

## INTELLECTUAL PROPERTY LICENSE AND ROYALTY AGREEMENT

This Intellectual Property License and Royalty Agreement (“Agreement”) is entered into as of November 15, 2017 (“Effective Date”) by and between Lifestyle Delivery Systems Inc., a British Columbia corporation (“LDS”), and TransCanna Holdings Inc., a British Columbia corporation (“LICENSEE”) (each a “Party” and collectively, the “Parties”), with respect to the following facts:

A. LDS is the developer or holder, as applicable, and owns all right, title and interest in and to the software, support and use documentation and hardware access required to comply with California’s Track and Trace requirements related to the growth and sale of marijuana and to interface with other software platforms to provide information (the “Intellectual Property”) more particularly described on Exhibit “A” attached hereto and incorporated herein.

B. LDS desires to license the Intellectual Property to facilitate compliance with California’s Track and Trace requirements related to the distribution, transportation and sale of marijuana in California (the “Activity”).

C. LICENSEE desires to license the Intellectual Property in order to carry out the Activity through its affiliates located in the City of Adelanto, California.

D. LDS is willing to grant a license for the Intellectual Property and LICENSEE is willing to pay to LDS a royalty all in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties covenant and agree as follows:

1. Grant of License. LDS hereby grants to LICENSEE non-exclusive rights to the Intellectual Property (the “License”), for use by LICENSEE’s subsidiaries and affiliates in the Activity, for a term commencing as of the Effective Date and ending on the fifth (5th) anniversary of the Effective Date (“Initial Term”). Transfer or sublicensing of the License by LICENSEE to its subsidiaries and affiliates is permitted under the terms of this Agreement. LDS acknowledges that the Activity will be managed and supervised by Trans Canna Management Inc., a California corporation (“TCM”), a wholly-owned subsidiary of LICENSEE. LICENSEE agrees to require TCM to enter into a Non-Disclosure Agreement regarding the Intellectual Property and will provide a copy of such Non-Disclosure Agreement to LDS.

2. Commercial Application (Diligence). LICENSEE agrees to use all reasonable efforts and diligence to proceed with the Activity as soon after the Effective Date as possible.

3. Royalty. As consideration for the grant of the License, LICENSEE will pay to LDS a one-time fee of Fifty Thousand Dollars (\$50,000.00).

4. Negation of Warranties. Nothing in this Agreement is or shall be construed as:

a. A warranty or representation by LDS as to the exclusivity or scope of the Intellectual Property;

b. A warranty or representation that anything made, used, sold, or otherwise disposed of under the License, is or will be free from infringement of patents, copyrights, and other rights of third parties;

c. An obligation to bring or prosecute actions or suits against third parties for infringement on the Intellectual Property;

d. Granting by implication, estoppel, or otherwise any licenses or rights under patents or other rights of LDS or other persons other than the Intellectual Property, regardless of whether such Intellectual Property, patents or other rights are dominant or subordinate to the Intellectual Property; or

e. An obligation to furnish any technology or technological information to LICENSEE other than the Intellectual Property.

EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, LDS MAKES NO REPRESENTATIONS AND EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE INTELLECTUAL PROPERTY. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR THAT THE USE OF INTELLECTUAL PROPERTY AND/OR RELATED SERVICES WILL NOT INFRINGE ANY PATENT, COPYRIGHT, TRADEMARK, OR OTHER RIGHTS OR ANY OTHER EXPRESS OR IMPLIED WARRANTIES.

5. Indemnity. LICENSEE agrees to indemnify, hold harmless, and defend LDS against any and all claims, damages, causes of action, and losses for death, illness, personal injury, property damage, and improper business practices arising out of the use of the Intellectual Property or the sale of cannabis by LICENSEE. NEITHER PARTY SHALL BE LIABLE TO THE OTHER, ITS CUSTOMERS, THE USERS OF ANY LICENSED PRODUCTS AND RELATED SERVICES, OR ANY THIRD PARTIES FOR ANY DIRECT, CONSEQUENTIAL, INCIDENTAL, INDIRECT, PUNITIVE OR SPECIAL DAMAGES WHATSOEVER, INCLUDING, WITHOUT LIMITATION, ANY DAMAGE OR INJURY TO BUSINESS EARNINGS, PROFITS OR GOODWILL SUFFERED BY ANY PERSON ARISING FROM ANY USE OF THE INTELLECTUAL PROPERTY, REGARDLESS OF WHETHER SUCH LIABILITY IS BASED ON BREACH OF CONTRACT, TORT, STRICT LIABILITY, BREACH OF WARRANTIES, INFRINGEMENT OF INTELLECTUAL PROPERTY, FAILURE OF ESSENTIAL PURPOSE OR OTHERWISE, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

6. Termination.

a. LICENSEE may terminate this Agreement by giving LDS notice in writing at least one hundred eighty (180) days in advance of the Effective Date of termination selected by LICENSEE.

b. LDS may terminate this Agreement effective upon written notice to LICENSEE in the event LICENSEE materially breaches this Agreement and such breach remains uncured for thirty (30) days following written notice of such breach, unless such breach is incurable in which event termination shall be immediate upon receipt of written notice to LICENSEE that such breach has not been cured.

c. LDS may terminate this Agreement by written notice if LICENSEE: (i) becomes insolvent; (ii) files a petition, or has a petition filed against it, under any laws relating to insolvency, and the related insolvency proceedings are not dismissed within sixty (60) days after the filing of such petition; (iii) enters into any voluntary arrangement for the benefit of its creditors; (iv) appoints, or has appointed on its behalf, a receiver, liquidator or trustee of any of such party's property or assets; or (v) ceases to carry on business in the ordinary course.

d. The effect of termination or expiration of this Agreement is that the License shall revert back to LDS and LICENSEE shall cease the use, and commence the dismantlement, of any tenant improvements, devices, equipment or processes associated with the Intellectual Property and return all manuals, writings, documentation and other tangible representations of the Intellectual Property to LDS.

