COMMERCIAL ANALYTICAL LAB DEVELOPMENT AND SERVICES AGREEMENT

This AGREEMENT is effective as of the 28th day of September, 2018 (the "**Effective Date**")

BETWEEN:

> **THE BOARD OF GOVERNORS OF THE UNIVERSITY OF ALBERTA**, a corporation under the *Post-Secondary Learning Act*, SA 2003, c.P-19.5., located at 2-35F Medical Sciences Building, University of Alberta, Edmonton, AB T6G 2H11 (the "**University**")

AND:

> **CANNBUNKER DEVELOPMENT CORP.**, a company having an office at 1055 West Georgia Street1500 Royal Centre, P.O. Box 11117, Vancouver, BC V6E 4N7 (the "**Company**")

WHEREAS:

A. The University's Faculty of Pharmacy and Pharmaceutical Sciences and the Company desire to co-develop and operate a commercial grade analytical lab for the testing of cannabis and other plant-based medicines at the University;

B. Dr. Raimar Loebenberg of the University's Faculty of Pharmacy and Pharmaceutical Sciences holds Controlled Drugs and Substances Licence No. 6875 for the possession, production, packaging, sale and sending, transportation and delivery, including analytical testing, of cannabis and certain cannabis related compounds (the "**Licence**");

C. The University and the Company have executed a Service Agreement Term Sheet effective as of May 30, 2018 regarding the establishment and operation of the Testing Facility; and

D. The University and the Company desire to enter into a definitive Development Agreement to govern the construction and installation of the Testing Facility and the provision of ongoing services on the terms and conditions set out in this Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, the University and the Company hereby agree to the following:

Article 1 Interpretation

1.1 Definitions

(a) "**Analytical Testing Facility**" means a state-of-the-art Health Canada licensed commercial grade analytical test facility and ancillary facilities for the receipt, storage and testing of cannabis and other plant-based medicines to be constructed at the Premises under this Agreement and satisfying the Facility Requirements.

(b) "**Approved Facility Design**" means the design for the Analytical Testing Facility approved by the University and the Company under Section 3.2;

(c) "**Change in the Work**" means

(i) any change to the Facility Requirements or the Approved Facility Design, or

(ii) any change to the Development Work to be performed by the University from that contemplated by the Facility Requirements, the Approved Facility Design or the Project Schedule;

(d) "**Development Work**" means the activities to be carried out and the services to be provided by the University for the design, development, engineering, construction, supply, installation, testing, commissioning, training and warranty of the Analytical Testing Facility, in accordance with and as more particularly described in this Agreement.

(e) "**Facility Requirements**" has the meaning set out in Section 3.1;

(f) "**GLP Certification**" means certification under the Principles of Good Laboratory Practice established by the Organization of Economic Co-operation and Development (OECD) comprising a managerial concept covering the organizational process and conditions under which non-clinical health and environmental safety studies are planned, performed, monitored, recorded, archived and reported, which is administered in Canada by the Standards Council of Canada;

(g) "**Premises**" means the laboratory space comprising ___ square feet located at **[Room ____, name of building]** at the University of Alberta, Faculty of Pharmacy and Pharmaceutical Science;

(h) "**Project Budget**" means the proposed budget for the Development Work set out in **Schedule B – Project Budget**;

(i) "**Project Schedule**" means the schedule setting out the timing of the major activities and milestones of the Work, as may be amended from time to time in accordance with this Agreement;

(j) "**Purchased Equipment**" means all equipment purchased by the Company for the Analytical Testing Facility under this Agreement;

(k) "**Services Agreement**" means a definitive services agreement between the parties for the provision of analytical testing services on the terms and conditions set out in **Schedule F – Services Agreement Terms and Conditions**;

(l) "**Term**" means the period commencing on the Effective Date and ending on completion of all obligations of the parties in respect of the Development Work;

(m) "**Verification Plan**" means the checklists, plans and test procedures to inspect and test the equipment and Development Work, including proper installation and functionality of equipment and compliance with the Approved Facility Design and the Facility Requirements, as agreed by the parties under Section 6.2.

1.2 Other Terms

Other words defined elsewhere in this Agreement, unless otherwise indicated, shall have such meaning throughout this Agreement.

1.3 Entire Agreement

This Agreement, including schedules attached hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all earlier understandings,

communications, representations and agreements, whether oral or in writing. The schedules listed below and attached hereto or deemed to be attached hereto shall form an integral part of this Agreement (each a "**Schedule**"):

(a) Schedule A – Facility Requirements;

(b) Schedule B – Project Budget;

(c) Schedule C - Project Schedule;

(d) Schedule D – Approved Facility Design;

(e) Schedule E – Verification Plan; and

(f) Schedule F – Services Agreement Terms and Conditions

Except as may be otherwise set forth herein, in the event of a conflict between the terms and conditions set out in this Agreement and the terms and conditions set out in any schedule hereto, the terms and conditions set out in this Agreement shall govern.

Article 2 Scope Of Agreement

2.1 Obligations of the Parties

(a) The University shall perform the Development Work for the Company, and the Company shall assist the University therewith, including financing for the cost of the Development Work, on the terms and conditions set out in this Agreement.

