

FRAMEWORK AGREEMENT

THIS FRAMEWORK AGREEMENT (the "**Agreement**") is dated the 12th day of June, 2018 (the "**Effective Date**")

AMONG

NATURO GROUP INVESTMENTS INC., a corporation existing under the laws of British Columbia

("Naturo")

AND:

MILLER SPRINGS LTD., a corporation existing under the laws of Canada

("MS")

AND:

BEVCANNA ENTERPRISES INC., a corporation existing under the laws of British Columbia

("BevCanna")

WHEREAS:

- A. MS is a majority-owned subsidiary of Naturo;
- B. Naturo and MS own:
 - (i) approximately 100 acres of land with a civic address of [REDACTED] [REDACTED] British Columbia, P.I.D. [REDACTED] District Lot [REDACTED] [REDACTED] (the "**Lands**"),
 - (ii) water rights to an underground aquifer, a portion of which is situate below the Lands, with a capacity of 353.8 million litres with all existing producing wells (the "**Aquifer**"),
 - (iii) 40,000 square foot pasteurized bottling facility that is Hazard Analysis Critical Control Point (HACCP) approved and a warehouse located on the Lands (together, the "**Facility**") which is connected to the Aquifer, and
 - (iv) expansion rights authorized by the Agricultural Land Commission to increase the Facility to a total of 170,000 square feet on the Lands;
- C. Naturo is in the business of manufacturing and packaging water and trace mineral infused beverages and providing related services;

- D. BevCanna is engaged in the business of cultivating and processing cannabis and cannabis related products and derivatives and proposes to be engaged in the business of marketing and distributing water-based cannabis beverages as and when permitted by applicable laws and regulations (the “**Business**”);
- E. BevCanna wishes to enter into an agreement with Naturo, whereby Naturo agrees to provide BevCanna with certain manufacturing and quality assurance services for manufacturing beverages in the Facility (the “**Manufacturing Agreement**”) and BevCanna wishes to enter into a lease agreement with Naturo and MS, whereby Naturo and MS agrees to lease a portion of the Lands, the Aquifer and the Facility to BevCanna to facilitate the development of the Business (the “**Lease Agreement**”, and together with the Manufacturing Agreement, the “**Agreements**”);
- F. BevCanna has obtained an independent Calculation Valuation Report on the fair market value of the Agreements from Evans & Evans, Inc. which concludes a midpoint valuation of \$12,400,000 (the “**Valuation Amount**”) for the Agreements; and
- G. Naturo and MS seek to enter into the Agreements with BevCanna for a 10 year term with two successive 10 year renewal periods in consideration for a prepaid license fee equal to the Valuation Amount, half payable in cash and half issuable in Class A common shares of BevCanna (each, a “**Share**”) on the terms and conditions set out herein;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises, covenants and agreements hereinafter set forth, and other good and valuable consideration (the receipt and sufficiency whereof is hereby acknowledged by each party), the parties hereto covenant and agree each with the other as follows:

- 1. **Execution of Agreements.** Concurrent with the execution of this Agreement:
 - (a) Naturo and BevCanna will execute the Manufacturing Agreement in the form attached hereto as Schedule “A”; and
 - (b) Naturo, MS and BevCanna will execute the Lease Agreement in the form attached hereto as Schedule “B”.
- 2. **Consideration.** In consideration for the entry into the Agreements, BevCanna will pay Naturo Group and MS a total purchase price of the Valuation Amount consisting of the following:
 - (a) concurrent with the entry into this Agreement, pay Naturo \$1,300,000 in ready available funds (the “**First Payment**”) in accordance with reasonable payment instructions from Naturo Group (the “**Payment Instructions**”);
 - (b) concurrent with the entry into this Agreement, issue Naturo 24,800,000 Shares at a deemed price of \$0.25 per Share and deliver a duly signed share certificate evidencing registration of the Shares in the name of Naturo;
 - (c) on or prior to July 1, 2018, pay Naturo \$350,000 in readily available funds in accordance with the Payment Instructions (the “**Second Payment**”);

- (d) on or prior to August 1, 2018, pay Naturo \$350,000 in readily available funds in accordance with the Payment Instructions (the “**Third Payment**”); and
 - (e) on or prior to September 30, 2018, pay Naturo \$4,200,000 in ready available funds (the “**Fourth Payment**”) in accordance with the Payment Instructions.
3. Prior to the required payment date of the Second Payment, Third Payment or Fourth Payment, as applicable, BevCanna may elect to extend and postpone such respective payment date for an additional 30 day period on up to three separate occasions (each, a “**Payment Extension**”). A Payment Extension will be conditional upon the delivery of prior written notice from BevCanna to Naturo accompanied by payment of \$20,000 in readily available funds per Payment Extension.
4. **Share Consideration.** Naturo acknowledges and agrees that:
- (a) the Shares are being issued pursuant to an exemption from applicable securities laws under Section 2.4 of National Instrument 45-106;
 - (b) BevCanna is not a reporting issuer as that term is defined in applicable securities legislation nor will it become a reporting issuer in any jurisdiction in Canada or elsewhere upon completion of the execution of this Agreement and, as a result:
 - i) unless BevCanna becomes a reporting issuer at a later date, BevCanna will not be subject to the continuous disclosure requirements of such securities legislation, including the requirements relating to the production and filing of audited financial statements and other financial information, and
 - ii) any applicable hold periods under applicable securities legislation may never expire, and the Shares may be subject to restrictions on resale for an indefinite period of time;
 - (c) Naturo consents to the placement of a legend or legends on any certificate or other document evidencing any of the Shares setting forth or referring to the restrictions on transferability and sale thereof contained in this Agreement, with such legend(s) to be substantially as follows:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) ***[INSERT THE DISTRIBUTION DATE]***, AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.”;
 - (d) unless BevCanna becomes a public company, the Shares cannot be transferred without the prior consent of the board of directors of the Issuer (the “**Board**”), expressed by resolution of the Board, at the sole discretion of the Board;
 - (e) none of the Shares have been or will be registered under the United States *Securities Act of 1933*, as amended, (the “**1933 Act**”), or under any securities or “blue sky” laws of any state of the United States, and, unless so registered, may not be offered or sold in the United States or, directly or indirectly, to any U.S. Person (as defined in Section 5), except in

accordance with the provisions of Regulation S under the 1933 Act ("**Regulation S**"), pursuant to an effective registration statement under the 1933 Act, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act, and in each case only in accordance with applicable state, provincial and foreign securities laws;

- (f) BevCanna has not undertaken, and will have no obligation, to register any of the Shares under the 1933 Act or any other securities legislation;
 - (g) BevCanna will refuse to register the transfer of any of the Shares to a U.S. Person not made pursuant to an effective registration statement under the 1933 Act or pursuant to an available exemption from the registration requirements of the 1933 Act and in each case in accordance with applicable laws; and
 - (h) any resale of the Shares by Naturo will be subject to resale restrictions contained in the securities laws applicable to BevCanna and it is the responsibility of Naturo to find out what those restrictions are and to comply with such restrictions before selling any of the Shares.
5. **Meaning of U.S. Person.** In this Agreement, the term "**U.S. Person**" will have the meaning ascribed thereto in Regulation S, and for the purpose of this Agreement includes, but is not limited to: (a) any person in the United States; (b) any natural person resident in the United States; (c) any partnership or corporation organized or incorporated under the laws of the United States; (d) any partnership or corporation organized outside the United States by a U.S. Person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organized or incorporated, and owned, by accredited investors who are not natural persons, estates or trusts; or (e) any estate or trust of which any executor or administrator or trustee is a U.S. Person.
6. **Escrow Requirements.** If BevCanna completes an initial public offering of its Shares or otherwise is a party to any type of transaction (each, a "**Going Public Event**") that results in the Shares, or any successor securities for which the Shares are thereby converted or exchanged (the "**Securities**"), being listed on a stock exchange in Canada, Naturo acknowledges and agrees that the Securities may be required to be escrowed, either at the request of BevCanna's selling agent or underwriter in a Going Public Event, pursuant to applicable securities legislation as amended from time to time, or pursuant to the policies of a stock exchange or trading system on which BevCanna may seek to list the Securities. In such instances, Naturo agrees to sign any such escrow agreement and abide by any such restrictions as may be so imposed. In furtherance of this covenant, Naturo hereby irrevocably appoints the President of BevCanna as its attorney-in-fact and authorizes him as its attorney-in-fact to approve and sign an escrow agreement on behalf of Naturo to provide for the escrow of the Securities.
7. **Default.** In the event BevCanna defaults by not paying the Second Payment, Third Payment or Fourth Payment on or prior to the date set out in Section 2 as may be extended in accordance with Section 3, and fails to remedy such default within 10 business days thereafter (the "**Breach**"), then Naturo and MS may consider this Agreement and the Agreements to have been terminated by BevCanna and Naturo shall be entitled to keep the Shares and the cash payments received by it prior to the Breach as liquidated damages for the breach (the "**Liquidated Damages**"). The parties intend that the Liquidated Damages constitute compensation and not a penalty. The parties acknowledge and agree that Naturo and MS's harm or actual damages caused by the Breach would

be impossible or very difficult to accurately estimate at the time of the Breach, and that the Liquidated Damages are a reasonable estimate of the anticipated or actual harm or actual damages that might arise from the Breach. The payment of the Liquidated Damages is BevCanna's sole liability and entire obligation and Naturo and MS's exclusive remedy for the Breach.

8. **Confidentiality.** The parties will keep confidential all data and information respecting this Agreement and the Agreements and will refrain from using it other than for the activities contemplated hereunder or publicly disclosing unless required by law or by the rules and regulations of any regulatory authority or stock exchange having jurisdiction, or with the written consent of the other party, such consent not to be unreasonably withheld. The provisions of this section do not apply to information which is or becomes part of the public domain other than through a breach of the terms hereof. Where a request is made for permission to disclose confidential information hereunder, a reply thereto will be made within 3 business days after receipt of such request, failing which the party requesting will be entitled to disclose such information in the limited circumstances specified in such request as if such consent had been given. The parties will consult with each other prior to issuing any press release or other public statement regarding this Agreement and the matters contemplated hereunder. In addition, and unless required by law or by the rules and regulations of any regulatory authority or stock exchange having jurisdiction, each party will obtain prior approval from the other party before issuing any press release or public statement using the other party's name or the names of any of the other party's assignees or of any of the officers, directors or employees of the other party or of its assignees.
9. **General Representations and Warranties.** Each party represents and warrants to the other parties that:
 - (a) it is duly formed and validly existing under the laws of its jurisdiction of formation and is in good standing with respect to the filing of returns;
 - (b) it has the power and capacity to enter into this Agreement and to observe and perform all its covenants and obligations herein set forth; and
 - (c) it has taken all necessary action to authorize the execution, delivery and performance of this Agreement and this Agreement constitutes a legal, valid and binding obligation of the party enforceable against such party in accordance with its terms.
10. **Naturo Representation and Warranty.** In connection with the issuance of the Shares hereunder, Naturo represents and warrants to BevCanna that Naturo is not a U.S. Person.
11. **Notices.** All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 11):

Naturo

Attention: Chief Executive Officer
Address: 100 – 1672 West 2nd Avenue
Vancouver, BC V6J 1H4
Email: marcello@naturogroup.com

MS

Attention: President
Address: 100 – 1672 West 2nd Avenue
Vancouver, BC V6J 1H4
Email: martino@naturogroup.com

BevCanna

Attention: John Campbell
Address: 200 – 1672 West 2nd Avenue
Vancouver, BC V6J 1H4
Email: john@bevcanna.com

12. **Assignment.** This Agreement shall not be assigned by any party hereto without the expressed written consent of all other parties.
13. **Entire Agreement.** The provisions herein contained and the Agreements constitute the entire agreement among the parties and supersede all previous communications, representations, and agreements, whether oral or written, among the parties with respect to the subject matter hereof, there being no representations, warranties, terms, conditions, undertakings, or collateral agreements (express, implied, or statutory), among the parties other than as expressly set forth in this Agreement and the Agreements.
14. **Governing Law.** This Agreement will be exclusively governed by and construed in accordance with the laws of the Province of British Columbia, and the parties hereby attorn to the exclusive jurisdiction of the Courts of competent jurisdiction of the Province of British Columbia in any proceeding hereunder.
15. **Further Assurances.** Each party shall, at all times hereafter at the request and cost of any other party, execute such further and other documents as such other party may reasonably require in order to evidence or give effect to the terms of this Agreement.
16. **Enurement.** This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.
17. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when executed and delivered is an original, but all of which taken together constitute one and the same document. This Agreement may be executed and delivered by facsimile or other means of electronic transmission capable of producing a signed copy.
18. **Time.** Time is of the essence of this Agreement.

19. **Currency**. All dollar figures referred herein mean the lawful currency of Canada.

(remainder of page intentionally blank)

IN WITNESS WHEREOF this Agreement has been duly executed by the parties hereto as of the date set forth above.

NATURO GROUP INVESTMENTS INC.

Per: ***"Marcello Leone"***

Name: Marcello Leone

Title: Chief Executive Officer

MILLER SPRINGS LTD.

Per: ***"Martino Ciambrelli"***

Name: Martino Ciambrelli

Title: President

BEVCANNA ENTERPRISES INC.

Per: ***"John Campbell"***

Name: John Campbell

Title: Director

SCHEDULE "A"

MANUFACTURING AGREEMENT

[See attached]

MANUFACTURING AGREEMENT

THIS **MANUFACTURING AGREEMENT** (the “**Agreement**”) is made the 12th day of June, 2018 (the “**Effective Date**”),

BETWEEN:

BEVCANNA INC. a British Columbia corporation with a principal place of business at 200 - 1672 West 2nd Avenue, Vancouver, British Columbia, V6J 1H4

(“**BevCanna**”)

AND:

NATURO GROUP INVESTMENTS INC., a British Columbia corporation with a principal place of business at 100 - 1672 West 2nd Avenue, Vancouver, British Columbia, V6J 1H4

(“**Naturo**”)

WHEREAS:

- A. BevCanna is engaged in the business of cultivating and processing cannabis and cannabis related products and derivatives and proposes to be engaged in the business of marketing and distributing water-based cannabis beverages as and when permitted by applicable laws and regulations (the “**Business**”).
- B. Naturo is in the business of manufacturing and packaging water and trace mineral infused beverages and providing related services.
- C. BevCanna wishes to retain Naturo to provide BevCanna certain manufacturing and quality assurance services for manufacturing beverages in a bottling facility leased by BevCanna from Miller Springs Ltd. and Naturo located in Osoyoos, British Columbia (the “**Facility**”), such lease dated as of the Effective Date (the “**Lease**”).
- D. Naturo has agreed to provide manufacturing and quality assurance services to BevCanna using water rights granted to BevCanna by Naturo under the Lease and upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, BevCanna and Naturo (collectively the “**Parties**”) agree as follows:

Article 1 Definitions

1.1 Definitions

The following terms used in the Agreement shall have the meanings set forth below. Other terms of less general applicability are defined elsewhere in the Agreement where appropriate:

- (a) **"Affiliate"** has the meaning ascribed thereto in the *Business Corporations Act* (British Columbia);
- (b) **"Canadian GMP"** means good manufacturing practices issued under the Food and Drugs Act and Regulations as amended from time to time;
- (c) **"Confidential Information"** in relation to a Party (the **"Discloser"**) all information of or relating to the Discloser or its Affiliates disclosed to another Party (the **"Recipient"**) pursuant to or in connection with this Agreement including: (a) trade secrets, concepts, technical information and designs, improvements, innovations, know-how and technical expertise; (b) inventions, whether patentable or not; (c) unpublished applications for the protection or registration of patents, trade-marks, copyright or other intellectual property; (d) specifications, graphic designs, research and development results, material data, and pricing structures; (e) market information including proposed product lines, customer lists, trade-marks, names, dress, or distinguishing guises, marketing concepts and ideas, business information and methods, business plans, and personnel data; (f) financial information, including sales, financial statements, budgets, projections, (g) information concerning any unreleased, proposed, unannounced or prototype product or method, (h) information gathered by Discloser by the expenditure of time and effort, whether pertaining to inventions, trade secrets, know how, technological advances or market strategies; (i) contracts; and (j) any other information whether technical, business, financial and marketing information, customer information (including personally identifiable information) or otherwise; in each case, regardless of whether marked as confidential and irrespective of the form in which it is disclosed (including orally, in writing, electronically or through electronic access, or visual presentation or demonstration), but excluding any information that (aa) is or becomes publicly available without breach of this Agreement through no fault of Recipient, or (bb) was demonstrably in the possession of Recipient prior to receiving it from Discloser or Discloser's Affiliate, (cc) Recipient can demonstrate was developed by it independently and without use of or reference to the information of Discloser or Discloser's Affiliates, or (dd) Recipient receives from a third party who is under no confidentiality obligation to Discloser. Confidential Information of each Party includes the Specifications created by such Party;
- (d) **"Facility"** has the meaning set out in Recital C;
- (e) **"Finished Products"** means the finished, packaged water-based cannabis beverages Manufactured by Naturo that are ready for sale to consumers, including the Trace Products except as specified herein;
- (f) **"Food and Drugs Act and Regulations"** means the *Food and Drugs Act*, R.S.C., 1985, c.F-27, as may be amended from time to time together with regulations promulgated thereunder;

- (g) **“Government Authority”** means any national, provincial or local government, court, governmental agency, authority, board, bureau or regulatory body having jurisdiction over the Finished Product;
- (h) **“Latent Defect”** has the meaning set out in Section 3.3(d).
- (i) **“Laws, Rules and Regulations”** means all laws and regulations applicable in Canada, and includes all guidance documents, policies and other similar documents relating to the Manufacture and quality control of cannabis beverages applicable in Canada, as amended from time to time;
- (j) **“Manufacture”** or any variation thereof, means all operations necessary to manufacture, finish and package the Finished Products to the specified state of completion in accordance with the terms and conditions of this Agreement. Without limiting the foregoing, the term **“Manufacture”** shall include:
 - (i) compliance with all applicable Laws, Rules and Regulations;
 - (ii) compliance with the Specifications;
 - (iii) testing, receipt and storage of Materials incident to such operations in compliance with the Specifications and all applicable Laws, Rules and Regulations; and
 - (iv) the performance of all quality control procedures pertaining to the Materials which are required by applicable Laws, Rules and Regulations on the Effective Date, and/or which become required by applicable Laws, Rules and Regulations after the Effective Date;
- (k) **“Materials”** means ingredients and packaging materials used to Manufacture Finished Products;
- (l) **“Naturo Fault”** has the meaning set out in Section 3.3(b).
- (m) **“Naturo Non-Fault”** has the meaning set out in Section 3.3(b)(i).
- (n) **“Party”** means either Naturo or BevCanna and **“Parties”** means both of them;
- (o) **“Price”** has the meaning set out in Section 4.1.
- (p) **“Printed Matter”** means all printed Materials, including labeling required to be affixed to and/or packaged with Finished Products delivered to Naturo by BevCanna hereunder, and includes all electronic and hard copies of Materials;
- (q) **“Purchase Order”** has the meaning set out in Section 3.1.
- (r) **“Replacement Period”** means:
 - (i) if:
 - A. there are sufficient Materials on hand at Naturo;

- B. the amount of replacement products constitutes a whole batch or BevCanna agrees to purchase pursuant to the terms hereof such additional Finished Product so that the replacement products and the additional Finished Product constitute a whole batch; BevCanna shall bear the entire replacement costs unless replacement costs shall be borne by Naturo according to the provisions of this Agreement; and
- C. BevCanna notifies Naturo that it, in its reasonable judgment, requires the replacement product as soon as possible,

then Naturo shall deliver such replacement products as soon as reasonably practicable but not later than ninety (90) days from the date of notification by BevCanna; and;

- (ii) otherwise, such date agreed by Naturo and BevCanna or, failing agreement, the Delivery Date immediately following the next production run of Finished Product hereunder;
- (s) **“Representatives”** has the meaning set out in Section 9.1(a)(iii).
- (t) **“Specifications”** mean the written methods, formulae, procedures, specifications, tests (and testing protocols) and standards pertaining to the Finished Products as provided by BevCanna to Naturo from time to time (or as provided by Naturo to BevCanna with respect to the Trace Products), as modified from time to time in accordance with Article 5;
- (u) **“Stability and Release Testing”** means testing the Product and Materials for stability and release as required by applicable Laws, Rules and Regulations or by the Specifications;
- (v) **“Term”** means the period starting on the Effective Date and continuing for the Initial term of this Agreement and any subsequent extension period as set forth in Section 7.1 hereof, subject to any earlier termination of this Agreement pursuant to Section 7.2 hereof; and
- (w) **“Trace Products”** means cannabis beverages produced by Naturo for Trace’s fulvic and humic mineral waters.

