

STRATEGIC OPPORTUNITIES AGREEMENT

THIS AGREEMENT is made as of this 13th day of May 2019,

AMONG:

CANNABIS STRATEGIES ACQUISITION CORP., a corporation governed by the laws of the Province of Ontario,

("CSAC")

-and-

MERCER PARK BRAND ACQUISITION CORP., a corporation governed by the laws of the Province of British Columbia,

("MPBA")

-and-

MERCER PARK, L.P., a Delaware limited partnership

("MERCER PARK")

RECITAL:

In consideration of the premises and the mutual covenants and agreements herein contained and for Cdn. \$1.00 and other good and valuable consideration, the sufficiency of which is mutually acknowledged, the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

Wherever used in this Agreement, the following words and terms will have the meanings set out below:

"Agreement" means this Strategic Opportunities Agreement, as it may be amended from time to time.

"Business Day" means a day, other than a Saturday or Sunday, on which the principal commercial banks in the City of Vancouver and in New York City are open for business during normal banking hours.

"control" and any derivation thereof means the possession, directly or indirectly, of the power to direct the management and policies of a Person through the ownership of voting securities.

“CSAC Priority Focus Business” means a business that is focussed on CSAC’s core business, being the cultivation, manufacturing, wholesale, retail operations and/or licenses in respect of cannabis where the majority of the value of the business at the time of its proposed acquisition is, in the opinion of Mercer Park, not attributed to the value of its brands, trade marks and/or service marks, as may be amended from time to time.

“Governmental Authority” means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, court, body, board, tribunal, stock exchange or dispute settlement panel or other law, rule or regulation-making entity:

- (a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof; or
- (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.

“First Offer Party” has the meaning given to that term in Section 2.1(b).

“Independent Directors” means the directors of a Party, as applicable, who are not directors of the other Parties, or directors, managers, partners or officers of Mercer Park or its general partner.

“MBPA Priority Focus Business” means a business that is focussed on MBPA’s core business, being cannabis-related brands, trade marks and/or service marks and ancillary businesses where the majority of the value of the business at the time of its proposed acquisition is, in the opinion of Mercer Park L.P., attributable to brand value.

“Notice” has the meaning given to that term in Section 5.1.

“Parties” means CSAC, MPBA and Mercer Park, and **“Party”** means any one of them as the context indicates.

“Person” means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, Governmental Authority, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative.

“Priority Business Focus” means a CSAC Priority Focus Business or an MBPA Priority Focus Business, as the context indicates.

“Right of First Refusal” has the meaning given to that term in Section 2.1(a).

“Second Offer Party” has the meaning given to that term in Section 2.1(b).

“Subsidiary” of any Person means, at the time such determination is being made, any other Person controlled by such first Person, in each case, whether directly or indirectly.

Section 1.2 Certain Rules of Interpretation

In this Agreement:

- (a) **Time** - time is of the essence in the performance of the Parties' respective obligations;
- (b) **Headings** - descriptive headings of Articles and sections are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of the content of those Articles or sections;
- (c) **Singular, etc.** - use of words in the singular or plural, or with a particular gender, will not limit the scope or exclude the application of any provision of this Agreement to that person or those persons or circumstances as the context otherwise permits;
- (d) **Consent** - whenever a provision of this Agreement requires an approval or consent by a Party to this Agreement and notification of that approval or consent is not delivered within any applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required will be conclusively deemed to have granted its approval or consent;
- (e) **Calculation of Time** - unless otherwise specified, time periods within or following which any payment is to be made or act is to be done will be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day;
- (f) **Business Day** - whenever any payment to be made or action to be taken under this Agreement is required to be made or taken on a day other than a Business Day, that payment will be made or action taken on the next Business Day following that day;
- (g) **Incorporation of Schedule** - the Schedules set forth in this Agreement form an integral part of this Agreement; and
- (h) **Inclusion** - where the words "including" or "includes" appear in this Agreement, they mean "including (or includes) without limitation".

Section 1.3 Entire Agreement

This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, and there are no warranties, representations or other agreements between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement. No supplement, modification or waiver or termination of this Agreement will be binding unless executed in writing by the Party to be bound thereby.

Section 1.4 Applicable Law

This Agreement will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and will be treated, in all respects, as an Ontario contract.