(b) The parties shall enter into the Services Agreement under which the University shall provide analytical testing services to the Company and others on the terms and conditions set out in **Schedule F – Services Agreement Terms and Conditions** and such other terms and conditions as may be mutually agreed by the parties. For greater clarity, the University may coordinate and outsource certain elements of the analytical testing services to certified third-party analytical laboratories and to certified analytical laboratories at the University outside the Faculty of Pharmacy and Pharmaceutical Sciences.

2.2 Performance of the Work

(a) The University shall have control of the Development Work at the Premises and will effectively direct and supervise the Development Work so as to ensure conformance with the terms of this Agreement.

(b) The University shall perform the Development Work in a competent, prudent, orderly and good and workmanlike manner in accordance with the applicable Project Schedule, the Facility Requirements and other provisions of this Agreement and in accordance with all applicable laws.

(c) During the progress of the Development Work, the parties will consult with and advise each other on a regular basis, as agreed by the parties, with respect to the performance of the Development Work, scheduling and any other issues that may arise.

(d) Each party will appoint a project manager who will be such party's primary point of contact for contract administration during and for the performance of the Development Work.

(e) Subject to financial contributions made by the Company hereunder, the University shall provide and pay for all labour, equipment, tools, construction machinery and equipment and other facilities and services necessary for the performance of the Development Work in accordance with this Agreement.

(f) All Purchased Equipment shall be new and shall be shipped directly to the Premises by the Company, or as otherwise directed by the University. All Purchased Equipment shall at all times be owned by the Company, notwithstanding the degree of affixation to the Premises.

(g) The University shall provide reasonable numbers of adequately skilled personnel to properly perform the Development Work and shall ensure that such personnel are qualified and capable or performing the Development Work assigned to them.

(h) The University shall be responsible for the work of its subcontractors and for the acts and omissions of any such subcontractor and its employees and agents as if such Development Work had been performed by the University. Nothing contained in this Agreement shall create a contractual relationship between the Company and any subcontractor retained by the University.

2.3 Changes in the Work

(a) Any Change in the Work shall be mutually agreed by the parties in writing setting out the adjustments to the Project Budget, the Project Schedule, compliance with the Facility Requirements, the Approved Facility Design or the Verification Plan resulting from the proposed Change in the Work. If the parties cannot agree on the adjustments within 30 days, either party may refer the matter to arbitration under Subsection 12.6(b), provided that the Company shall not be obligated to accept any proposed Change in the Work that will have a material adverse effect on the Project Budget, the Project Schedule, compliance with the Facility Requirements, the Approved Facility Design or the Verification Plan.

(b) Unless otherwise agreed in writing, a proposed Change in the Work will not delay the balance of the Development Work.

Article 3 Development Project

3.1 Facility Requirements

(a) Promptly following execution of this Agreement, the University and the Company will work together to develop an initial draft of the technical specifications and functional and regulatory requirements for the analytical testing facility. The Company will work with the University to finalize a complete set of requirements for the analytical testing facility that meet the anticipated commercial, educational and training requirements of the parties for the analytical testing facility, including, without limitation, the terms and conditions of the Licence, and all regulations and other requirements of Health Canada and GLP Certification (the "**Facility Requirements**").

(b) The Facility Requirements must be approved by both the University and the Company and upon such approval shall be deemed to form an integral part of this Agreement as **Schedule A – Facility Requirements**.

(c) Following Final Acceptance, the Facility Requirements may be amended from time to time by agreement of the parties in order to meet changing requirements of the parties and compliance with regulatory requirements for the analytical testing facility. The University and the Company shall agree, under separate written agreement, on the technical specifications, design, procedures, schedule and budget for any work required to implement any such amendments, as the case may be.

3.2 Approved Facility Design

(a) The University will then prepare and submit to the Company for its review and acceptance, a proposed facility design including, without limitation, drawings, diagrams and plans therefor, that complies with the Facility Requirements and the provisions of this Agreement. The proposed facility design may utilize existing University-owned equipment together with new Purchased Equipment. The University must explicitly identify any deviations from the Facility Requirements and the reasons therefor.

(b) The Company and the University will discuss and agree in writing, acting reasonably, on any revisions to the proposed facility design to address each party's concerns and provide a facility design that complies with the Facility Requirements and the provisions of this Agreement. In the event that the parties agree on a proposed facility design that is not consistent with the Facility Requirements, the parties shall amend the Facility Requirements in writing accordingly.

(c) The Approved Facility Design must be approved by both the University and the Company and upon such approval shall be deemed to form integral part of this Agreement as **Schedule D – Approved Facility Design**.

(d) The parties acknowledge that they are each relying on the other party's design and engineering expertise in approving the Approved Facility Design and that such design must comply with the Facility Requirements unless such requirements are amended by the parties under Subsection 3.2(b). Any review or approval by one party of a design of the other party shall not limit, waive or release the liability of such other party for any failure to provide the work to produce a fully functional Analytical Testing facility satisfying the Facility Requirements.

Article 4 PROJECT SCHEDULE

4.1 Project Schedule

Promptly following execution of this Agreement, the University and the Company will work together to prepare a proposed project schedule. The parties will discuss and agree in writing, acting reasonably, on revisions to the proposed project schedule to address each party's concerns and upon acceptance by both parties, the proposed project schedule shall become the Project Schedule and shall be deemed to form an integral part of this Agreement as **Schedule C – Project Schedule**. The Project Schedule may be revised only by agreement of the parties in accordance with this Agreement.

