

**BUSINESS COMBINATION AGREEMENT**

**among**

**BEVCANNA ENTERPRISES INC.**

**And**

**NATURO GROUP INVESTMENTS INC.**

**Dated as of December 11, 2020**

## BUSINESS COMBINATION AGREEMENT

**THIS AMALGAMATION AGREEMENT** (this “**Agreement**”) is made effective as of the 11th day of December, 2020.

### AMONG:

**BEVCANNA ENTERPRISES INC.**, a company incorporated under the laws of the Province of British Columbia and having an office at Suite 200 - 1672 West 2nd Avenue, Vancouver, BC V6J 1H4 (“**BevCanna**”)

### AND:

**NATURO GROUP INVESTMENTS INC.**, a company incorporated under the laws of the Province of British Columbia and having an office at 1672 West 2nd Avenue, Vancouver, BC V6J 1H4

(“**Naturo**”)

### WHEREAS:

- A. The common shares of BevCanna are listed for trading on the Canadian Stock Exchange (the “**CSE**”) under the symbol “**BEV**”;
- B. Naturo is a privately held investment holding company with interests in the cannabis and beverage sector;
- C. BevCanna will create a new wholly-owned subsidiary, created solely for the purpose of effecting the Amalgamation (“**Newco**”);
- D. BevCanna, Naturo and Newco propose a business combination whereby Naturo and Newco will amalgamate under Section 269 of the BCBCA on the terms described in this Agreement, and will continue as Amalco, a wholly-owned subsidiary of BevCanna and in connection therewith, BevCanna proposes to issue securities of BevCanna to the securityholders of Naturo as hereinafter provided; and
- F. Naturo and Newco will each require the approval of their respective shareholders for the Amalgamation and this Agreement pursuant to the requirements of the BCBCA;

**NOW THEREFORE**, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the Parties, the Parties hereby covenant and agree as follows:

## ARTICLE 1 DEFINITIONS, INTERPRETATION AND SCHEDULES

### 1.1 Definitions

In this Agreement including the preamble hereto, unless the context otherwise requires, the following words shall have the following meanings:

**"1933 Act"** means the United States *Securities Act of 1933*, as amended;

**"affiliate"** has the meaning ascribed to it under the BCBCA;

**"Agreement"** means this business combination agreement, together with the schedules attached hereto, as amended, restated or supplemented from time to time;

**"Amalco"** means the corporation resulting from the Amalgamation;

**"Amalco Shares"** means the common shares in the capital of Amalco;

**"Amalgamation"** means the amalgamation of Naturo and Newco pursuant to Section 269 of the BCBCA on the terms and conditions set forth in this Agreement, subject to any amendment thereto in accordance herewith;

**"Amalgamation Application"** means the amalgamation application that will be filed with the Registrar under subsection 275(1)(a) of the BCBCA in order to give effect to the Amalgamation, in the form to be mutually agreed by the Parties, acting reasonably;

**"Applicable Securities Laws"** means the securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders having the force of law, in force from time to time in any applicable jurisdiction, including without limitation, the Provinces of Ontario, Alberta and British Columbia;

**"Appraisal Report"** means the Appraisal Report titled "Naturo Group – Hemp/CBD Production, Processing, and Sales Facility" dated March 11, 2020 as prepared by Altus Group;

**"Articles of Amalco"** means the articles of Amalco in the form to be mutually agreed to by the Parties, acting reasonably ;

**"Authorization"** means, with respect to any Person, any order, permit, approval, grant, consent, waiver, license, certificate, judgment, writ, award, determination, exemption, direction, decision, decree, bylaw, rule, regulation, registration or similar authorization of, from or required by any Governmental Entity having jurisdiction over the Person;

**"BCBCA"** means the *Business Corporations Act* (British Columbia), and the regulations promulgated thereunder, as amended from time to time;

**"BevCanna"** has the meaning ascribed thereto on the first page of this Agreement;

**"BevCanna Board"** means the board of directors of BevCanna, as constituted from time to time;

**"BevCanna Disclosure Letter"** means the disclosure letter executed by BevCanna and delivered to Naturo on or before the Disclosure Letter Delivery Date;

**"BevCanna Financial Statements"** means the audited annual financial statements of BevCanna for the year ended December 31, 2019, and the notes thereto, and the unaudited financial statements of BevCanna for the three and nine months ended September 30, 2020, and the notes thereto;

**"BevCanna Parties"** means, collectively, BevCanna and Newco;

**“BevCanna Public Disclosure Record”** means entirety of the public documents filed by BevCanna on SEDAR under BevCanna’s SEDAR profile;

**“BevCanna Resolution”** means, if required, the special resolution of the BevCanna Shareholders approving the Amalgamation and this Agreement, substantially in the form agreed to by the Parties;

**“BevCanna Shareholder Approval”** means, if required, approval of the Amalgamation by (i) the holders of at least 66 2/3% of the issued and outstanding BevCanna Shares (voting together with the holders of outstanding options and warrants, if required) present in person or represented by proxy at the Naturo Meeting, and (ii) at least 50% of disinterested holders of the issued and outstanding BevCanna Shares present in person or represented by proxy at the BevCanna Meeting;

**“BevCanna Shareholders”** means, at any time, the holders of outstanding BevCanna Shares;

**“BevCanna Shares”** means the authorized common shares in the capital of BevCanna;

**“Bottling Plant”** means the 41,000- square foot water bottling plant and warehouse located in Bridesville, British Columbia in which Naturo has a 100% interest, as further described in the Evaluation Report;

**“Business Day”** means a day, other than a Saturday or Sunday, on which the principal commercial banks located in the City of Vancouver, British Columbia are open for business;

**“CASL”** means *An Act to Promote the Efficiency and Adaptability of the Canadian Economy by Regulating Certain Activities that Discourage Reliance on Electronic Means of Carrying out Commercial Activities, and to Amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act* (Canada);

**“Certificate of Amalgamation”** means the certificate of amalgamation to be issued by the Registrar in respect of the Amalgamation in accordance with Subsection 281 of the BCBCA;

**“Claim”** means any claim, demand, complaint, action, grievance, proceeding, investigation, suit, cause of action, assessment or reassessment, charge, judgment, order, writ, injunction, decree, debt, liability, expense, cost, damage or loss, contingent or otherwise, judicial, administrative or otherwise (including legal fees on a solicitor and his or her own client basis and other professional fees and all costs incurred in investigating or pursuing any of the foregoing or any proceeding);

**“Closing”** means the completion of the Amalgamation set forth herein, including the issuance of securities of BevCanna to Naturo securityholders, which shall take place on the Closing Date;

**“Closing Date”** means the date of the Closing, which shall be a date on or before the Completion Deadline, as mutually agreed to by BevCanna and Naturo;

**“Completion Deadline”** means the latest date by which the Amalgamation is to be completed, which date shall be February 2, 2021, or such other date as the Parties may mutually agree;

**“Contract”** means any note, mortgage, indenture, non-governmental permit or license, franchise, lease or other contract, agreement, commitment or arrangement binding upon BevCanna or Naturo, as the case may be;

“**CSE**” means the Canadian Securities Exchange;

“**CSE Conditional Approval**” has the meaning ascribed thereto in Section 6.1(c); and

“**Directed Selling Efforts**” has the meaning ascribed thereto in Regulation S;

“**Disclosure Letter Delivery Date**” means January 8, 2021, the date that each of the BevCanna Disclosure Letter and the Naturo Disclosure Letter are to be delivered to the intended Party pursuant to this Agreement;

“**Effective Date**” means the date shown on the Certificate of Amalgamation;

“**Effective Time**” means the earliest moment in time (Vancouver time) on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date;

“**Employee Plans**” means, all health, welfare, supplemental unemployment benefit, change of control, bonus, profit sharing, option, insurance, compensation, incentive, incentive compensation, deferred compensation, share purchase, share compensation, disability, pension, vacation, severance or termination pay, retirement or retirement savings plans, or other employee benefit plans, policies, trusts, funds, agreements, or arrangements for the benefit of employees, former employees, directors or former directors of Naturo or any of its subsidiaries, which are sponsored, maintained by, contributed to, or binding upon Naturo or any of its subsidiaries or in respect of which Naturo or any of its subsidiaries has an actual or contingent liability excluding all obligations for severance and termination pursuant to a statute;

“**Encumbrance**” means any mortgage, pledge, assignment, charge, lien, claim, security interest, adverse interest, other third person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, Contract or otherwise) capable of becoming any of the foregoing;

“**Evaluation Report**” means the Estimate Pricing Report on Naturo Group Inc. dated February 11, 2020, as prepared by Evans & Evans;

“**Evans & Evans**” means Evans & Evans, Inc.;

“**Exchange Ratio**” means one BevCanna Share for that number of Naturo Share(s) equal to the quotient obtained by dividing 50,000,000 by a number equal to the number of Naturo Shares outstanding immediately prior to the Closing Time (determined on a fully diluted basis);

“**Listing Statement**” means the listing statement prepared in accordance with CSE Form 2A *Listing Statement* to be filed by BevCanna in connection with the Amalgamation;

“**Governmental Entity**” means any applicable (a) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (b) subdivision, agent, commission, board or authority of any of the foregoing; (c) quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (d) stock exchange, including the CSE;

“**IFRS**” means International Financial Reporting Standards, as adopted by the International Accounting Standards Board, as amended from time to time;

“**Indebtedness**” means, with respect to any Person, without duplication, as of the date of determination: (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (iii) all lease obligations of such Person capitalized on the books and records of such Person, (iv) all Indebtedness of others secured by a Lien on property or assets owned or acquired by such Person, whether or not the Indebtedness secured thereby have been assumed, (v) all letters of credit, bank guarantees, surety bonds or performance bonds issued for the account of such Person, to the extent drawn upon, (vi) all guarantees of such Person of any Liabilities of any other Person other than a wholly owned subsidiary of such Person, (vii) all obligations (including accrued interest) without duplication under a contract that is or would be recorded on a balance sheet pursuant to IFRS, (viii) all cash overdrafts and payments in process; (ix) any unfunded pensions or deferred compensation to any employee; (x) Liabilities relating to or arising out of any interest rate swap, forward contract or other hedging or derivative arrangement (assuming such arrangements were terminated on the date of determination); (xi) refundable grants from any Governmental Entity and (xii) accrued and unpaid interest, prepayment fees or penalties, expenses, make-whole payments, termination costs, breakage costs or other amounts owing in respect of all items in clauses (i) through (xi) above

“**Intellectual Property**” means domestic and foreign: (a) patents, applications for patents and reissues, divisions, continuations, renewals, extensions, and continuations-in-part of patents and patent applications; (b) proprietary and non-proprietary business information, including inventions, improvements, trade secrets, know-how, methods, processes, designs, technology, technical data and documentation relating to any of the foregoing; (c) trade-marks (both registered and unregistered), trade names, business names, corporate names, domain names, website names and website addresses, trade dress and logos, and the goodwill associated with any of the foregoing; (d) copyrights, copyright registrations and applications for copyright registrations; and (e) any other proprietary information or intellectual property;

“**Laws**” means all laws, statutes, codes, ordinances, decrees, rules, regulations, by-laws, statutory rules, principles of law, published policies and guidelines, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, including general principles of common and civil law, and terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity, statutory body or self-regulatory authority, and the term “applicable” with respect to such Laws and in the context that refers to one or more Persons, means that such Laws apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Governmental Entity (or any other Person) having jurisdiction over the aforesaid Person or Persons or its or their business, undertaking, property or securities;

“**Liability**” means any and all debts, liabilities, claims, demands, losses, costs, damages and obligations, whether known or unknown, fixed, contingent or absolute, matured or unmatured, accrued or not accrued, determined or determinable, secured or unsecured, disputed or undisputed, subordinated or unsubordinated, or otherwise;

“**Liens**” means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances, encroachments, options, adverse rights or claims or other third Person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

“**LOI**” means the non-binding letter of intent dated November 24, 2020 between BevCanna and Naturo, as amended from time to time;

“**Material Adverse Change**” means any one or more changes, effects, events, occurrences or states of facts that, either individually or in the aggregate, have, or would reasonably be expected to have, a Material Adverse Effect on BevCanna or Naturo, as applicable, on a consolidated basis;

“**Material Adverse Effect**” means any change, effect, event, occurrence or state of facts that, individually or in the aggregate, with other such changes, effects, events, occurrences or states of facts, is or would reasonably be expected to be material and adverse to the business, properties, operations, results of operations or financial condition of BevCanna or Naturo, as applicable, on a consolidated basis, except any change, effect, event, occurrence or state of facts resulting from or relating to:

- (a) the announcement of the execution of this Agreement or any transactions contemplated herein, or communication by the applicable Party of its plans or intentions with respect to the other Party and/or any of its subsidiaries;
- (b) changes in the United States and Canadian economies in general or the United States and Canadian capital or currency markets in general;
- (c) the threat, commencement, occurrence or continuation of any war, armed hostilities, acts of environmental groups, civil strife, or acts of terrorism;
- (d) any change in applicable Laws or in the interpretation thereof by any Governmental Entity;
- (e) any change in IFRS;
- (f) any natural disaster;
- (g) any change relating to foreign currency exchange rates; or
- (h) changes affecting the Party’s industry generally,

provided that, in the case of any changes referred to in clauses (b) to (h) above, such changes do not have a materially disproportionate effect on the applicable Party relative to comparable companies;

“**Material Contract**” means any Contract entered into by Naturo or BevCanna, as applicable, (i) which has payment obligations on the part of such Party that exceed \$5,000, (ii) which has been entered into out of the ordinary course of business, (iii) for which breach, nonperformance, cancellation or failure to renew could reasonably be expected to have a Material Adverse Effect on such Party, (iv) pursuant to which any payment or third party consent may be triggered in connection with such Party entering into this Agreement or carrying out the transactions contemplated thereby, or (v) which can reasonably be regarded as material to a securityholder of such Party.