ARTICLE 2 RIGHTS OF FIRST REFUSAL OF THE PARTIES

Section 2.1 Rights of First Refusal

- (a) Grant of Rights of First Refusal. Subject to Section 2.2, the Parties unconditionally and irrevocably grant to the other Parties the right, but not the obligation, to (directly or through a Subsidiary or affiliated entity or designate) acquire, or acquire a controlling equity interest in, an acquisition opportunity that is subject to Schedule "A" from any third party that is not affiliated with it, in accordance with the order and terms set out in Schedule "A" hereto, and shall promptly offer any such acquisition opportunities to the Parties in descending order as established in Schedule "A" (collectively, the "**Right of First Refusal**").

- (b) Exercise of Right of First Refusal. Upon being offered, or presented with, an acquisition opportunity that is subject to Schedule "A", the first Party that is afforded the Right of First Refusal in the order established in Schedule "A" (the "**First Offer Party**") shall have ten (10) Business Days from the date of such offer or presentation within which to elect to pursue or not to pursue such acquisition opportunity and shall confirm its intention to do so to the other Parties in writing during such time period, failing which it shall be deemed to have forfeited its Right of First Refusal. The second Party listed in Schedule "A" for such acquisition opportunity (the "**Second Offer Party**") shall then have ten (10) Business Days from the date of the First Offer Party confirming its intention not to pursue the opportunity or otherwise failing to confirm its intention to pursue or not to pursue within the prescribed time period, and the Second Offer Party shall confirm its intention to do so to the other Parties in writing during such time, failing which the Second Offer Party shall be deemed to have forfeited its Right of First Refusal, and the subsequent Party in descending order listed in Schedule "A" shall be granted the Right of First Refusal in accordance with the terms of this Section 2.1(b), and so on and so forth. Any decision to pursue or not to pursue an acquisition opportunity shall be taken by a majority of the Independent Directors of the Party in question (except in respect of Mercer Park), and in the case of Mercer Park, shall be taken by its general partner, and if the Party in question does not have any Independent Directors, then such decision shall be taken by its directors in accordance with applicable corporate laws. If a Party shall be unable to complete any acquisition opportunity that it has elected to pursue in accordance with the terms hereof, it shall advise the other Parties in writing, and that shall be treated as an election not to pursue such opportunity for the purposes hereof.

- (c) Exclusion. For greater certainty, the Right of First Refusal shall not apply to: (i) acquisition opportunities with respect to businesses with a value, in the opinion of Mercer Park, of less than US\$20 million; or (ii) acquisition opportunities in respect of non-controlling interests.

Section 2.2 Exceptions

- (a) Nothing in this Agreement shall prohibit or restrict a Party or any Subsidiary thereof from:
 - (i) holding or purchasing publicly traded securities of any class of any Person, provided that the securities do not exceed five (5%) of the issued and outstanding securities of such class of such Person;
 - (ii) starting up (rather than acquiring) any business; or
 - (iii) carrying on or acquiring any business or equity interest that it has agreed to acquire prior to the date hereof.
- (b) Nothing in this Agreement shall prohibit or restrict a Party from acquiring, or acquiring any equity interest in, a Priority Focus Business or otherwise an acquisition opportunity that is subject to Schedule "A" from any third party that is not affiliated with such acquiring Party so long as such acquiring Party obtains the consent of a majority of the Independent Directors of such Party to which the Priority Focus Business relates.

ARTICLE 3 TERM AND TERMINATION

Section 3.1 Term

This Agreement shall endure for a period of five (5) years from the date hereof, unless otherwise terminated in accordance with Section 3.2.

Section 3.2 Termination for Insolvency

Any Party may terminate this Agreement immediately without prior Notice if another Party institutes or consents to the institution against it of any bankruptcy, insolvency or similar proceedings, or if another Party makes a general assignment for the benefit of its creditors, or a liquidator, trustee in bankruptcy, receiver or receiver manager is appointed over a substantial or material part of the assets of another Party.

ARTICLE 4 PURPOSE, RELEASE AND ENFORCEMENT

Section 4.1 Purpose

The Parties acknowledge that the purpose of this Agreement is to fairly and reasonably allocate corporate opportunities.

Section 4.2 Release

Each of the Parties (except Mercer Park), on its own behalf and on behalf of its Subsidiaries, irrevocable releases Mercer Park and its general partner and their respective direct and indirect directors, managers, partners and officers, including, without limitation, Jonathan Sandelman, from any and all liability in connection with the value determination involved in determining when a business is a Priority Focus Business or otherwise an acquisition opportunity that is subject to Schedule "A", except in the event of the released person's fraud or wilful misconduct. The general partner of Mercer Park holds the benefit of this clause as agent for all such released persons.