4.2 Progress Reports

The University shall monitor the progress of the Development Work relative to the Project Schedule and shall on a monthly basis, unless otherwise agreed by the parties, provide the Company's project manager with a written update (each a "**Progress Report**") of the state of progress of the Development

Work, including details of any problems or delays, the efforts planned or undertaken to overcome such problems and to make up for any such delays. Each Progress Report shall include any other information reasonably requested from time to time by the Company. The Company may require the University to provide additional written reports where the progress of the Development Work has been delayed. All revisions to the Project Schedule resulting from any delay shall be governed by Section 4.3.

4.3 Delays

(a) If either party is aware of a circumstance or event which is delaying or expected to delay the performance of the Development Work, such party shall give the other party written notice of the particulars of the cause of any expected delay and the expected length of the delay. No claim for delay will be allowed unless written notice thereof is given to the other party within 14 days after the commencement of the delay. The parties shall take all reasonable steps to avoid or minimize the length of any delay anticipated or experienced.

(b) If the Development Work is delayed due to an Unavoidable Event, parties may extend the Project Schedule for such reasonable time as the parties may agree or rearrange or accelerate the Development Work to regain any lost time, as a Change in the Work mutually agreed by the parties under Section 2.3, without any monetary compensation.

(c) If the Development Work is delayed by any act, omission or default of the University or the Company (including those of their respective personnel, subcontractors or suppliers), the parties may extend the Project Schedule for such reasonable time as the parties may agree or reasonably rearrange or accelerate the Development Work to regain any lost time, as a Change in the Work mutually agreed by the parties under Section 2.3, with the responsible party to bear the cost of the change.

(d) This Section 4.3 sets out the parties' sole obligations, and their exclusive rights and remedies, for any delay in the performance of the Development Work impacting the Project Schedule.

Article 5 Project Budget

5.1 Budget

The total budget for the Development Work is anticipated to be Cdn $600,000.00 as outlined in **Schedule B – Project Budget**.

5.2 Contribution Payments

The Company agrees to contribute funding for the total budget to the University for the performance of the Development Work in accordance with the costs and expenses set out in **Schedule B – Project Budget.** The parties further agree that the Company shall receive a credit under the Services Agreement equal to 125% of the total funding it provides to the University under this Agreement, which may be applied against amounts owed by the Company to the University under the Services Agreement.

5.3 Invoicing and Payment

(a) The University shall issue to the Company, on a monthly basis in advance, invoices setting out the anticipated costs and expenses set out in **Schedule B – Project Budget** to

be payable by the Company under this Agreement for the following month, which shall be due and payable within 30 days after the date thereof.

(b) The University's project manager shall meet with the Company's project manager to mutually agree on the details and value of the Development Work to be invoiced before each formal invoice is issued.

(c) The Company shall have 10 days from receipt of invoice to dispute the amounts invoiced, failing which the invoice shall be due as aforesaid. Payment of any invoice shall not be due until any dispute in respect thereof is settled.

(d) The Company may deduct the following sum or sums from the payment of invoiced amounts hereunder:

(i) the amount of holdbacks required by the *Builders' Lien Act* of Alberta, whether the Act applies or not; and

(ii) any amount that the Company is entitled to withhold under this Agreement, including any deficiency holdback.

(e) No payment made by the Company in and of itself shall constitute an acceptance of any Development Work, which shall be governed by Article 6.

5.4 Maintenance of Books and Records

The University shall maintain accurate financial books and records of the Development Work for a period of three (3) years after the date of final payment therefor.

Article 6 Acceptance of Work

6.1 Inspection of Work

The Company and its representatives shall have access to the Development Work at the Premises on reasonable notice to the University. The inspection by the Company hereunder will in no way relieve the University of any responsibility for the proper performance of the Development Work.

6.2 Verification Plans

(a) Promptly following execution of this Agreement, the University and the Company will work together to develop a proposed verification plan for the Analytical Testing Facility to inspect and test as comprehensively as reasonably possible, the installation and operation of all equipment installed as part of the Development Work and compliance of the Analytical Testing Facility with the Facility Requirements and the Approved Facility Design.

(b) The Verification Plan shall include provision for the GLP Certification of the Analytical Testing Facility.

(c) The Verification Plan must be approved by both the University and the Company, and may be amended by agreement of the parties from time to time. Upon approval, the Verification Plan shall be deemed to form integral part of this Agreement as **Schedule E – Verification Plan.**

6.3 Testing of Work

(a) Where noted in the Verification Plan, the University shall provide the Company with prior written notice of specific inspections and tests so that the Company's representatives may be present. The University shall perform inspections and testing in accordance with the Verification Plan and the Project Schedule and provide the Company's project manager with a written checklist confirming the inspections and tests conducted and the results thereof. Successful completion of the inspections and tests set out in the Verification Plan shall be subject to the Company's written approval.

(b) The parties shall create a deficiency list of all defects and deficiencies detected during inspection and testing (the "**Deficiency List**"). All defects and deficiencies shall be identified on the Deficiency List, including minor deficiencies, but minor deficiencies shall not hold up the achievement of Conditional Acceptance under Section 6.4.