Article 2

License and Supply of Product

2.1 Obligations of the Parties

- (a) Relationship of the Parties. Pursuant to the terms and conditions of this Agreement, BevCanna and Naturo agree and acknowledge that Naturo shall be the supplier of the Finished Products during the Term. The Parties further acknowledge that no partnership, joint venture, or agency relationship is created between the Parties with respect to this Agreement.
- (b) Manufacture of Finished Products. Subject to the terms and conditions hereof, Naturo shall Manufacture Finished Products in accordance with applicable Laws, Rules and Regulations, and the Specifications provided to Naturo by BevCanna. Naturo shall label the Finished Products with the Printed Matter supplied by BevCanna. For the Trace Products, Naturo will provide Specifications to BevCanna for the Manufacture and BevCanna will solely use these Specifications to Manufacture the Trace Products and for no other purpose whatsoever.

Further, Naturo shall not Manufacture any other fulvic or humic water product for any other party.

- (c) License. Naturo grants BevCanna the exclusive right and license to use Naturo's Confidential Information regarding Manufacturing of Finished Products (excluding the Trace Products) to market products similar to the Finished Products to potential purchasers, provided that disclosure of any of Naturo's Confidential Information shall be subject to confidentiality obligations no less onerous than those imposed on BevCanna under this Agreement.
- (d) Product Recalls. BevCanna shall be responsible for conducting product recalls and shall promptly notify Naturo of any recall notice for Finished Products. Naturo shall use commercially reasonable efforts to co-operate with and assist BevCanna to comply with applicable Laws, Rules and Regulations in conducting such recall. Naturo shall promptly notify BevCanna if it receives any notice, including a recall notice, which relates to any Finished Product or if it is aware of any information that a recall is necessary. Naturo shall pay for BevCanna's out-of-pocket costs and expenses solely arising from the technical processing of any recall resulting from Naturo's material breach of this Agreement or Naturo's negligence. For recalls which do not result from Naturo's material breach of this Agreement or Naturo's negligence, BevCanna shall be responsible for all costs and expenses of the recall.
- (e) Stability and Release Testing. Naturo shall conduct all Stability and Release Testing and, unless such cost has been expressly and specifically offset by Naturo or otherwise expressly included in the pricing set out in the attached Schedule D, BevCanna shall bear the cost of Stability and Release Testing required for Finished Products. The cost of Naturo Stability and Release Testing services is included in Schedule B. Naturo shall invoice BevCanna each calendar month for the previous calendar month's cost for Stability Testing. BevCanna shall pay invoice within thirty (30) days from BevCanna's receipt.
- (f) Product Complaints. BevCanna shall have the responsibility for fielding, investigating, and responding to all Finished Product complaints. Naturo shall promptly investigate its role, if any, in matters relating to the Finished Product complaint and report to BevCanna the results of those investigations for all Finished Product complaints that may involve the Finished Products not meeting Specifications, not meeting applicable Laws, Rules and Regulations or as a result of any other breach of this Agreement by Naturo.

2.2 Purchase, Receipt and Storage of Materials

Each Party shall supply the Materials set out in Schedule C. Naturo shall receive, document as inventory and handle BevCanna-owned Materials to support the Manufacture of Finished Products. Naturo will store the Materials with due care and attention to the requirements set forth in the Specifications and with all applicable Laws, Rules and Regulations. While in storage, Naturo shall assume the risk of loss or damage to such Materials from any cause resulting from Naturo's negligence or wilful misconduct. If BevCanna provides Materials from a supplier that has not been audited or qualified by Naturo, then BevCanna, at its own expense, will have to audit the supplier to qualify the supplier for Naturo. If BevCanna nominates a supplier of materials that has not already been audited / qualified by the Naturo, then BevCanna, at its own option, will have to audit this supplier at its own costs or compensate Naturo for the auditing / qualification of such supplier.

2.3 Availability of Finished Products

Finished Products will be made available by Naturo to BevCanna at the Facility. BevCanna assumes all responsibility for storage and shipment of Finished Products, following completion of Manufacturing.

2.4 Quality Assurance Agreement

As required by applicable laws or for process purposes, the Parties will enter into a Quality Assurance Agreement with respect to the Manufacture of the Finished Product.

Article 3 Purchase of Product

3.1 Purchase Orders

BevCanna shall provide binding purchase orders to Naturo specifying Finished Products to be Manufactured by Naturo ("**Purchase Orders**"). No Purchase Order shall be binding on Naturo unless and until Naturo accepts such Purchase Order in writing. Any terms or conditions of sale contained in the Purchase Orders which may vary or be different from or supplemental to the terms and conditions of this Agreement shall not be binding upon Naturo unless specifically agreed to in writing in Naturo's acceptance of such Purchase Order. Each Purchase Order shall specify the quantity of Finished Product, the requested date by which to Manufacture the Finished Product (minimum 30 days) and the Specifications to be used.

3.2 Testing and Certificate of Analysis

Naturo shall provide a Certificate of Analysis in compliance with applicable Laws, Rules and Regulations ("**Certificate of Analysis**") to BevCanna, with each batch of Finished Product made available hereunder. Such Certificate of Analysis shall certify with respect to each shipment and lot (identified by batch/lot or control number):

- (a) the quantity of the shipment;
- (b) the analytical test results for a specified lot of Finished Products provided to BevCanna hereunder; and
- (c) that the Finished Product made available to BevCanna was Manufactured in accordance with the Specifications and the master batch records and documented according to requirements of Laws, Rules and Regulations and production standard operating procedures.

3.3 Testing Upon Delivery

- (a) Compliance Check. Promptly following receipt of the Finished Product, BevCanna may check any defects, other than Latent Defects (as defined in Section 3.3(d)) the compliance of such batch with the Specifications or any shortage in the respective shipment (collectively, the "**compliance check**"). Such compliance check shall be performed by BevCanna's quality assurance department and shall be certified by the head of such department (or his/her designee). If BevCanna deems that any Finished Products delivered to BevCanna hereunder fail to conform to Specifications or comply with Naturo's obligations under this Agreement, then BevCanna shall notify Naturo thereof in writing (such notice to include test results)

immediately, but no later than within fifteen (15) days from delivery of such Finished Products to BevCanna. BevCanna shall retain the non-conforming Finished Products and Naturo shall have the right to inspect such Finished Products. If Naturo batch records for the Finished Products establish that the Finished Product met BevCanna Specifications and therefore complied with Naturo's obligations under this Agreement at time of delivery, and BevCanna concurs with the Naturo batch records for the Finished Products so Finished Product damage was due solely to handling or other events taking place after the transfer of the Finished Product to BevCanna, then Naturo shall not be liable for any damage. In the case BevCanna does not notify Naturo of any defect, variance or delay within the aforementioned period of time, the Finished Product shall be classified as free from defects or non-compliance in respect of obvious defects or variance or from any delay. The responsibility for the quality and any features of the Finished Product which result from Specifications shall lie with BevCanna.

(b) Undisputed Claims. Naturo shall, if it agrees with BevCanna's complaint, and if such non-conformities were within the control of Naturo, were caused by the negligence of Naturo or arose as a result of a breach of this Agreement by Naturo ("**Naturo Fault**"), replace any such non-conforming Finished Products at no cost to BevCanna within the Replacement Period with an equal quantity of Finished Product complying with the Specifications and with Naturo's obligations under this Agreement. Naturo shall reimburse BevCanna for all reasonable shipping, handling and storage charges incurred in association with such non-conforming Finished Product and for the Materials used in such non-conforming Finished Product. Naturo shall have the initial right of rectification (reprocessing) instead of replacement, if feasible.

(i) Naturo shall have no liability for non-conforming Finished Product if such non-conformance is:

- A. not within the control of Naturo personnel;
- B. not caused by the negligence of Naturo personnel or processes; and
- C. not as a result of a breach of this Agreement by Naturo

("Naturo Non-Fault").

In such case, Naturo shall replace the non-conforming Finished Product within the Replacement Period at BevCanna's cost.

(ii) BevCanna shall dispose of any non-conforming Finished Products that are not in compliance with the Specifications, and in compliance with all applicable Laws, Rules and Regulations, except that in the case of Naturo Fault, Naturo shall bear all costs and BevCanna shall follow any reasonable instructions from Naturo to return such Finished Products to Naturo for destruction by Naturo at Naturo's cost.

(c) Disputed Claims. If Naturo does not agree with BevCanna's complaint that there was a Naturo Fault or that other circumstances exist that could result in Naturo not having liability, then Naturo shall notify BevCanna of such disagreement within thirty (30) days of receipt of notice of deficiency. Notwithstanding any such disagreement, Naturo shall replace the Finished Product subject to the dispute within the Replacement Period, with the costs of such replacement Finished Product to be determined as set out herein and such replacement shipment of Finished Product shall be treated as a new, additional shipment of Finished

Product for purposes of measuring its conformance to the Specifications and all Laws, Rules and Regulations and this Agreement. If the Parties cannot themselves resolve whether the Product was conforming or non-conforming within ten (10) business days of BevCanna's receipt of Naturo notice of disagreement, then the matter shall be submitted (without undue delay) to an independent laboratory of nationally recognized standard for testing agreed by the Parties in order to resolve the discrepancy in the analysis of the Finished Products in question. The assessment of such laboratory shall be binding upon the Parties and any related expense shall be borne by the Party whose analysis was in error. If such independent laboratory confirms that such shipment did not conform to the Finished Product Specifications and all Laws, Rules and Regulations, and the Parties agree or it is determined there was Naturo Fault, the replacement Finished Products referred to above shall be at no cost to BevCanna, and Naturo shall reimburse BevCanna for the cost of the Materials provided by BevCanna used for the non-conforming Finished Product shipment and shall bear all expenses of shipping and testing the shipment samples, including any out-of-pocket costs incurred by BevCanna in returning such Finished Product to Naturo or its nominee or in disposing of such Finished Product. If such independent laboratory confirms that such shipment did conform to the Finished Product Specifications and all Laws, Rules and Regulations or the Parties agree or it is determined there was Naturo Non-Fault, Naturo shall bear no costs and BevCanna shall pay for the Finished Product in question and the replacement Finished Product as otherwise provided in this Agreement.

- (d) Latent Defects. Any other Finished Product non-conformance, which could not have reasonably been discovered pursuant to the procedures contained above (a "**Latent Defect**"), shall be reported to Naturo as soon after discovery by BevCanna as is practicable, but no later than twenty (20) days after discovery by BevCanna. In the case BevCanna does not report any Latent Defect within the aforementioned period of time, the Finished Product shall be classified as free from such Latent Defect. For Latent Defects, Naturo shall replace the Finished Product subject to the Latent Defect within the Replacement Period, with the costs of such replacement Finished Product to be determined as set out herein and such replacement shipment of Finished Product shall be treated as a new, additional shipment of Finished Product for purposes of measuring its conformance to the Specifications and all Laws, Rules and Regulations and this Agreement. For Latent Defects where the Parties agree or it is determined the defect existed prior to shipment and there was Naturo Fault, the replacement Finished Product shall be at no cost to BevCanna and Naturo will be liable to BevCanna for costs of Material for the non-conforming Finished Product. For Latent Defects where the Parties agree or it is determined there was Naturo Non-Fault, BevCanna shall pay for the replacement Finished Product as otherwise provided in this Agreement.

3.4 Violations

Each Party shall notify the other of any violation of any Laws, Rules and Regulations applicable to the Finished Products alleged by a third party promptly following receipt of notice of such allegation.

3.5 Warranty

- (a) Unless otherwise provided herein, the period of warranty is 12 (twelve) months from the time when the Finished Product leaves the Facility.

- (b) The period of warranty will equal the declared product-specific shelf-life in the case the Finished Product is manufactured after applicable stability studies and according to a validated process.
- (c) Provided that if during the period of warranty, analyses are agreed upon in connection with the investigation of the origin of a Latent Defect and provided that performance of such analyses extends beyond the original period of warranty, the period of warranty will be extended by the period required for such analyses.

Article 4 Pricing and Payment Terms

4.1 Pricing

The price for Finished Products Manufactured hereunder shall be as per the attached Schedule D (the "**Price**"). The Price shall be adjusted annually by:

- (a) in the case of Materials purchased by Naturo, the actual changes in the cost of such Materials (and may include adjustments to yield and scrap losses associated with the overall capability of the manufacturing process);
- (b) in the case of change in labour and energy costs, the actual changes in the cost of such labour and energy, which increase in labour and energy costs; and
- (c) in case of changes in the manufacturing process, specifications, annual volumes or changes by Law, Rules and Regulations, Naturo shall be permitted, acting reasonably, to recalculate the Price.

Naturo shall provide BevCanna with prior notification of any adjustment to the Price.

4.2 Payment Terms

The Price for all Finished Product Manufactured hereunder shall be due and owing to Naturo net thirty (30) days after Naturo delivers an invoice for the Finished Product and shall be payable in Canadian dollars in immediately-available funds. Naturo may withhold subsequent deliveries of product should BevCanna fail to pay invoices (other than matters subject to a dispute hereunder). Nothing herein shall be deemed as an exclusive remedy to Naturo for BevCanna's failure to pay.

4.3 Product Scrap

In the event Naturo realizes product scrap costs where there was Naturo Fault, Naturo will pay for all disposal costs and will reimburse BevCanna for costs of Materials for such scrapped Finished Product. In the event Naturo realizes product scrap where there was Naturo Non-Fault, Naturo will invoice BevCanna the above mentioned costs.

Article 5 Change Management

5.1 Required Manufacturing Changes

With respect to changes to the Specifications or manufacturing process which are required by applicable Laws, Rules and Regulations or by action (or inaction) of any legally-competent government or other regulatory body or authority, or by concerns as to the toxicity, safety, and/or efficacy of the products (collectively, “**Required Manufacturing Changes**”), the Parties shall co-operate in making such changes promptly. The cost for product or BevCanna-specific Required Manufacturing Changes shall be borne by BevCanna. For product or BevCanna-specific Required Manufacturing Changes, BevCanna shall pay all the costs of all remaining obsolete stock of Finished Products (or partially Manufactured Finished Products) that were manufactured pursuant to a Purchase Order but had not yet been delivered, all inventory of affected Materials purchased by Naturo (at Naturo actual acquisition cost) and all remaining obsolete work in process of Finished Products that were ordered pursuant to a Purchase Order resulting from any such changes. In co-operating in making such changes, BevCanna shall be responsible for communicating with regulatory agencies with respect to the health registrations and marketing authorizations for the Finished Products.

5.2 Discretionary Manufacturing Changes

With respect to changes to the manufacturing process for Finished Products which are not Required Manufacturing Changes (collectively, “**Discretionary Manufacturing Changes**”), the Parties shall, to the extent commercially reasonable under the circumstances, co-operate in making such changes and the Party initiating such change(s) shall bear all the costs associated with and resulting from any such changes. If the proposed change is judged to require a prospective process validation or regulatory submission, then the costs to execute and resource such validation or submission shall be the responsibility of the initiating Party. The costs of periodic revalidations for product-related process validations shall be paid for by BevCanna. Neither Party can initiate any Discretionary Manufacturing Changes without the prior consent of the other Party which shall not be unreasonably withheld. All regulatory submissions will be filed by BevCanna and Naturo shall use reasonable commercial efforts to support BevCanna in preparing and filing all such regulatory submissions and in supporting BevCanna in obtaining approval for such regulatory submissions.

5.3 Labeling Changes

With respect to changes to the Printed Matter, the Parties shall co-operate in making such changes promptly and BevCanna shall, unless otherwise agreed, reimburse Naturo for all remaining obsolete stock of Finished Products, all inventory and Printed Matter (at Naturo actual acquisition cost) and all remaining obsolete work in process of Finished Products resulting from any such change or amendment to the Printed Matter. BevCanna may, at any time during the Term, change or amend any item of the labeling by notice hereunder, such change or amendment to be effective after appropriate advance written notice hereof.

