) that would be adverse to the Sellers’ rights with respect to the Exchangeable Shares;

(b) Any change to the rights attaching to any share or class of shares of Buyer or the SPAC;

(c) Liquidation or winding up of Buyer or the SPAC;

(d) Any merger, acquisition, combination, consolidation, amalgamation or similar transaction of a fundamental nature by any member of the Group, which shall include any such transaction that (either individually or together with any other such transaction completed during the relevant financial year) exceeds that provided for in the then current annual budget of any member of the Group by 20% or more;

(e) Amendment or waiver of any provision of any mutual agreement or termination of any material agreement, having a material adverse effect, in each case other than pursuant to the terms thereof or as permitted by an authorized board action;

(f) Except as contemplated by the Pre-Closing Restructuring, any member of the Group entering into (a) any material transaction out of the ordinary course of business (excluding the Other Transactions and additional acquisitions) or (b) any material agreement, in each case with any shareholder, director or employee of any member of Group or any of their respective Affiliates, directors, officers or employees; and

(g) Sale of a majority (or greater) of the voting securities of any member of Group or of all or substantially all the assets of any member of Group or exclusive license of any material intellectual property.

#### 9.16. Make-Whole Provisions.

(a) Subject to SPAC Securities Laws (including regulatory and NEO Exchange approval, if required) and the limitations in this Section 9.16, Buyer will issue additional Exchangeable Shares to Sellers in accordance with their Pro Rata Share and to JOCHCO, if:

(i) The trailing 3-day volume-weighted average trading price of the SPAC Class B Shares on the NEO Exchange (the “Closing Price”) is less than Cdn.\$29.00 on the day that is 180 days after the Closing Date (or the next Business Day, if that day is not a Business Day) (the “First Make-Whole Date”); and

(ii) The Closing Price is less than Cdn.\$29.00 on the day that is 360 days after the Closing Date (or the next Business Day, if that day is not a Business Day) (the “Second Make-Whole Date”).

(b) The number of additional Exchangeable Shares to be issued to Sellers on the First Make-Whole Date, if any, will equal the number of Exchangeable Shares required so that the market value of (i) 50% of the Exchangeable Shares issued to Sellers on the Closing Date, plus (ii) the number of additional Exchangeable Shares to be issued under this Section 9.6(b) have

a cumulative market value of US\$2,820,000 based on the Closing Price on the First Make-Whole Date.

(c) The number of additional Exchangeable Shares to be issued to Sellers on the Second Make-Whole Date, if any, will equal the number of Exchangeable Shares required so that the market value of (i) 50% of the Exchangeable Shares issued to Sellers on the Closing Date, plus (ii) the number of additional Exchangeable Shares to be issued under this Section 9.6(c) have a cumulative market value of US\$2,820,000 based on the Closing Price on the Second Make-Whole Date.

(d) The number of additional Exchangeable Shares to be issued to JOCHCO on the First Make-Whole Date, if any, will equal the number of Exchangeable Shares required so that the market value of (i) 50% of the Exchangeable Shares issued to JOCHCO on the Closing Date, plus (ii) the number of additional Exchangeable Shares to be issued under this Section 9.6(d) have a cumulative market value of US\$150,000 based on the Closing Price on the First Make-Whole Date.

(e) The number of additional Exchangeable Shares to be issued to JOCHCO on the Second Make-Whole Date, if any, will equal the number of Exchangeable Shares required so that the market value of (i) 50% of the Exchangeable Shares issued to JOCHCO on the Closing Date, plus (ii) the number of additional Exchangeable Shares to be issued under this Section 9.6(e) have a cumulative market value of US\$150,000 based on the Closing Price on the Second Make-Whole Date.

(f) The calculation of the number of additional Exchangeable Shares to be issued to Sellers under Section 9.16(b) through (e) will be equitably adjusted in the event of any stock split, reverse share split, reorganization, reclassification, merger, take-over bid, arrangement, amalgamation, combination, recapitalization, exchange (pursuant to the sale of the SPAC or otherwise) or other like change or event with respect to or affecting shares in the capital of the SPAC (or in respect of which a record date or effective date, as applicable, has been declared and passed). All exchange rates required in this Section 9.16 will be determined by reference to the Wall Street Journal published rate on the First Make-Whole Date and the Second Make-Whole Date, as applicable.

(g) Under no circumstances, may the total number of additional Exchangeable Shares to be issued to Sellers and JOCHCO under Section 9.16(b) through (e) exceed 10% of the total number of issued and outstanding Class B shares of the SPAC as of the Closing Date. Buyer will have no obligation to issue any additional Exchangeable Shares to Sellers and JOCHCO under this Section 9.16, if the SPAC and/or Buyer are required under SPAC Securities Laws to offer the same to other holders of Exchangeable Shares.