(c) The University shall, at its cost and expense, at its option, promptly diagnose, repair, replace or re-execute any defective or deficient equipment and Development Work on the Deficiency List so as to bring the equipment and Development Work into compliance with the terms and conditions of this Agreement. Upon the completion of the repair, replacement or re-execution work, the University shall re-inspect and/or re-test to confirm correction of the defect or deficiency. Upon correction of any defect or deficiency, the Deficiency List shall be updated to remove such item.

(d) All defects and deficiencies remaining on the Deficiency List after Conditional Acceptance must be corrected prior to Final Acceptance.

6.4 Acceptance

(a) Nothing shall constitute acceptance of the Analytical Testing Facility except Conditional Acceptance and Final Acceptance thereof. Acceptance of a portion of any equipment or Development Work shall not preclude the Company from rejecting any other equipment or Development Work, and shall not prejudice any claim which the Company may have under this Agreement.

(b) Conditional Acceptance shall require successful completion of each test set out in the Verification Plan without any major failures. Any failure which prevents GLP Certification of the Analytical Testing Facility shall be a major failure.

(c) Final Acceptance shall require the correction of all defects and deficiencies remaining on the Deficiency List after Conditional Acceptance.

6.5 Deficiency Holdback

The Company may withhold payment from the University for any defect or deficiency set out in the Deficiency List in an amount (the "**Deficiency Amount**") equal to two (2) times the reasonable estimate of the cost to correct the defect or deficiency, as determined by the Company acting reasonably. Upon correction of the defect or deficiency, the University may submit an invoice in accordance with Section **Error! Reference source not found.** for the Deficiency Amount.

Article 7 Title

7.1 Transfer of Title

(a) Title to the Purchased Equipment shall pass directly from the University to the Company upon delivery to the Premises. Notwithstanding the transfer of title hereunder, the responsibility for damage, loss, theft and storage of the Purchased Equipment shall remain with the University until Conditional Acceptance. The University shall provide in its subcontracts that title to any Purchased Equipment shall pass to the University no later than delivery of the component to the University or the Premises.

(b) The University shall deliver the Purchased Equipment free and clear of all liens, charges, demands, encumbrances and adverse claims of any person whatsoever.

Article 8 Insurance

8.1 General

(a) From the Effective Date until the date of Final Acceptance and thereafter pursuant to the Services Agreement, the University shall either:

(i) demonstrate to the Company's reasonable satisfaction that the University has a program of self insurance no less adequate than that which a reasonable and prudent businessperson carrying on a similar line of business would require; or

(ii) procure and maintain the following insurance:

(A) comprehensive general liability insurance with respect to the Analytical Testing Facility and the Development Work protecting all other participants in the Development Work, including subcontractors, architects, engineers, and their respective agents and employees for personal injury or death and damage to property;

(B) all risk property insurance in respect of the Analytical Testing Facility and improvements thereon to full replacement cost, including the Purchased Equipment; and

(C) errors and omissions insurance;

on such terms and in such amounts as the University may reasonably determine, which shall be no less than the insurance which a reasonable and prudent businessperson performing similar work or carrying on a similar line of business would maintain.

(b) All insurance policies required to be maintained by the University under this Article 8 shall be in forms, on terms and with insurers that are satisfactory to the Company, acting reasonably, and with insurers who are licensed and authorized to do business in Alberta. Such policies shall include severability of interest and cross liability clauses and shall provide that the policies shall not be cancelled or materially altered except on at least 30 days written notice to the Company. The University shall provide the Company with a copy of a certificate of insurance for each insurance policy upon request. Where the University defaults in its obligation to self-insure or provide and maintain insurance under this Article 8 and such default is not corrected within 24 hours after notice from

the Company, the Company may procure and maintain such insurance at the University's cost and expense.

8.2 Workers' Compensation Insurance

(a) The University shall obtain and maintain, at its own expense, full Workers' Compensation Board coverage for itself and all workers, employees, servants and others engaged in or upon any Development Work. The Company shall have the unfettered right to set off the amount of any unpaid premiums and assessments for such Workers' Compensation Board coverage against any monies owing by the Company to the University. The Company shall have the right to withhold payment hereunder until the Workers' Compensation Board premiums, assessments or penalties in respect of Work done or service performed in fulfilling the Contract have been paid in full.

(b) The University shall provide the Company with its Workers' Compensation Board registration number and a letter from the Workers' Compensation Board confirming that the University is registered in good standing with the Workers' Compensation Board and that all assessments have been paid to the date thereof prior to the Company having any obligation to pay monies hereunder.

(c) The University shall indemnify the Company and hold it harmless from all manner of claims, demands, costs, losses, penalties and proceedings arising out of or in any way related to unpaid Workers' Compensation Board assessments owing from any person or corporation engaged in the performance of the Development Work or arising out of or in any way related to the failure to observe safety rules, regulations and practices of the Workers' Compensation Board, including penalties levied by the Worker's Compensation Board.