5.4 Changes to Specifications

The responsibility for the quality and any features of the Finished Products which result from Specifications of BevCanna shall lie with BevCanna. BevCanna may make changes to the Specifications from time-to-time, provided that all such changes, including Required Manufacturing Changes, are to

be communicated to Naturo in writing and acknowledged by Naturo in writing. Any costs associated with the implementation of changes to the Specifications shall be paid by BevCanna. All regulatory submissions relating to a change in Specifications are to be filed by BevCanna and Naturo shall use reasonable commercial efforts to support BevCanna in preparing and filing all such regulatory submissions and in supporting BevCanna in obtaining approval for such regulatory submissions.

5.5 Authorizations

During the Term, Naturo shall obtain and maintain in force all licenses and authorizations necessary for Naturo to Manufacture Finished Products. BevCanna shall obtain, and bear all costs associated with maintenance of the regulatory licenses or health registrations for the Finished Products. Except as may be required by Sections 5.1, 5.2 or 5.5 hereof, Naturo shall bear the full cost and expense of so obtaining and maintaining such licenses and authorizations. In the event Finished Products require licenses in a new country or territory, BevCanna shall obtain the required licenses and pay the costs of new license requirements.

Article 6 Liabilities and Indemnification

6.1 Representations and Warranties

- (a) Naturo. Naturo hereby represents and warrants to BevCanna that:
- (i) it is duly organized and validly existing and has full corporate power and authority to enter into this Agreement and to perform its obligations hereunder;
 - (ii) it is duly authorized to execute and deliver this Agreement and to perform its obligations hereunder;
 - (iii) this Agreement is a legal and valid obligation binding upon the Parties and enforceable in accordance with its terms; the execution, delivery and performance of this Agreement by Naturo does not conflict with any agreement to which it is a Party or any law, regulation, rule, approval or permit to which it is subject;
 - (iv) it will Manufacture the Finished Product in accordance with all applicable Laws, Rules and Regulations; and
 - (v) Naturo has the personnel, expertise, know-how, equipment and facilities necessary to Manufacture and supply the Finished Products in accordance with all applicable Laws, Rules and Regulations and as contemplated by this Agreement.
- (b) BevCanna. BevCanna hereby represents and warrants to Naturo that:
- (i) it has the power and authority to enter into this Agreement and to perform its obligations hereunder;
 - (ii) this Agreement is a legal and valid obligation binding upon the Parties and enforceable in accordance with terms; the execution, delivery and performance of this Agreement by BevCanna does not conflict with any agreement to which it is a Party or any law, regulation, rule, approval or permit to which it is subject;

- (iii) it is the owner of all proprietary information, or the holder of licenses thereto, necessary to allow Naturo to Manufacture the Finished Products, and no Finished Products, when Manufactured in accordance with the Specifications, will infringe upon the rights of any third party; and
- (iv) it has all licenses, permits, and other authorizations necessary to fulfill its obligations under this Agreement.

BevCanna further warrants that the development, manufacture, marketing authorization and/or marketing of the Finished Product does not infringe any third party rights, in particular intellectual property rights and patent rights. BevCanna will hold harmless and indemnify Naturo and its Affiliates on first demand from all claims raised by third parties claiming that the development, manufacture, marketing authorization and/or marketing of the Finished Product infringe third party rights. Furthermore, BevCanna shall hold harmless and indemnify Naturo and its Affiliates from all costs incurred by Naturo and its Affiliates relating to such claims, including reasonable attorneys' fees and costs arising out of third party claims alleging that their patent or other intellectual property rights have been violated by Naturo's action in accordance with this Agreement. The limitation of liability provisions of this Agreement shall not apply to this liability.

6.2 Product Warranties

Naturo shall deliver to BevCanna the Finished Products which shall, on the date of making the Finished Products available to BevCanna:

- (a) meet the requirements therefore set forth in the Specifications;
- (b) comply in all material respects with all Laws, Rules and Regulations applicable to the Manufacture of the Finished Products in accordance with the Specifications; and
- (c) be free from liens, encumbrances and defects in title other than those that arise directly as a result of actions taken by BevCanna.

Naturo makes no warranties with respect to the Finished Products other than those specifically set forth in this section. Naturo warrants on the date hereof and on each other date during the term of this Agreement that it has all permits, licenses, approvals and authorizations granted by any applicable regulatory body or government agency, necessary to Manufacture the Finished Products (the "**Registrations**"), such Registrations are in good standing and Naturo is not aware of any circumstances that would prevent it from Manufacturing. No other warranty is expressed or implied by Naturo including any warranty of merchantability or fitness for a particular purpose and none shall be implied. The foregoing warranties shall not apply to any Finished Product that is altered by BevCanna or the carrier or is not shipped or stored in accordance with the Specifications.

6.3 Insurance

Naturo shall upon request provide BevCanna with evidence that it has in place the following policy with a reputable and responsible insurance carrier, which shall remain in full force and effect throughout the Term, comprehensive general liability insurance including product liability insurance, including contractual indemnity coverage, with combined single limits of not less than \$1,000,000 per occurrence and \$30,000,000 in the aggregate.

6.4 BevCanna Indemnity

BevCanna shall indemnify, defend and hold harmless Naturo, Naturo's Affiliates and each of their respective officers, directors, shareholders, employees, representatives and agents from and against any and all claims, demands, losses, damages, liabilities, and obligations, and all costs and expenses, including, without limitation, reasonable legal fees and disbursements incurred by Naturo in connection therewith (collectively, "**Losses**") whether Losses are based in contract, strict liability, negligence, warranty, laws or regulations, or any other legal theory, including, without limitation, injury to or death of persons and/or property or contamination of or adverse effect on humans, animals, aquatic life or the environment, based upon, arising out of, or otherwise in respect of:

- (a) the Manufacture, use, sale or distribution of the Finished Products, as long as such Finished Products are Manufactured by Naturo in accordance with Specifications, the terms of this Agreement and all applicable Laws, Rules and Regulations;
- (b) any claim threatened or brought against Naturo alleging that the Specifications for any Finished Product, or the labeling for such Finished Product, violate any applicable Law, Rule or Regulation, to the extent that such Specifications or labeling were provided to Naturo by BevCanna and the Finished Products in question were Manufactured in compliance with such Specifications, the terms of this Agreement and all applicable Laws, Rules and Regulations;
- (c) any inaccuracy in or breach of any representation, warranty, or covenant made by BevCanna in this Agreement;
- (d) the willful misconduct or any negligent or reckless acts or omissions of any of BevCanna's officers, directors, agents, affiliates, employees and/or representatives, or any allegations of the same;
- (e) any claim threatened or brought against Naturo alleging that the Manufacture, in accordance with the design or Specifications of any Finished Product, as provided to Naturo by BevCanna, the terms of this Agreement and all applicable Laws, Rules and Regulations, infringes upon any intellectual property right of a third party;
- (f) any product warranty claim or product liability claim, threatened or brought against Naturo with respect to Finished Products which were Manufactured by Naturo in accordance with the Specifications, the terms of this Agreement and in accordance with all applicable Laws, Rules and Regulations;
- (g) any defect in Materials supplied by BevCanna which could not have been reasonably discovered by Naturo using the test methods set forth in the Specifications; and
- (h) any claim, including damage to any property, or injury to any person arising out of, or related to, the Facility.

6.5 Naturo Indemnity

Naturo shall, subject to the limitations of liability and warranty provided in Section 6.7 of this Agreement, indemnify, defend and hold harmless BevCanna and its Affiliates and each of their respective officers, directors, shareholders, employees, representatives and agents from and against any and all Losses, whether such Losses are based in contract, strict liability, negligence, warranty,

statutes or regulations, or any other legal theory, including, without limitation, injury to or death of persons and/or property or contamination of or adverse effect on humans, animals, aquatic life or the environment, based upon, arising out of, or otherwise in respect of;

- (a) the failure of the Finished Products sold to BevCanna hereunder to meet the requirements of this Agreement, including Section 6.2 hereof;
- (b) the Manufacture of the Finished Products, Manufactured by Naturo not in accordance with Specifications or not in accordance with applicable Laws, Rules and Regulations.;
- (c) any breach of any representation, warranty, or covenant made by Naturo in this Agreement; and
- (d) the willful misconduct or any negligence or reckless acts or omissions of any of Naturo's officers, directors, agents, affiliates, employees and/or representatives, or any allegations of the same.

6.6 Notice and Opportunity to Defend

Promptly after becoming aware of a third party claim as to which a Party is entitled to indemnification under this Agreement, such Party (the "**Claiming Party**") shall notify the other (the "**Indemnifying Party**") of such claim. The failure or delay in providing such notice shall not relieve the Indemnifying Party of its obligations other than to the extent it was materially prejudiced by such failure or delay. Upon receipt of such notice, the Indemnifying Party will handle and control the defense of such Loss. If both Parties claim indemnification hereunder for the same Loss or if the Indemnifying Party in good faith rejects the claim of indemnity, then the Party or Parties named as defendant in the subject litigation will handle and control the defense of such Loss pending final resolution of the Parties' respective claims for or with respect to indemnity hereunder. At the time of such resolution, defense costs incurred pursuant to the preceding sentence shall be apportioned between the Parties in the same manner as the Parties share ultimate liability for the underlying loss pursuant to Sections 6.4 and 6.5 hereof. In all cases, the Party not handling and controlling such defense shall co-operate in such defense and may, at its own expense, participate in such defense through counsel of its choice. The Party handling and controlling such defense shall not settle or otherwise voluntarily dispose of or agree to dispose of such matter without prior approval of the other Party unless the settlement or disposition involves only the payment of monetary damages by that Party, in which event approval of the other Party shall not be required.

6.7 Liability Cap

- (a) Limitation of Liability. IN NO EVENT WILL EITHER PARTY BE LIABLE FOR INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES OR DAMAGES FOR LOST PROFITS, HOWEVER CAUSED OR UPON ANY THEORY OF LIABILITY, ARISING OUT OF THIS AGREEMENT OR THE PERFORMANCE OF, OR THE FAILURE TO PERFORM, ANY OBLIGATIONS SET FORTH HEREIN.
- (b) The total liability of Naturo to BevCanna pursuant to the terms of this Agreement shall not exceed the sum of \$5,000,000.

- (c) In case Naturo is able to verify that BevCanna's instructions were fully observed by Naturo, Naturo will not be liable towards BevCanna for damages that are contributable to such instructions given by BevCanna.
- (d) Other than as set forth in Section 2.1(d), Naturo can only be held liable by BevCanna within the scope and coverage of Naturo's liability insurance. Naturo undertakes to maintain the liability insurance described in Section 6.3 for the duration of this Agreement and Naturo shall inform BevCanna about any material changes to such insurance.
- (e) The limitations of liability shall not apply in the case of gross negligence or wilful misconduct. The limitations of liability shall also not apply if they are prohibited by applicable law.

Article 7 Term and Termination

7.1 Term

Subject to the provisions of Section 7.2 hereof, the initial term of this Agreement shall commence on the Effective Date and shall continue in full force and effect for a period of ten (10) years, unless otherwise terminated earlier. Thereafter, this Agreement shall be automatically renewed for two (2) successive terms of ten (10) years each if not terminated by either Party in accordance with Section 7.2.

7.2 Termination

This Agreement shall not be terminated at any time prior to the expiration of the initial Term referred to in Section 7.1 except in accordance with the terms and conditions of this Section 7.2.

- (a) Default. This Agreement may be terminated by written notice by either Party if the other Party breaches any material provision of this Agreement and does not remedy such breach within sixty (60) days of written notice of breach unless such breach cannot be remedied within such sixty (60) day period, in which case such breach must be remedied as soon as reasonable diligence will permit.
- (b) Termination without Cause. Either Party may, [at the end of four (4) years from the Effective Date] terminate its obligation to purchase or supply Finished Product, by giving written notice to the other Party at least twenty-four (24) months prior to the effective date of such termination. In the case where Naturo terminates this Agreement pursuant to this Section 7.2(b):
 - (i) BevCanna agrees to use commercially reasonable efforts to locate and qualify an alternative supplier; and
 - (ii) if sixteen (16) months have passed from the date of notice of termination and the technology transfer to the new supplier has not been effected, the Term may be extended by BevCanna for an additional twelve (12) months by the delivery of written notice to Naturo prior to the end of the eighteenth (18) month from the date of notice of termination.

- (c) Termination with Cause. Either Party may terminate this Agreement at any time effective upon delivery of written notice of such termination upon the occurrence of any of the following:
- (i) improper assignment of this Agreement by the non-terminating Party;
 - (ii) the non-terminating Party becomes insolvent or if the non-terminating Party becomes bankrupt within the meaning of the bankruptcy legislation applicable to the non-terminating Party, or if a petition in bankruptcy is filed by or against the non-terminating Party, or if any steps are taken to appoint a receiver, receiver-manager or other custodian (permanent or temporary) of the non-terminating Party's business or assets or any part thereof, or if any proceeding for a proposal with creditors is instituted by or against the non-terminating Party, or if the assets of the non-terminating Party are subject to seizure or execution or other analogous process, or if any steps are taken to effect the liquidation, dissolution or other reorganization of the non-terminating Party; or
 - (iii) the non-terminating Party's default in the observance or performance of any covenant or obligation herein or in any other agreement with the terminating Party and its failure to cure such default within fourteen (14) days of receiving written notice from the terminating Party of such default, unless such default is not capable of being cured either at all or within fourteen (14) days, in which case no curative period shall be applicable to such default.
- (d) Force Majeure. Upon the occurrence of an event of force majeure described in Section 10.1 which prevents Naturo from performing its obligations under this Agreement for a continuous period of three (3) months or more, BevCanna may terminate this Agreement upon thirty (30) days written notice to Naturo given after the expiration of such three (3) month period.
- (e) Upon Termination under any circumstances of Section 7.2, the Parties acknowledge that Naturo is entitled to receive all amounts properly payable to it under the terms of the Agreement up to the date of Termination.

7.3 Effects of Termination

- (a) Raw Materials. Unless BevCanna terminates this Agreement for cause, if Naturo has quantities of Materials that Naturo has purchased in excess of BevCanna requirements therefore after expiration or termination of this Agreement, or if Naturo is required to order quantities of such raw materials or packaging materials in excess of BevCanna requirements after notice of termination of this Agreement is given, BevCanna shall, upon such expiration or termination, purchase all Finished Product at the agreed prices and such Materials at Naturo out-of-pocket cost.
- (b) Survival of Obligations. Termination of this Agreement for any reason will not relieve the Parties of any obligation accruing prior thereto. Without limiting the generality of the foregoing and in addition to the foregoing, no termination of this Agreement, whether by lapse of time or otherwise, will serve to terminate the rights and obligations of the Parties hereto under Sections 3.3, 3.5, 4.1, 4.2, 6.1 through 6.7, 7.3, 8.1, 8.2, 9.1, 10.3, 10.6, 10.7, 10.8, and 10.10 hereof, and such obligations will survive any such termination. In addition, the

Parties' obligations with respect to Section 6.3 shall survive for two (2) years after the termination or expiration of this Agreement.

Article 8 Dispute Resolution

8.1 Executive Resolution

If any dispute arises between the Parties relating to the interpretation, breach or performance of this Agreement or the grounds for the termination thereof, the Parties agree that before submitting such dispute to arbitration as set forth in Section 8.2 below, the Presidents (or equivalent level) of each Party shall, for a period of thirty (30) days after such dispute is formally submitted to either of such Presidents in writing, attempt in good faith to negotiate a resolution of the dispute (including, if agreed by the Parties, retaining a third party manufacturing consultant to provide a review and render a decision). The foregoing shall not be interpreted to preclude either Party from seeking and obtaining from the appropriate court provisional remedies such as attachment, preliminary injunction, etc. to avoid irreparable harm, maintain the status quo, or preserve the subject matter of the dispute.

8.2 Arbitration

All disputes arising out of or in connection with this Agreement, or in respect of any defined legal relationship associated therewith or derived therefrom, shall be referred to and finally resolved by arbitration under the International Commercial Arbitration Rules of Procedure of the British Columbia International Commercial Arbitration Centre. The panel shall consist of one arbitrator and the appointing authority shall be the British Columbia International Commercial Arbitration Centre. The case shall be administered by the British Columbia International Commercial Arbitration Centre in accordance with its Rules. The language of the arbitration shall be English. The place of arbitration shall be Vancouver, British Columbia, Canada. The decision of the arbitrator shall be binding upon both Parties and no appeal shall lie therefrom. Notwithstanding the above arbitration provision, nothing herein shall preclude either Party from applying to a Court of competent jurisdiction for an order enjoining any activity by the other Party pending the hearing of the arbitration.

Article 9 Confidentiality

9.1 Confidentiality

- (a) Restriction on Use of Confidential Information. Each Party agrees with respect to the other Party's Confidential Information to:
- (i) hold in strict confidence all Confidential Information;
 - (ii) use the Confidential Information solely to perform or to exercise its rights under this Agreement; and
 - (iii) not to transfer, display, convey or otherwise disclose or make available all or any part of such Confidential Information to any person or entity other than to its directors, officers, employees and agents who have a bona fide need to know such Confidential Information to fulfill obligations hereunder and who are bound by confidentiality obligations at least as restrictive as the terms of this Agreement ("**Representatives**").