(h) Sellers and JOCHCO will not seek to, directly or indirectly, reduce the price of the SPAC Class B Shares in any way.

**ARTICLE 10**  
**MISCELLANEOUS**



10.1. Further Assurances. Following the Closing Date, each Party will cooperate in good faith with each other Party and will take all appropriate action and execute any agreement, instrument or other writing of any kind which may be reasonably necessary or advisable to carry out and consummate the Transaction.

10.2. Notices. Unless otherwise provided in this Agreement, any agreement, notice, request, instruction or other communication to be given hereunder by any Party to the other will be in writing and (i) delivered personally (such delivered notice to be effective on the date it is delivered), (ii) deposited with a reputable overnight courier service for next Business Day delivery (such couriered notice to be effective one (1) Business Day after the date it is sent by courier), (iv) sent by facsimile transmission (such facsimile notice to be effective on the date that confirmation of such facsimile transmission is received), with a confirmation sent by way of one of the above methods, or (v) sent by e-mail (with electronic confirmation of delivery or receipt), as follows:

If to Sellers or Sellers' Representative, addressed to:

Mark E. Pitchford  
1645 Crane Way  
Sparks, NV 89431  
Email: [mark@washoewellness.com](mailto:mark@washoewellness.com)  
Telephone: (775) 338-1677

With a copy to:

Maupin, Cox & LeGoy  
Attn: Kurt O. Hunsberger, Esq.  
4785 Caughlin Parkway  
Reno, Nevada 89519  
Telephone: (775) 827-2000  
Facsimile: (775) 827-2185  
Email: [khunsberger@mcllawfirm.com](mailto:khunsberger@mcllawfirm.com)

If to Buyer, addressed to:

Mercer Park CB, L.P.  
c/o its General Partner, Mercer Park CB GP, LLC  
Attn: Jonathan Sandelman  
590 Madison Avenue, 26th Floor  
New York, New York 10022  
Telephone: (212) 299-7670  
Facsimile:  
Email: [Jsandelman@mercerparklp.com](mailto:Jsandelman@mercerparklp.com)

With a copy to:

Hodgson Russ LLP

Attn: David G Reed, Esq.  
140 Pearl Street, Suite 100  
Buffalo, New York 14202  
Telephone: (716) 856-4000  
Facsimile: (716) 849-0349  
Email: [DReed@hodgsonruss.com](mailto:DReed@hodgsonruss.com)

Any Party may designate in a writing to any other Party any other address or facsimile number to which, and any other Person to whom or which, a copy of any such notice, request, instruction or other communication should be sent.

10.3. Public Statements. Neither Sellers nor the Company nor Buyer nor the SPAC will, without the approval of the other Parties, issue any press releases or otherwise make any public statements with respect to the Transaction, except as may be required by applicable Law. Notwithstanding the foregoing, Buyer, the SPAC and/or the Company may issue a press release announcing the acquisition after the Closing.

10.4. Governing Law; Dispute Resolution.

(a) This Agreement will be construed, interpreted and the rights of the Parties determined in accordance with the laws of the State of Nevada without regard to principles of conflicts of law.

(b) Any dispute, claim or controversy arising out of or relating to this Agreement, including the determination of the applicability, enforceability or scope of this agreement to arbitrate, will be determined by arbitration in Las Vegas, Nevada before one arbitrator. The arbitration will be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures (as it exists on the effective date of this Agreement). Judgment on the award may confirmed, entered and docketed in any court having jurisdiction. If the Parties cannot agree on a single arbitrator, one will be appointed by JAMS. The arbitrator will be a retired judge from a federal court in the State of Nevada or a lawyer admitted to practice in the State of Nevada with at least 25 years' active legal practice based in the State of Nevada. All objections are reserved for the arbitration hearing, except for objections based on privilege and proprietary or confidential information. The arbitrator will be instructed by the Parties to ignore the application of the Federal Cannabis Laws to each and every Party and to the dispute, claim or controversy. The arbitrator may not modify the terms of this Agreement. A transcription of the hearing will be made and the arbitrator will provide a reasoned decision in writing. The Parties will keep confidential all matters relating to the arbitration, the arbitration award and any challenge or appeal, except as may be necessary (1) to prepare for or conduct the arbitration hearing on the merits, (2) in connection with a court application for a preliminary remedy, (3) in connection with a judicial challenge to an arbitration award or its enforcement, (4) in connection with an appeal of the arbitration award, as permitted under this Agreement, or its confirmation, entering, docketing or enforcement, (5) to comply with applicable Law or judicial decision, or (6) to comply with any applicable stock exchange rules, including the NEO Exchange. Except as provided in this Agreement, the Parties must commence and pursue arbitration to resolve all disputes arising under or relating to this Agreement prior to commencement of any legal action.

