

INTELLECTUAL PROPERTY AND TRADEMARK LICENSE

THIS AGREEMENT made as of the 8th day of May, 2020 (the “**Effective Date**”), between **CAPNA INTELLECTUAL, INC.**, a California company having its principal business office at 6345 Balboa Blvd, 254, Encino, California, USA 91316 (“**Capna**”), of the first part, and **BEVCANNA OPERATING CORP.**, a British Columbia company having its principal business office at 1672 West 2nd Avenue, Vancouver, BC V6J 1H4 (“**BevCanna**”), of the second part,

WITNESSES THAT WHEREAS:

A. BevCanna is in the business of the development, manufacture and sale of products derived from cannabis concentrates. BevCanna has applied for, and expects to receive, a license (the “**HC License**”) issued by Health Canada under the *Cannabis Act* (Canada) and the regulations promulgated thereunder (the “**Act**”), permitting it to source dried cannabis, and to process or otherwise source cannabis extracts (the “**Cannabis Inputs**”).

B. Capna holds rights to license and otherwise commercially exploit the Licensed IP (as defined below).

C. BevCanna desires to use and Capna has agreed, subject to the terms and conditions set out herein, to permit BevCanna to use the Licensed IP to manufacture, advertise, distribute and sell certain Products (as defined below).

NOW THEREFORE in consideration of the facts recited above, the grants, covenants, and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Capna and BevCanna (each a “**Party**”, and together, the “**Parties**”) grant, covenant, and agree as follows:

1. DEFINITIONS

1.1 In addition to the terms defined elsewhere in this Agreement, as used in this Agreement, the following terms shall have the following respective meanings:

- (a) “**Advertising Materials**” means all print and online advertisements and promotional literature, and television and radio commercials promoting Branded Products.
- (b) “**BevCanna Anarchist Products**” shall have the meaning set out in Section 2.8.
- (c) “**Branding IP**” means all trademarks and copyrights owned or licensed by Capna (whether owned or licensed now or in the future), including without limitation, those trademarks and copyrights listed in Schedule A, as amended from time to time, attached hereto, whether registered or unregistered, and any registrations, which may be granted pursuant to any applications for such marks, and all additions to and modifications of such trademarks and copyrights, which are approved for use by Capna from time to time. Schedule A shall be amended to include additional trademarks and copyrights from time to time.
- (d) “**Branded Products**” means Products that contain Branding IP, including without

limitation, any trademarks and copyrights owned by third parties, which are licensed to Capna.

- (e) **“Business Day”** means a day other than a Saturday, Sunday or statutory holiday in the Province of British Columbia.
- (f) **“Confidential Information”** means any proprietary information delivered by one Party to the other pursuant to this Agreement, including, but not limited to:
 - (i) the commercial terms of this Agreement,
 - (ii) any non-public Intellectual Property owned by either Party, including the Licensed IP, and
 - (iii) any and all information of a technical, financial, accounting, tax, legal, commercial, operational or logistics nature related to the respective businesses of the Parties,

but Confidential Information shall not include any information:

- (i) which at the time of disclosure is readily available to the public,
 - (ii) which after disclosure becomes readily available to the public, other than through a breach of this Agreement,
 - (iii) which is subsequently lawfully and in good faith obtained by the Party that does not own the information in question from an independent third party without breach of this Agreement,
 - (iv) which the Party that does not own the information can establish was in such Party’s possession without obligation of confidentiality prior to the date of disclosure of such information by the disclosing Party to such recipient Party, or
 - (v) which is required to be disclosed by the Party that does not own the information in question by operation of law or regulation, provided such Party (if permitted by law) gives the disclosing Party prompt notice to allow the disclosing Party a reasonable opportunity to obtain a protective order therefor, with the exception of any request from Health Canada regarding the Products or the BevCanna Anarchist Products.
- (g) **“Facility”** means the facility leased by BevCanna located at 1450 Sidley Camp McKinny Road, Bridesville, British Columbia, or such other facility as is designated by BevCanna and approved by Capna from time to time.
 - (h) **“Improvements”** means any significant change from existing methods, whether patentable or not, acquired, created or developed by BevCanna at any time after the Effective Date, developed from or relying on the Licensed IP or otherwise through collaboration with Capna under the terms of this Agreement.