- (b) A Recipient shall not use (except as expressly provided in this Agreement) or disclose Confidential Information without the prior written consent of the Discloser. Without limiting the foregoing, a Recipient shall use at least the same degree of care to protect Confidential Information as it uses to protect its own confidential information of like nature, but in no circumstances less than reasonable care.
- (c) Use by Representatives. The handling and treatment of the Confidential Information by the Representatives in accordance with this Agreement is the full responsibility of a Recipient. Disclosure by any Representative which, if made by a Recipient, would constitute a breach of this Agreement by that Recipient, shall constitute a breach by that Recipient.
- (d) Disclosures Required by Law. Notwithstanding Section 9.1(a), to the extent a Recipient is legally required to disclose Confidential Information of a Discloser by law, the applicable rules of any stock exchange on which Recipient's securities are listed at the relevant time or as a result of judicial or other governmental action, that Recipient may disclose such information; provided, that prompt notice of said law, rules or judicial or other governmental action shall have been given to the Discloser prior to the disclosure so that the Discloser is afforded the opportunity (consistent with the legal obligations of the Recipient) to seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. In the event that such protective order or other remedy is not obtained or the Discloser waives compliance with the provisions of this Agreement, the Recipient shall furnish only that portion of the Confidential Information which it is required to disclose.
- (e) Remedies Upon Breach. Each Party acknowledges that the Confidential Information of the other Party is the exclusive property of, and constitutes valuable commercial assets of, such Party and/or its Affiliates, the development of which required a significant investment of its human resources, intellectual property and financial assets. The Parties further acknowledges that any use or disclosure of the Confidential Information in a manner inconsistent with the provisions of this Agreement may cause irreparable damage to a Discloser, for which remedies other than injunctive relief may be inadequate. Accordingly, a Discloser is entitled to equitable relief, including interim and permanent injunctive relief, specific performance, and other equitable remedies in the event of any breach of this Article 9 by a Recipient in addition to any other remedies available to the Discloser. The Party in violation of this Article 9 also agrees to reimburse a Discloser for all reasonable costs and expenses, including legal fees, incurred by that Discloser in successfully enforcing obligations under this Article 9.
- (f) Return or Destruction. Upon the termination or expiration of this Agreement or upon the earlier request of a Discloser, a Recipient shall (a) at its own expense, (i) promptly return to the Discloser all information that is in tangible form (and all copies thereof) that is the property of the Discloser (including pursuant to this Agreement) or that contains any Confidential Information (collectively, the "**Material Information**") and remove all digital representations thereof in any form from all electronic storage media in its possession or under its control, or (ii) upon written request from a Discloser, destroy Material Information that is in tangible form and remove all digital representations thereof in any form from all electronic storage media in its possession or under its control and, (b) cease all further use of any Material Information, whether in tangible or intangible form. In each case the Recipient shall provide the Discloser with written certification that the obligations in this Section 9.1(f) have been complied with.

- (g) Ownership. Each Party hereby agrees that the Confidential Information is, and will remain, the property of the Discloser and/or its Affiliates. A Recipient obtains no right, title, interest or licence in or to any of the Confidential Information except for the rights expressly set forth in this Agreement.
- (h) Third Party Beneficiary. To the extent a Recipient is in receipt of any Confidential Information of a Discloser's Affiliate(s), such Affiliate(s) shall be considered third party beneficiaries under this Agreement and shall be entitled to the rights and remedies available to the Discloser as if such Affiliate(s) were a Party hereto.
- (i) Agreement Confidential. The Parties acknowledge and agree that this Agreement; the terms and conditions of this Agreement; and its existence shall be treated as confidential and shall not be disclosed by any Recipient to a third party without the express consent of Discloser except where such disclosure is in accordance with Section 9.1(d).
- (j) No Publicity. Except as required by law or the applicable rules of any stock exchange on which either Party's securities are listed at the relevant time, neither Party will make any reference in any manner (including in any press release, customer list, website, presentation or other media or method) to the other Party (including the use of the other Party's name, logo, and identifying description), this Agreement, or the relationship created herein without the prior consent of the other Party, which consent may be granted or withheld at the other Party's sole discretion.

Article 10 **General Provisions**

10.1 Force Majeure

- (a) Naturo shall not be subject to any liability for delay in performance or non-performance hereunder as a result of contingencies and circumstances beyond its control (including, but not limited to, fire, flood, or other natural catastrophes, strike, labor trouble, riot, war, act of governmental authority, or act of God) interfering with the Manufacture, supply, transportation or receipt of Finished Product or with the supply of any raw materials used in the Manufacture thereof. Quantities so affected may be eliminated from this Agreement without liability, but the Agreement shall otherwise remain unaffected.
- (b) Except where the nature of the event shall prevent it from doing so, if Naturo suffers such force majeure, it shall promptly notify BevCanna in writing after the occurrence of such force majeure and shall, in every instance, to the extent reasonable and lawful under the circumstances, use its best efforts to remove or remedy such cause with all reasonable dispatch.
- (c) When the force majeure conditions in question ceases to exist, Naturo shall promptly notify BevCanna in written form about the force majeure termination.

10.2 Entire Agreement

This Agreement and all schedules hereto, collectively with the Lease Agreement dated June 12, 2018 among Naturo, BevCanna and Miller Springs Ltd. ("MS") and the Framework Agreement dated June 12, 2018 among Naturo, BevCanna and MS constitute the full understanding of the Parties, a complete

allocation of risk between them, and a complete and exclusive statement of the terms and conditions of their Agreement relating to the Manufacture of Finished Product hereunder and supersedes and replaces any and all prior or contemporaneous agreements, arrangements, understandings, and negotiations, whether written or oral, that may exist between the Parties with respect to the subject matter hereof. Any standard terms and conditions printed on BevCanna's Purchase Order are not considered part of this Agreement and shall have no force and effect. Except as provided otherwise in this Agreement, no conditions, usage of trade, course of dealing or performance, understanding or agreement purporting to modify, vary, explain or supplement the terms or conditions of this Agreement shall be binding on the Parties unless described as a modification or amendment of this Agreement made in writing and signed by the Parties to be bound. No modification hereof shall be effected by the acknowledgement or acceptance of any purchase order or shipping instruction forms containing terms and conditions at variance with or in addition to those set forth in this Agreement.

10.3 Relations Between the Parties

Naturo shall act as independent contractor of BevCanna in performing its obligations hereunder.

10.4 Assignment

Neither this Agreement nor any claim arising directly or indirectly out of or in connection with this Agreement shall be assignable by the Parties hereto without the prior written consent of the other Party.

10.5 Notice

(a) All communications under this Agreement shall be in writing and shall be either faxed, sent by courier (Federal Express or equivalent), or mailed by first-class mail, postage pre-paid, to the fax number and/or address specified below. If faxed, such communication shall be deemed to be given when sent; provided, however, that such fax shall be confirmed by sending a hard copy by courier or first-class mail (by methods specified herein) within one (1) working day of the sending of such fax. If sent by courier or mailed by first-class mail as specified below, such communication shall be deemed to be given either two (2) business days after sending (for communication sent by courier) or five (5) business days after mailing (for communication sent by mail) provided receipt did occur indeed. Either Party may change its address for notice purposes by complying with the provisions of this Section 10.5. All communications hereunder shall be sent:

if to **Naturo**, at its address shown below or such other address as it may give to BevCanna by notice hereunder

100 - 1672 West 2nd Avenue
Vancouver, British Columbia V6J 1H4
Fax: (604) 728-2440

if to **BevCanna**, at its address shown below or such other address as it may give to Naturo by notice hereunder:

200 - 1672 West 2nd Avenue
Vancouver, British Columbia V6J 1H4
Fax: (604) 728-2440

10.6 Severability

If any provision of this Agreement is found or declared to be invalid or unenforceable by any court or other competent authority having jurisdiction, such finding or declaration will not invalidate any other provision hereof and this Agreement shall thereafter continue in full force and effect, except that such invalid or unenforceable provision, and (if necessary) other provisions thereof, shall be reformed by a court of competent jurisdiction so as to effect, insofar as is practicable, the intention of the Parties as set forth in this Agreement, provided that if such court is unable or unwilling to effect such reformation, the invalid or unenforceable provisions shall be deemed deleted to the same extent as if it had never existed.

10.7 Governing Law – Venue

This Agreement shall be made and construed in accordance with the domestic laws of the Province of British Columbia and the laws of Canada applicable therein, excluding its conflict of laws rules. The provisions of the United Nations Convention on Contracts for International Sale of Goods (1980) and any successor or similar legislation shall be excluded from this Agreement and from any purchase and sale of the Finished Products hereunder. Subject to the arbitration provision set out in Section 31 herein, in the event of any dispute or other proceeding in respect of the Finished Products, this Agreement or any relationship arising between the Parties under this Agreement, the Parties hereby irrevocably submit to the exclusive jurisdiction of the Courts of the Province of British Columbia.

10.8 Remedies

No right or remedy herein conferred upon the Parties is intended to be exclusive of any other right or remedy, and each and every right or remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing at law or in equity or by statute.

10.9 Schedules

The schedules to this Agreement are hereby incorporated in and made a part of this Agreement. The Parties may, by mutual consent, amend any schedule at any time during the term hereof by executing a version of such schedules dated after the then current version.

10.10 Waiver/Amendment

Any waiver by either Party hereto of a breach or a default of any provision of this Agreement by any other Party hereto, shall not be construed as a waiver of any succeeding breach of the same or any other provision, nor shall any delay or omission on the part of any Party hereto to exercise or avail itself of any right, power, or privilege that it has or may have hereunder, operate as a waiver of any such right, power, or privilege by such Party. Any amendment or supplementation of this Agreement shall be effective only if in writing, signed by both of the Parties hereto.

10.11 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and same instrument. The Parties have agreed that for this purpose, facsimile signatures will be accepted as originals.

IN WITNESS HEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

BEVCANNA INC.

Per: "John Campbell"

Name: John Campbell

Title: Director

NATURO GROUP INVESTMENTS INC.

Per: "Marcello Leone"

Name: Marcello Leone

Title: Director

SCHEDULE A
FINISHED PRODUCTS

As specified by BevCanna from time to time.

SCHEDULE B
STABILITY COSTS

SCHEDULE C

MATERIALS

BevCanna Supplied Materials

1. Cannabis and cannabis related products and derivatives (including CBD and THC products and derivatives);
2. Formulations; and
3. Equipment and materials to carry out the Business.

Naturo Supplied Materials

1. Bottles;
2. Water;
3. Caps, boxes, labels, etc.; and
4. Proprietary formulations.

SCHEDULE D

PRICING

For all baseline or regular beverage products, BevCanna shall pay Naturo for Naturo's cost of the bottles and related materials plus a 50% profit margin for all Finished Products.

For specialized beverage products, pricing will be determined by written agreement between the parties.

SCHEDULE "B"

LEASE AGREEMENT

[See attached]

LEASE

THIS LEASE dated for reference June 12, 2018 is made and entered into by the Landlord and the Tenant named below who, in consideration of the Minimum Rent and covenants herein contained, covenant and agree as follows:

ARTICLE 1 BASIC TERMS, DEFINITIONS, SCHEDULES

1.1 **Basic Terms.** The basic terms of this Lease are:

- (a) **Landlord:** Naturo Group Investments Inc.
and Miller Springs Ltd.
- Address of Landlord: 100 - 1672 West 2nd Avenue
Vancouver, B.C. V6J 1H4
Canada
- Attention: President
- Tel.: (604) 569-1414
Fax: (604) 728-2440
Email: martino@naturogroup.com
- (b) **Tenant:** BevCanna Enterprises Inc.
- Address of Tenant: 200 - 1672 West 2nd Avenue
Vancouver, B.C. V6J 1H4
Canada
- Attention: President
- Tel.: (604) 569-1414
Fax: (604) 728-2440
Email: john@bevcanna.com
- (c) **Lands:** See Schedule A.
- (d) **Building** See Schedule B.
- (e) **Premises:** That part of the Lands outlined in black on
Schedule A and that part of the Building outlined in
black in on Schedule B.
- (f) **Commencement Date:** July 1, 2018
- (g) **Term:** Ten (10) years (the "**Term**").
- (h) **Minimum Rent:** One Dollar (\$1.00) per annum
- (i) **Permitted Use:** That part of the Premises that is inside the Building
may be used for the purpose of cultivating, growing

and processing Cannabis, and when permitted in accordance with applicable laws and regulations, the processing, manufacturing and bottling of Cannabis beverages and related products. That part of the Premises that is not in the Building may be used for the cultivation of Cannabis plants.

- (j) **Percentage Rent** Five percent (5%)

1.2 Interpretation.

In this Lease, except as otherwise expressly provided or unless the context otherwise requires:

- (a) the headings are for convenience only and are not intended as a guide to interpretation of this Lease or any portion thereof;
- (b) the word “including”, when following any general statement or term, is not to be construed as limiting the general statement or term to the specific items or matters set forth or to similar items or matters, but rather as permitting the general statement or term to refer to all other items or matters that could reasonably fall within its broadest possible scope;
- (c) words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa; and
- (d) a reference to “approval”, “authorization” or “consent” means written approval, authorization or consent.

1.3 Definitions. The capitalized words and phrases used in this Lease have the following meanings:

- (a) **“Additional Rent”** means the aggregate, without duplication, of all costs and expenses actually incurred by the Landlord in respect of the following:
 - (i) business services supplied to or for the Tenant including, without limitation, charges, at such reasonable rates as are determined from time to time by Landlord, for the Tenant’s use of photocopying, printing, fax, telephone and postage equipment and the computing identification owned by the Landlord;
 - (ii) any Tenant’s Taxes;
 - (iii) the Tenant’s Proportionate Share of Operating Costs (which the Tenant acknowledges, may include a portion of certain costs incurred in respect of all or a portion of the Lands and Building which are or may become payable by the Landlord);

- (iv) the Property Taxes payable by the Landlord in respect of the Premises, to the extent payable to any Governmental Authority, if such Property Taxes are allocated specifically to the Premises by the taxing authority and, to the extent such allocation is not made, the Tenant's Proportionate Share of Property Taxes;
 - (v) the cost of electricity, gas, other fuel, water, telephone and other utilities consumed on the Premises, and any other costs which relate directly to the Premises and the Tenant's use of the Premises, plus an administrative fee to the Landlord of 15% of all such costs;
 - (vi) the cost of services provided by the Landlord to the Tenant at the Tenant's request in co-ordinating, arranging and managing the maintenance, servicing and repairs of or to the Premises or any systems or equipment therein that the Tenant is required to perform at its own cost hereunder;
 - (vii) the cost of any acts performed by the Landlord to remedy any default by the Tenant in the performance of any of its covenants or obligations under this Lease (but, for certainty, the Landlord shall have no such obligation);
 - (viii) the cost of any repairs and/or replacements of or to the Premises and/or the Lands considered necessary by the Landlord as a result of or arising out of any act or omission of the Tenant or any person or entity for whom the Tenant is responsible at law; and
 - (ix) all other costs actually incurred by the Landlord in respect of the Premises.
- (b) "**Applicable Laws**" means all statutes, laws, regulations, bylaws, building codes, orders and requirements of any federal, provincial, municipal or other public authority (including the Workers' Compensation Board) having jurisdiction at any time and from time to time in force (including all Environmental Laws).
 - (c) "**Aquifer**" means the aquifer located underneath the surface of the Lands.
 - (d) "**Building**" means the building on the Lands shown on Schedule B together with any additions, improvements and alterations constructed or installed during the Term.
 - (e) "**Cannabis**" means cannabis or cannabis-derived products including any immature plants and any cannabis trim.
 - (f) "**Commencement Date**" has the meaning set forth in subsection 1.1(f).
 - (g) "**Environmental Laws**" means all Applicable Laws which impose any obligations relating to the protection, conservation or restoration of the natural environment or relating to the storage, use or manufacture of Hazardous Materials or to the release of Hazardous Materials into the environment including the *Fisheries Act* (Canada), the *Canadian Environmental Protection Act* (Canada), the

Transportation of Dangerous Goods Act (Canada) and the Environmental Management Act (British Columbia).

- (h) “**GST**” means the federal goods and services tax, federal/provincial harmonized sales tax or provincial sales tax, as applicable at any relevant time or any other value added or sales tax applicable from time to time.
- (i) “**Government Authority**” means any federal, provincial, regional, municipal or local government, government authority, office or official having jurisdiction, or other political subdivision of any of them, or any entity, authority, agency or court or person exercising executive, legislative, judicial, regulatory or administrative functions on behalf of such government, government authority, office or official or other political subdivision thereof.
- (j) “**Gross Revenue**” means the total of all gross sales, whether or not by the Tenant, of Cannabis cultivated on the Premises, and whether for cash, cheques, credit, charge account, exchange or otherwise and including, without limitation, the sale of Cannabis beverages incorporating Cannabis cultivated on the Premises.
- (k) “**Hazardous Materials**” means any substance, material or thing or combination of substances, materials or things which could cause an adverse effect on, or which is dangerous or detrimental or potentially dangerous or detrimental to, any part of the natural environment, including a substance, material or thing included in or containing components included in the definition or meaning of “biomedical waste”, “contaminant”, “dangerous good”, “deleterious substance”, “hazardous product”, “nutrient”, “pollutant”, “reportable substance”, “special waste”, “waste” or “toxic substance” or any variation of any such term, in any Environmental Law or which is prohibited, controlled or regulated under any Environmental Law and, in respect of the foregoing, is found in a material or relevant concentration for the purpose of any Environmental Law.
- (l) “**Lands**” has the meaning set forth in subsection 1.1(c).
- (m) “**Lease**” means this instrument, as amended from time to time.
- (n) “**Lease Year**” means each calendar year in which a portion of the Term falls.
- (o) “**Minimum Rent**” means the minimum rent described in subsection 1.1(h) and payable pursuant to section 3.1.
- (p) “**Operating Costs**” means all costs and expenses incurred by the Landlord in the management, operation, maintenance and repair of the Lands and Building, including without limiting the generality of the foregoing, the cost of providing cleaning, garbage removal, janitor, supervisory and maintenance services, the cost of operating the elevators, the cost of heating, cooling and ventilating all space both rentable and non rentable, the cost of hot and cold water, electricity, telephone and other utilities and services to all space, the cost of all repairs and replacements to the Building or services including elevators, the cost of snow clearance, the cost of window cleaning, the cost of security and supervision, the cost of all insurance for loss of income, liability or fire or other casualty,

accounting costs incurred in connection with maintenance and operation including computations required for the imposition of charges to tenants and licensees, and audit charges for the reporting of charges hereunder, the reasonable rental value of space utilized by the Landlord in connection with the operation and maintenance of the Lands and Building including any utility or storage rooms, the amount of all salaries, wages and fringe benefits paid to employees engaged in the operation and maintenance of the Lands and Building, amounts paid to independent contractors for any services in connection with such operation and maintenance, management fees and depreciation and carrying costs on all fixtures, equipment and facilities (including, without limitation, heating, ventilating, and air conditioning equipment) which require periodic replacement at rates determined by the Landlord in accordance with generally accepted accounting principles and amortized over the useful life of such cost.