(c) This Agreement evidences a transaction involving interstate commerce. Notwithstanding the choice of substantive law under this Agreement, the Federal Arbitration Act will apply to the arbitration of all disputes, including the breach of this Agreement and any alleged pre-contractual representations or conduct, violations of the Racketeering Influenced or Corrupt Organizations Act (RICO), applicable federal or state securities Law, unfair trade practice Law, or similar Law.

(d) If it is determined that the requirement to arbitrate is unenforceable, and after any and all final appeals the decision is upheld, the Parties agree to litigate in any state court in Washoe County, Nevada, and these courts will have exclusive jurisdiction to entertain any proceeding in respect of this Agreement, and the Parties will submit to the jurisdiction of such courts in all matters relating to or arising out of this Agreement. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTION. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (ii) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, AND (iii) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY.

(e) Any arbitration award will have a binding effect only on the actual dispute arbitrated, and will not have any collateral effect on any other dispute whatsoever, whether in arbitration, litigation or other dispute resolution proceeding. Sellers and the Company (if the Transaction does not close) will not consolidate their dispute in any arbitration or litigation with a claim by any other Person.

(f) If a Party (1) commences action in any court, except to compel arbitration, or except as specifically permitted under this Agreement, prior to an arbitrator's final decision, or (2) commences any arbitration or litigation in any forum except where permitted under this Agreement, then that Party is in default of this Agreement. The defaulting Party must commence arbitration (or litigation, if permitted under this Agreement), in a permitted forum prior to any award or final judgment. The defaulting Party will be responsible for all expenses incurred by the other Party as a result of this default, including legal fees.

(g) The Parties adopt and will implement the JAMS Optional Arbitration Appeal Procedures (as it exists on the effective date of this Agreement) with respect to a final award in an arbitration arising out of or relating to this Agreement, if that award requires the payment of monetary damages in excess of US \$500,000 (with this dollar value to be indexed from the date of this Agreement based on the annual rate of inflation in the United States). The JAMS appeal panel will determine whether such appeal threshold has been met. If the appeal panel consists of three members, the Chair will be a retired judge from a federal court located in the State of Nevada and one member will be a lawyer admitted to practice in the State of Nevada with at least 25 years' active legal practice based in the State of Nevada. Judgment on any

revised award may be confirmed, entered and docketed in any court having jurisdiction. The same confidentiality provision that apply to the Parties with respect to the original arbitration will apply to the appeal.

(h) If JAMS is no longer in business, an alternative administrative arbitration agency will be selected by mutual agreement of the Parties. If they cannot agree, the Parties will apply to a court of competent jurisdiction to select the agency. In the event of any conflict between the rules and procedures of JAMS or an alternate administrative arbitration agency and the provisions of this Section, the provisions of this Section will prevail.

10.5. Expenses. Except (a) to the extent reflected in the Working Capital, and (b) as otherwise provided in this Agreement, Sellers will pay all legal, accounting and other expenses of Sellers and the Acquired Companies (incurred prior to Closing) incident to this Agreement and Buyer will pay all legal, accounting and other expenses of Buyer and the Acquired Companies (first incurred after the Closing) incident to this Agreement. Except as otherwise provided in this Agreement, nothing contained in this Agreement will be interpreted or construed to require Buyer to directly or indirectly pay, assume or be liable for any of the foregoing expenses of the Acquired Companies or Sellers. Buyer or SPAC will pay or cause to be paid the expenses of the Acquired Companies related to obtaining IFRS audits of its historical financial statements as required for the Prospectus.

10.6. Titles. The headings of the articles and sections of this Agreement are inserted for convenience of reference only, and will not affect the meaning or interpretation of this Agreement.

10.7. Waiver. No failure of any Party to require, and no delay by any Party in requiring, any other Party to comply with any provision of this Agreement will constitute a waiver of the right to require such compliance. No failure of any Party to exercise, and no delay by any Party in exercising, any right or remedy under this Agreement will constitute a waiver of such right or remedy. No waiver by any Party of any right or remedy under this Agreement will be effective unless made in writing. Any waiver by any Party of any right or remedy under this Agreement will be limited to the specific instance and will not constitute a waiver of such right or remedy in the future.