- (i) **“Intellectual Property”** means any statutory or non-statutory intellectual property rights in any jurisdiction, including any issued, pending, registered, filed or unfiled application for any patent (including any utility, design or plant patent, and including any continuation, continuation-in-part, divisional, re-issue, re-examination, national phase entry or regional phase entry application), copyright, trademark, industrial design, plant breeder’s right, *Plant Varieties Protection Act* registration or other statutory intellectual property right, and any Know-How or other intellectual property or other proprietary right, and any written or unwritten title, interest, licence, right to bring or participate in any proceeding for past infringement or any other actionable right under or relating to any intellectual property right, or any other rights to any of the foregoing, relating to any aspect of the business of a Party, including standard operating procedures, production processes, packaging processes, labelling processes, ingredients, technology, inventions, plant varieties, clonally propagated plant material, stable cultivars, business management processes, compilations of information, contracts, records, specifications, business procedures, label designs, branding, compliance documentation, files, records, documents, drawings, specifications, equipment and data (data includes all information whether written or in an electronic format), and including any information regarding suppliers or manufacturers, equipment, methodologies, customer lists or other relevant information, relating to any of the foregoing.
- (j) **“Know-How”** means any and all technical information, trade secrets, formulas, recipes, prototypes, specifications, directions, instructions, test protocols, procedures, results, studies, analyses, raw material sources, data, manufacturing data, formulation or production technology, conceptions, ideas, innovations, discoveries, inventions, processes, methods, materials, machines, devices, formulae, equipment, enhancements, modifications, technological developments, techniques, systems, tools, designs, drawings, plans, software, documentation, data, programs, and other knowledge, information, skills, and materials.
- (k) **“Law”** means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, award, decree, other requirement, or rule of law of any federal, provincial, state, local, or foreign government, or political subdivision thereof, or any arbitrator, court, or tribunal of competent jurisdiction.
- (l) **“Licensed IP”** means, collectively, the Branding IP and the Technology IP, but excludes the Improvements.
- (m) **“Net Profits”** means BevCanna’s total net revenue from all Products and BevCanna Anarchist Products distributed or sold during a particular period, by BevCanna or any of its affiliated or subsidiary companies, and all licensing revenue derived from licensing the Licensed IP to third parties
 - (i) less BevCanna’s total costs of goods sold attributable to all such Products and BevCanna Anarchist Products during that period, and
 - (ii) less BevCanna’s operating expenses during that period multiplied by the number that is equal to

- A. BevCanna's total net revenue from all such Products and BevCanna Anarchist Products during that period
- B. divided by BevCanna's total net revenue during that period,

with "net revenue," "costs of goods sold," and "operating expenses" having the same meaning ascribed to those corresponding terms in BevCanna's financial statements, and determined in accordance with Canadian generally accepted accounting principles.

- (n) "**Other Inputs**" means all concentrate cartridges, batteries, heating elements, other cannabis accessories, ingredients (as defined in the Act), solvents, packaging materials and any other inputs required to manufacture the Products.
 - (o) "**Packaging**" means all labels, containers, packages, tags and displays used in connection with Branded Products.
 - (p) "**Person**" means an individual, corporation, partnership, joint venture, limited liability entity, governmental authority, unincorporated organization, trust, association, or other entity.
 - (q) "**Products**" means products derived from cannabis concentrates and cannabis extracts (as such terms are defined in the Act) as set out in Schedule B which contain or are developed using Branding IP or Technology IP, or both, and all modifications of these Products approved by Capna from time to time.
 - (r) "**ROFO**" means a right of first offer.
 - (s) "**ROFR**" means a right of first refusal.
 - (t) "**Technology IP**" means the product formulations and specifications, technical data, standards, technical information, standard operating procedures, specifications, processes, methods, as well as all information, knowledge, and Know-How used in the development of the Products including, but not limited to, the specific flavours and the ratios and combinations of features of Cannabis Inputs described in Section 5.1 as they are applied to the Products listed in Schedule B as amended from time to time.
 - (u) "**Territory**" means each of the provinces and territories of Canada, and any other geographic areas as agreed in writing by Capna and BevCanna from time to time. BevCanna shall not advertise, distribute or sell Products outside the Territory, or to any person or entity that BevCanna knows or should reasonably know intends or is likely to advertise, redistribute or resell Products outside the Territory.
- 1.2 The attached Schedules are incorporated into and form an integral part of this Agreement.
- 1.3 All references to currency contained herein are to lawful money of Canada.