- (q) **“Order”** means any oral advice or warning or any directive, decision, order, notice including a notice of litigation or proceeding, letter or other written communication, that requires the taking of any measures or actions or refraining from taking any measures or actions, issued or made by any Government Authority under any Environmental Law.
- (r) **“Percentage Rent”** means the amount payable by the Tenant pursuant to section 3.2.
- (s) **“Premises”** has the meaning set forth in subsection 1.1(e).
- (t) **“Property Taxes”** means the aggregate in each calendar year of all taxes, local improvement or similar rates, duties, assessments and charges, municipal or provincial realty taxes, water taxes, school taxes, or any other taxes, rates, duties, grants in lieu of property taxes, assessments, both general and special, levied or imposed by any level of government whether municipal, provincial or federal upon or in respect of the Lands and Building or any part thereof, together with all costs and expenses incurred by the Landlord in contesting or appealing any taxes, rates, duties or assessments (including, without limitation, legal and other professional fees, and interest and penalties on deferred payments).
- (u) **“Proportionate Share”** means the fraction determined from time to time, by the Landlord, acting reasonably, having regard to areas occupied and services used by the Tenant.
- (v) **“Release”** includes releasing, spilling, leaking, pumping, pouring, flowing, depositing, emitting, emptying, discharging, escaping, leaching, disposing and dumping and includes all matters included in the words “introduce waste into the environment” in the *Environmental Management Act* (British Columbia), the word “deposit” in the *Fisheries Act* (Canada) or the word “release” in the *Canadian Environmental Protection Act* (Canada).
- (w) **“Rent”** means Minimum Rent, Percentage Rent, Additional Rent and any other amount payable by the Tenant to the Landlord.

- (x) **“Tenant’s Property”** means any personal property, machinery or equipment owned by the Tenant and located within the Premises or any other part of the Lands but excluding any fixtures or improvements, and excluding any trade fixtures.
- (y) **“Tenant’s Taxes”** means any taxes, fees, rates, assessments or other charges that may be levied against or in respect of the Tenant’s use of the Premises, the Tenant’s Property or any other improvements and chattels within the Premises which are used, operated, owned or installed by or for the Tenant or in connection with the Premises, including GST.
- (z) **“Term”** means the term of this Lease set out in subsection 1.1(g) and any extension thereof agreed to from time to time by the Landlord and the Tenant by written agreement, or any shorter period resulting from any earlier termination of this Lease.

ARTICLE 2 LEASE

- 2.1 **Grant of Lease.** The Landlord leases to the Tenant the Premises for the Permitted Use and on the terms and conditions specified in this Lease.
- 2.2 **Grant of Ancillary Licences.** The Landlord further grants to the Tenant the non-exclusive right and licence in common with the Landlord and the other occupants, tenants and users permitted by the Landlord, to enter and use those parts of the Lands (not including the Premises) which the Tenant reasonably requires in connection with the Permitted Use of the Premises and/or to obtain access to and egress from the Premises. Without limiting the generality of the foregoing, the Tenant may access and utilize the Aquifer in common with others up to a maximum of 125 million litres per year and otherwise on terms and conditions stipulated by the Landlord from time to time.
- 2.3 **As Is.** The Tenant acknowledges and agrees that the Landlord has not made, and will not make, any representation or warranty as to the state of the Premises or the Lands, the fitness of the Premises for the purposes contemplated by this Lease including its grade or weight bearing capacity or any other matter in any way related to or connected to the Premises or the Lands and the Tenant’s intended use thereof and the Tenant acknowledges and agrees that it has satisfied itself with respect to all such matters as it considers necessary related to or in connection with the Premises and the Lands and the Tenant’s intended use thereof and that the Tenant is accepting the Premises and the Lands for such use strictly on an “as is, where is” basis and on the basis that the Landlord is not required to carry out any work of any sort whatsoever in respect of the Premises or the Lands except as expressly provided herein.
- 2.4 **Term.** The Term of this Lease will be for the period set out in subsection 1.1(g) and will commence on the Commencement Date.
- 2.5 **Use.** The Tenant agrees that:
 - (a) the Tenant’s rights under this Lease are at all times subject to those rights of the Landlord as owner of the Premises as set out in this Lease;

- (b) the Landlord may enter upon and use the Premises at any time in connection with the operation of the Landlord's business and for any purpose ancillary thereto provided that it does not unreasonably interfere (except in the case of emergencies) with the Tenant's rights under this Lease;
- (c) the Landlord may inspect the Premises to ensure that the Tenant is in compliance with its covenants hereunder;
- (d) the Landlord may enter the Premises and immediately carry out repairs and replacements in any case of an emergency; and
- (e) the Landlord may permit third parties to enter upon and use the Premises for the purposes of carrying out necessary maintenance, repairs and replacements in respect of the Premises and may grant statutory rights of way and similar rights, charges or licences to utilities or Government Authority in respect of the Premises, provided that the actions of such third parties and other users of the Premises and the exercise of such statutory rights of way, rights, charges or licences do not unreasonably interfere (except in the case of emergencies) with the exercise of the rights of the Tenant under this Lease.

2.6 **Reservations.** Notwithstanding the rights granted to the Tenant herein, the Landlord hereby reserves all the rights not specifically granted to the Tenant, including, without limitation, the rights to:

- (a) access and use the Building for its own use and for the use of its agents;
- (b) grant additional licenses or leases to other users for additional space within the Building, provided that there will be no interference to the Tenant's use of the Premises and that such grant is not inconsistent with the terms of the Lease granted to the Tenant hereunder;
- (c) inspect the Lands and Building (including the Premises) to ensure that the Tenant is in compliance with its covenants hereunder; and
- (d) exercise or grant to others any other rights or privileges concerning the Land and Building (including the Premises), provided that such exercise or grant is not inconsistent with the terms of the Lease granted to the Tenant hereunder.

2.7 **Landlord's Covenants.** The Landlord covenants with the Tenant:

- (a) to provide to the Building during normal business hours, (as designated by the Landlord from time to time) by means of a system for heating and cooling, processed air in such quantities and at such temperatures as shall maintain in the Premises conditions of reasonable temperature and comfort in accordance with good standards of interior climate control generally pertaining at the date of this License, but the Landlord shall not have responsibility for any interruption of service beyond its reasonable control;
- (b) to maintain any common areas in the Building under the Landlord's control; and

- (c) the Landlord will warrant and defend Tenant in the quiet enjoyment and possession of the Premises during the Term, subject to the terms and conditions of this Lease.

**ARTICLE 3
AMOUNTS PAYABLE BY TENANT**

3.1 **Minimum Rent.** The Tenant shall pay to the Landlord on a monthly basis, at the address of the Landlord set out in subsection 1.1(a), or at such other place designated by the Landlord, in lawful money of Canada, without any prior demand and without any abatement, deduction or set-off whatsoever, the Minimum Rent set out in subsection 1.1(h), payable in advance on the first day of each calendar month during the Term.

3.2 **Percentage Rent.**

- (a) In addition to the Minimum Rent, the Tenant shall pay to the Landlord, in the manner and upon the conditions and at the times hereinafter set forth during each Lease Year, as Percentage Rent, a sum equivalent to the amount, if any, by which the percentage of the Gross Revenue specified in subsection 1.1(j) for such Lease Year exceeds the Minimum Rent payable during such Lease Year.
- (b) Percentage Rent shall be payable monthly at the office of the Landlord or at such other place as the Landlord designates, in lawful money of Canada without any prior demand therefor and without any deduction, abatement, set off or compensation whatsoever.

Payments of Percentage Rent shall be made on or before the 15th day of each month during the Term, including the 15th day of the month following the end of the Term. The amount of each payment of Percentage Rent shall be equal to the excess, if any, obtained by applying the percentage specified in subsection 1.1(j) to the aggregate of the stated Gross Revenue for the immediately preceding month and the stated Gross Revenue for all preceding months of the particular Lease Year, and deducting therefrom the total monthly payments of Minimum Rent and any payments on account of Percentage Rent theretofore made by the Tenant for such Lease Year. If the audited statement to be furnished by the Tenant pursuant to section 3.3 hereof at the end of any Lease Year discloses that the total Minimum Rent and Percentage Rent paid by the Tenant for such Lease Year exceeds or is exceeded by the total Minimum Rent and Percentage Rent required to be paid by the Tenant for such Lease Year, the Landlord shall pay any excess to the Tenant as soon as reasonably possible after receipt of such audited statement unless an audit permitted by the Landlord under the terms of this Lease is in progress, or the Tenant shall pay to the Landlord contemporaneously with the furnishing by the Tenant of the said audited statement, any such deficiency in Percentage Rent payable by the Tenant pursuant to this Lease, whichever of the foregoing is applicable.

- (c) For the purposes of computing the Percentage Rent payable hereunder, if any Lease Year during the Term does not correspond to a 12 month period, the Gross Revenue for such Lease Year will be adjusted proportionately.

3.3 Reporting.

- (a) The Tenant shall submit to the Landlord on or before the 15th day following the end of each calendar month during the Term and including the 15th day of the month following the end of the Term, at the place then fixed for the payment of the Minimum Rent, together with payments of monthly Percentage Rent, a written statement signed by the Tenant and certified by it to be true and correct and in such detail, form, style and scope as the Landlord reasonably determines, showing the amount of Gross Revenue for the preceding month (and fractional month, if any) and the amount of Gross Revenue for all preceding months of the relevant Lease Year and showing monthly payments made on account of the Minimum Rent and Percentage Rent for such Lease Year.
- (b) On or before the 60th day following the end of each Lease Year (including the last Lease Year of the Term) the Tenant shall submit to the Landlord a statement in such form, style and scope as the Landlord reasonably determines, showing the amount of Gross Revenue during the preceding Lease Year, which statement will be duly certified to be correct by an independent chartered accountant, whose professional opinion shall without qualification state specifically that they have examined the report of Gross Revenue for the preceding Lease Year and that in their opinion such report presents fairly and accurately the Gross Revenue of the preceding Lease Year in accordance with the provisions of this Lease and accounting practices generally accepted in the real estate industry applied on a basis consistent with that of the Lease Year immediately preceding (if any). The Tenant will not change its procedure relating to any aspect of its reporting of Gross Revenue without the prior written consent of the Landlord, which consent shall not be unreasonably withheld.

3.4 **Books and Records.** For the purpose of ascertaining the amount payable as Percentage Rent, the Tenant agrees to prepare and keep on the Premises or at the Tenant's head office for a period of not less than three years following the end of each Lease Year books and records that will adhere to accounting practices generally accepted in the real estate industry and which shall show inventories and receipts of merchandise at the Premises and daily receipts from all sales and other transactions on the Premises by the Tenant and any other persons conducting any business upon the Premises. The Tenant covenants to record at the time of sale, in the presence of the customer, all receipts from sales or other transactions, whether for cash or credit, in an accurate, tamper proof point of purchase register having a sealed cumulative total. The Tenant further agrees to keep on the Premises or at the Tenant's head office for at least three years following the end of each Lease Year all pertinent sales records such as would normally be examined by an independent accountant pursuant to accepted auditing standards in performing an audit of the sales conducted at the Premises.

3.5 **Landlord's Right to Examine Books.** The acceptance by the Landlord of payments of Percentage Rent shall be without prejudice to the Landlord's rights to an examination of the Tenant's books and records of its Gross Revenue and inventories of merchandise at the Premises in order to verify the amount of annual Gross Revenue received by the Tenant in and from the Premises.

3.6 **Landlord's Right to Audit.** At its option, the Landlord may cause, at any reasonable time upon five days' prior written notice to the Tenant, a complete audit to be made of

the Tenant's entire business affairs and records relating to the Premises for the period covered by any statement issued by the Tenant pursuant to section 3.3. If such audit discloses a liability for Percentage Rent to the extent of three percent or more in excess of the Percentage Rent theretofore computed and paid by the Tenant for such period, the Tenant shall promptly pay to the Landlord the cost of said audit, in addition to the deficiency, which deficiency shall be payable in any event, and in addition, the Landlord will have the further remedy of terminating this Lease upon five days written notice to the Tenant, such remedy to be exercised within 60 days following the completion of such audit. Provided always that if the shortage in computation of Percentage Rent by the Tenant was due to clerical or demonstrable error or as a result of the fraud or negligence of an employee of the Tenant, then the foregoing remedy of terminating this Lease shall not be applicable with respect to such shortage, but the Tenant shall still be obligated to pay to the Landlord the cost of said audit, together with the said deficiency. Any information obtained by the Landlord as a result of such audit shall be held in strict confidence by the Landlord, provided, however, that the Landlord shall have the right to disclose to its lenders, prospective lenders and prospective purchasers of the Lands and Building the contents of any statements, reports and audits.

- 3.7 **Additional Rent.** This Lease is absolutely net to the Landlord such that, without limitation, all costs in any way related to the Premises and a share of the costs relating to the Lands and the Building as set out in this Lease shall be paid by the Tenant. The Tenant will pay to the Landlord on a monthly basis in advance on the first day of each calendar month, at the address of the Landlord set out in subsection 1.1(a), or at such other place as is designated by the Landlord in writing, in lawful money of Canada, and without any abatement, deduction or set off whatsoever, an amount each calendar month equal to the Additional Rent estimated by the Landlord for such period as the Landlord may determine from time to time. Payments on account of Additional Rent shall be accounted for, and an adjustment made, if necessary, in accordance with section 3.8.
- 3.8 **Reporting of Operating Costs and Property Taxes.** After the end of each calendar year, the Landlord shall furnish to the Tenant a statement of the Operating Costs and Property Taxes, if any, for such year and the Tenant's Proportionate Share thereof. If the amount payable by the Tenant as shown on any such statement is greater or less than the aggregate of amounts paid by the Tenant pursuant to section 3.7, the proper adjusting credit shall be made by the Landlord or payment made by the Tenant, as the case may be, within 14 days after delivery of the statement. Any credit made by the Landlord or payment made by the Tenant and accepted by the Landlord in respect of any adjustment made hereunder, shall be without prejudice to the right of the Landlord to claim a re-adjustment provided such claim is made within 12 months from the date of delivery of the statement referred to in this section 3.8.
- 3.9 **Payment for Irregular Periods.** The Minimum Rent, Percentage Rent and the Additional Rent shall accrue from day to day and, if for any reason it shall become necessary to calculate the Minimum Rent, Percentage Rent or any Additional Rent for irregular periods of less than one month or year, as may be applicable, an appropriate pro rata adjustment shall be made on a daily basis.
- 3.10 **GST.** The Tenant shall pay GST to the Landlord (or as may be otherwise required by law) on any payment of the Minimum Rent, Percentage Rent and any Additional Rent under this Lease, which payment will be made to the Landlord (or as may be otherwise

required by law) at the same time as the amounts to which GST apply are payable under this Lease.

- 3.11 **Security Deposit.** The Tenant shall pay the Security Deposit to the Landlord on or before the Commencement Date. The Landlord will hold the Security Deposit to secure the due performance by the Tenant of all of its covenants and obligations contained in this Lease. The Tenant agrees that, if and so often as the Tenant fails to pay when due the Minimum Rent and the Additional Rent, or any of them, then and so often as such a default occurs and any applicable curing period provided in this Lease has expired, the Landlord is hereby authorized to apply the Security Deposit in payment of such overdue amounts(s) to the Landlord. If at any time the Security Deposit is reduced to a nil balance by application(s) in accordance with this section 3.11, then and so often as this occurs and the Landlord no longer holds any Security Deposit, the Tenant shall replenish the Security Deposit in full forthwith at the request of the Landlord.

ARTICLE 4 USE OF THE PREMISES

- 4.1 **Use of the Premises.** The Tenant may use the Premises only for the purposes set out in subsection 1.1(i). The Tenant will not be entitled to use the Premises for any other purpose without the prior written consent of the Landlord, which may be arbitrarily or unreasonably withheld. The Tenant shall be responsible, at its cost, for repairing or replacing, as required from time to time, the Premises, and any improvements to the Premises or other parts of the Lands which are damaged or destroyed by the Tenant or any persons for whom the Tenant is responsible at law (reasonable wear and tear excepted). The Landlord will be under no obligation whatsoever to monitor the use of the Premises or to provide any security in respect of the Premises.
- 4.2 The Tenant will be entitled to construct, at its cost, an addition of no more than 40,000 square feet to the Building on that part of the Lands included in the Premises and such addition shall be deemed to be part of the Premises.
- 4.3 Any improvement work required in order to prepare the Premises for use by the Tenant shall be the sole responsibility of the Tenant, at its cost. The Tenant shall be required to prepare working drawings of its proposed improvement work and obtain the written consent of the Landlord thereto before commencing the Tenant's improvement work, such consent not to be unreasonably withheld. All Tenant's improvement work shall be done at the Tenant's sole cost and expense by qualified and licensed contractors and sub-contractors who shall be subject to the approval of the Landlord, acting reasonably. All such Tenant's improvement work shall be performed in a first class manner in accordance with the provisions of the Lease.
- 4.4 The Tenant shall be responsible, at its cost, for obtaining all necessary building permits and approvals as required by the relevant regulatory authorities for the Tenant's improvement work. The Tenant shall also be responsible for obtaining, at its cost, its business licence and occupancy permit and any additional permits and licences as may be required for the operation of the Tenant's business in the Premises.
- 4.5 The Tenant will maintain, repair, restore and keep the Premises and all improvements, fixtures and equipment therein in good repair.

**ARTICLE 5
INSURANCE, RISK AND INDEMNITY**

5.1 **Risk.** The Tenant agrees that it will use the Premises and such other parts of the Lands as are permitted under this Lease at its own risk and the Tenant assumes all risk in respect of any valuable items that may be left in the Premises.

5.2 **Insurance.**

- (a) The Tenant shall, at least seven (7) days prior to the Commencement Date, deliver to the Landlord a certificate of insurance which is satisfactory to the Landlord in its sole opinion. The following insurances shall be acquired by the Tenant, at its sole cost, and shall name the Tenant as the named insured and the Landlord as an additional insured:
 - (i) General Liability coverage with a minimum limit of \$20,000,000 for loss, damage, injury or death arising out of any one occurrence;
 - (ii) Property All Risks Insurance which shall contain a waiver of subrogation in favour of the Landlord; and
 - (iii) any other insurance as may be reasonably required by the Landlord.