Section 4.3 Enforcement

The Parties acknowledge that breach of the terms of this Agreement would cause serious and irreparable damage and harm and that remedies at law would be inadequate to protect against breach of this Agreement, and agree in advance to the granting of injunctive relief for any breach of the provisions of this Agreement and to the specific enforcement of the terms of this Agreement, without proof of actual damages, and without the requirement to post a bond or other security, in addition to any other remedy to which a Party would be entitled.

ARTICLE 5 GENERAL

Section 5.1 Notices

Any notice or other writing required or permitted to be given under this Agreement (a "Notice") shall be in writing and shall be sufficiently given if delivered, or if sent by pre-paid courier or registered or certified mail or if transmitted by e-mail (provided that receipt is confirmed) or other form of recorded communication (provided that receipt is confirmed) to such Party in accordance with the contact details set forth in Schedule "B".

Any Notice delivered to the Party to whom it is addressed as provided in Schedule "B" will be deemed to have been given and received on the day it is so delivered at that address, provided that if that day is not a Business Day then the Notice shall be deemed to have been given and received on the next Business Day. Any Notice transmitted by email or other form of recorded communication will be deemed given and received on the first Business Day after its transmission (provided that receipt is confirmed).

Section 5.2 Assignment and Amendment

No Party shall transfer or assign this Agreement or any of its rights or obligations hereunder without the consent of the other Parties, not to be unreasonably withheld or delayed. Any amendment to this Agreement must be in writing signed by the Parties hereto.

Section 5.3 Further Assurances

The Parties will provide all further documents or instruments required by any other party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions.

Section 5.4 Invalidity of Provisions

Each provision of this Agreement is distinct and severable and a declaration of invalidity, illegality or unenforceability of any provision or part by a court of competent jurisdiction will not affect the validity, legality or enforceability of any other provision. Any invalid, illegal or unenforceable provision will, to the extent permitted by law, be severed and replaced by a valid provision which comes closest to the intention underlying the invalid, illegal or unenforceable provision by mutual agreement of the Parties.

Section 5.5 Subsidiaries

Each of Parties shall cause its respective Subsidiaries from time to time to comply with the terms of this Agreement and each such Party shall be liable to the other such Parties for any failure of any of its Subsidiaries to comply with the provisions of this Agreement.

Section 5.6 Counterparts

This Agreement may be signed in counterparts and each counterpart constitutes an original document and the counterparts, taken together, constitute one and the same instrument. Delivery of counterparts may be made by electronic transmission.

[Remainder of page left intentionally blank. Signature page follows.]

IN WITNESS WHEREOF the Parties have executed this Agreement.

CA STRATEGIES CORP.

By: (Signed) Jonathan Sandelman
Name: Jonathan Sandelman
Title: Chief Executive Officer

MERCER PARK BRAND ACQUISITION CORP.

By: (Signed) Louis Karger
Name: Louis Karger
Title: Chief Executive Officer

MERCER PARK, L.P., by its general partner

By: (Signed) Jonathan Sandelman
Name: Jonathan Sandelman
Title: Member

Schedule "A"

<u>Business Focus</u>	<u>Acquisition Priority</u>	<u>Opportunity</u>	<u>Allocation</u>
I. CSAC Priority Focus Business with respect to businesses with a value, in the opinion of Mercer Park, of more than US\$20 million	First to: CSAC Second to: MPAB Third to: Other Mercer Park affiliated entities or designates (as determined by Mercer Park)		
II. MPBA Priority Focus Business with respect to businesses with a value, in the opinion of Mercer Park, of more than US\$20 million	First to: MPAB Second to: CSAC Third to: Other Mercer Park affiliated entities or designates (as determined by Mercer Park)		

Schedule "B"

- (a) in the case of a Notice to CSAC:
 - Attention: Chief Executive Officer
 - E-mail: [REDACTED]

- (b) in the case of a Notice to MPBA:
 - Attention: Chief Executive Officer
 - E-mail: [REDACTED]

- (c) in the case of a Notice to Mercer Park:
 - Attention: Chief Executive Officer
 - E-mail: [REDACTED]

or at such other address as the Party to whom such Notice is to be given shall have last notified the Party giving the same in the manner provided in Section 5.1.