“**MI 61-101**” means Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Administrators, as amended from time to time;

“**Naturo**” has the meaning ascribed thereto on the first page of this Agreement;

“**Naturo Board**” means the board of directors of Naturo, as constituted from time to time;

“**Naturo Disclosure Letter**” means the disclosure letter executed by Naturo and delivered to BevCanna on or before the Disclosure Letter Delivery Date;

“**Naturo Dissent Rights**” means the dissent rights exercisable by the Naturo Shareholders in connection with the Amalgamation pursuant to Section 272 of the BCBCA;

“**Naturo Financial Statements**” means the audited annual financial statements for the year ended December 31, 2019 and the notes thereto, and the auditor reviewed interim financial statements for the nine months ended September 30, 2020;

“**Naturo Information Circular**” means the Information Circular of Naturo to be mailed to the Naturo Shareholders in connection with the Naturo Meeting;

“**Naturo Meeting**” means the special meeting of the Naturo Shareholders, including any adjournment or postponement thereof, for the purpose of, among other things, considering and, if thought fit, approving the Naturo Resolution;

“**Naturo Notice of Meeting**” means the notice of meeting sent to Naturo Shareholders in connection with the Naturo Meeting together with all documents enclosed therewith;

“**Naturo Options**” means 450,000 options to purchase common shares of Naturo;

“**Naturo Resolution**” means the special resolution of the Naturo Shareholders approving the Amalgamation and this Agreement, substantially in the form agreed to by the Parties;

“**Naturo Shareholder Approval**” means approval of the Amalgamation by the holders of at least 66 2/3% of each class of the issued and outstanding Naturo Shares present in person or represented by proxy at the Naturo Meeting;

“**Naturo Shareholders**” means, at any time, the holders of Naturo Shares;

“**Naturo Shares**” means the authorized common shares without par value, class B common shares without par value, and series A preferred shares without par value in the capital of Naturo;

“**Naturo Warrants**” means 1,250,000 common share purchase warrants of Naturo with each Naturo Warrant entitling the holder thereof to acquire one Naturo Share at a price of \$0.80;

“**Newco**” has the meaning ascribed thereto on the first page of this Agreement;

“**Newco Shares**” means common shares in the capital of Newco;

“**Party**” means, as the context requires, either Naturo, BevCanna or Newco, and “**Parties**” means two or more of them, as applicable;

“**Person**” means any individual, firm, partnership, joint venture, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status;



**“Privacy Laws”** means all Laws relating to privacy or data protection, including, the *Personal Information Protection and Electronic Documents Act* (Canada) and CASL;

**“Registrar”** means the registrar appointed under section 400 of the BCBCA;

**“Regulation D”** means Regulation D adopted by the SEC under the 1933 Act;

**“Regulation S”** means Regulation S adopted by the SEC under the 1933 Act;

**“Representatives”** means, collectively, in respect of a Person and its subsidiaries, its and their directors, officers, employees, agents, representatives and any financial advisor, law firm, accounting firm or other professional firm retained by the Person or its subsidiaries;

**“Resulting Issuer”** means BevCanna following the completion of the Amalgamation, having Amalco as a wholly-owned subsidiary thereof;

**“Resulting Issuer Shares”** means the authorized common shares in the capital of the Resulting Issuer;

**“Resulting Issuer Options”** means options to purchase Resulting Issuer Shares;

**“Resulting Issuer Warrants”** means warrants to purchase Resulting Issuer Shares;

**“SEC”** means the United States Securities and Exchange Commission;

**“Securities Act”** means the *Securities Act* (British Columbia);

**“Securities Authorities”** means the federal, state and provincial securities commissions and/or other securities regulatory authorities in Canada and the United States, including the SEC, and any stock exchanges or other self-regulatory agencies having authority over BevCanna or Naturo (as applicable), including the CSE;

**“Securities Laws”** means the Securities Act, together with all other applicable Canadian provincial securities laws, rules and regulations and published policies thereunder, as now in effect and as they may be promulgated or amended from time to time;

**“SEDAR”** means the Canadian System for Electronic Document Analysis and Retrieval;

**“Source Water Assessment”** means the assessment of the source water at the Miller Springs Bottling Plant in Bridesville, BC, prepared for Miller Springs Limited by Piteau Associates Engineering Ltd. and dated May 28, 2015;

**“Substantial U.S. Market Interest”** means substantial U.S. market interest as that term is defined in Regulation S;

**“Tax”** and **“Taxes”** means all taxes, assessments, charges, dues, duties, rates, fees, imposts, levies and similar charges of any kind lawfully levied, assessed or imposed by any Governmental Entity, including all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, ad valorem taxes, value added taxes, transfer taxes (including, without limitation, taxes relating to the transfer of interests in real property or entities holding interests therein), franchise taxes, license taxes, withholding taxes, payroll taxes, employment

taxes, Canada Pension Plan contributions, excise, severance, social security, workers' compensation, employment insurance or compensation taxes or premium, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, customs duties or other taxes, fees, imports, assessments or charges of any kind whatsoever, together with any interest and any penalties or additional amounts imposed by any taxing authority (domestic or foreign) on such entity, and any interest, penalties, additional taxes and additions to tax imposed with respect to the foregoing;

**"Tax Act"** means the *Income Tax Act* (Canada);

**"Tax Returns"** means all returns, reports, declarations, claims for refunds, elections, notices, filings, forms, statements and other documents (whether in written, electronic or other form) and any amendments, schedules, attachments, supplements, appendices and exhibits thereto, which have been prepared or filed or are required to be prepared or filed in respect of Taxes;

**"Transaction Agreements"** means the agreements entered into with respect to the transaction contemplated hereunder;

**"Transfer Agent"** means Olympia Trust Company, the transfer agent for the BevCanna Shares;

**"United States"** or **"U.S."** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

**"Valuation Reports"** means the Evaluation Report and the Appraisal Report; and

**"Water Source"** means the natural water source located in Bridesville, British Columbia in which Naturo has a 100% interest, as further described in the Evaluation Report.

In addition, words and phrases used herein and defined in the BCBCA shall have the same meaning herein as in the BCBCA unless the context otherwise requires.

## **1.2 Headings, etc.**

- (a) The preamble forms an integral part hereof and is not mere recitals.
- (b) The division of this Agreement into articles, sections and subsections and the insertion of headings herein are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein", "hereto", "hereunder" and similar expressions refer to this Agreement and the schedules attached hereto and not to any particular article, section or other portion hereof and include any agreement, schedule or instrument supplementary or ancillary hereto or thereto.

## **1.3 Number and Gender**

In this Agreement, unless the context otherwise requires, words importing the singular only shall include the plural and vice versa and words importing the use of either gender shall include both genders and neuter.

#### **1.4 Date for any Action**

If the date on which any action required to be taken hereunder by any Party is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

#### **1.5 Statutory References**

Any reference in this Agreement to a statute includes all regulations and rules made thereunder, all amendments to such statute or regulation in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulation.

#### **1.6 Currency**

Unless otherwise stated, all references in this Agreement to dollar amounts are expressed in Canadian currency.

#### **1.7 Invalidity of Provisions**

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable Laws, the Parties waive any provision of Law that renders any provision of this Agreement or any part thereof invalid or unenforceable in any respect. The Parties will engage in good faith negotiations to replace any provision hereof or any part thereof that is declared invalid or unenforceable with a valid and enforceable provision or part thereof, the economic effect of which approximates as much as possible the invalid or unenforceable provision or part thereof that it replaces.

#### **1.8 Accounting Matters**

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under, and all determinations of an accounting nature required to be made hereunder shall be made in a manner consistent with, IFRS.

#### **1.9 Knowledge**

Where the phrase "to the knowledge of" is used in respect of any Party, such phrase shall mean, in respect of each representation and warranty or other statement which is qualified by such phrase, that such representation and warranty or other statement is being made based upon the actual knowledge of management of such Party after appropriate inquiries and investigations.

#### **1.10 Meaning of "Ordinary and Regular Course of Business"**

In this Agreement the phrase "in the ordinary and regular course of business" shall mean and refer to those activities that are normally conducted by management of corporations engaged in the businesses of Naturo or BevCanna, as applicable, without any need for the approval of the board of directors thereof.

### **1.11 Schedules**

The following schedules are attached to, and are deemed to be incorporated into and form part of, this Agreement:

Schedule "A" – Form of U.S. Representation Letter

## **ARTICLE 2 THE AMALGAMATION**

### **2.1 Terms of Amalgamation**

BevCanna, Newco and Naturo hereby covenant and agree to implement the Amalgamation in accordance with the terms and subject to the conditions of this Agreement, as follows:

- (a) as soon as reasonably practicable following the execution and delivery of this Agreement, Naturo shall obtain the Naturo Shareholder Approval for the Naturo Resolution;
- (b) following approval of the Naturo Resolution by the Naturo Shareholders and in accordance with the requirements of the BCBCA, Naturo and Newco shall jointly complete and file the Amalgamation Application with the Registrar to give effect to the Amalgamation;
- (c) at the Effective Time, Newco and Naturo shall amalgamate and continue as one company, being Amalco, pursuant to the provisions of Section 269 of the BCBCA; and
- (d) at the Effective Time:
  - (i) all of the holders of Naturo Shares outstanding immediately prior to the Effective Time, shall receive, in exchange for their Naturo Shares, that number of BevCanna Shares equal to the product of:
    - (A) the number of the Naturo Shares held by such holders; and
    - (B) the Exchange Ratio,and the Naturo Shares outstanding immediately prior to the Effective Time shall be cancelled.
  - (ii) all of the Newco Shares outstanding immediately prior to the Effective Time shall be exchanged for an equal number of Amalco Shares;
  - (iii) as consideration for the issuance of BevCanna Shares pursuant to the Amalgamation, Amalco shall issue to BevCanna one Amalco Share for each BevCanna Share issued.

### **2.2 Effective Date**

The Amalgamation shall be completed on the Effective Date and shall be effective at the Effective Time.

### **2.3 Effecting the Amalgamation**

Subject to the rights of termination contained in Article 7, upon the Naturo Shareholder Approval being obtained, and the other conditions contained in Article 6 being complied with or waived, Naturo and Newco shall file with the Registrar the Amalgamation Application and deliver such other documents as may be required in order to effect the Amalgamation, within two Business Days, or such other date as the Parties may agree, of the later of: (i) the Naturo Shareholder Approval being obtained, (ii) the BevCanna Shareholder Approval being obtained, (iii) all conditions imposed by the CSE pursuant to the CSE Conditional Approval being satisfied, and (iv) seven Business Days following the filing of the Listing Statement.

### **2.4 Name of Amalco**

The Parties agree that the name of Amalco shall be a name including "Naturo".

### **2.5 Registered Office of Amalco**

The Parties agree that the address of the registered and records office of Amalco shall be 1055 West Georgia Street, 1500 Royal Centre, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7.

### **2.6 Authorized Capital of Amalco**

The Parties agree that Amalco shall be authorized to issue an unlimited number of common shares (being the Amalco Shares).

### **2.7 Fiscal Year**

The fiscal year end of Amalco shall be December 31 of each calendar year.

### **2.8 Initial Directors and Officers of Amalco**

The Parties agree that the first directors and officers of Amalco shall be one or more individuals mutually acceptable to the Parties.

### **2.9 Treatment of Restricted Securities under the U.S. Securities Act**

The Parties agree that the BevCanna Shares issued in connection with the Amalgamation to or for the account or benefit of any former Naturo Shareholders who is a U.S. Person (as defined in Regulation S) or person in the United States will be "restricted securities" within the meaning of Rule 144 under the 1933 Act and each certificate representing such BevCanna Shares will bear a legend in substantially the form that follows:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT") OR UNDER ANY STATE SECURITIES LAWS AND ARE "RESTRICTED SECURITIES" AS THAT TERM IS DEFINED IN RULE 144 UNDER THE 1933 ACT. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF BEVCANNA ENTERPRISES INC. (THE "ISSUER") THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR

OTHERWISE TRANSFERRED ONLY (A) TO THE ISSUER; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATIONS UNDER THE 1933 ACT AND IN COMPLIANCE WITH APPLICABLE UNITED STATES STATE LAWS AND REGULATIONS AND APPLICABLE LOCAL LAWS AND REGULATIONS; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE 1933 ACT PROVIDED BY RULE 144 OR RULE 144A THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE 1933 ACT OR ANY APPLICABLE STATE SECURITIES LAWS, OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT AND, IN THE CASE OF PARAGRAPH (C) OR (D), THE SELLER FURNISHES TO THE ISSUER AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE ISSUER TO SUCH EFFECT.”

THE PRESENCE OF THIS LEGEND MAY IMPAIR THE ABILITY OF THE HOLDER HEREOF TO EFFECT “GOOD DELIVERY” OF THE SECURITIES REPRESENTED HEREBY ON A CANADIAN STOCK EXCHANGE.”

## **2.10 Consultation**

Naturo and BevCanna will consult with each other in issuing any press release or otherwise making any public statement with respect to this Agreement or the Amalgamation and in making any filing with any Governmental Entity or Securities Authority with respect thereto. Each of Naturo and BevCanna shall use its commercially reasonable efforts to enable the other of them to review and comment on all such press releases and filings prior to the release or filing, respectively, thereof, provided, however, that the obligations herein will not prevent a Party from making, after consultation with the other Party, such disclosure as is required by applicable Laws or the rules and policies of any applicable stock exchange.

## **2.11 Withholding Taxes**

BevCanna and Newco will be entitled to deduct and withhold from the BevCanna Shares deliverable to any former Naturo Shareholder such amounts as BevCanna or Newco may be required to deduct and withhold therefrom under any provision of applicable Laws in respect of Taxes. To the extent that any amounts are so deducted and withheld, such amounts will be treated for all purposes under this Agreement as having been paid to the Person to whom such amounts would otherwise have been paid. BevCanna or Newco may sell or otherwise dispose of (or direct the disposition or sale of) any portion of the BevCanna Shares issuable to a former Naturo Shareholder as is necessary to provide sufficient funds to enable BevCanna or Newco to comply with such deduction and/or withholding requirements, and the former Naturo Shareholder will co-operate to complete any such sale or disposition and will lose all rights in respect of the BevCanna Shares if they do not co-operate as requested.

## **2.12 Convertible Securities**

The Parties acknowledge that, as at the Effective Time, all securities of Naturo convertible into Naturo Shares will cease to represent a right to acquire Naturo Shares and will provide the right to acquire BevCanna Shares, all in accordance with the adjustment provisions provided in the certificates representing such securities.

### **2.13 Dissent Rights**

Registered Naturo Shareholders entitled to vote at the Naturo Meeting will be entitled to exercise Naturo Dissent Rights with respect to their Naturo Shares in connection with the Amalgamation pursuant to and in the manner set forth in the Naturo Notice of Meeting and Naturo Information Circular. Naturo shall give BevCanna notice of any written notice of dissent, withdrawal of such notice, and any other instruments serviced pursuant to such dissent rights and received by Naturo and shall provide BevCanna with copies of such notices and written objections. Naturo Shares which are held by a dissenting Naturo Shareholder shall not be exchanged for BevCanna Shares pursuant to the Amalgamation. However, if a dissenting Naturo Shareholder fails to perfect or effectively withdraws such dissenting Naturo Shareholder's claim under the BCBCA or forfeits such dissenting Naturo Shareholder's right to make a claim under the BCBCA, or if such dissenting Naturo Shareholder's rights as a Naturo Shareholder are otherwise reinstated, such Naturo Shareholder's Naturo Shares shall thereupon be deemed to have been exchanged for BevCanna Shares as of the Effective Time as prescribed herein.

### **2.14 Escrow**

Naturo acknowledges and agrees that in accordance with the policies of the CSE, the Resulting Issuer Shares issued to certain Naturo Shareholders who will be directors and/or officers of the Resulting Issuer will be subject to escrow under the policies of the CSE and Applicable Laws.

### **2.15 BevCanna Guarantee**

BevCanna hereby unconditionally and irrevocably guarantees the due and punctual performance by Newco of each and every covenant and obligation of Newco arising under the Amalgamation. BevCanna hereby agrees that Naturo shall not have to proceed first against Newco before exercising its rights under this guarantee against BevCanna.

### **2.16 Actions to Satisfy Conditions**

Each of Naturo and BevCanna shall take all such actions as are within its power to control and to use commercially reasonable efforts to cause other actions to be which are not within its power or control, so as to ensure compliance with all of the applicable conditions precedent as set forth in this Agreement and any Transaction Agreements.

## **ARTICLE 3**

### **SHAREHOLDER INFORMATION, LISTING STATEMENT AND MEETING**

#### **3.1 Listing Statement**

- (a) If it is determined by BevCanna in consultation with its legal counsel that a Listing Statement is required to be filed in connection with the Amalgamation, the Parties shall use all commercially reasonable efforts to prepare and complete, in consultation with each other, the Listing Statement together with any other documents required by Applicable Laws in connection with the Amalgamation. The Parties shall use their commercially reasonable efforts to cause the Listing Statement and such other documents, as applicable, to be filed with the CSE no later

than January 29, 2021, unless otherwise agreed to by the Parties; provided that each Party delivers to the other Parties all requisite information of such Party, financial or otherwise, and any other requisite materials for inclusion in the Listing Statement no later than January 15, 2021, unless otherwise agreed to by the Parties.

- (b) The Parties shall ensure that the Listing Statement complies in material respects with Applicable Laws, does not contain any misrepresentation. BevCanna shall give Naturo and its legal counsel a reasonable opportunity to review and comment on drafts of the Listing Statement and other related documents, and shall give reasonable consideration to any comments made by Naturo and its legal counsel. Naturo and BevCanna shall each provide all necessary information concerning them that is required by Applicable Laws to be included with respect to each of them in the Listing Statement, and shall use their best efforts to ensure that such information does not contain any misrepresentation. Each Party shall promptly notify the other Parties if it becomes aware that the Listing Statement contains a misrepresentation, or otherwise requires an amendment or supplement. The Parties shall co-operate in the preparation of any such amendment or supplement as required or appropriate, and the Parties shall, as required by Applicable Laws, promptly file on SEDAR and, if required by Applicable Laws, file the same with any other Governmental Authority.