The insurance shall be primary in respect of all claims made, and shall not participate with, or be excess over, any valid and collectible insurance carried by the Landlord.

- (b) The Tenant acknowledges and agrees that in no event shall any insurable interest be conferred on the Tenant under any policies of insurance which may be carried by the Landlord (notwithstanding any direct or indirect contribution by the Tenant to the Landlord's cost of such insurance) and in no event shall the Landlord be obliged to account to the Tenant for any proceeds of insurance received by the Landlord.

5.3 **Release.** The Landlord and the Tenant agree that:

- (a) the Landlord, its officers, directors, agents, servants and employees shall not be liable for damage or injury to any property of the Tenant which is entrusted to the care or control of the Landlord, its agents, servants or employees; and
- (b) the Landlord, its officers, directors, agents, servants and employees shall not be liable or responsible in any way for any personal or consequential injury of any nature whatsoever that may be suffered or sustained by the Tenant or any employee, agent, invitee or customer of the Tenant or any other person who may be upon the Premises, Lands or the Building or for any loss of or damage or injury to any property belonging to the Tenant or to its employees or to any other person while such property is on the Lands, the Premises or the Building and, in particular (but without limiting the generality of the foregoing), the Landlord shall not be liable for any damage or damages of any nature whatsoever to any such property caused by the failure, by reason of a breakdown or other cause, to supply adequate drainage, snow or ice removal, or by reason of the interruption of any public utility (and the Tenant acknowledges that the Landlord does and will

not supply emergency power) or service or in the event of steam, water, rain or snow which may leak into, issue, or flow from any part of the Lands or the Building or from the water, steam, sprinkler, or drainage pipes or plumbing works of the same, or from any other place or quarter or for any damage caused by anything done or omitted by the Landlord or by any other person occupying any part of the Lands or Building. The Tenant shall not be entitled to any abatement of Rent or any Additional Amount in respect of any such condition, failure or interruption of service, unless such damage or injury results from the gross negligence or wilful misconduct of the Landlord, its agents, servants or employees.

- 5.4 **Indemnity.** The Tenant shall defend, indemnify and save harmless the Landlord, in its capacity as landlord under this Lease, its officers, directors, agents, servants and employees, from and against any and all liabilities, damages, costs, claims, suits or actions (including solicitors' costs on a solicitor and own client basis) resulting from:
- (a) any breach, violation or non-performance of any covenant, obligation or agreement of the Tenant under this Lease;
 - (b) any damage to property, howsoever occasioned, and any injury to any person or persons, including death resulting at any time therefrom, occurring in or on the Premises or the Building or the Lands or any part thereof, save and except to the extent such damage or injury is due to the Landlord's gross negligence or default; and
 - (c) any contract, lien, privilege, mortgage, charge or encumbrance on the Lands arising from or occasioned by the act, default or negligence of the Tenant or its officers, agents, servants, employees, contractors, customers, invitees or licensees;

and such indemnification shall survive the termination of this Lease, any provision in this Lease to the contrary notwithstanding.

- 5.5 **Tenant's Acknowledgement.** The Tenant acknowledges and agrees that the insurance requirements contained in this Article 5 in no way limit the liability of the Tenant to the Landlord under this Lease.
- 5.6 **Services.** The Landlord does not warrant that any service or facility provided by the Landlord hereunder will be free from interruptions caused or required by maintenance, repairs, renewals, modifications, strikes, riots, insurrections, labour controversies, force majeure, Acts of God or other cause or causes beyond the Landlord's reasonable control. No such interruption shall render the Landlord liable in damages to the Tenant, nor relieve the Tenant from its obligations under this Lease, provided that the Landlord shall without delay take all reasonable and practical steps within its power to remove the cause of such interruption.

ARTICLE 6 TENANT'S COVENANTS

- 6.1 **Tenant's Covenants.** The Tenant covenants with the Landlord:

- (a) Use of the Premises. To use the Premises for the Permitted Use only and for no other purpose without the prior written consent of the Landlord, which consent may be unreasonably or arbitrarily withheld.
- (b) Payment. To pay the Minimum Rent, the Percentage Rent and the Additional Rent required to be paid by the Tenant hereunder in accordance with the terms of this Lease.
- (c) Tenant's Taxes. Throughout the Term, to pay when due any taxes or other charges that may be levied against or in respect of the Tenant's use of the Premises, the Tenant's Property or of any other equipment of the Tenant, including GST.
- (d) Applicable Laws. At the Tenant's sole cost and expense, to comply with all Applicable Laws pertaining to the Premises or to the use of the Premises or any other part of the Lands permitted under this Lease by the Tenant (including obtaining all permits which may be required in connection with the Tenant's use of the Premises or any other part of the Lands).
- (e) Clear Builder's Liens. Not to suffer or permit any builders' lien or claim of builders' lien to be filed against the Lands by reason of work, labour, services or material supplied or claimed to have been supplied to the Tenant in connection with the Premises; if any such lien or claim shall at any time be filed against the Lands, the Tenant shall cause a discharge of the lien or claim to be registered within 30 days after the filing of the lien or claim has come to the notice of the Tenant (the Tenant agrees that the Landlord may, at its option, pay into court the amount required to discharge any such lien and that the Tenant will pay to the Landlord on demand the amount so paid and all the Landlord's costs incurred in connection with discharging such lien, including its legal costs on a solicitor and own client basis).
- (f) Rules and Regulations. To comply with any reasonable rules and regulations, including the Rules and Regulations set forth in Schedule C hereto, and with all policies and procedures that the Landlord may impose from time to time in respect of the use, occupation and/or administration of the Premises or the Lands promulgated by the Landlord from time to time.
- (g) Nuisance and Waste. To keep the Premises in a reasonably tidy and clean condition and not to do anything on the Premises or the Lands which may be or may become a nuisance or danger to the Landlord or to any other users of the Lands (including the Premises) or to any equipment, works, structures, installations or other property of any of them on, under or in the Premises or the Lands and not to commit any waste upon the Premises or the Lands.
- (h) Not to Interfere. Not to unreasonably interfere with the use by the Landlord or any other permitted users of the Building or the Lands or with the access by the Landlord or any other persons authorized by the Landlord to any portion of the Lands which is not included in the Premises.
- (i) Co-operation. Act co-operatively and in good faith with the Landlord and its other licensees of any part of the Lands in exercising the Tenant's rights hereunder.

- (j) No Construction, Installation or Alterations. Except as expressly permitted herein, not to install, erect or construct any fixtures or other improvements on the Premises or make any other alterations of any kind whatsoever to the Premises, and not to bring into the Premises any furniture or fixtures without the prior written consent of the Landlord, which consent may not be unreasonably or arbitrarily withheld.
- (k) No Encumbrancing. Not to charge or encumber in any way its interest in this Lease or in the Premises.
- (l) Signs. Not to erect or place any signs or advertising of any nature or kind whatsoever on the Premises or any other part of the Lands without first obtaining the Landlord's written approval (which may be unreasonably or arbitrarily withheld) and without complying with all sign restrictions imposed by the Landlord and any Government Authority having jurisdiction.
- (m) Refuse. To deposit all trash, rubbish, waste material and other garbage within the appropriate containers provided by the Landlord.
- (n) Utilities Supplied to the Premises by Third Parties. Arrange and pay all costs as and when due for any private hook-ups (as necessary) with telecommunications providers, telecommunications equipment, telecommunications services and all other services and utilities provided by any third parties to or for the Premises.

ARTICLE 7 TENANT'S REPRESENTATIONS

7.1 **Tenant's Representations.** The Tenant represents and warrants that:

- (a) all necessary corporate action on the part of the Tenant has been taken to authorize and approve the execution and delivery of this Lease, the completion of the transactions contemplated herein and the performance and observation of the Tenant's obligations under this Lease; and
- (b) the Tenant has not failed to disclose or make available to the Landlord any information which might have a material effect on the Landlord's approval of the Tenant's lease and this Lease.

ARTICLE 8 ENVIRONMENTAL MATTERS

8.1 **Environmental Matters.**

- (a) The Tenant agrees as follows:
 - (i) notwithstanding any other provision of this Lease, the Tenant will fully comply with, and will ensure that all persons who the Tenant authorizes to use the Premises comply with, all applicable Environmental Laws and will not place, store, use, manufacture or Release any Hazardous Materials under, on or over the Premises or any adjacent lands except with the

prior written consent of the Landlord and in accordance with all applicable Environmental Laws;

- (ii) the Tenant will not authorize, cause or permit a Release of Hazardous Materials and will take all measures which are necessary to ensure that no other persons using the Premises authorize, cause or permit a Release of Hazardous Materials except with the prior written consent of the Landlord and in accordance with all applicable Environmental Laws;
- (iii) if an unpermitted Release of Hazardous Materials does occur as a result of any action of the Tenant or any person for whom the Tenant is responsible at law, the Tenant will immediately report the occurrence of the Release to the Landlord and to all applicable Government Authorities to whom notification is required under Environmental Laws in the circumstances and will immediately clean up the Release and restore the natural environment affected by the discharge to the satisfaction of the Landlord and all such applicable Government Authorities and, if required to do so by the Landlord, will provide to the Landlord a certificate from the appropriate Government Authorities confirming that such Release has been cleaned up to the satisfaction of such Government Authorities;
- (iv) if the Tenant fails or refuses to promptly clean up any such Release of Hazardous Materials and to restore the natural environment affected by such a Release, the Landlord may carry out the whole or any part of the cleanup and restoration at the Tenant's expense and may, at its sole discretion, terminate this Lease forthwith by a notice in writing to the Tenant;
- (v) the Tenant will fully comply with all Orders of any applicable Government Authority which may be directed to the Tenant or to anyone else authorized by the Tenant to use the Premises and which relate to the Premises in respect of any environmental matters;
- (vi) if an Order of any applicable Government Authority is issued to the Landlord requiring the Landlord to do anything in relation to any environmental problem caused by the Tenant or for which the Tenant is responsible under this Lease or at law, the Tenant will, upon receipt of written notice from the Landlord, carry out the Order at the Tenant's expense;
- (vii) if the Tenant fails or refuses to promptly and fully carry out any Order of any applicable Government Authority with respect to any such environmental matter, the Landlord may carry out the whole or any part of the Order at the Tenant's expense and may, at the sole discretion of the Landlord, terminate this Lease forthwith by a notice in writing to the Tenant;
- (viii) upon the expiration of the Term or other termination of this Lease, the Tenant will leave the Premises and the Lands clean of any Hazardous Materials introduced thereto by the Tenant or any person for whom the Tenant is responsible at law;

- (ix) the Landlord may at any time inspect the Premises to determine whether the Tenant is fully complying with all Environmental Laws and its environmental obligations under this Lease and to evaluate the risk of Releases on or from the Premises; and
 - (x) if the Landlord's inspection of the Premises discloses a breach by the Tenant or any person for whom the Tenant is responsible at law of an Environmental Law or a fact situation which could be reasonably be anticipated to result in such a breach of an Environmental Law, the Landlord shall have the right to take whatever steps are reasonably required to rectify such breach, or prevent such breach from occurring, as the case may be, all at the Tenant's expense.
- (b) The Tenant will indemnify the Landlord, its directors, officers, representatives, employees, agents and all persons for whom the Landlord is responsible at law, protect and save them harmless from and against and from any and all damages, losses, liabilities, obligations, penalties, claims, litigation, suits, proceedings, costs, disbursements or expenses (including, without limitation, all legal fees on a solicitor and own client basis, experts fees and disbursements) of any kind or of any nature whatsoever (collectively the "**Indemnified Matters**") which may at any time be imposed upon, incurred by or asserted or awarded against the Landlord and arising from or out of any Hazardous Materials brought onto the Premises or the Lands by the Tenant or those for whom it is responsible at law or any discharge of Hazardous Materials by the Tenant or those for whom the Tenant is responsible at law under, on or over the Premises or the Lands.
- (c) Indemnified Matters as defined above shall include, without limitation, all of the following: (i) the costs of removal of any and all Hazardous Materials, (ii) additional costs required to take necessary precautions to protect against the Release of Hazardous Materials into the air, the soil, any body of water, any other public area or any surrounding areas, (iii) costs incurred to comply with all Applicable Laws with respect to Hazardous Materials, and (iv) claims, actions, damages, liability and expenses in connection with loss of life, personal injury and/or damage arising from or out of any occurrence or matter described in subsection 8.1(a).
- (d) The Tenant shall pay to the Landlord any amount contemplated pursuant to this section 8.1 within ten (10) days of receipt from the Landlord of a written demand for such amount.

ARTICLE 9 TERMINATION

- 9.1 **Termination.** In addition to such other termination rights as may be set out elsewhere in this Lease, the Landlord and the Tenant agree that the Landlord may terminate this Lease if the Tenant breaches or fails to comply with any of its obligations under this Lease and fails to remedy such breach or failure within ten (10) days of receiving written notice of such breach or failure or, if such breach or failure is not the failure to pay any sum of money to the Landlord and reasonably requires more than ten (10) days to remedy, if the Tenant has not commenced diligently remedying such breach or failure

within ten (10) days of receipt of such notice or thereafter fails to continue to diligently and expeditiously remedy such breach or failure.

- 9.2 **Early Termination.** In the event of any material damage to the Premises which cannot be repaired within 10 days (as determined by the Landlord acting reasonably), the Landlord shall be entitled at its option to terminate this Lease effective as of the date of such damage by giving written notice of such termination to the Tenant (if the Landlord elects not to terminate this Lease, all Minimum Rent payments under this Lease shall abate from the date of such damage until the date on which the Landlord permits the Tenant to re-commence its Permitted Use of the Premises).
- 9.3 **Obligations on Expiry or Termination.** Upon the expiry of the Term or other termination of this Lease, the Tenant shall:
- (a) quit the Premises peaceably and leave the Premises and all improvements and fixtures in good condition, reasonable wear and tear only excepted;
 - (b) return all copies of keys made;
 - (c) at the Tenant's cost, remove from the Premises the Tenant's Property and all other property of the Tenant and of those for whom the Tenant is responsible at law and repair any damage caused by the Tenant or those for whom the Tenant is responsible at law to the Premises as a result of the Tenant's use of the Premises; and
 - (d) all fixtures and improvements including trade fixtures shall remain as the Landlord's property unless the Landlord gives the Tenant notice requiring removal of any fixtures or improvements.
- 9.4 **Survival of Obligations.** Upon the expiry of the Term or other termination of this Lease, all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of expiry or termination and all of the provisions of this Lease relating to the obligation of either of the parties to perform actions or to account to or to indemnify the other and pay to the other any monies owing as at the date of expiry or termination in connection with this Lease shall survive such expiry or termination.
- 9.5 **Acceleration.** If and whenever the Landlord elects to terminate this Lease pursuant to section 9.1 and without in any way restricting the Landlord's remedies, then, and in any such case, the Landlord may without notice bar the Tenant from entry to or use of the Premises.
- 9.6 **Right to Cure Defaults.**
- (a) If the Tenant defaults in the performance of any of its covenants or agreements under this Lease, the Landlord may perform or remedy the same for the account of the Tenant and may enter upon the Premises for that purpose without such entry constituting a termination of this Lease.
 - (b) The Tenant shall pay to the Landlord on demand all reasonable costs and expenses incurred by the Landlord in remedying or attempting to remedy such default.

ARTICLE 10 CONFIDENTIALITY

- 10.1 **Confidential Information.** Each party acknowledges that during the course of negotiations of this Lease, and during the Term, each party may be given access to Confidential Information of the other party. “**Confidential Information**” means trade secrets and other information not generally known to the public, and owned by one of the parties, or by any affiliate of a party, or by any of their respective suppliers, customers or other business partners. Confidential Information includes without limitation, all program concepts, inventions, know how, discoveries, processes, ideas, database structures, tables, scripts, file layouts, financial information, legal, corporate, marketing, product, research, technical, personnel, customer, supplier and other non-public information, in whatever form or media, either specifically identified as confidential prior to or at the time of its disclosure, or that would otherwise generally be considered confidential in the industries in which the party concerned does business, but Confidential Information does not include any information that is disclosed or developed hereunder that the party who has received such information or who does not own such information can evidence:
- (a) is publicly available at the time of disclosure or development, or becomes publicly available after disclosure or development, through no fault of the receiving party or, as to information developed hereunder, the party who does not own such information;
 - (b) was developed by the receiving or non-owning party independently of, and without knowledge of or reliance on, the disclosed or developed information;
 - (c) is obtained by the receiving or non-owning party outside of the performance of obligations or the enjoyment of its rights under this Lease without any violation of the rights of the other party; or
 - (d) was rightfully in the receiving or non-owning party’s possession prior to the time of disclosure or development, if such information was not obtained in confidence including, without limitation, as a result of an employment relationship or independent consulting relationship;
 - (e) is required to be disclosed by order of a court of competent jurisdiction or otherwise by operation of law; or
 - (f) is required to be disclosed in accordance with the *Access to Information Act* (Canada) or the *Freedom of Information and Protection of Privacy Act* (British Columbia).
- 10.2 **Obligations concerning Confidential Information.** Each of the Landlord and the Tenant shall hold all Confidential Information concerning the other of them in a fiduciary capacity and solely for the benefit of such other party and shall not disclose, divulge or otherwise communicate, in any manner whatsoever during the Term or thereafter, any of such Confidential Information to any person nor shall the Landlord or the Tenant during the Term or thereafter, directly or indirectly, use any Confidential Information concerning the other party for any purpose other than in furtherance of the business of such other party.