10.8. Effective; Binding. This Agreement will be effective upon the due execution hereof by each Party. Upon becoming effective, this Agreement will be binding upon each Party and upon each successor and assignee of each Party and will inure to the benefit of, and be enforceable by, each Party and each successor and assignee of each Party; provided, however, that, except as provided for in the immediately following sentence, no Party may assign any right or obligation arising pursuant to this Agreement without first obtaining the written consent of the other Parties. Buyer may assign all or a portion of its rights and obligations under this Agreement to one or more Affiliates of Buyer upon prior written notice to Sellers' Representative, provided that Buyer will remain liable hereunder notwithstanding any such assignment.

10.9. Entire Agreement. This Agreement contains the entire agreement between the Parties with respect to the subject matter of this Agreement and supersedes each course of

conduct previously pursued, accepted or acquiesced in, and each written or oral agreement and representation previously made, by the Parties with respect to the subject matter of this Agreement.

10.10. Modification. No course of performance or other conduct hereafter pursued, accepted or acquiesced in, and no oral agreement or representation made in the future, by any Party, whether or not relied or acted upon, and no usage of trade, whether or not relied or acted upon, will modify or terminate this Agreement, impair or otherwise affect any obligation of any Party pursuant to this Agreement or otherwise operate as a waiver of any such right or remedy. No modification of this Agreement or waiver of any such right or remedy will be effective unless made in writing duly executed by the Parties.

10.11. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which taken together will constitute one and the same instrument. Any Party may execute this Agreement by facsimile (or other means of electronic transmission, such as by electronic mail in “.pdf” form) signature and the other Party will be entitled to rely on such facsimile (or other means of electronic transmission) signature as evidence that this Agreement has been duly executed by such Party. Any Party executing this Agreement by facsimile (or other means of electronic transmission) signature will immediately forward to the other Party an original signature page by overnight mail.

10.12. Sellers’ Representative.

(a) From and after the date hereof, Sellers’ Representative will act as the representative of Sellers, and will be authorized to act on behalf of Sellers and to take any and all actions required or permitted to be taken by Sellers under this Agreement and any other transaction document in connection with the Agreement, including, without limitation, any actions with respect to (i) any claims for indemnification pursuant to Article 9 or (ii) any amendments to this Agreement; and (iii) any other actions to be taken by Sellers’ Representative pursuant to the terms of this Agreement or any other transaction document in connection with the Agreement. The execution of this Agreement by Sellers will constitute approval of the appointment of Sellers’ Representative and all actions of Sellers’ Representative pursuant to this Agreement and any other transaction document in connection with the Agreement. In all matters relating to Article 9 and where Sellers’ obligations are joint and several, Sellers’ Representative will be the only party entitled to assert the rights of Sellers.

(b) Sellers will be bound by all actions or inactions taken by Sellers’ Representative in his, her or its capacity thereof. Sellers’ Representative will, at all times, act in his, her or its capacity as Sellers’ Representative in a manner that Sellers’ Representative reasonably believes to be in the best interest of Sellers. Neither Sellers’ Representative nor any of its directors, managers, officers, agents or employees, if any, will be liable to any Seller for any error of judgment, or any action taken, suffered or omitted to be taken under this Agreement or any other transaction document in connection with this Agreement, except in the case of its bad faith, Fraud, or willful misconduct. Sellers’ Representative may consult with legal counsel, independent public accountants and other experts selected by it, the reasonable fees and expenses of which advisors will be paid by Sellers.

(c) Sellers, jointly and severally, will indemnify and hold harmless and reimburse Sellers' Representative from and against any and all Losses suffered or incurred by Sellers' Representative arising out of or resulting from any action taken or omitted to be taken by Sellers' Representative under this Agreement or any other transaction document in connection with this Agreement, other than such Losses arising out of or resulting from Sellers' Representative's bad faith, Fraud, or willful misconduct. Any such Losses may be recovered by Sellers' Representative from the Sellers' Representative Reserve Amount.

(d) Each Seller hereby agrees to the following:

(i) In all matters in which action by a Seller and/or Sellers' Representative is required or permitted, Sellers' Representative is authorized to act on behalf of such Seller, notwithstanding any dispute or disagreement among Sellers or between any Seller and Sellers' Representative, and Buyer, the SPAC and their Affiliates and representatives will be entitled to rely on any and all action taken by Sellers' Representative under this Agreement or any other transaction document in connection with this Agreement, without any liability to, or obligation to inquire of, any Seller, notwithstanding any knowledge on the part of Buyer, the SPAC or their Affiliates or representatives of any such dispute or disagreement.