### **3.2 Naturo Meeting or Consent Resolution**

- (a) Naturo will convene and conduct the Naturo Meeting on or before January 22, 2021, or such later date as may be mutually agreed to by BevCanna and Naturo, and not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Naturo Meeting without the prior written consent of BevCanna, except in the case of an adjournment, as required for quorum purposes.
- (b) The Parties shall ensure that the Naturo Notice of Meeting and Naturo Information Circular complies in all material respects with Applicable Laws, does not contain any misrepresentation, and provides the Naturo Shareholders with sufficient information to permit them to form a reasoned judgement concerning the matters to be placed before the Naturo Meeting. Naturo shall give BevCanna and its legal counsel a reasonable opportunity to review and comment on drafts of the Naturo Notice of Meeting and Naturo Information Circular and other related documents, and shall give reasonable consideration to any comments made by BevCanna and its legal counsel. Naturo shall promptly notify BevCanna if it becomes aware that the Naturo Notice of Meeting or Naturo Information Circular contains a misrepresentation, or otherwise requires an amendment or supplement. The Parties shall co-operate in the preparation of any such amendment or supplement as required or appropriate with respect to the Naturo Notice of Meeting or Naturo Information Circular, and the Parties shall, as required by Applicable Laws, promptly mail any such amendment or supplement to the Naturo Shareholders and, if required by Applicable Laws, file the same with any other Governmental Authority.
- (c) The Parties acknowledge and agree that rather than hold the Naturo Meeting, Naturo may obtain shareholder approval of this Agreement by way of consent resolution.

### **3.3 BevCanna Meeting or Consent Resolution**

- (a) If required, BevCanna will convene and conduct the BevCanna Meeting on such date as may be mutually agreed to by BevCanna and Naturo, and not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the BevCanna Meeting without the prior



written consent of Naturo, except in the case of an adjournment, as required for quorum purposes.

- (b) The Parties shall ensure that the BevCanna Notice of Meeting and BevCanna Information Circular complies in all material respects with Applicable Laws, does not contain any misrepresentation, and provides the BevCanna Shareholders with sufficient information to permit them to form a reasoned judgement concerning the matters to be placed before the BevCanna Meeting. BevCanna shall give Naturo and its legal counsel a reasonable opportunity to review and comment on drafts of the BevCanna Notice of Meeting and BevCanna Information Circular and other related documents, and shall give reasonable consideration to any comments made by Naturo and its legal counsel. BevCanna shall promptly notify Naturo if it becomes aware that the BevCanna Notice of Meeting or BevCanna Information Circular contains a misrepresentation, or otherwise requires an amendment or supplement. The Parties shall co-operate in the preparation of any such amendment or supplement as required or appropriate with respect to the BevCanna Notice of Meeting or BevCanna Information Circular and the Parties shall, as required by Applicable Laws, promptly mail any such amendment or supplement to the BevCanna Shareholders and, if required by Applicable Laws, file the same with any other Governmental Authority.
- (c) The Parties acknowledge and agree that rather than hold the BevCanna Meeting, BevCanna may obtain shareholder approval of this Agreement by way of consent resolution.

### **3.4 Preparation of Filings**

The Parties will co-operate in the preparation of any application for any required Authorization and any other orders, registrations, consents, filings, rulings, exemptions, no-action letters and approvals, and in the preparation of any documents, reasonably deemed by any of the Parties to be necessary to discharge its respective obligations under this Agreement or otherwise advisable under Applicable Laws.

## **ARTICLE 4 REPRESENTATIONS AND WARRANTIES**

### **4.1 Representations and Warranties of BevCanna**

Except as set out in the BevCanna Disclosure Letter, BevCanna hereby represents and warrants to Naturo and hereby acknowledges that Naturo is relying upon such representations and warranties in connection with entering into this Agreement and agreeing to complete the Amalgamation (and Naturo acknowledges and agrees that all representations and warranties relating to Newco are stated to be true only as of the Effective Time), that:

- (a) Organization. Each of BevCanna and Newco has been incorporated and validly exists under the laws of the jurisdiction of its incorporation and is in good standing under applicable corporate laws and has full corporate and legal power and authority to own its property and assets and to conduct its business as currently owned and conducted.
- (b) Capitalization. BevCanna is authorized to issue an unlimited number of BevCanna Shares of which 108,474,164 BevCanna Shares are issued and outstanding, prior to giving effect to the Amalgamation. Newco is authorized to issue an unlimited number of Newco Shares. Other than as disclosed in the BevCanna Public Disclosure Record, there are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive,

contingent or otherwise) obligating BevCanna or Newco to issue or sell any BevCanna Shares or Newco Shares or any securities or obligations of any kind convertible into, or exercisable or exchangeable for, any BevCanna Shares or Newco Shares. All outstanding BevCanna Shares and Newco Shares have been authorized and are validly issued and outstanding as fully paid and non-assessable shares, free of pre-emptive rights. Other than as disclosed in the BevCanna Public Disclosure Record, there are no outstanding bonds, debentures or other evidences of Indebtedness of BevCanna or Newco, other than incurred in the ordinary course of business. There are no outstanding contractual obligations of BevCanna or Newco to repurchase, redeem or otherwise acquire any outstanding BevCanna Shares or Newco Shares or with respect to the voting or disposition of any outstanding BevCanna Shares or Newco Shares.

- (c) Subsidiaries. BevCanna is the registered and beneficial owner of all of the issued and outstanding shares of Newco. Other than as disclosed in the BevCanna Public Disclosure Record, neither BevCanna nor Newco has any other subsidiaries and does not hold any shares or securities of any other entity and is not Affiliated with, nor is it a holding corporation of, any other body corporate. Newco was formed solely for the purposes of effecting the Amalgamation, has nominal assets and no liabilities and has never conducted any business activities.
- (d) Authority and Conflict. BevCanna has all necessary corporate power, authority and capacity to enter into this Agreement and all other Contracts to be executed by BevCanna as contemplated by this Agreement, and to perform its obligations hereunder and under such other Contracts. Newco has all necessary corporate power, authority and capacity to enter into all Contracts to be executed by Newco as contemplated by this Agreement, and to perform its obligations under such Contracts. The execution and delivery of this Agreement by BevCanna and the completion by BevCanna and Newco of the transactions contemplated hereby have been authorized by the BevCanna Board and the board of directors of Newco, and subject to obtaining approval of the CSE and the Registrar, no other corporate proceedings on the part of BevCanna or Newco are necessary to authorize this Agreement or the completion by BevCanna and Newco of the transactions contemplated hereby other than the filing of the Amalgamation Application with the Registrar. This Agreement has been executed and delivered by BevCanna and constitutes a legal, valid and binding obligation of BevCanna, enforceable against BevCanna in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other applicable Laws relating to or affecting creditors' rights generally, and to general principles of equity. The execution and delivery by BevCanna of this Agreement and the performance by each BevCanna and Newco of its obligations hereunder and the completion of the transactions contemplated hereby, do not and will not:
- (i) result in a violation, contravention or breach, constitute a default under, or entitle any third party to terminate, accelerate, modify or call any obligations or rights under, require any consent to be obtained under or give rise to any termination rights under any provision of:
- (A) the notice of articles and articles of BevCanna or the constating documents of Newco;
- (B) any applicable Law or rule or policy of the CSE (except that the approval of the CSE, which is required for the completion by BevCanna of the transactions

contemplated hereby, will be applied for by BevCanna but has not been obtained as of the date hereof); or

- (C) any Material Contract to which BevCanna or Newco is bound or is subject to or of which BevCanna and Newco is the beneficiary,

in each case, which would, individually or in the aggregate, have a Material Adverse Effect on BevCanna.

- (e) Consents and Approvals. No consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other Person is required to be obtained by BevCanna or Newco in connection with the execution and delivery of this Agreement or the consummation by BevCanna and Newco of the transactions contemplated hereby other than:

- (i) If required, the BevCanna Shareholder Approval;
- (ii) filings required under the BCBCA;
- (iii) the approval of the CSE;
- (iv) such registrations and other actions required under Applicable Securities Laws as are contemplated by this Agreement and registrations and applications required as a result of the formation of Amalco; and
- (v) any other consents, approvals, orders, authorizations, declarations or filings which, if not obtained, would not, individually or in the aggregate, have a Material Adverse Effect on BevCanna.

- (f) Directors' Approvals. The BevCanna Board has:

- (i) determined that the Amalgamation are in the best interests of BevCanna; and
- (ii) authorized the entering into of this Agreement and, subject to the approval of the CSE, authorized the performance of BevCanna's obligations hereunder.

- (g) Material Contracts.

- (i) Section 4.1(g) of the BevCanna Disclosure Letter includes a complete and accurate list of all Material Contracts of BevCanna and Newco. BevCanna has made available to Naturo true and complete copies of all such Material Contracts.
- (ii) BevCanna and Newco have performed in all material respects all of their respective obligations required to be performed by them under the Material Contracts of BevCanna and Newco. All such Material Contracts are in full force and effect, and BevCanna or Newco is entitled to all rights and benefits thereunder in accordance with the terms thereof. Neither BevCanna nor Newco has waived any material rights under such Material Contracts and no material default or breach exists in respect thereof on the part of BevCanna or Newco or, to the knowledge of BevCanna, on the part of any other party thereto, and no event has occurred which, after the giving of notice or the

lapse of time or both, would constitute such a default or breach or trigger a right of termination of any of such Material Contracts.

- (iii) All of the Material Contracts of BevCanna and Newco are valid and binding obligations of BevCanna or Newco, as the case may be, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.
- (iv) Neither BevCanna nor Newco has received written notice that any party to a Material Contract of BevCanna or Newco, intends to cancel, terminate or otherwise modify or not renew such Material Contract, and to the knowledge of BevCanna, no such action has been threatened.
- (v) No consents, approvals or notices are required to be obtained from, or given to, any third party under any Material Contract of BevCanna and Newco in order for BevCanna to proceed with the execution and delivery of this Agreement and the consummation of the Amalgamation and the other transactions contemplated by this Agreement.
- (h) Waivers and Consents. There are no waivers, consents, notices or approvals required to complete the transactions contemplated under this Agreement from other parties to the Material Contracts of each of BevCanna and Newco, other than the approval of the CSE pursuant to the CSE Listing Agreement dated June 25, 2019.
- (i) Absence of Changes. Except as disclosed in the BevCanna Public Disclosure Record, since July 31, 2020 in the case of BevCanna, and in the case of Newco, since the date of its incorporation:
  - (i) each of BevCanna and Newco has conducted its business only in the ordinary and regular course of business consistent with past practice;
  - (ii) there has not occurred any Material Adverse Effect in respect of BevCanna or Newco, or any fact or state of facts, circumstance, change, effect, occurrence or event, that individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect in respect of BevCanna or Newco;
  - (iii) other than in the ordinary and regular course of business consistent with past practice, there has not been any incurrence, assumption or guarantee by BevCanna or Newco of any debt for borrowed money, any creation or assumption by BevCanna or Newco of any Encumbrance, any making by BevCanna or Newco of any loan, advance or capital contribution to, or investment in, any other Person, or any entering into, amendment of, relinquishment, termination or non-renewal by BevCanna or Newco of any Contract or other right or obligation that would, individually or in the aggregate, have a Material Adverse Effect on BevCanna or Newco;
  - (iv) BevCanna has not declared or paid any dividends or made any other distribution in respect of any of the BevCanna Shares;
  - (v) BevCanna has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding BevCanna Shares;

- (vi) other than in the ordinary and regular course of business consistent with past practice, there has not been any material increase in or modification of the compensation payable by BevCanna to any of its directors, officers, employees or consultants or any grant to any such director, officer, employee or consultant of any increase in severance or termination pay, or any increase or modification of any bonus, pension, insurance or benefit arrangement made to, for or with any of such directors, officers, employees or consultants; and
- (vii) BevCanna has not effected any material change in its accounting methods, principles or practices, other than as disclosed in the BevCanna Financial Statements.
- (j) Voting Agreements. BevCanna is not party to any agreement, nor, to the knowledge of BevCanna, is there any shareholders agreement or other contract which in any manner affects the voting control of any of the securities of BevCanna.
- (k) Employment Agreements. BevCanna is not a party to any written or oral policy, agreement, obligation or understanding providing for retention bonuses, severance or termination payments to, or any employment or consulting agreement with, any director or officer of BevCanna that would be triggered by BevCanna entering into this Agreement or the completion of the Amalgamation.
- (l) Financial Matters. The BevCanna Financial Statements were prepared in accordance with IFRS consistently applied, and fairly present in all material respects the financial condition of BevCanna at the respective dates indicated and the results of operations of BevCanna for the periods covered. Except as disclosed in the BevCanna Financial Statements, as of the date hereof, BevCanna does not have any Liability or obligation (including, without limitation, liabilities or obligations to fund any operations or work or production program, to give any guarantees or for Taxes), whether accrued, absolute, contingent or otherwise, or any related party transactions or off-balance sheet transactions not reflected in the BevCanna Financial Statements, except liabilities and obligations incurred in the ordinary and regular course of business since September 30, 2020, which liabilities or obligations would not reasonably be expected to have a Material Adverse Effect on BevCanna.
- (m) Books and Records. The financial books, records and accounts of BevCanna and Newco: (i) have been maintained in all material respects in accordance with applicable Laws and IFRS on a basis consistent with prior years; (ii) are stated in reasonable detail and accurately and fairly reflect in all material respects the material transactions, acquisitions and dispositions of the assets of BevCanna and Newco; and (iii) accurately and fairly reflect in all material respects the basis for the BevCanna Financial Statements.
- (n) Minute Books. The corporate minute books of BevCanna and Newco contain minutes of all meetings and resolutions of its boards of directors and committees of its board of directors, other than those portions of minutes of meetings reflecting discussions of the Amalgamation, and shareholders, held according to applicable Laws and are complete and accurate in all material respects.
- (o) Litigation. There is no Claim, audit, indictment or investigation against or involving BevCanna or Newco or any of their respective properties or assets pending or, to the knowledge of BevCanna, threatened which, if adversely determined, would reasonably be expected to have a Material Adverse Effect in respect of BevCanna or would significantly impede the ability of

BevCanna to consummate the Amalgamation and, to the knowledge of BevCanna, no event has occurred which would reasonably be expected to give rise to any such Claim, audit, indictment or investigation. Neither BevCanna, Newco nor any of their respective assets or properties is subject to any outstanding judgment, order, writ, injunction or decree material to BevCanna and Newco on a consolidated basis.

- (p) Tax Matters. BevCanna and Newco are each “taxable Canadian corporations” for purposes of the Tax Act and all Taxes due and payable or required to be collected or withheld and remitted by each of BevCanna and Newco have been paid, collected or withheld and remitted as applicable, except for where the failure to pay such Taxes would not have a Material Adverse Effect. Except to the extent that failure to do so would not have a Material Adverse Effect, all Tax Returns, declarations, remittances and filings required to be filed by each of BevCanna and Newco have been filed with all appropriate Governmental Entity within the prescribed periods and all such Tax Returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading. There are no proceedings, investigations or audits pending or, to the Knowledge of BevCanna, threatened against or affecting BevCanna or Newco in respect of any Taxes and no event has occurred or circumstance exists which could reasonably be expected to give rise to or serve as a valid basis for the commencement of any such proceeding, investigation or audit. There are no agreements, waivers or other arrangements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to BevCanna or Newco.
- (q) Reporting Status. BevCanna is a reporting issuer in good standing in the provinces of British Columbia and Ontario. The BevCanna Shares are listed on the CSE and, to the knowledge of BevCanna, BevCanna is in material compliance with the rules and regulations of the CSE.
- (r) Reports.
- (i) To the knowledge of BevCanna, BevCanna has filed with the Securities Authorities a true and complete copy of all forms, reports, schedules, statements, certifications, material change reports and other documents required to be filed by it, including the BevCanna Public Disclosure Record;
  - (ii) BevCanna has not filed any confidential material change or other report or other document with any Securities Authorities which at the date hereof remains confidential.
  - (iii) Each of the documents that are part of the BevCanna Public Disclosure Record, at the time filed or, if amended, as of the date of such amendment:
    - (A) did not contain any material misrepresentation (as defined in the Securities Act) and did not contain any untrue statement of any material fact or omit to state any material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and
    - (B) complied in all material respects with the requirements of Applicable Securities Laws and the rules, policies and instruments of all Securities Authorities, except where such non-compliance has not had, or would not reasonably be expected to have, a Material Adverse Effect on BevCanna.