Article 9 Representations and Warranties

9.1 Company's Representations and Warranties

The Company represents and warrants to the University as follows:

(a) the Company has the requisite corporate power to enter into and perform its obligations under this Agreement and carry on the business as now being conducted by it;

(b) the entering into of this Agreement and the transactions contemplated thereby shall not result in the violation of any agreement, written or oral, to which the Company may be a party; and

(c) the entering into of this Agreement and the transactions contemplated thereby shall not result in the violation of any law or regulation of Alberta or Canada in effect on the Effective Date.

9.2 University's Representations and Warranties

The University represents and warrants to the Company and covenants with the Company as follows:

(a) the University has been duly incorporated and organized and is validly subsisting and in good standing under the laws of its jurisdiction of incorporation;

(b) the University has the requisite corporate power to enter into and perform the Contract and carry on the business as now being conducted by it;

(c) the entering into of this Agreement and the performance of the transactions contemplated thereby shall not result in the violation of any of the terms and provisions of the University's incorporation documents or of any agreement, written or oral, to which the University may be a party;

(d) the entering into of this Agreement and the performance of the transactions contemplated thereby shall not result in the violation of any law or regulation of Alberta or Canada in effect on the Effective Date;

(e) the University has the technological and technical capability and capacity to enter into this Agreement and to perform and complete its obligations and responsibilities hereunder and in accordance with this Agreement; and

(f) the University is experienced in the design and/or supply of the equipment and the Development Work.

9.3 Assignment of Warranties

The University shall, at the Company's sole expense:

(a) obtain original written subcontractor's, supplier's and manufacturer's warranties in respect of the Purchased Equipment obtained from third parties; and

(b) if requested by the Company, assign to the Company any or all such original warranties in respect of the Purchased Equipment and any additional warranties and indemnities provided to it by any subcontractors, suppliers and manufacturers relating in any way to the Development Work.

In any event, the University will, at its cost and expense, be responsible for the administration of all such warranties for the benefit of the Company during the term of this Agreement. Any warranties provided by subcontractors, suppliers and manufacturers, whether or not assigned to the Company, and any assignment of such warranties, shall in no way affect the University's obligations to the Company under this Agreement.

9.4 Limited Warranty and Limitation of Liability

(a) The University agrees to carry out the Development Work diligently and in accordance with appropriate professional standards so that the Analytical Testing Facility will perform in accordance with, and shall meet or exceed, all specifications, requirements and standards set out in the Approved Facility Design and the Facility Requirements.

(b) The University gives no other warranty, express or implied, on the results of the Development Work, including without limitation all implied warranties or conditions of merchantable quality and fitness for a particular purpose.

(c) The University, its employees or agents shall not be liable for any direct, indirect, special, incidental, consequential, or any other damage suffered by the Company or others resulting from the use of the Analytical Testing Facility or any test results or deliverables resulting therefrom, including without limitation damages for lost data or economic loss, regardless of the legal theory (including any negligence theory, except in

connection with personal injury or property damage), even if the University has been advised of the possibility of such damage and even if arising from a fundamental breach.

(d) If the Company notifies the University that the University is in breach of its warranties under Subsection 9.4(a), the University shall, at its cost and expense:

(i) in the case of any defective or deficient item of Purchased Equipment or other equipment, including those caused by defective embedded software, promptly commence using commercially reasonable efforts and thereafter diligently and in good faith continue to completion, accounting for the circumstances, the repair or replacement, in the University's reasonable discretion, of the defective or deficient item of equipment; and

(ii) in the case of any defective or deficient services performed as part of the Development Work, promptly commence using commercially reasonable efforts and thereafter diligently and in good faith continue to completion, the re-performance of the services necessary to correct such defects or deficiencies.

Article 10 Confidentiality

10.1 Definitions

In this Agreement:

(a) "**Confidential Information**" of a Discloser means any and all oral, written, electronic or other communications and other information not known to the public or which the Discloser has a legitimate interest in maintaining confidentiality, including, without limitation, technical specifications and security measures regarding the Analytical Testing Facility, business plans and strategies, financial information, the terms and conditions of this Agreement, and disclosed or provided by the parties to the other and designated at that time as confidential, but excluding any part of the information:

(i) possessed by the Recipient prior to receipt from the Discloser, as evidenced by the Recipient's business records,

(ii) published or available to the general public otherwise than through a breach of this Agreement,

(iii) which is, after the Effective Date, disclosed to the Recipient, without restriction by a third party,

(iv) independently developed by employees, agents or consultants of the Recipient who had no knowledge of or access to the Confidential Information as evidenced by the Recipient's business records,

(v) is made subject to an order by judicial or administrative process requiring the Recipient to disclose any or all of the information; provided however that the Recipient shall promptly notify the Discloser allowing some reasonable time to oppose such process, before disclosure occurs, or

(vi) is disclosed by Recipient with Discloser's prior written approval;

(b) "**Discloser**" means a party to this Agreement providing its Confidential Information to the other party as Recipient; and

(c) "**Recipient**" means a party to this Agreement receiving Confidential Information of the other party as Discloser.