**ARTICLE 11
MISCELLANEOUS**

- 11.1 **Expropriation.** If during the Term the Premises, or any part thereof, is acquired or condemned by expropriation for any public or quasi-public use, then the Landlord and the Tenant may separately claim, receive and retain awards of compensation for the loss of their respective interests, but neither the Landlord nor the Tenant shall have any claim against the other in respect of such loss or the unexpired Term.
- 11.2 **Late Payments.** If the Tenant does not pay to the Landlord any amount which it is required to pay under this Lease within five business days of the due date under this Lease, such amount shall thereafter bear interest at a rate equal to the Prime Rate plus four percent (4%) per annum, calculated and compounded monthly on the first day of each month until paid. “**Prime Rate**” means the rate of interest, expressed as a percentage per annum, declared from time to time by the main branch in Vancouver, British Columbia of the Royal Bank of Canada as its “prime rate”, the intention being that the rate of interest prescribed hereunder shall fluctuate as and when such declared prime rate fluctuates.
- 11.3 **No Tacit Renewal or Extension.** If the Tenant continues to use the Premises after the end of the Term without executing a new lease agreement with the Landlord, and the Landlord accepts payments from the Tenant in respect of its use of the Premises, there shall be no tacit renewal or extension of this Lease, and the Tenant shall be deemed to be entitled to use the Premises on a month-to-month basis at a monthly Minimum Rent equal to double the monthly Minimum Rent payable by the Tenant during the last month of the Term plus all Additional Rent, and otherwise upon the same terms and conditions as are set forth in this Lease, so far as applicable to a monthly tenancy.
- 11.4 **Time.** Time shall be of the essence herein.
- 11.5 **Waiver.** No condoning, excusing or overlooking by either party of any default, breach or non-observance by the other of any covenant, proviso or condition herein contained shall operate as a waiver of the non-defaulting party’s rights hereunder in respect of any continuing or subsequent default, breach or non-observance, or so as to defeat or affect in any way the rights of the non-defaulting party herein in respect of any such continuing or subsequent default, breach or non-observance. No waiver shall be inferred from or implied by anything done or omitted by the non-defaulting party save only expressed waiver in writing.
- 11.6 **Approval by the Landlord.** The Tenant agrees and acknowledges that any review and approval by the Landlord of any plans, reports, specifications and other materials submitted by the Tenant to the Landlord including updates to all studies and reports shall not be a bar or defence to any claim by the Landlord or any third party for breach of the Tenant’s obligations hereunder and the Landlord shall not be liable to the Tenant for any acts or omissions of the Landlord, or any of its employees or agents, related in any way to such review or approval.
- 11.7 **Remedies Cumulative.** All rights and remedies of either party contained in this Lease shall be cumulative and not alternative.

- 11.8 **Entire Agreement.** This Lease together with the Manufacturing Agreement dated June 12, 2018 between Tenant and Naturo Group Investments Inc. and the Framework Agreement dated June 12, 2018 between the Tenant and the Landlord sets forth all of the covenants, promises, conditions, agreements and understandings between the Landlord and the Tenant with respect to their respective uses of the Premises. No subsequent amendment of this Lease shall be binding upon the Landlord or the Tenant unless reduced to writing and signed by both of them. In the event of a conflict between the terms of this Lease and any other agreement, the terms of this Lease will prevail.
- 11.9 **Governing Law/Exclusive Jurisdiction.** This Lease shall be construed and governed in accordance with the laws of the Province of British Columbia, which will be deemed to be the proper law hereof, and the courts of British Columbia will have the exclusive jurisdiction to entertain and determine all claims and disputes arising out of or in any way connected with this Lease (subject, however, to the obligation of the parties to arbitrate any disputes pursuant to section 11.12 hereof).
- 11.10 **No Registration of Lease.** The Tenant acknowledges and agrees that this Lease does not contain a grant in favour of the Tenant of any interest in the Premises and, accordingly, the Tenant agrees that the Landlord shall not be required to provide this Lease in registrable form and that the Tenant shall not be entitled to register this Lease in any public registry.
- 11.11 **Notices.** Any notice, demand, request or other instrument (each herein called a “**Notice**”) which may be or is required to be given under this Lease, shall be delivered in person or sent by mail postage prepaid or transmitted by electronic mail and shall be addressed:
- (a) if to the Landlord, to the address and person set out in subsection 1.1(a); or
 - (b) if to the Tenant, to the address and person set out in subsection 1.1(b).
- Any such Notice shall be conclusively deemed to have been given or made on the day upon which such Notice is delivered, or if transmitted by electronic mail on the first business day after the date of transmission, or if mailed then on the fifth business day following the date of the mailing unless there is between the day of mailing and actual receipt a mail strike, slow down of postal service or other labour dispute which adversely affects mail service, in which case the party giving the Notice shall deliver personally such Notice or transmit such Notice by electronic mail. Either party may at any time give Notice in writing to the other of any change of address of the party giving such Notice (or of any other person to receive a notice) and from and after the giving of such Notice, the address therein specified shall be deemed to be the address of such party or person for the giving of Notices hereunder.
- 11.12 **Arbitration.** If a dispute arises between the parties in connection with this Lease, the parties agree to use the following procedure as a condition precedent to either party pursuing other available remedies:
- (a) either party may notify the other by written notice of the existence of a dispute and a desire to resolve the dispute;

- (b) a meeting will be held promptly between the parties, attended by appropriate personnel and by individuals with decision-making authority regarding the dispute, to attempt in good faith to negotiate a resolution of the dispute;
 - (c) if, within fourteen (14) days after such meeting or such further period as is agreeable to the parties (the “**Negotiation Period**”), the parties have not succeeded in negotiating a resolution of the dispute, they agree that the dispute will be settled by a single arbitrator in accordance with the *Arbitration Act* of British Columbia (as amended, supplemented or replaced from time to time), on the basis that the arbitrator is to be instructed to take all reasonable measures to ensure that the dispute is arbitrated and settled in as expeditious a manner as possible. The decision of the arbitrator will be final and binding and will not be subject to appeal on a question of fact, law, or mixed fact and law; and
 - (d) the costs of arbitration will be awarded by the arbitrator in his absolute discretion.
- 11.13 **Successors.** All rights and liabilities herein given to or imposed upon the respective parties hereto shall extend to and bind the several respective heirs, executors, administrators, successors and permitted assigns of the said parties.
- 11.14 **Business Day.** Where the time limited to perform anything or to pay any amount herein falls on a Saturday, Sunday or statutory holiday in the Province of British Columbia, the time so limited shall extend to and the thing may done or the amount will not be paid on the next day which is not a Saturday, Sunday or statutory holiday.
- 11.15 **No Assignment.** The Tenant shall not be entitled to assign or sublicense its rights under this Lease or authorize any person other than the Tenant’s employees to use the Premises or to exercise any of the Tenant’s rights under this Lease unless the Tenant has first requested and obtained the consent in writing of the Landlord thereto (which consent the Landlord may unreasonably or arbitrarily withhold). For the purposes of this Lease, a change of control of the Tenant by share transfer or otherwise which results in a change in the identity of the person or persons exercising or who might exercise control or management of the Tenant, and any amalgamation of the Tenant with any other corporate body, shall be deemed to be an assignment requiring the consent of the Landlord. The Tenant agrees to provide to the Landlord, prior to the execution of this Lease by the Landlord, true and complete information as to the person or persons exercising control of the Tenant and to provide to the Landlord, prior to any change in such control, true and complete information as to any proposed change in such control. No consent granted by the Landlord pursuant to this section shall relieve the Tenant of any of its obligations or liabilities under this Lease.
- 11.16 **Sale by Landlord.** If the Landlord sells the Premises, then, to the extent that the purchaser assumes the covenants and obligations of the Landlord hereunder, the Landlord shall be freed and relieved of liability upon such covenants and obligations for matters arising after such sale.
- 11.17 **No Partnership or Joint Venture.** Nothing herein contained shall be construed or deemed to constitute or create a partnership or joint venture of or between the parties or to render one of them liable for the debts and obligations of the others.

- 11.18 **Joint and Several.** If the Tenant comprises more than one person, the covenants, agreements, representations, warranties, obligations and liabilities of the Tenant pursuant to this Lease are joint and several covenants, agreements, representations, warranties, obligations and liabilities of each of the persons comprising the Tenant.
- 11.19 **Counterparts.** This Lease may be executed in any number of counterparts, with the same effect as if all the parties had signed the same document, and will become effective when one or more counterparts have been signed by all of the parties and delivered to each of the other parties. All counterparts will be construed together and evidence only one agreement, which, notwithstanding the dates of execution of any counterparts, will be deemed to be dated the date first above written.
- 11.20 **Execution by Electronic Means.** This Lease may be executed by the parties and transmitted by electronic means and if so executed and transmitted this Lease will be for all purposes as effective as if the parties had delivered an executed original Lease.
- 11.21 **Severability.** If any provision of this Lease or any part thereof is determined to be invalid for any reason it will be severable and severed from this Lease and the remainder of this Lease will be construed as if such invalid provision or part had been deleted from this Lease.
- 11.22 [INTENTIONALLY DELETED.]
- 11.23 **Schedules.** The following are schedules to this Lease and form a part hereof:
- (a) Schedule A Lands;
 - (b) Schedule B Building;
 - (c) Schedule C Rules and Regulations; and
 - (d) Schedule D Additional Clauses.

The parties agree that the additional clauses listed in Schedule D are hereby incorporated into this Lease.

IN WITNESS WHEREOF the parties hereto have executed this Lease by their duly authorized signatories as of the day and year first above written.

NATURO GROUP INVESTMENTS INC.

By: "*Marcello Leone*"
(Authorized Signatory)

MILLER SPRINGS LTD.

By: "*Martino Ciambrelli*"
(Authorized Signatory)

BEVCANNA ENTERPRISES INC.

By: "*John Campbell*"
(Authorized Signatory)

SCHEDULE A
LANDS

P.I.D. [REDACTED]

District Lot [REDACTED]
[REDACTED]

B-1

SCHEDULE B
BUILDING

REFERENCE PLAN TO ACCOMPANY A LEASE OF
A ONE STORY BUILDING SITUATED ON PART OF
D.L. 346,S.D.Y.D.,EXCEPT PLAN H17963.

PLAN NO. KAP

DEPOSITED IN THE LAND TITLE OFFICE AT KAMLOOPS, B.C.
THIS DAY OF , 2002.

PURSUANT TO SECTION 99 L.T.A.

B.C.G.S. 82E.004

SCALE 1:2500



ALL DISTANCES SHOWN ARE IN METRES



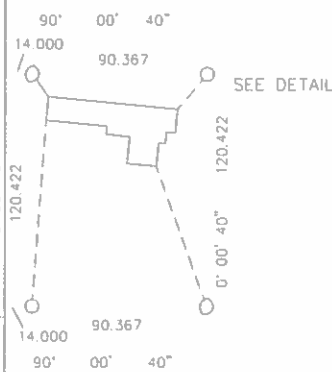
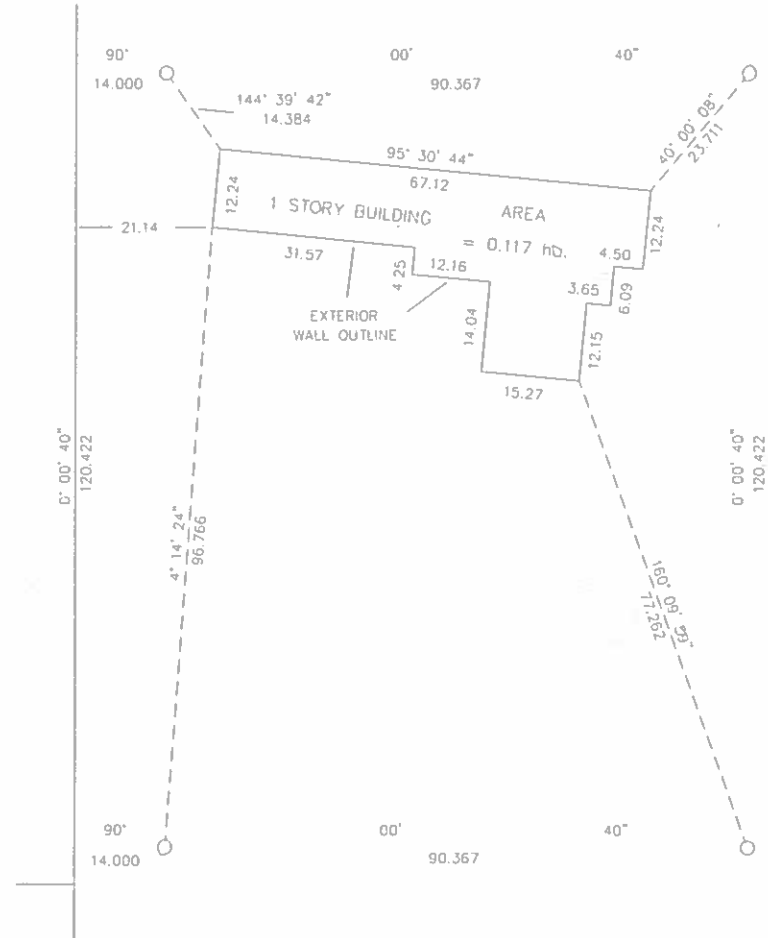
LEGEND

BEARINGS ARE ASTRONOMIC AND DERIVED FROM PLAN H17963.

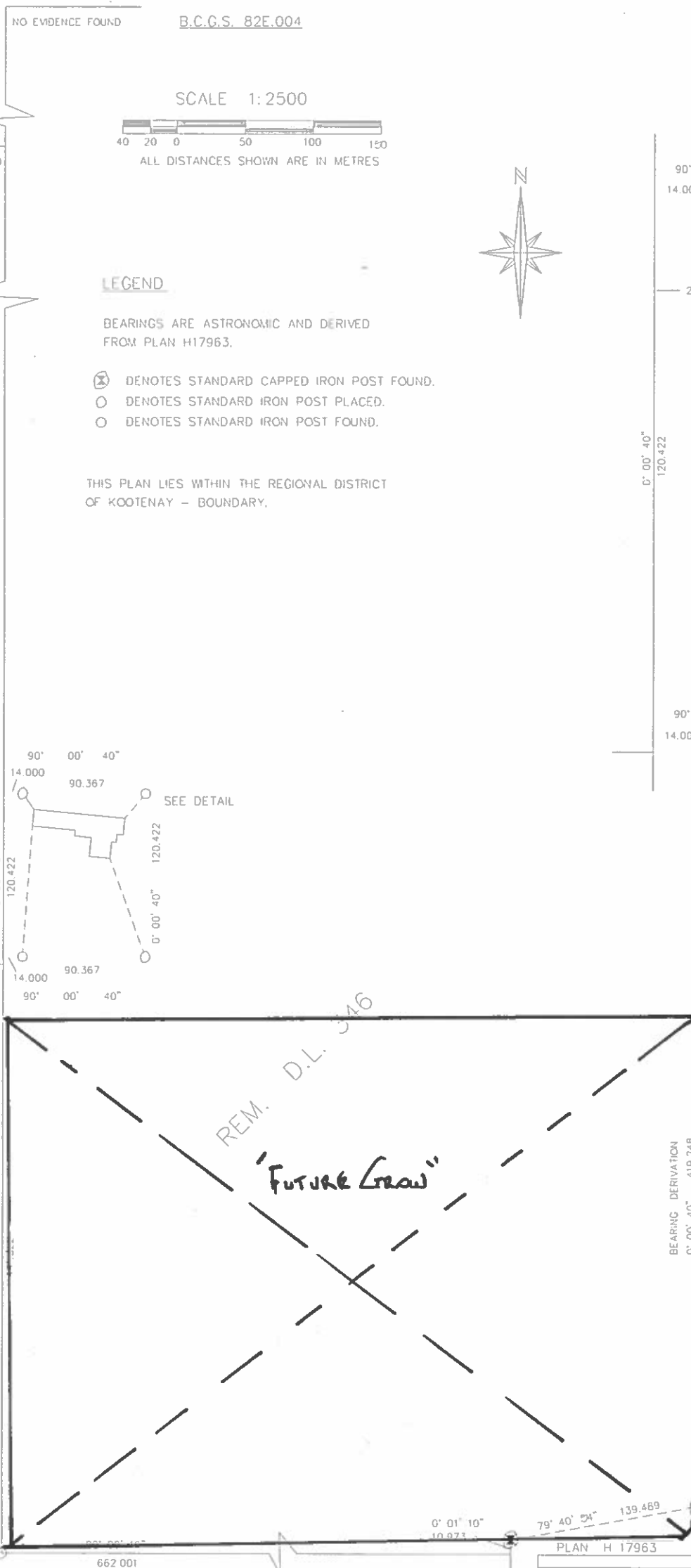
- (X) DENOTES STANDARD CAPPED IRON POST FOUND.
- (O) DENOTES STANDARD IRON POST PLACED.
- (O) DENOTES STANDARD IRON POST FOUND.

THIS PLAN LIES WITHIN THE REGIONAL DISTRICT OF KOOTENAY - BOUNDARY.