- (s) No Cease Trade. Other than the trading halt imposed on the BevCanna Shares in connection with the execution of this Agreement as required under the policies of the CSE, BevCanna is not subject to any cease trade or other order of any applicable Securities Authority and, to the knowledge of BevCanna, no investigation or other proceedings involving BevCanna that may operate to prevent or restrict trading of any securities of BevCanna are currently in progress or pending before any applicable Securities Authority.
- (t) Compliance with Laws.
  - (i) The operations of BevCanna and Newco have been since their respective dates of incorporation and are now being conducted in compliance, in all material respects, with Law.
  - (ii) BevCanna has not received any written notices or other written correspondence from any Governmental Entity regarding any material violation (or any investigation, inspection, audit, or other proceeding by any Governmental Entity involving allegations of any material violation) of any Law. To the knowledge of BevCanna, no investigation, inspection, audit or other proceeding by any Governmental Entity involving allegations of any material violation of any Law is threatened or contemplated.
  - (iii) The operations of BevCanna and each of its subsidiaries are and have been conducted at all times in compliance, in all material respects, with with applicable financial recordkeeping and reporting requirements of the *Canadian Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, as amended, the *U.S. Currency and Foreign Transactions Reporting Act of 1970*, as amended, and the money laundering statutes of all other applicable jurisdictions and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, "**Money Laundering Laws**") and no Claim by or before any Governmental Entity involving BevCanna or any of its subsidiaries with respect to Money Laundering Laws is pending or, to the knowledge of BevCanna, threatened.
- (u) Related Party Transactions. Other than as disclosed in the BevCanna Public Disclosure Record and other than employment or compensation arrangements entered into in the ordinary course of business, no director, officer, employee, independent contractor or agent of BevCanna or Newco or a holder of record or beneficial owner of 5% or more of the BevCanna Shares or an associate or an affiliate of any such Person, is a party to, or beneficiary of, any loan, guarantee, Contract, arrangement or understanding or other transaction with BevCanna or any of its subsidiaries.
- (v) Auditors. BevCanna's auditors are independent public accountants.
- (w) No Broker's Commission. BevCanna has not entered into any Contract that would entitle any Person to any valid claim against it for a broker's commission, finder's fee or any like payment in respect of the Amalgamation or any other matter contemplated by this Agreement.
- (x) Restrictions on Business. There is no Contract or Authorization binding upon BevCanna that has or could reasonably be expected to have the effect of prohibiting, restricting or materially impairing any business practice of BevCanna or any of its affiliates or the conduct of business by BevCanna or any of its affiliates (including following consummation of the Amalgamation) other than any Contract or Authorization containing any such prohibition or restriction which has not

had and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect in respect of BevCanna.

(y) U.S. Securities Law Matters.

- (i) BevCanna is a “foreign issuer” within the meaning of Regulation S and reasonably believes that there is no Substantial U.S. Market Interest in any securities in the same class of securities as the BevCanna Shares.
- (ii) None of BevCanna, its affiliates nor any Person acting on any of their behalf has made or will make (A) any Directed Selling Efforts in the United States with respect to the BevCanna Shares, or has engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Regulation D), including advertisements, articles, notices or other communications published in any newspaper, magazine, or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising in connection with the offer or exchange of the BevCanna Shares to or for the account or benefit of any U.S. Person (as defined in Regulation S) or person in the United States or (B) any sale, offer for sale or solicitation of any offer to buy or exchange any BevCanna Shares that would cause the exemptions from registration under (i) Section 4(a)(2) of or (ii) Rule 903 of Regulation S under the 1933 Act, or exemptions under applicable state laws, to become unavailable with respect to the offer or exchange of the BevCanna Shares in connection with the Amalgamation.
- (iii) BevCanna has provided each former Naturo Shareholder who is a U.S. Person (as defined in Regulation S) or person in the United States that will receive BevCanna Shares in connection with the Amalgamation access to such financial and other information concerning BevCanna and the BevCanna Shares as such former Naturo Shareholder deems necessary in connection with its vote with respect to the approval of the Amalgamation and this Agreement.

(z) No Shareholdings in Naturo. Neither BevCanna nor Newco owns, legally or beneficially, directly or indirectly, any securities of Naturo and does not have any right, agreement or obligation to purchase any securities of Naturo or any securities or obligations of any kind convertible into or exchangeable for any securities of Naturo.

(aa) Right to Use Personal Information. To the knowledge of BevCanna, all personal information in the possession of BevCanna has been collected, used and disclosed in compliance with all applicable privacy Laws in those jurisdictions in which BevCanna conducts, or BevCanna is deemed by operation of law in those jurisdictions to conduct, its business. There are no Claims pending or, to the knowledge of BevCanna, threatened, with respect to BevCanna’s collection, use or disclosure of personal information.

(bb) Due Diligence. All information supplied by BevCanna or its Representatives to Naturo in the course of Naturo’s due diligence review in respect of the transactions contemplated by this Agreement, is accurate and correct in all material respects.



## 4.2 Representations and Warranties of Naturo

Except as set out in the Naturo Disclosure Letter, Naturo hereby represents and warrants to BevCanna and Newco, and hereby acknowledges that BevCanna and Newco are relying upon such representations and warranties in connection with, in the case of BevCanna, entering into this Agreement and, in the case of BevCanna and Newco, agreeing to complete the Amalgamation, as follows:

- (a) Organization and Qualification. Naturo is a corporation duly incorporated or an entity duly created and validly existing under the applicable Laws of its jurisdiction of incorporation, continuance or creation and has all necessary power and authority to own its property and assets and to conduct its business as now owned and conducted. Naturo is duly qualified to conduct business and is in good standing in each jurisdiction in which the character of its properties, owned, leased, licensed or otherwise held, or the nature of its activities, makes such qualification necessary, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, have a Material Adverse Effect in respect of Naturo.
  
- (b) Capitalization.
  - (i) The authorized capital of Naturo consists of an (i) unlimited number of common shares without par value, (ii) an unlimited number of class B common shares without par value, and (iii) an unlimited number of series A preferred shares without par value, of which, as of the date of this Agreement, (i) 9,597,908 common shares, (ii) 5,073,194 class B common shares and (iii) 12,569,166 series A preferred shares were outstanding as fully paid and non-assessable shares in the capital of Naturo.
  
  - (ii) As of the date of this Agreement, Naturo has 1,250,000 Naturo Warrants outstanding with an exercise price of \$0.80 and 450,000 Naturo Options outstanding with an exercise price of \$0.25, and there are no other options, warrants, stock appreciation rights, restricted stock units, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or which may require the issuance, sale or transfer by Naturo of any securities of Naturo (including Naturo Shares), or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of Naturo (including Naturo Shares).
  
  - (iii) All outstanding Naturo Shares have been duly authorized and validly issued and are fully paid and non-assessable. The Naturo Shares have been issued in compliance with all applicable Laws and Securities Laws.
  
  - (iv) There are no securities of Naturo or of any of its subsidiaries outstanding which have the right to vote generally (or are convertible into or exchangeable for securities having the right to vote generally) with the holders of the outstanding Naturo Shares on any matter. There are no outstanding contractual or other obligations of Naturo to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any of its outstanding securities. Except as otherwise disclosed in the Naturo Disclosure Letter, there are no outstanding bonds, debentures or other evidences of Indebtedness of Naturo or any of its subsidiaries having the right to vote with the holders of the outstanding Naturo Shares on any matters.

- (c) Subsidiaries. Except as disclosed in Section 4.2(c) of the Naturo Disclosure Letter, Naturo has no subsidiaries and does not hold any shares or securities of any other entity and is not Affiliated with, nor is it a holding corporation of, any other body corporate.
- (d) Shareholder Agreements. Naturo is not a party to any shareholder, pooling, voting trust or other similar agreement or arrangement relating to the issued and outstanding shares in the capital of Naturo or pursuant to which any Person may have any right or claim in connection with any existing or past equity interest in Naturo and Naturo has not adopted a shareholder rights plan.
- (e) Authority and Conflict. Naturo has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by Naturo as contemplated by this Agreement, and to perform its obligations hereunder and under such other agreements and instruments. The execution and delivery of this Agreement by Naturo and the completion by Naturo of the transactions contemplated by this Agreement have been authorized by the Naturo Board, and subject to obtaining the Naturo Shareholder Approval in the manner contemplated herein, no other corporate proceedings on the part of Naturo are necessary to authorize this Agreement or the completion by Naturo of the transactions contemplated hereby, other than approval by Securities Authorities. This Agreement has been executed and delivered by Naturo and constitutes a legal, valid and binding obligation of Naturo, enforceable against Naturo in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other applicable Laws relating to or affecting creditors' rights generally, and to general principles of equity. The execution and delivery by Naturo of this Agreement and the performance by it of its obligations hereunder and the completion of the transactions contemplated hereby, do not and will not:
- (i) result in a violation, contravention or breach, or constitute a default under, or entitle any third party to terminate, accelerate, modify or call any obligations or rights under, require any consent to be obtained under or give rise to any termination rights under any provision of:
    - (A) its constating documents;
    - (B) any Laws, regulation, order, judgment or decree applicable to Naturo or its or its properties or assets; or
    - (C) any Material Contract to which Naturo is bound or is subject to or of which Naturo is the beneficiary,in each case, which would, individually or in the aggregate, have a Material Adverse Effect on Naturo.
  - (ii) give rise to any right of purchase or sale, right of first refusal or right of first offer, trigger any change in control provision or any restriction or limitation under, any provision of any Material Contract of Naturo or any material Authorization to which Naturo is a party or to which Naturo' properties or assets are bound, except as disclosed in the Naturo Disclosure Letter;
  - (iii) give rise to any right of termination, cancellation, suspension or acceleration, allow any Person to exercise any material right, or cause or permit the termination, cancellation, suspension, acceleration or other change of any material right or obligation or the loss

of any material benefit to which Naturo is entitled under, any provision of any Material Contract of Naturo or any material Authorization to which Naturo is a party or to which Naturo's properties or assets are bound, except as disclosed in Section 5.2(e) of the Naturo Disclosure Letter; or

- (iv) except as disclosed in the Naturo Disclosure Letter, result in the imposition of any Lien upon any of the property or assets of Naturo (whether owned or leased), or restrict, hinder, impair or limit the ability of Naturo to conduct its business as and where it is now being conducted, except as would not, individually or in the aggregate, have a Material Adverse Effect in respect of Naturo.
- (f) Consents and Approvals. The execution, delivery and performance by Naturo of its obligations under this Agreement and the consummation by Naturo of the Amalgamation and the other transactions contemplated by this Agreement do not require any Authorization or other action by or in respect of, or filing with, or notification to, any Governmental Entity by Naturo other than:
- (i) the Naturo Shareholder Approval;
  - (ii) filings required under the BCBCA and the issuance of the Certificate of Amalgamation;
  - (iii) the approval of the CSE;
  - (iv) such registrations and other actions required under Applicable Securities Laws as are contemplated by this Agreement and registrations and applications required as a result of the formation of Amalco; and
  - (v) any other consents, approvals, orders, authorizations, declarations or filings which, if not obtained, would not, individually or in the aggregate, have a Material Adverse Effect on Naturo.
- (g) Directors' Approvals. The Naturo Board has unanimously:
- (i) determined that the Amalgamation is in the best interests of Naturo;
  - (ii) determined to recommend that the Naturo Shareholders vote in favour of the Naturo Resolution; and
  - (iii) authorized the entering into of this Agreement, and the performance of Naturo's obligations hereunder.
- (h) Material Contracts.
- (i) Section 4.2(h) of the Naturo Disclosure Letter includes a complete and accurate list of all Material Contracts of Naturo. Naturo has made available to BevCanna true and complete copies of all such Material Contracts.
  - (ii) Except as disclosed in Section 4.2(h) of the Naturo Disclosure Letter, Naturo has performed in all material respects all of its obligations required to be performed by it under the Material Contracts of Naturo. All such Material Contracts are in full force and

effect, and Naturo is entitled to all rights and benefits thereunder in accordance with the terms thereof. Naturo has not waived any material rights under such Material Contracts and no material default or breach exists in respect thereof on the part of Naturo, to the knowledge of Naturo, on the part of any other party thereto, and no event has occurred which, after the giving of notice or the lapse of time or both, would constitute such a default or breach or trigger a right of termination of any of such Material Contracts.

- (iii) Except as disclosed in Section 4.2(h) of the Naturo Disclosure Letter, all of the Material Contracts of Naturo are valid and binding obligations of Naturo, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.
- (iv) Naturo has not received written notice that any party to a Material Contract of Naturo, intends to cancel, terminate or otherwise modify or not renew such Material Contract, and to the knowledge of Naturo, no such action has been threatened.
- (v) Except as disclosed in Section 4.2(h) of the Naturo Disclosure Letter, no consents, approvals or notices are required to be obtained from, or given to, any third party under any Material Contract of Naturo in order for Naturo to proceed with the execution and delivery of this Agreement and the consummation of the Amalgamation and the other transactions contemplated by this Agreement.
- (i) Waivers and Consents. Except as disclosed in Section 5.2(i) of the Naturo Disclosure Letter, there are no waivers, consents, notices or approvals required to complete the transactions contemplated under this Agreement from other parties to the Material Contracts of Naturo.
- (j) Voting Agreements. Naturo is not party to any agreement, nor, to the knowledge of Naturo, is there any shareholders agreement or other contract which in any manner affects the voting control of any of the securities of Naturo.
- (k) Absence of Changes. Since January 1, 2019:
  - (i) Naturo has conducted its business only in the ordinary and regular course of business consistent with past practice;
  - (ii) there has not occurred any Material Adverse Effect in respect of Naturo, or any fact or state of facts, circumstance, change, effect, occurrence or event, that individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect in respect of Naturo;
  - (iii) there has not been any material increase in or modification of the compensation payable to or to become payable by Naturo to any of its directors, officers or employees or any grant to any such director, officer or employee of any increase in severance or termination pay or any increase or modification of any Employee Plans of Naturo made to, for or with any of such directors, officers or employees;

- (iv) Naturo has not declared or paid any dividends or made any other distribution in respect of any of the Naturo Shares;
  - (v) Naturo has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Naturo Shares; and
  - (vi) Naturo has not effected any material change in its accounting methods, principles or practices, other than as disclosed in the Naturo Financial Statements.
- (l) Financial Matters. The Naturo Financial Statements were prepared in accordance with IFRS; the balance sheets included in such Naturo Financial Statements fairly present the financial condition of Naturo as at the close of business on the respective dates thereof, and the statements of operations and deficit included in the Naturo Financial Statements fairly present the results of operations of Naturo for the respective fiscal periods then ended.
- (m) Books and Records. The financial books, records and accounts of Naturo: (i) have been maintained in all material respects in accordance with applicable Laws; (ii) are stated in reasonable detail and accurately and fairly reflect in all material respects the material transactions, acquisitions and dispositions of the assets of Naturo; and (iii) accurately and fairly reflect in all material respects the basis for the Naturo Financial Statements.
- (n) Minute Books. The corporate minute books of Naturo contain minutes of all meetings and resolutions of its boards of directors and committees of its board of directors, other than those portions of minutes of meetings reflecting discussions of the Amalgamation, and shareholders, held according to applicable Laws and are complete and accurate in all material respects.
- (o) Valuation Reports. The information contained in the Valuation Reports and the Source Water Assessment remains accurate as of the date hereof and Naturo knows of no reason why BevCanna would be unable to rely on the Valuation Reports or the Source Water Assessment.
- (p) Litigation. Other than as disclosed in Section 4.2(p) of the Naturo Disclosure Letter, there is no Claim, audit, indictment or investigation against or involving Naturo or any of its properties or assets pending or, to the knowledge of Naturo, threatened which, if adversely determined, would reasonably be expected to have a Material Adverse Effect in respect of Naturo or would significantly impede the ability of Naturo to consummate the Amalgamation and, to the knowledge of Naturo, no event has occurred which would reasonably be expected to give rise to any such Claim, audit, indictment or investigation. Except as disclosed in Section 4.2(p) of the Naturo Disclosure Letter, neither Naturo nor any of its assets or properties is subject to any outstanding judgment, order, writ, injunction or decree material to Naturo taken as a whole.
- (q) Tax Matters. Naturo is a “taxable Canadian corporation” for purposes of the Tax Act and all Taxes due and payable or required to be collected or withheld and remitted by Naturo have been paid, collected or withheld and remitted as applicable, except for where the failure to pay such Taxes would not have a Material Adverse Effect. Except to the extent that failure to do so would not have a Material Adverse Effect, all Tax Returns, declarations, remittances and filings required to be filed by Naturo have been filed with all appropriate Governmental Entity and all such Tax Returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading. There are no proceedings, investigations or audits pending or, to the knowledge of Naturo, threatened against or affecting Naturo in respect of any Taxes and no event has occurred or

circumstance exists which could reasonably be expected to give rise to or serve as a valid basis for the commencement of any such proceeding, investigation or audit. There are no agreements, waivers or other arrangements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to Naturo.