10.2 Obligation of Confidentiality

(a) Each party, as Recipient, acknowledges and agrees that it will keep and use all of the Discloser's Confidential Information in confidence on the terms and conditions set out in this Article 10 during the Term and thereafter for a period of five (5) years. Each party, as Recipient, acknowledges and agrees that it will not, without the Discloser's prior written consent, disclose or communicate or cause to be disclosed or communicated any of the Discloser's Confidential Information to any person or entity, except those of the Recipient's officers, employees, consultants, professional advisors, agents, students, faculty and assigns (collectively, "**Representatives**") who require said Confidential Information in performing their obligations under this Agreement and who are under an obligation of confidentiality with Recipient protecting such Confidential Information.

(b) The Recipient covenants and agrees that it will initiate and maintain an appropriate internal program limiting the internal distribution of the Discloser's Confidential Information and that it will enter into the appropriate confidentiality agreements with any and all persons who may have access to the Discloser's Confidential Information.

(c) Notwithstanding anything contained in Sections 10.2(a) and 10.2(b) or elsewhere in this Agreement, the parties acknowledge that as the University is a public educational institution, it cannot be exposed to claims for damages that may result from a breach of this Agreement. The Company, therefore, covenants and agrees that the University shall not be liable to the Company for any loss or damage, whether direct, indirect, consequential, incidental, special or any other similar or like damages, that may arise or do arise from the breach of this Agreement by the University or any of its employees, agents, students or faculty.

10.3 Publication

The University shall be permitted to present at symposia, national or regional professional meetings, and to publish in journals or other publications accounts of its research relating to the Analytical Testing Facility provided that the Company shall have been furnished copies of the disclosure proposed therefor at least 60 days in advance of the presentation or publication date and does not within 45 days after receipt of the proposed disclosure object to such presentation or publication. In the event an objection is made, such disclosure shall not be made for a period of one (1) year after the date the Company has made said objection. The University shall co-operate in all reasonable respects in making revisions to any proposed disclosures if considered by the Company to be objectionable. After the one (1) year period has elapsed, the University shall be free to present and/or publish said disclosures.

Article 11 Term and Termination

11.1 Termination for Bankruptcy

Subject to Section 11.2, the University may, at its option and in its sole discretion, terminate this Agreement on the happening of any one or more of the following events during the Term forthwith delivering to the Company notice in writing to this effect and specifying the Effective Date of Termination (which shall not in any event be earlier than the date that the notice is delivered):

(a) if any petition under the *Bankruptcy and Insolvency Act* of Canada, or any other statute of similar purport, is filed by or against the Company (provided that it shall not be an event of default if the Company makes a general proposal to creditors under the provisions of the *Bankruptcy and Insolvency Act* of Canada or any other statute of similar purport) and such petition is not dismissed within 90 days after it has been filed; or

(b) if any resolution is passed or order made or other steps taken for the winding up, liquidation or other termination of the existence of the Company; or

(c) if the Company is more than 30 days in arrears of service fees due under this Agreement and has not remedied such failure within 30 days after delivery of written notice thereof from the University; or

(d) if the Company ceases to carry on its business.

11.2 Termination for Default

Other than as set out in Section 11.1, if either party shall be in default under or shall fail to comply with any material term of this Agreement during the Term and:

(a) if such default is reasonably curable within 90 days after receipt of notice of such default and such default or failure to comply is not cured within 90 days after receipt of written notice thereof; or

(b) if such default is not reasonably curable within 90 days after receipt of written notice thereof, and such default or failure to comply is not cured within such further reasonable period of time as may be necessary for the curing of such default or failure to comply;

then the non-defaulting party shall have the right to terminate this Agreement by a further written notice to that effect which specifies the Effective Date of Termination (which shall not in any event be earlier than the date that the notice is delivered).

11.3 Effect of Termination

If this Agreement is terminated by the University pursuant to Sections 11.1 or 11.2, each party shall promptly cease to use the Confidential Information of the other party, and upon written request and at the option of the other party, shall deliver or destroy and certify the destruction of all copies of same, provided that:

(a) each party may continue to use the Confidential Information of the other party where required by law or otherwise required to perform any obligations that survive the termination of this Agreement; and

(b) each party may retain a single copy of such Confidential Information solely for the purpose of ensuring compliance with the terms of this Agreement.

Article 12 General Provisions

12.1 Notices

Notices under this Agreement shall be sent by registered mail, return receipt requested or delivered by hand, return receipt requested to the following address of either party unless changed by written notice. Notice may also be sent by facsimile or e-mail transmission. Any notice sent by facsimile or e-mail transmission will be deemed to have been received one clear day after transmittal.

the University:	the Company:
University of Alberta Faculty of Pharmacy and Pharmaceutical Science 2-35F Medical Sciences Building University of Alberta Edmonton, AB T6G 2H11	Cannabunker Development Corp. 1055 West Georgia Street 1500 Royal Centre P.O. Box 11117 Vancouver, BC V6E 4N7
Attention: Dean	Attention: President
Telephone: 780 221 0828 E-mail: ndaviesd ualberta.ca	Telephone: 604.250.6162 E-mail: hughrogersinc@gmail.com

12.2 Assignment

Neither party shall assign this Agreement, in whole or in part, except with the prior written consent of the other party, provided that the Company may assign this Agreement to a wholly-owned subsidiary in Alberta without the University's prior written consent.

12.3 Amendments

The terms of this Agreement may not be amended except in writing signed by both parties.

12.4 Currency

Unless otherwise stated, all money amounts referred to in this Agreement are in Canadian dollars.