## 7. Miscellaneous.

a. Names and Marks. Each Party agrees not to identify the other Party in any promotional advertising or other promotional materials to be disseminated to the public or any portion thereof, without the other Party's prior written consent. Either Party may disclose the existence of this Agreement.

b. Infringement by Others. LICENSEE shall promptly inform LDS of any suspected infringement or unlicensed use of the Intellectual Property by a third party.

c. Sublicense. LICENSEE may not, under any circumstances, grant sublicenses of the Intellectual Property without the express written consent of LDS, which consent may be withheld in its sole and absolute discretion. Notwithstanding the foregoing, LDS acknowledges and consents to the sublicense to TCM Distribution Inc., a California nonprofit mutual benefit corporation.

d. Assignment. LICENSEE may not assign this Agreement under any circumstance.

e. Dispute Resolution. The Parties hereto agree to resolve any dispute or disagreements, excluding any dispute relating to patent validity or infringement, which may arise during the course of this Agreement as follows:

i. First, LDS and LICENSEE's senior management will meet to attempt in good faith to resolve such dispute or disagreement;

ii. If no resolution is reached, either party may request a one-day meeting with a mediator;

iii. If no resolution is reached by mediation, such dispute or disagreement will be submitted for binding arbitration pursuant to the rules of the Arbitration and Mediation Institute of Canada Inc.

f. Notices. Notices may be given by (a) certified mail (b) fax, (c) courier service, or (d) electronic mail (e-mail). Certified mail or courier service notice is effective on the earlier of five (5) days from being deposited for delivery or the date on the mail or courier receipt. Fax and e-mail notice are effective when the sender receives confirmation that the fax was sent or the e-mail received. A party will send notice to the following mail or e-mail address or another address about which the party gives thirty (30) days prior written notice:

TO LDS:

Lifestyle Delivery Systems Inc.  
1130 W. Pender St., Ste. 820  
Vancouver, British Columbia  
Canada V6E 4A4  
Attention: Brad Eckenweiler

With copy to:

Buckner, Robinson & Mirkovich  
3146 Red Hill Avenue, Suite 200  
Costa Mesa, California 92626  
Attn: Brent H. Coeur-Barron

TO LICENSEE:

TransCanna Holdings Inc.  
1130 W. Pender St., Ste. 820  
Vancouver, British Columbia  
Canada V6E 4A4  
Attention: Greg Ball

g. Scope of Agreement. This Agreement constitutes the entire Agreement between the parties pertaining to the subject matter hereof. No representative of LDS or LICENSEE has been authorized to make any representation, warranty, or promise not contained herein.

h. Applicable Law. This Agreement shall be governed by the laws of the Province of British Columbia applicable to agreements negotiated, executed and performed wholly within British Columbia.

i. Attorneys' Fees and Costs. In the event that either Party shall institute any legal action or proceeding against the other relating to the provisions of this Agreement, or any default hereunder, the unsuccessful Party in such action or proceeding agrees to pay to the prevailing Party the reasonable attorneys' fees and costs actually incurred by the prevailing Party.

j. Relationship of Parties. Nothing contained in this Agreement shall be deemed or construed by the Parties hereto or by any third person to create the relationship of principal and agent or of partnership or of joint venture or of any association between LDS and LICENSEE.

k. Merger. It is understood and acknowledged that there are no oral agreements between the Parties hereto affecting this Agreement, and this Agreement entirely supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the Parties hereto or displayed by LDS to LICENSEE with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Agreement. This Agreement contains all of the terms, covenants, conditions, warranties and agreements of the Parties relating in any manner to the License of the Intellectual Property and shall be considered to be the only agreement between the Parties hereto and their representatives and agents. None of the terms, covenants, conditions or provisions of this Agreement may be modified, deleted or added to except by written amendment signed by the Parties hereto. All negotiations and oral agreements acceptable to both Parties have been merged into and are included herein. There are no other representations or warranties between the Parties, and all reliance with respect to representations is totally upon the representations and agreements contained in this Agreement.

l. Severability. It is agreed that, if any provision of this Agreement shall be determined to be void by a court of competent jurisdiction, then such determination shall not affect any other provision of this Agreement, and all such other provisions shall remain in full force and effect.

m. Interpretation. The Parties acknowledge that the Parties and their counsel have reviewed and revised this Agreement, as necessary, and agree that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any exhibits or amendments hereto. All pronouns and common nouns shall be deemed to refer to the masculine, feminine, neuter, singular and plural, as the context may require.

n. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall, when taken together, constitute a single document.

[Signatures on following page]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

**LDS:**

**LIFESTYLE DELIVERY SYSTEMS INC.,**  
a British Columbia corporation

By:   
Brad Eckenweiler, CEO

**LICENSEE:**

**TRANSCANNA HOLDINGS INC.,**  
a British Columbia corporation

By: \_\_\_\_\_  
Greg Ball, CFO

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

**LDS:**

**LIFESTYLE DELIVERY SYSTEMS INC.,**  
a British Columbia corporation

By: \_\_\_\_\_

Brad Eckenweiler, CEO

**LICENSEE:**

**TRANSCANNA HOLDINGS INC.,**  
a British Columbia corporation

By: \_\_\_\_\_

  
Greg Ball, CFO



## **EXHIBIT A**

### **INTELLECTUAL PROPERTY**

- Proprietary software for compliance with California's Track and Trace requirements and communication of information with other software platforms
- Manuals, instructions and support documentation
- Access to hardware for off-site processing and storage
- Service agreement