(r) Authorizations. Naturo has obtained and is in compliance with all material Authorizations necessary for the ownership, operation and use of the assets of Naturo or otherwise required in connection with carrying on the business and operations of Naturo. All such Authorizations are in full force and effect, and, to the knowledge of Naturo, no suspension or cancellation thereof has been threatened, except for cancellation of such Authorizations as would not, individually or in the aggregate, have a Material Adverse Effect in respect of Naturo. There is no action, investigation or proceeding pending or, to the knowledge of Naturo threatened, regarding any such Authorizations, which if successful would, individually or in the aggregate, have a Material Adverse Effect in respect of Naturo. Neither Naturo nor, to the knowledge of Naturo, any of its directors or officers, has received any notice, whether written or oral, of revocation or non-renewal or material amendments of any such Authorizations except for revocations, non-renewals or amendments which would not, individually or in the aggregate, have a Material Adverse Effect in respect of Naturo. Except as disclosed in Section 4.2(r) of the Naturo Disclosure Letter, none of such Authorizations will in any way be affected by, or terminate or lapse by reason of, or require notice as a result of, the execution and delivery of this Agreement by Naturo or the consummation by Naturo of the Amalgamation or the other transactions contemplated by this Agreement.

(s) Compliance with Laws.

(i) To the knowledge of Naturo, Naturo has complied with, and is not in violation of, any applicable Laws, other than such non-compliance or violations that would not, individually or in the aggregate, have a Material Adverse Effect on Naturo.

(ii) Naturo has not received any written notices or other written correspondence from any Governmental Entity regarding any material violation (or any investigation, inspection, audit, or other proceeding by any Governmental Entity involving allegations of any material violation) of any Law. To the knowledge of Naturo, no investigation, inspection, audit or other proceeding by any Governmental Entity involving allegations of any material violation of any Law is threatened or contemplated.

(iii) The operations of Naturo are and have been conducted at all times in compliance, in all material respects, Money Laundering Laws and no Claim by or before any Governmental Entity involving Naturo with respect to the Money Laundering Laws is pending or, to the knowledge of Naturo, threatened.

(iv) The operations of Naturo are and have been conducted at all times in compliance, in all material respects, Privacy Laws and no Claim by or before any Governmental Entity involving Naturo with respect to the Privacy Laws is pending or, to the knowledge of Naturo, threatened.

(t) Employment and Labour Matters.

(i) Except as disclosed in Section 4.2(t) of the Naturo Disclosure Letter, Naturo is not: (A) party to any Contract providing for termination notice, payment in lieu of termination

notice, change of control payments, or severance payments to, or any employment or consulting agreement with, any director, officer or employee of Naturo other than such arising from any applicable Law; and (B) party to any collective bargaining or subject to any application for certification or, to the knowledge of Naturo, threatened union-organizing campaigns for employees not covered under a collective bargaining agreement nor are there any current, pending, or, to the knowledge of Naturo, threatened strikes or lockouts at Naturo.

- (ii) There are no labour disputes, strikes, organizing activities or work stoppages against Naturo pending, or to knowledge of Naturo, threatened.
- (iii) Except as disclosed in Section 4.2(t) of the Naturo Disclosure Letter, the execution, delivery and performance of this Agreement and the consummation of the Amalgamation by Naturo will not result in the acceleration of the time of payment, funding or vesting of entitlements otherwise available under any Employee Plan of Naturo.
- (iv) Naturo has been and is now in compliance, in all material respects, with all terms and conditions of employment, with respect to employment and labour, including, wages, hours of work, overtime, human rights, occupational health and safety and workers compensation, and except as disclosed in Section 4.2(t) of the Naturo Disclosure Letter, there are no current, or, to the knowledge of the Naturo, pending or threatened proceedings (including grievances, arbitration, applications or pending applications) before any Governmental Entity or labour arbitrator with respect to any of the foregoing Employee Plans of Naturo (other than routine claims for benefits).
- (v) To the knowledge of Naturo, no executive or manager (A) has any present intention to terminate their employment, or (B) is a party to any confidentiality, non-competition, proprietary rights or other such agreement with any other Person besides Naturo which would impede the business, be material to the performance of such employee's employment duties, or the ability of Naturo, or BevCanna to conduct the business.
- (vi) There are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing pursuant to the any provincial workers' compensation statute or regulation, and Naturo has not been reassessed in any material respect under such statute or regulation since the date of its incorporation and, to the knowledge of Naturo, no audit of Naturo is currently being performed pursuant to any provincial workers' compensation statute or regulation, and, to the knowledge of Naturo, there are no claims or potential claims which may materially adversely affect Naturo' accident cost experience in respect of the business.
- (vii) To the knowledge of Naturo, each independent contractor engaged by Naturo has been properly classified by Naturo as an independent contractor and Naturo has not received any notice from any Governmental Entity disputing such classification.
- (viii) Section 4.2(t) of the Naturo Disclosure Letter lists all material Employee Plans of Naturo. Naturo has made available to BevCanna true and complete copies of all such Employee Plans as amended.

- (ix) All Employee Plans of Naturo are and have been established, registered, funded and administered in all material respects in (A) accordance with applicable Laws and (B) in accordance with their terms. To the knowledge of Naturo, no fact or circumstance exists which could adversely affect the registered status of any such Employee Plan.
  - (x) All contributions, premiums or taxes required to be made or paid by Naturo under the terms of each Employee Plan of Naturo or by applicable Laws have been made in a timely fashion, and no Employee Plan has a deficit, or Naturo has made full and adequate disclosure of and provision for such amounts in the books and records.
  - (xi) None of the Employee Plans provide for post-retirement or post-termination benefits, or supplemental pension benefits, to employees, directors or officers or former employees, directors or officers of Naturo, or to their dependents or beneficiaries.
- (u) Intellectual Property.
- (i) Naturo owns all right, title and interest in and to, or is validly licensed (and is not in material breach of such licenses), all Intellectual Property that is material to the conduct of the business, as currently conducted, of Naturo (collectively, the “**Naturo Intellectual Property Rights**”). All such Naturo Intellectual Property Rights are sufficient, in all material respects, for conducting the business, as currently conducted, of Naturo, and to the knowledge of Naturo, all such Naturo Intellectual Property Rights are valid and enforceable (subject to the effects of bankruptcy, insolvency, reorganization, moratorium or laws relating to or affecting creditors’ rights generally), and do not infringe upon the Intellectual Property rights of any third party. To the knowledge of Naturo, no Person is currently infringing upon any of the Naturo Intellectual Property Rights in any material respect.
  - (ii) Section 4.2(u) of the Naturo Disclosure Letter sets out a complete and accurate list of all Naturo Intellectual Property Rights.
- (v) Software and Technology.
- (i) To the knowledge of Naturo, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect in respect of Naturo, the computer and data processing systems, facilities and services used by Naturo are substantially free of any material defects, bugs, errors and do not contain any disabling codes or instructions, spyware, Trojan horses, worms, viruses, time locks, backdoors or other software routines that permit or cause unauthorized access to, or disruption, impairment, disablement, or destruction of, software, data and any other intentionally created, undocumented contaminant that may, or may be used to, access, modify, delete, damage or disable any hardware, system or data (“**Unauthorized Code**”).
  - (ii) Section 4.2(v) of the Naturo Disclosure Letter sets forth a list of all software owned by Naturo and used by Naturo in the ordinary course of business (the “**Naturo Software**”) and all third-party software used or embedded in the Naturo Software and a list of all material third-party software used in the ordinary course of business. Other than as disclosed in Section 4.2(v) of the Naturo Disclosure Letter, none of the Naturo Software that is material to the business of Naturo contains any open source, copy left or community source code, including any libraries or code licensed under the General



Public License, Lesser General Public License or any other license agreement or arrangement obliging vendors to make source code publicly available, whether or not approved by the Open Source Initiative. Other than as disclosed in Section 4.2(v) of the Naturo Disclosure Letter, to the knowledge of the Naturo, the Naturo Software does not contain any Unauthorized Code.

- (iii) Other than as disclosed in Section 4.2(v) of the Naturo Disclosure Letter, Naturo has in its possession copies of source code for all the Naturo Software or any licensed to, or held for use or used by, Naturo in connection with the ordinary course of business. Naturo has treated such Naturo Software as confidential and proprietary business information and has taken all reasonable steps to protect the same as its trade secrets. Such source code is fully documented in a manner that a reasonably skilled programmer could understand, modify, compile and otherwise utilize all aspects of the related computer programs without reference to other sources of information.
  
- (w) Real Property. Naturo is the sole legal and beneficial owner and has valid and sufficient right, ownership, title and interest, duly registered if applicable, free and clear of any title defect or lien to its real property interests, including the Water Source and the Bottling Plant , and including fee simple estate of and in real property, licences (from landowners and authorities permitting the use of land by Naturo), leases, rights of way, occupancy rights, easements and all other real property interests as are necessary to perform the operation of its business as presently owned and conducted. Section 4.2(w) of the Naturo Disclosure Letter contains a complete list of the instruments by which the Company acquired each such right, ownership, title or interest, and Naturo has made all of such instruments available to BevCanna.
  
- (x) Insurance. Policies of insurance are in force naming Naturo as an insured that adequately covers all risks as are customarily covered by businesses in the industry in which Naturo and its subsidiaries operate and Naturo and its subsidiaries are in compliance in all material respects with the requirements of such policies. Naturo has made available to BevCanna a summary listing all such policies that are material to Naturo. All such policies remain in full force and effect, and the execution and delivery by Naturo of this Agreement will not result in a breach by Naturo of any of the terms or conditions of such policies. Naturo has not failed to promptly provide notice with respect to any material claims under any such policies.
  
- (y) Related Party Transactions. Other than as disclosed in Section 4.2(y) of the Naturo Disclosure Letter and other than employment or compensation arrangements entered into in the ordinary course of business, no director, officer, employee, independent contractor or agent of Naturo or a holder of record or beneficial owner of 10% or more of the Naturo Shares or an associate or an affiliate of any such Person, is a party to, or beneficiary of, any loan, guarantee, Contract, arrangement or understanding or other transaction with Naturo.
  
- (z) Auditors. Naturo's auditors are independent public accountants.
  
- (aa) Private Issuer. Naturo is not a reporting issuer in any jurisdiction in Canada and there is no published market in respect of the Naturo Shares.
  
- (bb) No Broker's Commission. Except as otherwise disclosed under Section 4.2(bb) of the Naturo Disclosure Letter, there is no Person acting at the request or on behalf of Naturo that is entitled to any brokerage or finder's fee or other compensation in connection with the business combination contemplated by this Agreement.

- (cc) Restrictions on Business. There is no Contract or Authorization binding upon Naturo that has or could reasonably be expected to have the effect of prohibiting, restricting or materially impairing any business practice of Naturo or any of its affiliates or the conduct of business by Naturo or any of its affiliates (including following consummation of the Amalgamation) other than any Contract or Authorization containing any such prohibition or restriction which has not had and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect in respect of Naturo.
- (dd) Creditors of Naturo. Naturo has reasonable grounds for believing that no creditor of Naturo will be prejudiced by the Amalgamation.
- (ee) Due Diligence. All information supplied by Naturo or its Representatives to BevCanna in the course of BevCanna's due diligence review in respect of the transactions contemplated by this Agreement, is accurate and correct in all material respects.

#### **4.3 Survival of Representations and Warranties**

The representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement and shall expire and be terminated and extinguished at the Effective Time.

### **ARTICLE 5 COVENANTS**

#### **5.1 Covenants of BevCanna**

BevCanna hereby covenants and agrees with Naturo as follows:

- (a) Copy of Documents. BevCanna shall furnish promptly to Naturo a copy of any dealings or communications with any Governmental Entity or Securities Authority in connection with, or in any way affecting, the transactions contemplated by this Agreement.
- (b) Certain Actions. BevCanna shall:
  - (i) not take any action, or refrain from taking any action or permit any action to be taken or not taken (subject to a commercially reasonable efforts qualification) inconsistent with the provisions of this Agreement, or that would reasonably be expected to materially impede the completion of the transactions contemplated hereby or would render, or that would reasonably be expected to render, any representation or warranty made by BevCanna in this Agreement untrue or inaccurate in any material respect at any time on or before the Effective Date if then made, or that would have a Material Adverse Effect on BevCanna; and
  - (ii) promptly notify Naturo of any material information, change or event in the business, operations, financial condition or other affairs of BevCanna prior to Closing.
- (c) Satisfaction of Conditions. BevCanna shall use all commercially reasonable efforts to satisfy, or cause to be satisfied, all conditions precedent to its obligations to the extent that the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the

transactions contemplated by this Agreement, including using its commercially reasonable efforts to:

- (i) If required, obtain the BevCanna Shareholder Approval in accordance with the BCBCA and the requirements of any applicable regulatory authority;
  - (ii) on or prior to the Disclosure Letter Delivery Date, deliver the BevCanna Disclosure Letter to Naturo, in such form and with such content as is acceptable to Naturo, acting reasonably;
  - (iii) obtain all other consents, approvals and authorizations as are required to be obtained by BevCanna under any applicable Laws or from any Governmental Entity or Security Authority that would, if not obtained, materially impede the completion of the transactions contemplated by this Agreement or have a Material Adverse Effect on BevCanna;
  - (iv) effect all necessary registrations, filings and submissions of information requested by Governmental Entities or Securities Authorities required to be effected by it in connection with the transactions contemplated by this Agreement and participate and appear in any proceedings of any Party hereto before any Governmental Entity;
  - (v) oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting this Agreement or the transactions contemplated hereby or seeking to enjoin or delay, or otherwise adversely affecting the ability of the Parties to consummate, the transactions contemplated hereby, subject to the BevCanna Board determining in good faith after receiving advice from outside legal counsel (which may include written opinions or advice) that taking such action would be inconsistent with the fiduciary duties of such directors under applicable Laws, and provided that, immediately upon receipt of such advice, BevCanna advises Naturo in writing that it has received such advice and provides written details thereof to Naturo;
  - (vi) fulfill all conditions and satisfy all provisions of this Agreement required to be fulfilled or satisfied by BevCanna; and
  - (vii) co-operate with Naturo in connection with the performance by it of its obligations hereunder, provided however that the foregoing shall not be construed to obligate BevCanna to pay or cause to be paid any monies to cause such performance to occur, other than as contemplated in this Agreement.
- (d) Closing Documents. BevCanna shall execute and deliver, or cause to be executed and delivered, at Closing such customary agreements, certificates, resolutions, opinions and other closing documents as may be required by Naturo, all in form satisfactory to Naturo, acting reasonably.
- (e) Newco. In its capacity as the sole shareholder of Newco, BevCanna shall:
- (i) take all such action as is necessary or desirable to cause Newco to satisfy its obligations hereunder, including without limitation, passing a resolution approving the Amalgamation, on or prior to the Effective Date, or such other date as may be agreed to by BevCanna and Naturo, acting reasonably; and

- (ii) prior to the Effective Date, not cause or permit Newco to issue any securities or enter into any agreements to issue or grant options, warrants or rights to purchase any of its securities except for the issuance of a nominal number of Newco Shares to BevCanna, or carry on any business, enter into any transaction or effect any corporate act whatsoever, other than as contemplated herein or as reasonably necessary to carry out the Amalgamation, unless previously consented to in writing by Naturo.
- (f) BevCanna Shares. At the Effective Time, BevCanna will issue BevCanna Shares to those Naturo Shareholders who are entitled to receive BevCanna Shares pursuant to the Amalgamation in accordance with the terms hereof.
- (g) Direction to Transfer Agent. BevCanna shall, effective as of the Effective Date, provide to the Transfer Agent a direction authorizing and directing the Transfer Agent to issue the BevCanna Shares issuable under the Amalgamation to holders of the Naturo Shares and shall direct the Transfer Agent to distribute such BevCanna Shares to the holders of the Naturo Shares in accordance with the terms of the Amalgamation;
- (h) Listing of Shares. Until the earlier of: (i) the Effective Time; and (ii) the termination of this Agreement in accordance with Section 7.2, BevCanna shall use its commercially reasonable efforts to:
  - (i) ensure that the BevCanna Shares are continuously listed and posted for trading on the CSE, subject to any trading halts imposed by the CSE in connection with the Amalgamation; and
  - (ii) obtain conditional approval of the CSE for listing the BevCanna Shares to be issued to Naturo Shareholders pursuant to and in accordance with the terms of this Agreement.