12.5 Enurement

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

12.6 Governing Law and Arbitration

(a) This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

(b) In the event of any dispute arising between the parties concerning this Agreement, its enforceability or the interpretation thereof, the same shall be settled by a single

arbitrator appointed pursuant to the provisions of the *Arbitration Act* of Alberta, of any successor legislation then in force.

(c) Subsection 12.6(b) shall not prevent a party hereto from applying to a court of competent jurisdiction for interim protection such as, by way of example, an interim injunction.

12.7 No Waiver

No condoning, excusing or overlooking by any party of any default or breach by the other party in respect of any terms of this Agreement shall operate as a waiver of such party's rights under this Agreement in respect of any continuing or subsequent default or breach, and no waiver shall be inferred from or implied by anything done or omitted by such party, save only an express waiver in writing.

12.8 Relationship of Parties

The relationship of the University to the Company is that of an independent contractor and nothing in this Agreement shall be construed as establishing an agency, partnership, or employment relationship between the parties. Neither party shall have the authority to act on behalf of the other party, or to commit the other party in any manner or cause whatsoever or to use the other party's name in any way not specifically authorized by this Agreement. Neither party shall be liable for any act, omission, misrepresentation, obligation or debt of the other party, even if informed of such act, omission, representation, obligation or debt, except as specifically authorized by this Agreement.

12.9 Severability

In the event that any article, section, subsection, paragraph or subparagraph of this Agreement shall be held to be indefinite, invalid, illegal or otherwise voidable or unenforceable, the entire agreement shall not fail on account thereof, and the balance of the Agreement shall continue in full force and effect.

12.10 Survival

The terms and provisions, covenants and conditions contained in this Agreement which by the terms hereof require their performance by the parties hereto after the expiration or earlier termination of this Agreement shall be and remain in force notwithstanding such expiration or earlier termination of this Agreement for any reason whatsoever.

12.11 Counterparts

This Agreement may be signed in counterparts which together constitute one and the same agreement and have the same effect as if the signatures on the counterparts were upon the same instrument. This Agreement or any counterpart of it may be signed by a party and delivered by facsimile transmission or other form of electronic transmission and if so signed and delivered, this Agreement or the counterpart is for all purposes as effective as if the party had signed and delivered this Agreement bearing an original signature.

IN WITNESS THEREOF, the Parties hereto have executed this Agreement effective as of the day and year first written above.

THE BOARD OF GOVERNORS
OF THE UNIVERSITY OF ALBERTA
by its authorized signatory:

Name: Neal Davies
Title: Dean, Faculty of Pharmacy and Pharmaceutical Science

Date: Sept. 28, 2018.

CANNBUNKER DEVELOPMENT CORP.
by its authorized signatory:

Hugh Rogers (Sep 30, 2018)

Name: Hugh Rogers
Title: President & Director

Date: Effective Date: Sept 28, 2018

SCHEDULE A
FACILITY REQUIREMENTS

The Facility Requirements shall be deemed to be attached hereto in accordance with Section 3.1 of the Agreement.

UPGRADES TO THE FACILITY

- ICPMS-2030
- 208VAC 30A (L6-30) for ICPMS
- 208VAC 15A (L6-20) for chiller
- 115VAC 15A (L6-15 or L6-20) for computer
- 208VAC 15A (L6-20) for Anton Parr Microwave
- Adapt existing ventilation to the ICPMS system
- Install Gas cylinder holders
- Provide holes in the benchtop for vacuum hose
- GCMSMS-80x0
- 115VAC 20A (L6-20) for GC
- 115VAC 15A (L6-15 or L6-20) for MS
- 115VAC 15A (L6-15 or L6-20) for HS-20
- 115VAC 15A (L6-15 or L6-20) for computer (ideally) OR computer can go on same circuit as MS or HS-20
- Provide holes in the benchtop for vacuum hose
- One 230 V 15A outlet in the fume hood for the Microwave oven
- Alarm system upgrade to burglary system

SCHEDULE B
PROJECT BUDGET

Estimated Budget:

Instruments

LC MsMs (pesticides, mycotoxins, cannabinoids)	400,000	
Head Space Auto sampler		
(add on to existing instrument at Biological Sciences)	65,000	
Microwave		35,000
Moisture Balance		10,000
Isolator Cabinet	20,000	
Subtotal		530,000

Supplies and software

Software (2 yr subscription)	30,000	
Security system upgrade		15,000
Analytical supplies		10,000
Subtotal		55,000