DETAIL
SCALE 1:750



D.L. 1809s
NO EVIDENCE FOUND
D.L. 1291s
NO EVIDENCE FOUND
NO EVIDENCE FOUND
REM. D.L. 913s



REGISTRAR

REM. D.L. 891s

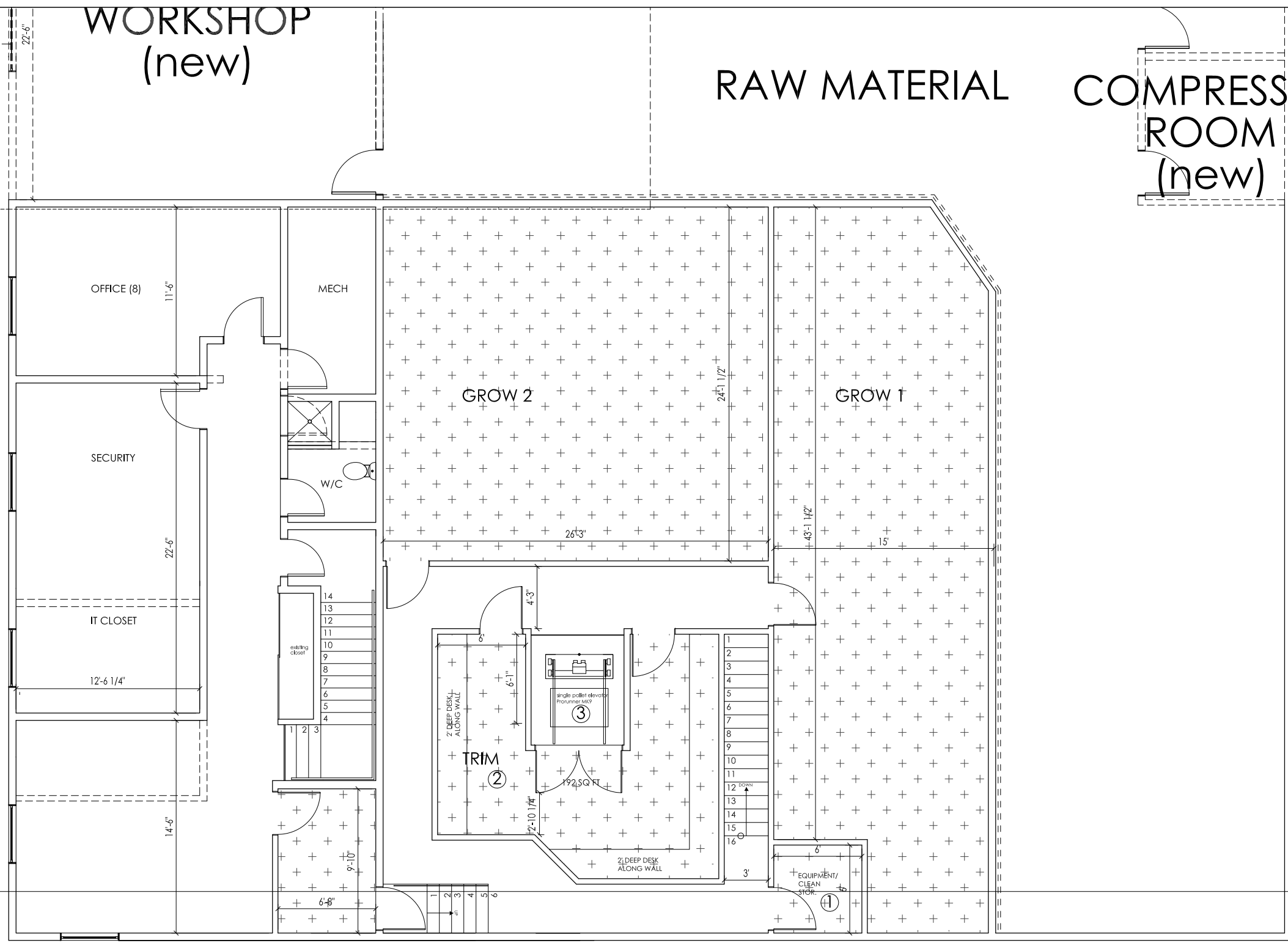
PLAN B 7377

I, BRADLEY PENDERGRAFT, A BRITISH COLUMBIA LAND SURVEYOR, OF THE TOWN OF OSOYOOS, IN BRITISH COLUMBIA, CERTIFY THAT I WAS PRESENT AT AND PERSONALLY SUPERINTENDED THE SURVEY REPRESENTED BY THIS PLAN, AND THAT THE SURVEY AND PLAN ARE CORRECT. THE SURVEY WAS COMPLETED ON THE 25th DAY OF JANUARY, 2002.

BRADLEY PENDERGRAFT, B.C.L.S., C.L.S.

PENDERGRAFT PROFESSIONAL
LAND SURVEYING INC
BOX 640
OSOYOOS, B.C.
V0H 1V0
PHONE 250 - 495-7127
FAX 750 - 495-6676
OUR FILE NO. 990902-1.LEA

LOT 1
PLAN H 17963
PLAN 21307



2
A2.0

NOTES/QUESTIONS

- 1) WE MOVED THE EQUIPMENT CLEANING/STORAGE ROOM INTO GROW 1 TO SAVE SPACE FOR THE TRIM ROOM .
- 2) WE ASSUME THE TRIM WORK TAKES PLACE AT DESKS - PLEASE SEE THE DRAWING FOR THE 2' DEEP DESK WE ADDED ALONG THE WALL.
- 3) WE NEED AN OPENING WITH THE DRAWN DIMENSIONS FOR THE PALLET ELEVATOR.

+ clean areas
 - dirty areas
 - - - security mesh
 Prorunner MK9: <https://www.vertical-conveyor.com/index.php?pageId=230>

1 FACTORY PLAN FLOOR 2
1/4" = 1'-0"

issued ISSUED date

notes

consultant

AA ROBINS architect
2222 Sasamat Street Vancouver BC Canada V6R 4N7
T: (604) 221 0122 F: (604) 221 5122 Email: tony@aarobins.ca

project no.

TRACE MILLER SPRINGS

date
JUNE 5 2018

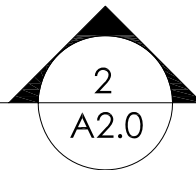
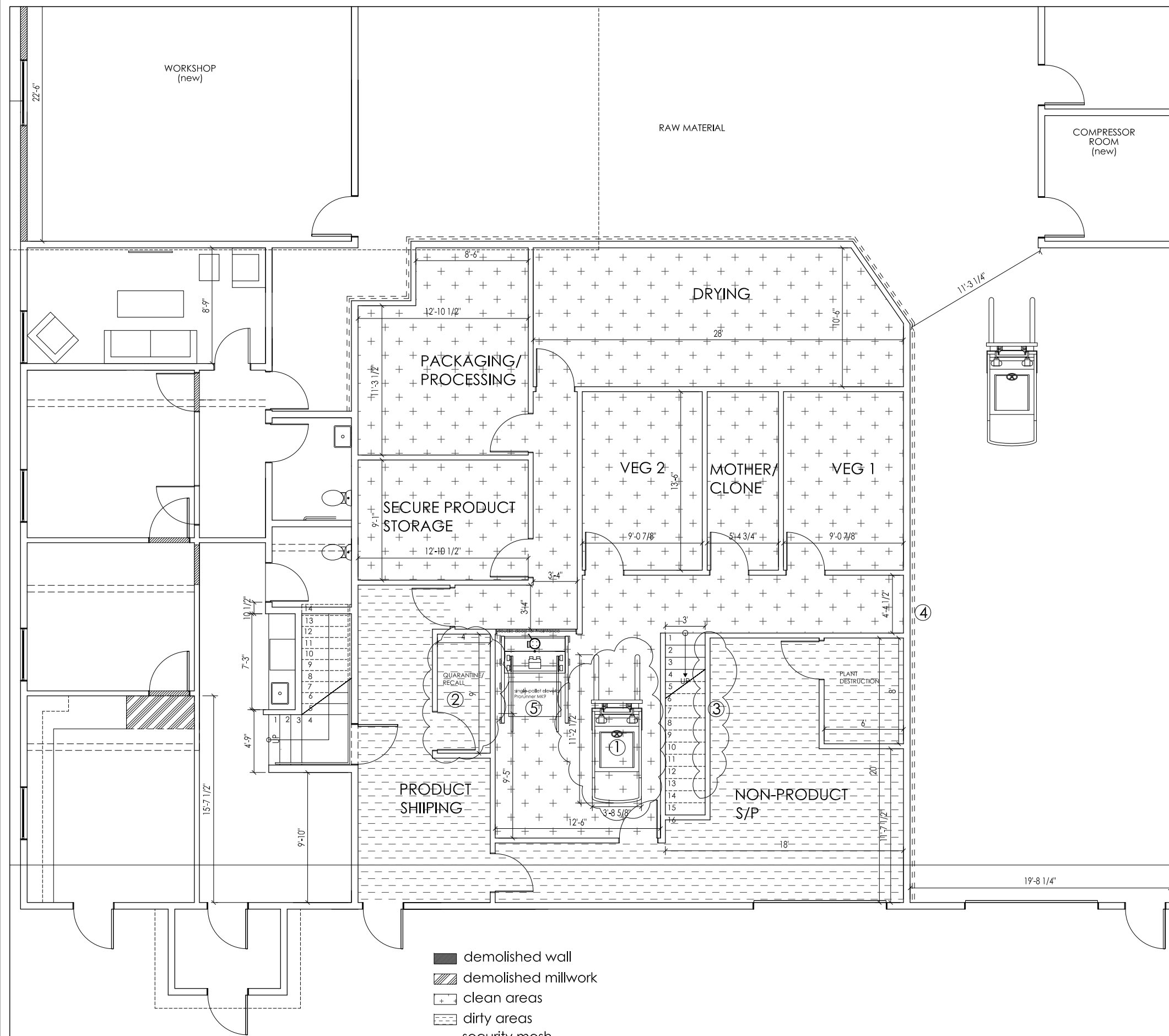
scale
1/44" = 1'-0"

drawing title

FACTORY PLAN

SECOND FLOOR

revision



NOTES/QUESTIONS

- 1) WE ASSUME FORKLIFTS WILL NOT BE USED IN THE PRODUCTION AREA. WE DREW A FORKLIFT WITH THE SAME DIMENSIONS AS THE CURRENT ONES FOR REFERENCE.
- 2) PLEASE CHECK OUR CLEAN/DIRTY AREA DESIGNATIONS. WE ARE NOT SURE ABOUT THE QUARANTINE/RECALL.
- 3) TO KEEP THE CLEAN-DIRTY FLOW, WE NEED A WALL BETWEEN THE NON-PRODUCT S/P AND THE STAIRCASE.
- 4) WE PROPOSE PUTTING THE SECURITY MESH OUTSIDE THE WALLS TO MINIMIZE COSTS.
- 5) WE PROPOSE USING A PRORUNNER MK9 AS A PALLET ELEVATOR. DRAWING CONTAINS EXACT DIMENSIONS REQUIRED FOR A SINGLE PALLET ELEVATOR.
/www.vertical-conveyor.com/index.php?pageId=230
- 6) DOORS ARE CURRENTLY 3' WIDE, DO WE NEED WIDER DOORS? (AGAIN, REFER TO THE QUESTION ABOUT THE FORKLIFT)

1 FACTORY PLAN
A1.0 1/4" = 1'-0"

 demolished wall
 demolished millwork
 clean areas
 dirty areas
 security mesh
 Prorunner MK9: <https://www.vertical-conveyor.com/index.php?pageId=230>

notes

consultant

AA ROBINS architect
 2222 Sasamat Street Vancouver BC Canada V6R 4N7
 T: (604) 221 0122 F: (604) 221 5122 Email: tony@aarobins.ca

project no.

TRACE MILLER SPRINGS

date
JUNE 5 2018

scale
1/44" = 1'-0"

drawing title

FACTORY PLAN

revision 

A1.0

SCHEDULE C

Rules and Regulations

1. The Tenant shall not perform any acts or carry on any practices which may injure the Premises or the Building or the Lands or be a nuisance or menace to, or interfere in any way with other occupants of the same or those having business with them, or make or permit any improper noises or bring into the Premises any machines or equipment which may create noises or fumes resulting in annoyance to or discomfort of other tenants, and shall forthwith upon request by the Landlord discontinue all acts or practices in violation of this clause and repair any damage or injury caused thereby.
2. The Tenant will not install or operate in the Premises any machine, apparatus or device unless such machine, apparatus or device may be lawfully installed and operated upon the Premises.
3. If any apparatus used or installed by the Tenant requires a permit as a condition of installation, the Tenant must file such permit with the Landlord.
4. No heavy equipment or any other equipment liable to injuriously affect any part of the Premises or the Building (collectively herein referred to as "heavy equipment"), will be taken into the Premises without the written consent of the Landlord which consent will not be unreasonably withheld or delayed, and the Landlord will in all cases retain the power to reasonably prescribe the weight and proper position of such heavy equipment. The cost of repairing any or all damage to the Premises or the Building by the installation or removal by the Tenant of such heavy equipment, or by any heavy equipment during the time it is in or on the Premises or the Building will be paid for on demand, as rent, by the Tenant, provided such damage was caused by the negligence of the Tenant or its agents or employees, or persons for whom the Tenant is responsible. No heavy equipment, as aforesaid, will be taken into or out of the Premises or Building except during hours and via such entrances, passages and elevators as the Landlord may from time to time reasonably prescribe.
5. Hand trucks and similar applicants shall be equipped with rubber tires and other safeguards approved by the Landlord and shall be used only by prior arrangement with the Landlord.
6. The Tenant shall not overload the electrical outlets so as to affect or interfere with the electricity supply in the Building.
7. Except in emergencies and in instances of temporary obstruction due to maintenance, repair or replacement, the sidewalk, entrance, stairways and corridors of the Premises and the Building will not be obstructed by the Tenant or the Landlord. Neither the Tenant nor the Landlord will place or allow to be placed in any of such areas or in any of the hallways of the Building anything that may render any of them unsafe. The Tenant will not in any way alter or place or do anything on the exterior of the Building without the prior written consent of the Landlord.
8. The Tenant will prevent any person for whom the Tenant is responsible at law from throwing objects out of the windows, or into the ducts or passages, of the Premises and

will pay for any cost, damage or injury resulting from any such act or acts for which the Tenant is reasonably responsible.

9. The Premises shall not be used for lodging or sleeping or for any immoral or illegal purpose.
10. Bicycles, vehicles, animals or birds or any kind shall not be brought into or kept in or about the Premises.
11. No sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by the Tenant on any part of the outside or inside of the Premises or the Building without the prior written consent of the Landlord. In the event of the violation of the foregoing by the Tenant the Landlord may remove same without any liability, and may charge the expense incurred by such removal to the Tenant.
12. Canvassing, soliciting and peddling in the Building are prohibited and the Tenant shall cooperate to maintain such restriction.
13. Awnings or other projections shall not be attached to the outside walls of the Building. All curtains, blinds, shades or screens attached to or hung in, or used in connection with any window or door of the Premises shall be subject to the approval of the Landlord.
14. The Tenant shall take delivery of all goods or parcels belonging to or intended for the Tenant only through the entrances allotted for that purpose by the Landlord, and the time and manner of making such deliveries shall be as prescribed by the Landlord. Should the Landlord be required to deliver parcels to the Tenant from the receiving area, it may make reasonable charges therefore which shall be payable as additional rent on demand.
15. All glass, locks and trimmings in or upon the doors or windows of the Premises will be maintained in good repair and in a working condition and whenever any part thereof becomes broken, the same will be replaced or repaired in accordance with this Lease. The Tenant will not alter any existing lock nor will any additional locks or similar devices be attached to any door or window. No keys for any door other than those provided by the Landlord will be made. If more than five (5) keys for one lock are desired by the Tenant, the Landlord may provide the same upon payment by the Tenant. Upon termination of this Lease or of the Tenant's possession of the Premises, the Tenant will surrender all keys and other locking devices for use in connection with the Premises, will make known to the Landlord the explanation for all combination locks on safes, cabinets and vaults and will pay to the Landlord the cost of replacing any missing keys or obtaining any lost combination.
16. The Landlord reserves the right at all times to have pass keys to the Premises and the spaces therein for use in emergency situations only.
17. The Tenant will be responsible for the closing and locking of doors, windows and other apertures in and to the Premises. Any damage resulting from any failure of the Tenant or its agents or employees or persons for whom the Tenant is responsible to observe this paragraph will be borne in full by the Tenant.

18. Only Landlord personnel will have charge of the heating and cooling system for the Premises.
19. The water closets and other water apparatus will not be used for any purpose other than those for which they were installed, and no sweepings, rubbish, rags, ashes or other foreign substances will be thrown therein; and the Tenant will be fully responsible for any damage resulting from misuse by the Tenant or any of its servants, agents, employees, or visitors.
20. The Tenant shall not mark, paint, drill into, or in any way deface any part of the Premises or the Building. The Tenant shall not lay linoleum or floor covering, so that the same shall come in direct contact with the floor of the Premises.
21. If the Tenant desires telephone, computer or electric alarm connections, the Landlord reserves the right to direct the electricians and technicians as to where and how the wires are to be introduced, and without such directions no boring or cutting for wires will take place. No wires or pipes of any kind will be introduced without the consent of the Landlord. No spikes will be inserted in the walls or woodwork of the Premises and no boring or cutting of the same will take place for any purpose without the consent of the Landlord. Any directions or consent required to be given by the Landlord under this paragraph will not be unreasonably withheld or delayed.
22. The Landlord may at any time and from time to time during the Term keep the entrance doors to the Building locked after normal business hours which are between 8:30 a.m. and 4:30 p.m. excluding Saturdays, Sundays and legal holidays. The Landlord may issue Building security access cards to those in the Premises for after regular business hours' use.
23. There shall be no consumption of food or drink in the lobbies or public areas of the Building, save those areas provided for the purpose, and the Tenant shall at no time install vending machines of any type or description in the Premises.
24. The Tenant will not smoke or permit any smoking by any agent, contractor, employee, tenant or visitor of the Tenant, whether within the Premises or anywhere in the Building.
25. The Tenant shall not cause unnecessary labour by reason of carelessness and indifference to the preservation of good order and cleanliness in the Premises and the Building.
26. No person will enter upon the roof of the Building without prior written consent of the Landlord.
27. The Tenant agrees to observe all reasonable rules and regulations regarding the security and protection of the Building and the tenants thereof, including without limitation the right of the Landlord to search the person of and/or any article carried by any person entering or leaving the Building.
28. The Tenant covenants that the Rules and Regulations hereinabove stipulated, and such other and further Rules and Regulations as the Landlord may make, being in its judgment needful for the reputation, safety, care or cleanliness of the Building and the Premises, or the operation or maintenance of the same and its equipment, or the

comfort of tenants, shall be faithfully observed and performed by the Tenant, and by the servants, agents, visitors and tenants of the Tenant. The Landlord shall have the right to change said rules and it shall not be responsible to the Tenant for the non-observance or violation of any of said rules and regulations by any other Tenants or other person.

The provisions of the Rules and Regulations shall not be deemed to limit any covenant or provision of the Lease to be performed or fulfilled by the Tenant. Upon any persistent infraction by the Tenant or its directors, officers or employees of the Rules and Regulations or any of them, as may in the opinion of the Landlord be calculated to annoy or disturb the quiet enjoyment of any other tenant, or interfere with the proper operation of the Building, the Landlord may declare a forfeiture and cancellation of the Lease and may demand possession of the Premises without notice.

SCHEDULE D

ADDITIONAL CLAUSES

1. Option to Extend Term.

The Tenant, provided it is in occupancy of the Premises and provide it is not then in material default during the initial Term or Extended Term, shall have two (2) options to extend the Term of the Lease for a further period each of ten (10) years (the "**Extended Terms**"), such option to be exercised upon not less than six (6) months' written notice to the Landlord prior to the expiry of the Term or each Extended Terms, as applicable. The exercise of the second and third options need to be mutually agreed. The Extended Terms shall be on the same terms and conditions as the initial Term.