## 5.2 Covenants of Naturo

Naturo hereby covenants and agrees with BevCanna as follows:

- (a) Naturo Shareholder Approval. As promptly as practicable after the date hereof, Naturo shall take all steps necessary to obtain the Naturo Shareholder Approval.
- (b) Copy of Documents. Naturo shall furnish promptly to BevCanna a copy of any filing under any applicable Laws and any dealings or communications with any Governmental Entity or Securities Authority in connection with, or in any way affecting, the transactions contemplated by this Agreement.
- (c) Ordinary Course. Until the earlier of the Effective Time or the termination of this Agreement in accordance with Section 7.2, Naturo shall, except as required by this Agreement or as otherwise expressly contemplated by this Agreement or as described in the Naturo Disclosure Letter, or as required by Laws or any Governmental Entity or as consented to by BevCanna (in its sole discretion), conduct its business in the ordinary course of business and use commercially reasonable efforts to maintain and preserve its business organization, assets, goodwill and business relationships with its customers, suppliers, vendors, creditors and employees it currently maintains. Naturo shall promptly notify BevCanna of any material information, change or event in the business, operations, financial condition or other affairs of Naturo prior to Closing.

- (d) Certain Actions. Until the earlier of the Effective Time or the termination of this Agreement in accordance with Section 7.2, Naturo shall not:
- (i) take any action, or refrain from taking any action or permit any action to be taken or not taken (subject to a commercially reasonable efforts qualification), inconsistent with the provisions of this Agreement or that would reasonably be expected to materially impede the completion of the transactions contemplated hereby or would render, or that would reasonably be expected to render, any representation or warranty made by Naturo in this Agreement untrue or inaccurate in any material respect at any time on or before the Effective Date if then made or that would have a Material Adverse Effect on Naturo;
  - (ii) except as described in the Naturo Disclosure Letter, issue, grant, deliver, sell or pledge, or agree to issue, grant, deliver, sell or pledge, any shares or other debt securities or equity securities of Naturo or its subsidiaries, or any rights convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares or other debt securities or equity securities of Naturo or its subsidiaries, other than the issuance of Naturo Shares issuable on the exercise of convertible securities existing as of the date hereof; and
  - (iii) incur, create, assume or otherwise become liable for, any Indebtedness or any other Liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other Person, or make any loans, capital contributions, investments or advances or prepay any Indebtedness before its scheduled maturity or amend, terminate, waive or otherwise modify the definitive documentation in respect of any Indebtedness;
  - (iv) sell, pledge, hypothecate, lease, license, sell and lease back, mortgage, dispose of or encumber or impose any Lien on or otherwise transfer, in whole or in part, any asset of Naturo with a book value or transaction value in excess of \$25,000, individually or in the aggregate, except as otherwise contemplated in this Agreement;
  - (v) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or otherwise), directly or indirectly, any assets, securities, properties, interests, business, corporation, partnership or other business organization or division thereof, or make any investment either by the purchase of securities, contribution of capital, property transfer, or purchase of any other property or assets of any other Person (including any subsidiary that is not wholly owned), or acquire any license rights or financial instrument of any other Person (including any subsidiary that is not wholly owned), other than as described in the Naturo Disclosure Letter;
  - (vi) sell, assign, lease, exclusively license, abandon or permit to lapse, transfer or otherwise dispose of any Intellectual Property that is material to Naturo or its subsidiaries, other than the expiration of Intellectual Property at the end of its statutory term;
  - (vii) adopt a plan of liquidation or resolution providing for the liquidation or dissolution, restructuring, recapitalization or reorganization of Naturo or any of its subsidiaries; or
  - (viii) other than as is necessary to comply with Laws or any contract or Employee Plan in effect as of the date hereof:

- (A) grant to, or agree or promise to grant to, any current or former officer, director, manager, employee, independent contractor or consultant of Naturo or any of its subsidiaries an increase in salary or other form of compensation or benefits or grant any new form of compensation or benefits, except for wage and/or salary increases to non-directors, non-executives, and non-officers made in the ordinary course;
  - (B) make any loan to any officer, employee, consultant or director of Naturo or any of its subsidiaries;
  - (C) take any action with respect to the grant of, acceleration of, or increase of, any severance, change of control, transaction, retention, bonus or termination pay to, or enter into, establish, amend or terminate any employment agreement, service agreement, deferred compensation or other similar agreement with, or hire, or terminate employment or service (except for just cause or poor performance, and the backfill of those positions in the ordinary course) of, any current or former officer, director, employee, manager, independent contractor, or consultant of Naturo or any of its subsidiaries;
  - (D) establish, adopt, amend, modify or terminate any Employee Plan or create or enter into any plan, agreement, practice, program, policy, trust, fund or other arrangement that would be an Employee Plan if it were in existence as of the date of this Agreement, except for non-material amendments in the ordinary course of business that do not materially increase costs;
  - (E) accelerate any right to any compensation or benefits under any Employee Plan;  
or
  - (F) increase bonus levels or other benefits payable to any director, executive officer, consultant or employee of Naturo or any of its subsidiaries.
- (e) Satisfaction of Conditions. Naturo shall use all commercially reasonable efforts to satisfy, or cause to be satisfied, all of the conditions precedent to its obligations to the extent the same is within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the transactions contemplated by this Agreement, including using its commercially reasonable efforts to:
- (i) prior to the Naturo Meeting, cause its officers, directors and any significant shareholders identified by BevCanna to execute customary voting support agreements, in a form acceptable to BevCanna acting reasonably, agreeing that such directors, officers and significant shareholders will support the proposed Amalgamation and vote in favour of the proposed Amalgamation, unless and until this Agreement has been terminated in accordance with the provisions herein;
  - (ii) obtain the Naturo Shareholder Approval in accordance with the BCBCA and the requirements of any applicable regulatory authority;
  - (iii) promptly advise BevCanna of the number of Naturo Shares for which Naturo receives notices of dissent or written objections to the Amalgamation;

- (iv) on or prior to the Disclosure Letter Delivery Date, deliver the Naturo Disclosure Letter to BevCanna, in such form and with such content as is acceptable to BevCanna, in its sole discretion;
  - (v) have a senior officer execute an Affidavit to be delivered in connection with the Amalgamation Application and take all actions required in relation to the swearing of such Affidavit;
  - (vi) obtain all other consents, approvals and authorizations as are required to be obtained by Naturo under any applicable Laws or from any Governmental Entity, Security Authority or other third parties, including any third party consents and the filing of any notices, that would, if not obtained, materially impede the completion of the transactions contemplated by this Agreement or have a Material Adverse Effect on Naturo;
  - (vii) effect all necessary registrations, filings and submissions of information requested by Governmental Entities or Securities Authorities required to be effected by it in connection with the transactions contemplated by this Agreement and participate, and appear in any proceedings of, any Party hereto before any Governmental Entity;
  - (viii) cause certain employees, consultants and managers of Naturo as identified by BevCanna, in its sole and absolute discretion, to enter into employment agreements with BevCanna or Naturo, in a form satisfactory to BevCanna, acting reasonably;
  - (ix) oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting this Agreement or the transactions contemplated hereby, or seeking to enjoin or delay, or otherwise adversely affecting the ability of the Parties to consummate, the transactions contemplated hereby, subject to the Naturo Board determining in good faith after receiving advice from outside legal counsel (which may include written opinions or advice) that taking such action would be inconsistent with the fiduciary duties of such directors under applicable Laws, and provided that, immediately upon receipt of such advice, Naturo advises BevCanna in writing that it has received such advice and provides written details thereof to BevCanna;
  - (x) fulfill all conditions and satisfy all provisions of this Agreement required to be fulfilled or satisfied by Naturo; and
  - (xi) co-operate with BevCanna in connection with the performance by BevCanna of its obligations hereunder, provided however that the foregoing shall not be construed to obligate Naturo to pay or cause to be paid any monies to cause such performance to occur, other than as contemplated in this Agreement.
- (f) Keep Fully Informed. Subject to applicable Laws, Naturo shall use commercially reasonable efforts to conduct itself so as to keep BevCanna fully informed as to the material decisions or actions required to be made with respect to the operation of its business.
- (g) Co-operation. Naturo shall make, or cooperate as necessary in the making of, all necessary filings and applications under all applicable Laws required in connection with the transactions contemplated hereby and take all reasonable action necessary to be in compliance with such Laws.

- (h) Representations. Naturo shall use its commercially reasonable efforts to conduct its affairs so that all of the representations and warranties of Naturo contained herein shall be true and correct on and as of the Effective Date as if made on and as of such date.
- (i) Closing Documents. Naturo shall execute and deliver, or cause to be executed and delivered, at Closing such customary agreements, certificates, opinions, resolutions and other closing documents as may be required by BevCanna, all in form satisfactory to BevCanna, acting reasonably.

### **5.3 Mutual Covenants of Naturo and BevCanna**

- (a) Each of Naturo and the BevCanna Parties hereby agrees from the date hereof until the earlier of the Effective Time or the termination of this Agreement in accordance with Section 7.2:
  - (i) not to take any action that would prevent the Amalgamation from being consummated on the terms contemplated by this Agreement;
  - (ii) except for in exchange for convertible securities outstanding as at the time of this Agreement, not to issue any debt, equity or other securities without the prior written consent of the other Parties, which consent shall not be unreasonably withheld; and
  - (iii) to cooperate fully with each other and to use their reasonable efforts to complete the Amalgamation.

### **5.4 Access to Information**

From the date hereof until the earlier of the Effective Time and the termination of this Agreement, and subject to the entering into of a customary non-disclosure agreement, the Parties will, and will cause their subsidiaries and their respective officers, directors, employees, independent auditors, accounting advisers and agents to, afford to the other Party and its Representatives (upon reasonable advance notice and, at the option of the Party granting access, with a representative of that Party present), such reasonable access during regular business hours as the Party seeking access may reasonably require at all reasonable times, without material disruption to the conduct of business of the Party granting access, to its and its subsidiaries' officers, employees, agents, properties, books, records and contracts, and will make available to the Party requesting access all data and information as the Party seeking access may reasonably request.

### **5.5 Potential Naturo Acquisition**

Notwithstanding Section 5.2, Naturo will be permitted to pursue the proposed acquisition described in the Naturo Disclosure Letter. Naturo confirms that the completion of the proposed acquisition will not result in any increase in the consideration offered for all the Naturo Shares under the Amalgamation as set out in the Exchange Ratio.



## **ARTICLE 6 CONDITIONS**

### **6.1 Mutual Conditions in Favour of Naturo and BevCanna**

The respective obligations of BevCanna and Naturo to complete the transactions contemplated herein are subject to the fulfillment of the following conditions at or before the Effective Time or such other time as is specified below:

- (a) the BevCanna Shareholder Approval (if required) and the Naturo Shareholder Approval shall have been obtained in accordance with the provisions of the BCBCA and the requirements of any applicable regulatory authority;
- (b) each of the BevCanna Board and the Naturo Board shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by BevCanna, Newco and Naturo, to permit the consummation of the Amalgamation and all other matters contemplated in this Agreement;
- (c) the CSE shall have conditionally approved the Amalgamation (“**CSE Conditional Approval**”) including the listing on the CSE of the BevCanna Shares to be issued pursuant to the Amalgamation, under the CSE rules and policies and such other matters as may require CSE approval in order to give effect to the transactions contemplated hereby;
- (d) the number of Naturo Shares that are the subject of a notice of Naturo Dissent Rights that has not been withdrawn shall not exceed 10% of the total number of Naturo Shares issued and outstanding prior to the Effective Time;
- (e) there shall be no material legal proceedings or threatened material legal proceedings involving Naturo, BevCanna and/or the Amalgamation;
- (f) the distribution of the BevCanna Shares pursuant to the Amalgamation shall be exempt from prospectus and registration requirements under Applicable Securities Laws of Canada and, except with respect to persons deemed to be “control persons” of BevCanna under such Applicable Securities Laws, such BevCanna Shares shall not be subject to any resale restrictions in Canada under such Applicable Securities Laws; and
- (g) the distribution of the BevCanna Shares pursuant to the Amalgamation shall be exempt from the registration requirements of the 1933 Act pursuant to Section 3(a)(10) thereof and shall not be subject to resale restrictions in the United States under the 1933 Act (other than as may be prescribed by Rule 144 and Rule 145, as applicable, under the 1933 Act).
- (h) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement and the Amalgamation.

The foregoing conditions are for the mutual benefit of the Parties and may be waived by mutual consent of Naturo and BevCanna in writing at any time. No such waiver shall be of any effect unless it is in writing signed by both Parties.