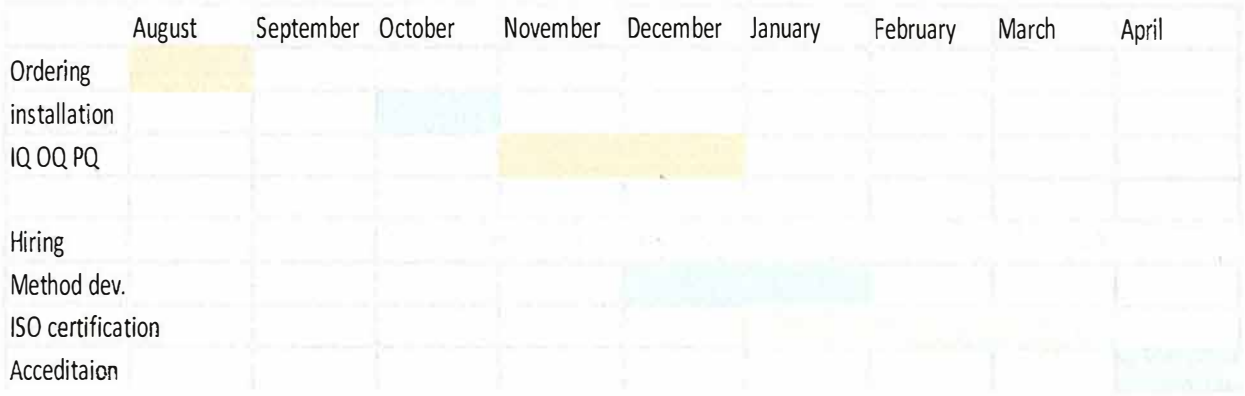
Salaries

Technician (part-time)	50,000	
Quality Assurance manager /project manager (40% time)	60,000	
Subtotal		110,000

Total	**695,000**

SCHEDULE C
PROJECT SCHEDULE

The Project Schedule shall be deemed to be attached hereto in accordance with Section 4.1 of the Agreement.



SCHEDULE D
APPROVED FACILITY DESIGN

The Approved Facility Design shall be deemed to be attached hereto in accordance with Section 3.2 of the Agreement.

SCHEDULE E
VERIFICATION PLAN

The Verification Plan shall be deemed to be attached hereto in accordance with Section 6.2 of the Agreement.

1) Ordering of instruments (August - September)
2) Installation of needed electrical and security infrastructure (September - October)
3) Hiring of employee (September – October)
4) Installation, Operation Performance qualifications (IQ OQ PQ) of instruments LC MSMS, GC MSMS, ICPMS, Microwave, Moisture balance (November – December)
5) Method development and validation (December – January)
6) Amendment of Cannabis license to add pesticides, foreign matter, heavy metals, residual solvents, moisture content (disintegration, stability and cannabinoid content are already established and part of the testing license) (January)
7) Third party samples can be processed (January)
8) ISO 17025 certification (January – March)
9) Accreditation (April 2019)

SCHEDULE F
SERVICES AGREEMENT TERMS AND CONDITIONS

The parties shall enter into a definitive Services Agreement which shall include the following basic terms and conditions:

1. Initial Term of 5 years; The Company to be credited for its capital expenditures under the Development Agreement. Automatic successive renewal terms of 5 years each.

2. Establishment of a Joint Steering Committee comprised of Dr. Raimar Loebenberg and representatives from each of the University and the Company, to oversee and approve business plans (including scope of services offered), budgetary matters, capital expenditures and service fees.

3. University of Alberta's Roles and Responsibilities:

    a. provide analytical testing services using the Analytical Testing Facility established under the Development Agreement

    b. provide lab technicians and staff - intended to provide practical training opportunities to University of Alberta faculty, students and employees in the field of plant-based medicine and analytical testing (need background checks of employees)

    c. provide disposables and lab supplies

    d. provide sample receiving and storage and lab and sample security

    e. provide maintenance of the lab and equipment

    f. maintain GLP Certification

    g. quality assurance system

    h. maintaining a program of self insurance or procuring and maintaining comprehensive general liability insurance, all-risks property insurance, errors and omissions insurance, liability insurance and other forms of insurance

4. The Company's Roles and Responsibilities

    a. develop business model or operation of the lab - primary customers comprising cannabis growers and researchers licensed under Health Canada's Access to Cannabis for Medical Purposes Regulations ("ACMPR"), including licensed producers, patients and Personal and Dedicated Production participants

    b. branding and marketing

    c. customer service

    d. invoicing, accounting and financial reporting

e. quality assurance system

5. Descriptions of the commercial and non-commercial services to be offered by the Analytical Testing Facility.

6. Commercial services will have priority over non-commercial use of the Analytical Testing Facility.

7. Commercial services will be provided in a timely manner.

8. Option to mutually expand the size and scope of the services to include testing of other substances, including opioids and narcotics.

9. The Company will pay the University for its costs in operating and maintaining the Analytical Testing Facility, including staffing costs, supplies and maintenance).

10. Any profit (net revenue) from service fees will first be applied, on a quarterly basis, to pay to the Company an amount equal to 125% of its capital expenditures in developing and establishing the Analytical Testing Facility. Once the 125% threshold has been achieved, the Company and the University will equally share in profits (net revenues) from service fees, to be paid quarterly.

11. Steps to keep the Licence in good standing.

12. Compliance with laws including ACMPR.

13. The Analytical Testing Facility will be restricted from providing commercial cannabinoid and plant-based testing services to third parties. Non-commercial use of the lab will require the consent of Dr. Raimar Loebenberg, not to be unreasonably withheld, with strict adherence to quality assurance and quality control systems.

14. Access to the laboratory testing equipment for student, faculty, and staff of the Faculty of Pharmacy and Pharmaceutical Sciences shall not be restricted so long as the impact on commercial activities within the Analytical Testing Facility is minimized and proper procedures and protocols are implemented at all times such that the Analytical Testing Facility's certifications are not compromised.