(ii) Delivery of all documents, agreements, disclosure schedules and other information required to be delivered to Sellers under this Agreement may be made to Sellers' Representative on behalf of Sellers and upon delivery to Sellers' Representative will be deemed delivered to all Sellers for purposes of this Agreement.

(iii) Notice to Sellers' Representative, delivered in the manner provided in Section 10.2, will be deemed to be notice to all Sellers for purposes of this Agreement.

(iv) The power and authority of Sellers' Representative, as described in this Agreement, will continue in force until all rights and obligations of Sellers under this Agreement or any other transaction document in connection with the Agreement have terminated, expired or been fully performed.

(v) A majority-in-interest of Sellers (based on their Pro Rata Shares) will have the right, exercisable from time to time upon written notice delivered to Sellers' Representative, Buyer and the SPAC, to appoint a Person (or, in the case of a Seller that is a corporation, partnership, limited liability company or trust, an officer, manager, employee or partner of such Seller) to fill a vacancy caused by the death, or resignation of Sellers' Representative.

(vi) Sellers' Representative will hold the Sellers' Representative Reserve Amount in an account as a fund from which Sellers' Representative will reimburse itself for or pay directly any fees, expenses or costs that Sellers' Representative incurs in performing its duties and obligations under this Agreement or any other transaction document in connection with this Agreement, including fees and expenses incurred pursuant to the procedures and provisions set forth herein and reasonable legal fees, expenses and costs for reviewing, analyzing and defending any claim or process arising under this Agreement. Any payments made from Sellers' Representative Reserve Amount will reduce the portion of the same allocated to Sellers in

accordance with their Pro Rata Shares. Promptly following the twenty-four (24) month anniversary of the Closing Date, Sellers' Representative will disburse the remaining amount of the Sellers' Representative Reserve Amount to Sellers in accordance with their respective Pro Rata Shares; provided, that if at such time any claim for indemnification against Sellers under Section 9.1(b) is outstanding, then the disbursement will occur promptly after the date of the final resolution of such outstanding claim.

10.13. Claims Relating to Other Transactions. Notwithstanding anything to the contrary contained in this Agreement (including for greater certainty Sections 4.32, 5.10, 6.8 and 6.10):

(a) subject to Section 10.13(b), Sellers and the Acquired Companies will not be able to instigate or pursue or claim any damages or remedies against the SPAC or Buyer, whether hereunder or otherwise, for misrepresentations (including omissions) in the Prospectus (preliminary or final) that are related to the Other Transactions; and

(b) Section 10.13(a) will not apply if and to the extent Sellers are entitled to recover damages in their proportionate share from the SPAC or Buyer as a result of any class or representative action on behalf of shareholders of the SPAC generally for misrepresentations (including omissions) in the Prospectus (preliminary or final) that are related to the Other Transactions.

[SIGNATURE PAGE FOLLOWS]

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be executed on the day and year indicated at the beginning of this Agreement.

**SELLERS**

THE LJP TRUST

By: (Signed) Mark E. Pitchford

Mark E. Pitchford, Trustee

THE DUNSEATH FAMILY 2017 TRUST

By: (Signed) James Scott Dunseath

James Scott Dunseath, Trustee

THE 143 FAMILY 2018 TRUST

By: (Signed) Stacy Castillo

Stacy Castillo, Trustee

THE DWC 2018 TRUST

By: (Signed) Dave Zimmerman

Dave Zimmerman, Trustee

THE HYGRADE NATIONAL 2018 TRUST

By: (Signed) Clint R. Cates

Clint R. Cates, Trustee

(Signed) Sean T. Devlin, M.D.

SEAN T. DEVLIN, M.D.

JOCHCO INVESTMENTS, LLC

By: (Signed) Christopher O'Neal

Christopher O'Neal, Manager



ETXEA, LLC

By: (Signed) Justin W. Dagenhart  
Justin W. Dagenhart, Managing Member

By: (Signed) Anna F. Lekumberry  
Anna F. Lekumberry, Managing Member

**SELLERS' REPRESENTATIVE**

(Signed) Mark E. Pitchford  
Mark E. Pitchford

**COMPANY**

Washoe Wellness LLC, a Nevada limited liability company

By: (Signed) Mark E. Pitchford  
Name: Mark E. Pitchford  
Title: Manager & CEO

**BUYER**

**CSAC Acquisition, Inc.**

By:           *(Signed) Jonathan Sandelman*            
Name: Jonathan Sandelman  
Title: President & CEO

**SPAC**

**Cannabis Strategies Acquisition Corp.**

By:           *(Signed) Jonathan Sandelman*            
Name: Jonathan Sandelman  
Title: President & CEO