## 6.2 BevCanna Conditions

The obligation of BevCanna to complete the transactions contemplated herein is subject to the fulfillment of the following additional conditions at or before the Effective Time or such other time as is specified below:

- (a) the Naturo Disclosure Letter shall have been delivered on or before the Disclosure Letter Delivery Date and the Naturo Disclosure Letter shall be in such form and with such content as is acceptable to BevCanna, in its sole discretion;
- (b) BevCanna shall be satisfied in its sole discretion with the results of its due diligence examination of Naturo (including the terms of any action or transaction permitted to be completed by Naturo under Article 5) and, in particular, shall be satisfied that Naturo and BevCanna would, post-Amalgamation, meet the initial listing requirements of the CSE;
- (c) the representations and warranties made by Naturo in this Agreement shall be true in all material respects at the Effective Time with the same effect as though such representations and warranties had been made at and as of such time, other than in respect of representations and warranties qualified by materiality which representations and warranties shall be true and correct;
- (d) from the date of this Agreement to the Effective Date, there shall not have occurred a Material Adverse Change in respect of Naturo;
- (e) Naturo shall have complied in all material respects with its covenants herein;
- (f) the issuance of BevCanna Shares to U.S. Persons (as defined in Regulation S) or persons in the United States pursuant to the Amalgamation shall be exempt from registration requirements under the 1933 Act under Section 4(a)(2) of or Rule 903 of Regulation S under the 1933 Act, and Naturo shall have obtained and delivered to BevCanna, on or before the Closing Date, a fully completed and executed Certificate of U.S. Shareholder in a form reasonably satisfactory to BevCanna from each Naturo Shareholder that is a U.S. Person entitled to receive BevCanna Shares pursuant to the Amalgamation in order to, among other things, evidence the availability of such exemptions;
- (g) the Naturo Shareholders, the directors and officers of BevCanna and such other persons as may be required by the policies of the CSE or Applicable Securities Laws to enter into an escrow agreement with respect to the securities of BevCanna that are issued to them pursuant to the Amalgamation shall have entered into the requisite escrow agreement;
- (h) except with respect to those matters described in the Naturo Disclosure Letter,
  - (i) if the consummation of the Amalgamation will result in the acceleration of the time of payment, funding or vesting of entitlements otherwise available under any Employee Plan of Naturo, then the requirement to accelerate any such obligations shall have been cancelled prior to the Closing, or
  - (ii) if the consummation of the Amalgamation will result in the acceleration of the time of payment of any outstanding debt of Naturo, then the requirement to accelerate any such obligations shall have been cancelled prior to the Closing; or

- (iii) if at the time of the consummation of the Amalgamation, any outstanding debt of Naturo is in default, then such default will be waived prior to the Closing in a manner acceptable to BevCanna, acting reasonably.
  
- (i) BevCanna shall be satisfied that following the closing of the Amalgamation there will be no outstanding rights to acquire Naturo Shares and BevCanna and its affiliates or any amalgamated issuer will own, or be amalgamated with, 100% of the Naturo Shares, free and clear of all claims, liens and encumbrances;
  
- (j) certain employees, consultants and managers of Naturo as identified by BevCanna, in its sole and absolute discretion, shall have entered into employment agreements with BevCanna or Naturo, in a form satisfactory to BevCanna, acting reasonably; and
  
- (k) the Naturo Board shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by Naturo and BevCanna to permit the consummation of the Amalgamation and the transactions to be completed by Naturo pursuant to the terms of this Agreement; and
  
- (l) Naturo shall have furnished BevCanna with:
  - (i) certified copies of the resolutions duly passed by the board of directors of Naturo approving this Agreement and the consummation of the transactions contemplated hereby;
  - (ii) certified copies of the Naturo Resolution approved by the Naturo Shareholders;
  - (iii) certified copies of Naturo's Constatng Documents;
  - (iv) a certificate of good standing of Naturo dated within two (2) days of the Effective Date;
  - (v) duly executed copies of the U.S. Representation Letter, attached hereto as Schedule "A", including accredited investor certifications if applicable, for each Naturo Shareholder that is resident in the United States or otherwise a U.S. Person, or consents to the Amalgamation from within the United States;
  - (vi) a certificate of Naturo addressed to BevCanna and Newco and dated the Effective Date, signed on behalf of Naturo by a senior officer of Naturo, confirming that the conditions in Section 6.2(c), 6.2(d) and 6.2(e) have been satisfied;
  - (vii) a written confirmation from Evans & Evans, in form and substance acceptable to BevCanna, acting reasonably (i) confirming that the Evaluation Report remains accurate, and (ii) stating that the Evaluation Report may be relied on by BevCanna;
  - (viii) a written confirmation from Altus Group, in form and substance acceptable to BevCanna, acting reasonably (i) confirming that the Appraisal Report remains accurate, and (ii) stating that the Appraisal Report may be relied on by BevCanna; and

- (ix) such other closing documents as may be requested by BevCanna, acting reasonably.

The foregoing conditions are for the benefit of BevCanna and may be waived, in whole or in part, by BevCanna in writing at any time. No such waiver shall be of any effect unless it is in writing signed by BevCanna.

### **6.3 Naturo Conditions**

The obligation of Naturo to complete the transactions contemplated herein is subject to the fulfillment of the following additional conditions at or before the Effective Time or such other time as is specified below:

- (a) The BevCanna Disclosure Letter shall have been delivered on or before the Disclosure Letter Delivery Date and the BevCanna Disclosure Letter shall be in such form and with such content as is acceptable to Naturo, acting reasonably;
- (b) Naturo shall be satisfied in its sole discretion with the results of its due diligence examination of BevCanna and, in particular, shall be satisfied that Naturo and BevCanna would, post-Amalgamation, meet the initial listing requirements of the CSE;
- (c) the BevCanna Board shall have procured duly executed resignations and mutual releases, effective at the Effective Time, from each director and executive officer of BevCanna who will no longer be serving in such capacity or capacities following completion of the Amalgamation;
- (d) the representations and warranties made by BevCanna in this Agreement shall be true in all material respects at the Effective Time with the same effect as though such representations and warranties had been made at and as of such time, other than in respect of representations and warranties qualified by materiality which representations and warranties shall be true and correct;
- (e) from the date of this Agreement to the Effective Date, there shall not have occurred a Material Adverse Change in respect of BevCanna;
- (f) BevCanna shall have complied in all material respects with its covenants herein;
- (g) Newco shall not have engaged in any business enterprise or other activity or had any assets or liabilities;
- (h) the BevCanna Board shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by BevCanna to permit the consummation of the Amalgamation and the transactions to be completed by BevCanna pursuant to the terms of this Agreement; and
- (i) BevCanna shall have furnished Naturo with:
  - (x) certified copies of the resolutions duly passed by the boards of directors of BevCanna and Newco approving this Agreement and the consummation of the transactions contemplated hereby;

- (xi) certified copies of the BevCanna Resolution approved by the Naturo Shareholders;
- (xii) certified copies of the resolutions of BevCanna, as the sole shareholder of Newco, approving this Agreement and the consummation of the transactions contemplated hereby;
- (xiii) certified copies of BevCanna's and Newco's Constatng Documents;
- (xiv) certificates of good standing of BevCanna and Newco dated within two (2) days of the Effective Date;
- (xv) a certificate of BevCanna addressed to Naturo and dated the Effective Date, signed on behalf of BevCanna by a senior officer of BevCanna, confirming that the conditions in Section 6.3(d), 6.3(e) and 6.3(f) have been satisfied; and
- (xvi) such other closing documents as may be requested by Naturo, acting reasonably.

The foregoing conditions are for the benefit of Naturo and may be waived, in whole or in part, by Naturo in writing at any time. No such waiver shall be of any effect unless it is in writing signed by Naturo.

## **ARTICLE 7 AMENDMENT AND TERMINATION**

### **7.1 Amendment**

This Agreement may, at any time and from time to time, before or after the receipt of the Naturo Shareholder Approval, be amended by mutual written agreement of the Parties without, subject to applicable Laws, further notice to or authorization on the part of the BevCanna Shareholders or the Naturo Shareholders, and any such amendment may, without limitation:

- (a) change the time for the performance of any of the obligations or acts of any of the Parties;
- (b) waive any inaccuracies in, or modify, any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with, or modify, any of the covenants herein contained and waive or modify the performance of any of the obligations of any of the parties hereto; and
- (d) waive compliance with, or modify, any condition herein contained,

provided, however, that, no such amendment shall change materially the provisions hereof regarding the consideration to be received by the holders of Naturo Shares without approval by such holders of Naturo Shares given in the same manner as required for the approval of the Amalgamation.

### **7.2 Termination**

This Agreement may be terminated at any time prior to the Effective Time:

- (a) by mutual written agreement by BevCanna, Naturo and Newco;

- (b) by BevCanna, if any condition in Section 6.2 is not satisfied or waived in accordance with such section;
- (c) by Naturo, if any condition in Section 6.3 is not satisfied or waived in accordance with such section;
- (d) by BevCanna or by Naturo, if any of the conditions in Section 6.1 for the benefit of the terminating party is not satisfied or waived in accordance with such Section 6.1;
- (e) by Naturo if there is a material breach of the covenants of BevCanna contained herein by BevCanna or any of its directors, officers, employees, agents, consultants or other Representatives, in each case on or before the Effective Date, which breach cannot be cured;
- (f) by BevCanna if there is a material breach of the covenants of Naturo contained herein by Naturo or any of its directors, officers, employees, agents, consultants or other Representatives, in each case on or before the Effective Date, which breach cannot be cured; or
- (g) by Naturo or by BevCanna if the Amalgamation shall not have been completed by the Completion Deadline.

provided that any termination by a Party in accordance with the paragraphs above shall be made by such Party delivering written notice thereof to the other Parties prior to the earlier of the Effective Date and the Completion Deadline and specifying therein in reasonable detail the matter or matters giving rise to such termination right.

## **ARTICLE 8**

### **8.1 Closing Matters**

The completion of the transactions contemplated by this Agreement shall take place at the offices of McMillan LLP on the Closing Date, or such other date, time and place as the parties may agree.

## **ARTICLE 9 GENERAL**

### **9.1 Notices**

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a Party shall be in writing and shall be delivered by hand to the Party or Parties to which the notice is to be given at the following address or sent by electronic means to the following numbers or to such other address or email address as shall be specified by such other Party or Parties by like notice. Any notice, consent, waiver, direction or other communication aforesaid shall, if delivered, be deemed to have been given and received on the date on which it was delivered to the address provided herein (if a Business Day or, if not, then the next succeeding Business Day) and if sent by electronic means be deemed to have been given and received at the time of receipt (if a Business Day or, if not, then the next succeeding Business Day) unless actually received after 5:00 p.m. (local time) at the point of delivery in which case it shall be deemed to have been given and received on the next Business Day.

The address for service of each of the Parties shall be as follows:

(a) if to BevCanna or Newco:

BevCanna Enterprises Inc.  
Suite 200 - 1672 West 2nd Avenue  
Vancouver, BC V6J 1H4

Attention: John Campbell  
Email: john@bevcanna.com

(b) if to Naturo:

Naturo Group Investments Inc.  
1672 West 2nd Avenue  
Vancouver, BC V6J 1H4

Attention: Marcello Leone  
Email: marcello@naturogroup.com

## **9.2 Expenses**

The Parties agree that each Party shall pay for its costs incurred in connection with this Agreement and the transactions contemplated hereby, including legal and accounting fees, printing costs, financial advisor fees and all disbursements by advisors, and that nothing in this Agreement shall be construed so as to prevent the payment of such expenses, whether or not the Amalgamation is completed. The provisions of this Section 9.2 shall survive the termination of this Agreement.

## **9.3 Time of the Essence**

Time shall be of the essence in this Agreement.

## **9.4 Entire Agreement**

This Agreement together with the agreements and other documents herein or therein referred to, constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof. There are no representations, warranties, covenants or conditions with respect to the subject matter hereof except as contained herein.

## **9.5 Further Assurances**

Each Party shall, from time to time, and at all times hereafter, at the request of the other of them, but without further consideration, do, or cause to be done, all such other acts and execute and deliver, or cause to be executed and delivered, all such further agreements, transfers, assurances, instruments or documents as shall be reasonably required in order to fully perform and carry out the terms and intent hereof including, without limitation, the Amalgamation.

## **9.6 Governing Law**

This Agreement shall be governed by, and be construed in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein but the reference to such laws shall not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of British Columbia. The Parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of British Columbia.

## **9.7 Execution in Counterparts**

This Agreement may be executed in one or more counterparts, each of which shall conclusively be deemed to be an original and all such counterparts collectively shall be conclusively deemed to be one and the same. Delivery of an executed counterpart of the signature page to this Agreement by facsimile, email or other functionally equivalent electronic means of transmission shall be effective as delivery of a manually executed counterpart of this Agreement, and any Party delivering an executed counterpart of the signature page to this Agreement by facsimile, email or other functionally equivalent electronic means of transmission to any other Party shall thereafter also promptly deliver a manually executed original counterpart of this Agreement to such other Party, but the failure to deliver such manually executed original counterpart shall not affect the validity, enforceability or binding effect of this Agreement.

## **9.8 Waiver**

No waiver or release by any Party shall be effective unless in writing and executed by the Party granting such waiver or release and any waiver or release shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence. Waivers may only be granted upon compliance with the provisions governing amendments set forth in Section 7.1.

## **9.9 No Personal Liability**

No director, officer or employee of BevCanna shall have any personal liability to Naturo under this Agreement. No director, officer or employee of Naturo shall have any personal liability to BevCanna under this Agreement.

## **9.10 Enurement and Assignment**

This Agreement shall enure to the benefit of the Parties and their respective successors and permitted assigns and shall be binding upon the Parties and their respective successors. This Agreement may not be assigned by any Party without the prior written consent of the other Parties.

**[EXECUTION PAGE FOLLOWS]**





**SCHEDULE "A "****U.S. REPRESENTATION LETTER**

**TO: BEVCANNA ENTERPRISES INC. ("BevCanna")**

**RE: BUSINESS COMBINATION AGREEMENT DATED DECEMBER 11, 2020 (the "Agreement")  
AMONG BEVCANNA AND NATURO GROUP INVESTMENTS INC.**

Capitalized terms not specifically defined in this certification have the meaning ascribed to them in the Agreement to which this Schedule is attached. In the event of a conflict between the terms of this certification and such Amalgamation Agreement, the terms of this certification will prevail.

In addition to the covenants, representations and warranties contained in the Amalgamation Agreement to which this Schedule is attached, the undersigned (the "**U.S. TargetCo Securityholder**") covenants, represents and warrants to BevCanna that:

- (a) It has such knowledge, skill and experience in financial, investment and business matters as to be capable of evaluating the merits and risks of an investment in the BevCanna Shares and it is able to bear the economic risk of loss of its entire investment. To the extent necessary, the U.S. TargetCo Securityholder has retained, at his or her own expense, and relied upon, appropriate professional advice regarding the investment, tax and legal merits and consequences of the Amalgamation Agreement and owning the BevCanna Shares.
- (b) BevCanna has provided to it the opportunity to ask questions and receive answers concerning the terms and conditions of the Amalgamation and it has had access to such information concerning BevCanna as it has considered necessary or appropriate in connection with its investment decision to acquire the BevCanna Shares, and that any answers to questions and any request for information have been complied with to the U.S. TargetCo Securityholder's satisfaction.
- (c) It is acquiring the BevCanna Shares for its own account, for investment purposes only and not with a view to any resale or distribution and, in particular, it has no intention to distribute either directly or indirectly the BevCanna Shares in the United States or to, or for the account or benefit of, a U.S. Person or a person in the United States; provided, however, that this paragraph will not restrict the U.S. TargetCo Securityholder from selling or otherwise disposing of the BevCanna Shares pursuant to registration thereof pursuant to the U.S. Securities Act and any applicable state securities laws or under an exemption from such registration requirements.
- (d) The address of the U.S. TargetCo Securityholder set out in the signature block below is the true and correct principal address of the U.S. TargetCo Securityholder and can be relied on by BevCanna for the purposes of state blue-sky laws, and the U.S. TargetCo Securityholder has not been formed for the specific purpose of purchasing the BevCanna Shares.
- (e) It understands (i) the BevCanna Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States; and (ii) the offer and sale contemplated hereby is being made in reliance on an exemption from such registration requirements in reliance on Rule 506(b) of Regulation D of the U.S. Securities Act.
- (f) The U.S. TargetCo Securityholder is

- (i) an “accredited investor” as defined in Rule 501(a) of Regulation D of the U.S. Securities Act by virtue of meeting one of the following criteria set forth in Appendix “A” hereto (**please hand-write your initials on the appropriate lines on Appendix “A”**), which Appendix “A” forms an integral part hereof; or
  - (ii) is not an “accredited investor” as defined in Rule 501(a) of Regulation D of the U.S. Securities Act, has a pre-existing substantive relationship with BevCanna, and has completed Appendix “B” hereto, which forms an integral part hereof.
- (g) The U.S. TargetCo Securityholder has not purchased the BevCanna Shares as a result of any form of “general solicitation” or “general advertising” (as those terms are used in Regulation D under the U.S. Securities Act), including advertisements, articles, press releases, notices or other communications published in any newspaper, magazine or similar media or on the Internet, or broadcast over radio or television, or the Internet or other form of telecommunications, including electronic display, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.
- (h) It acknowledges that the BevCanna Shares will be “restricted securities”, as such term is defined in Rule 144(a)(3) under the U.S. Securities Act, and may not be offered, sold, pledged, or otherwise transferred, directly or indirectly, without prior registration under the U.S. Securities Act and applicable state securities laws, and it agrees that if it decides to offer, sell, pledge or otherwise transfer, directly or indirectly, any of the BevCanna Shares, it will not offer, sell or otherwise transfer, directly or indirectly, the BevCanna Shares except:
  - (i) to BevCanna;
  - (ii) outside the United States in an “offshore transactions” meeting the requirements of Rule 904 of Regulation S under the U.S. Securities Act, if available, and in compliance with applicable local laws and regulations;
  - (iii) in compliance with the exemption from the registration requirements under the U.S. Securities Act provided by Rule 144 thereunder, if available, and in accordance with any applicable state securities or “blue sky” laws; or
  - (iv) in a transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws governing the offer and sale of securities, and, in the case of each of (iii) and (iv) above, it has prior to such sale furnished to BevCanna an opinion of counsel in form and substance reasonably satisfactory to BevCanna stating that such transaction is exempt from registration under applicable securities laws and that the legend referred to in paragraph (k) below may be removed.
- (i) It understands and agrees that the BevCanna Shares may not be acquired in the United States or by a U.S. Person or on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States unless registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration requirements is available.
- (j) It acknowledges that it has not purchased the BevCanna Shares as a result of, and will not itself engage in, any “directed selling efforts” (as defined in Regulation S under the U.S. Securities Act) in the United States in respect of the BevCanna Shares which would include any activities undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the resale of the BevCanna Shares.

- (k) The certificates representing the BevCanna Shares issued hereunder, as well as all certificates issued in exchange for or in substitution of the foregoing, until such time as the same is no longer required under the applicable requirements of the U.S. Securities Act or applicable state securities laws and regulations, will bear, on the face of such certificate, the following legend:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF BEVCANNA ENTERPRISES INC. (THE “COMPANY”) THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATIONS UNDER THE U.S. SECURITIES ACT AND IN ACCORDANCE WITH ALL LOCAL LAWS AND REGULATIONS; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF CLAUSE (C) OR (D), THE SELLER FURNISHES TO THE COMPANY AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE COMPANY TO SUCH EFFECT. THE PRESENCE OF THIS LEGEND MAY IMPAIR THE ABILITY OF THE HOLDER HEREOF TO EFFECT “GOOD DELIVERY” OF THE SECURITIES REPRESENTED HEREBY ON A CANADIAN STOCK EXCHANGE.”

provided, that if the BevCanna Shares were issued at a time when BevCanna qualifies as a “foreign private issuer” as defined in Rule 405 under the U.S. Securities Act, and are being sold outside the United States in compliance with the requirements of Rule 904 of Regulation S and in compliance with Canadian local laws and regulations, the legend set forth above may be removed by providing an executed declaration to the registrar and transfer agent of BevCanna, in substantially the form set forth as Appendix “C” attached hereto (or in such other forms as BevCanna may prescribe from time to time) and, if requested by BevCanna or the transfer agent, an opinion of counsel of recognized standing in form and substance reasonably satisfactory to BevCanna and the transfer agent to the effect that such sale is being made in compliance with Rule 904 of Regulation S; and provided, further, that, if any BevCanna Shares are being sold otherwise than in accordance with Regulation S and other than to BevCanna, the legend may be removed by delivery to the registrar and transfer agent and BevCanna of an opinion of counsel, of recognized standing reasonably satisfactory to BevCanna, that such legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws.

- (l) The certificates representing the BevCanna Shares will also be imprinted with a restrictive legend substantially in the following form pursuant to Canadian securities laws:

“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) [THE CLOSING DATE] AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.”

- (m) It understands and agrees that there may be material tax consequences to the U.S. TargetCo Securityholder of an acquisition, holding or disposition of any of the BevCanna Shares. BevCanna gives no opinion and makes no representation with respect to the tax consequences to the U.S. TargetCo Securityholder under United States, state, local or foreign tax law of the undersigned's acquisition, holding or disposition of such BevCanna Shares. In particular, no determination has been made whether BevCanna will be a "passive foreign investment company" within the meaning of Section 1297 of the United States Internal Revenue Code of 1986, as amended.
- (n) It consents to BevCanna making a notation on its records or giving instructions to any transfer agent of BevCanna in order to implement the restrictions on transfer set forth and described in this certification and the Amalgamation Agreement.
- (o) It understands and agrees that the financial statements of BevCanna have been or will be prepared in accordance with International Financial Reporting Standards and therefore may be materially different from financial statements prepared under U.S. generally accepted accounting principles and therefore may not be comparable to financial statements of United States companies.
- (p) It understands and acknowledges that BevCanna is incorporated outside the United States, consequently, it may be difficult to provide service of process on BevCanna and it may be difficult to enforce any judgment against BevCanna.
- (q) It understands that BevCanna does not have any obligation to register the BevCanna Shares under the U.S. Securities Act or any applicable state securities or "blue-sky" laws or to take action so as to permit resales of the BevCanna Shares. Accordingly, the U.S. TargetCo Securityholder understands that absent registration, it may be required to hold the BevCanna Shares indefinitely. As a consequence, the U.S. TargetCo Securityholder understands it must bear the economic risks of the investment in the BevCanna Shares for an indefinite period of time.

The foregoing representations contained in this certificate are true and accurate as of the date of this certificate and will be true and accurate as of the Effective Time. If any such representations will not be true and accurate prior to the Effective Time, the undersigned will give immediate written notice of such fact to BevCanna prior to the Effective Time.

**ONLY U.S. SECURITYHOLDERS NEED COMPLETE AND SIGN**

Dated \_\_\_\_\_.

**X** \_\_\_\_\_  
Signature of individual (if U.S. TargetCo  
Securityholder **is** an individual)

**X** \_\_\_\_\_  
Authorized signatory (if U.S. TargetCo  
Securityholder is **not** an individual)

\_\_\_\_\_  
Name of U.S. TargetCo Securityholder (**please  
print**)

\_\_\_\_\_  
Address of U.S. TargetCo Securityholder (**please  
print**)

\_\_\_\_\_  
Name of authorized signatory (if applicable)  
(**please print**)

\_\_\_\_\_  
Official capacity of authorized signatory (if  
applicable) (**please print**)



such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment);

5. Initials \_\_\_\_\_ A natural person whose individual net worth, or joint net worth with that person's spouse, at the time of purchase, exceeds US\$1,000,000 (for the purposes of calculating net worth), (i) the person's primary residence will not be included as an asset; (ii) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of this certification, will not be included as a liability (except that if the amount of such indebtedness outstanding at the time of this certification exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess will be included as a liability); and (iii) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence will be included as a liability;
6. Initials \_\_\_\_\_ A natural person who had annual gross income during each of the last two full calendar years in excess of US\$200,000 (or together with his or her spouse in excess of US\$300,000) and reasonably expects to have annual gross income in excess of US\$200,000 (or together with his or her spouse in excess of US\$300,000) during the current calendar year, and no reason to believe that his or her annual gross income will not remain in excess of US\$200,000 (or that together with his or her spouse will not remain in excess of US\$300,000) for the foreseeable future;
7. Initials \_\_\_\_\_ Any director or executive officer of BevCanna; or
8. Initials \_\_\_\_\_ Any entity in which all of the equity owners meet the requirements of at least one of the above categories – *if this category is selected, you must identify each equity owner and provide statements from each demonstrating how they qualify as an accredited investor.*



**ONLY U.S. SECURITYHOLDERS WHO ARE ACCREDITED INVESTORS NEED TO COMPLETE AND SIGN**

Dated \_\_\_\_\_.

**X** \_\_\_\_\_  
Signature of individual (if U.S. TargetCo  
Securityholder **is** an individual)

**X** \_\_\_\_\_  
Authorized signatory (if U.S. TargetCo  
Securityholder is **not** an individual)

\_\_\_\_\_  
Name of U.S. TargetCo Securityholder (**please  
print**)

\_\_\_\_\_  
Address of U.S. TargetCo Securityholder (**please  
print**)

\_\_\_\_\_  
Name of authorized signatory (if applicable)  
(**please print**)

\_\_\_\_\_  
Official capacity of authorized signatory (if  
applicable) (**please print**)

Appendix "B" to

**U.S. REPRESENTATION LETTER FOR U.S. TARGETCO SECURITYHOLDERS**  
**TO BE COMPLETED BY U.S. TARGETCO SECURITYHOLDERS THAT ARE NOT U.S. ACCREDITED INVESTORS**

In addition to the covenants, representations and warranties contained in the Amalgamation Agreement and the Representation Letter to which this Appendix is attached, the undersigned (the "**U.S. TargetCo Securityholder**") covenants, represents and warrants to BevCanna Enterprises Inc. (also referred to herein as the "**Company**") that the U.S. TargetCo Securityholder understands that the BevCanna Shares have not been and will not be registered under the U.S. Securities Act and that the offer and sale of the BevCanna Shares to the U.S. TargetCo Securityholder contemplated by the Agreement is intended to be a private offering pursuant to Rule 506(b) of Regulation D of the U.S. Securities Act and/or section 4(a)(2) thereunder.

Your answers will at all times be kept strictly confidential. However, by signing this suitability questionnaire (the "**Questionnaire**") the U.S. TargetCo Securityholder agrees that the Company may present this Questionnaire to such parties as may be appropriate if called upon to verify the information provided or to establish the availability of an exemption from registration of the private offering under the federal or state securities laws or if the contents are relevant to issue in any action, suit or proceeding to which the Company is a party or by which it is or may be bound. A false statement by the U.S. TargetCo Securityholder may constitute a violation of law, for which a claim for damages may be made against the U.S. TargetCo Securityholder. Otherwise, your answers to this Questionnaire will be kept strictly confidential. Please complete the following questionnaire:

1. Educational Background

(a) Briefly describe educational background, relevant institutions attended, dates, degrees:

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(b) Briefly describe business involvement or employment during the past 10 years or since graduation from school, whichever period is shorter. (Specific employers need not be named. A sufficient description is needed to assist the Company in determining the extent of vocationally related experience in financial and business matters).

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2. Investment experience

(a) Please indicate the frequency of your investment in marketable securities:

Often;  Occasionally;  Seldom;  Never.

(b) Please indicate the frequency of your investment in commodities futures:

Often;  Occasionally;  Seldom;  Never.

(c) Please indicate the frequency of your investment in options:

Often;  Occasionally;  Seldom;  Never.

(d) Please indicate the frequency of your investment in securities purchased on margin:

Often;  Occasionally;  Seldom;  Never.

(e) Please indicate the frequency of your investment in unmarketable securities;

Often;  Occasionally;  Seldom;  Never.

(f) Have you purchased securities sold in reliance on the private offering exemptions from registration pursuant to the U.S. Securities Act or any state laws during the past three years?

Yes  No

(g) If you answered "Yes," please provide the following information:

<u>Year</u>	<u>Security</u>	<u>Nature of Issuer</u>	<u>Business Invested</u>	<u>Total Amount</u>
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(h) Do you believe you have sufficient knowledge and experience in financial and business affairs that you can evaluate the merits and risks of a purchase of the BevCanna Shares?

Yes

No

(i) Do you believe you have sufficient knowledge of investments in general, and investments similar to a purchase of the BevCanna Shares in particular, to evaluate the risks associated with a purchase of the BevCanna Shares?

Yes

No

You hereby acknowledge that the foregoing statements are true and accurate to the best of your information and belief and that you will promptly notify the Company of any changes in the foregoing answers.

**ONLY U.S. SECURITYHOLDERS WHO ARE NOT ACCREDITED INVESTORS NEED TO COMPLETE AND SIGN**

Dated \_\_\_\_\_.

**X** \_\_\_\_\_  
Signature of individual (if U.S. TargetCo  
Securityholder **is** an individual)

**X** \_\_\_\_\_  
Authorized signatory (if U.S. TargetCo  
Securityholder is **not** an individual)

\_\_\_\_\_  
Name of U.S. TargetCo Securityholder (**please  
print**)

\_\_\_\_\_  
Address of U.S. TargetCo Securityholder (**please  
print**)

\_\_\_\_\_  
Name of authorized signatory (if applicable)  
(**please print**)

\_\_\_\_\_  
Official capacity of authorized signatory (if  
applicable) (**please print**)

Appendix "C" to

**U.S. REPRESENTATION LETTER FOR U.S. TARGETCO SECURITYHOLDERS**

**Form of Declaration for Removal of Legend**

TO: Registrar and transfer agent for the shares of BevCanna Enterprises Inc. (the "Company")

The undersigned (A) acknowledges that the sale of the \_\_\_\_\_ common shares in the capital of the Company represented by certificate number \_\_\_\_\_, to which this declaration relates, is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and (B) certifies that (1) the undersigned is not an "affiliate" (as defined in Rule 405 under the U.S. Securities Act) of the Company (except solely by virtue of being an officer or director of the Company) or a "distributor", as defined in Regulation S, or an affiliate of a "distributor"; (2) the offer of such securities was not made to a person in the United States and either (a) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believe that the buyer was outside the United States, or (b) the transaction was executed on or through the facilities of the TSX Venture Exchange, the Canadian Securities Exchange or a designated offshore securities market within the meaning of Rule 902(b) of Regulation S under the U.S. Securities Act, and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States; (3) neither the seller nor any affiliate of the seller nor any person acting on their behalf has engaged in any directed selling efforts in connection with the offer and sale of such securities; (4) the sale is bona fide and not for the purpose of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act); (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of Regulation S under the U.S. Securities Act with fungible unrestricted securities; and (6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S, is part of a plan or a scheme to evade the registration provisions of the U.S. Securities Act. Unless otherwise specified, terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

Dated: \_\_\_\_\_

X \_\_\_\_\_  
Signature of individual (if Seller is an individual)

X \_\_\_\_\_  
Authorized signatory (if Seller is **not** an individual)


\_\_\_\_\_  
Name of Seller (**please print**)

\_\_\_\_\_  
Name of authorized signatory (if applicable) (**please print**)

\_\_\_\_\_  
Official capacity of authorized signatory (if applicable) (**please print**)

**Affirmation by Seller's Broker-Dealer**  
**(Required for sales pursuant to Section (B)(2)(b) above)**

We have read the representations of our customer \_\_\_\_\_ (the "Seller") contained in the foregoing Declaration for Removal of Legend, dated \_\_\_\_\_, 20\_\_, with regard to the sale, for such Seller's account, of \_\_\_\_\_ common shares (the "Securities") of the Company represented by certificate number \_\_\_\_\_. We have executed sales of the Securities pursuant to Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), on behalf of the Seller. In that connection, we hereby represent to you as follows:

- (1) no offer to sell Securities was made to a person in the United States;
- (2) the sale of the Securities was executed in, on or through the facilities of the Toronto Stock Exchange, the TSX Venture Exchange or , and, to the best of our knowledge, the sale was not pre-arranged with a buyer in the United States;
- (3) no "directed selling efforts" were made in the United States by the undersigned, any affiliate of the undersigned, or any person acting on behalf of the undersigned; and
- (4) we have done no more than execute the order or orders to sell the Securities as agent for the Seller and will receive no more than the usual and customary broker's commission that would be received by a person executing such transaction as agent.

For purposes of these representations: "**affiliate**" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the undersigned; "**directed selling efforts**" means any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the Securities (including, but not be limited to, the solicitation of offers to purchase the Securities from persons in the United States); and "**United States**" means the United States of America, its territories or possessions, any State of the United States, and the District of Columbia.

Legal counsel to the Company shall be entitled to rely upon the representations, warranties and covenants contained herein to the same extent as if this affirmation had been addressed to them.

\_\_\_\_\_  
Name of Firm

By: \_\_\_\_\_  
Authorized Signatory