2. GRANT OF LICENSE AND SERVICES

- 2.1 **Grant:** Upon the receipt by BevCanna of the HC License, and subject to the terms and conditions of this Agreement, Capna grants BevCanna, by way of license, the exclusive (even with respect to Capna), subject to Section 2.3, nontransferable permission and right during the Term to manufacture, advertise, market, distribute and sell the Products and the Branded Products developed with or containing the Licensed IP in the Territory. BevCanna agrees to use the Licensed IP only in accordance with this Agreement (which rights to use the Licensed IP, as they may be amended and supplemented from time to time, are hereinafter sometimes called the “**License**”). Between the Effective Date and the later of the date of the receipt by BevCanna of the HC License or termination of the Agreement by Capna under Section 12.4(a), Capna shall not grant rights inconsistent with the rights granted to BevCanna in this Agreement to any third party.
- 2.2 **Exclusivity:** Subject to Section 3.3, Capna agrees that it shall not solicit licensing or business opportunities from any Person, other than BevCanna, regarding the manufacture, sale or distribution in or throughout the Territory of any product that contains Cannabis Inputs. BevCanna shall not solicit licensing or business opportunities from any Person, other than Capna, regarding the manufacturing, sale or distribution of any products, that are of the same type as the Products, nor shall BevCanna manufacture products that are of the same type as the Products except in accordance with Section 2.8. If BevCanna wishes to enter into a licensing or other transaction with another Person for products that are not the same type as the Products or manufacture products that are not the same type as the Products, BevCanna shall be free to do so without informing Capna or obtaining Capna’s consent to do so.
- 2.3 **Limit on Exclusivity:** The Parties agree that, beginning on the 19th month following the Effective Date, if the Net Profits for any consecutive 12 month period during Term are not at least 15% greater than the Net Profits during the previous 12 month period, BevCanna may elect to either: (a) pay Capna the difference between the Royalty Payments had BevCanna’s Net Profits been 15% greater (as set out above) and the Royalty Payments actually paid to Capna during the applicable 12 month period, or (b) waive its exclusivity rights set out in Section 2.1.
- 2.4 **Rights Reserved:** Except for and to the extent of those rights expressly granted to BevCanna and the obligations of Capna set out in this Agreement, including in Sections 2.1, 2.2 and 3, Capna reserves and retains all rights to use and license the Licensed IP and nothing in this Agreement shall be construed to prevent Capna from using or granting any other licenses in respect of such retained rights for use of the Licensed IP.
- 2.5 **Term:** This Agreement shall begin effective as of the Effective Date and shall continue for a period of five (5) years (the “**Initial Term**”), unless terminated sooner or renewed in the manner provided in this Agreement. This Agreement will automatically extend for successive periods of five (5) years (each a “**Renewal Term**” and together with the Initial Term, the “**Term**”), unless either Party notifies the other Party at least ninety (90) Business Days prior to the expiry date of the Initial Term or Renewal Term, as applicable, that such Party does not wish to renew this Agreement.
- 2.6 **Limitations on License:** This License is subject to the following limitations and obligations, as well as other limitations and obligations set forth in the Agreement:

- (a) BevCanna shall not use the Licensed IP for any purpose other than as authorized in this Agreement.
- (b) BevCanna shall be entitled to sublicense the rights granted herein to one or more of its directly or indirectly owned subsidiaries, or to third parties, provided that: (i) BevCanna shall inform Capna of the identity of a proposed sublicensee and Capna shall have the right to approve on the proposed sublicensee, such approval not to be unreasonably withheld; (ii) in each instance such sublicense is pursuant to appropriate and legally binding agreements that include intellectual property ownership terms and confidentiality terms substantially similar to those contained herein; and (iii) BevCanna is responsible for ensuring that all uses of the Licensed IP by all sublicensees are limited to those uses permitted under this Agreement. BevCanna will provide information and copies of such agreements to Capna upon execution.

2.7 **Services.** The initial core training on manufacturing and processing of Products shall be provided by Capna at Capna's sole cost, including all out-of-pocket expenses. Following such initial core training if: (i) the Parties mutually agree that training by Capna is required at the Facility, the out-of-pocket expenses for such training shall be split between the Parties in accordance with their respective percentages of Net Profits; (ii) if BevCanna requests Capna to train at the Facility, BevCanna shall bear all reasonable out-of-pocket expenses for Capna to train staff at the Facility in the manufacture of the Products and these expenses shall be included in the calculation of Net Profits; and (iii) Capna wishes to attend the Facility for training or other purposes, Capna shall bear all of its own out-of-pocket expenses. In all cases, Capna shall be responsible for its own labor costs. Capna shall assist BevCanna in establishing standard operating procedures for the Facility with respect to the manufacture of Products. Capna shall further support BevCanna in application of the Licensed IP to manufacture the Products, recommend equipment(s) necessary to manufacture the Products, and assist BevCanna with promotion of the Products.

2.8 **Co-Development of Specialty Products.** BevCanna shall provide Capna with a ROFR to co-develop products with BevCanna under BevCanna's Anarchist Mountain brand ("**BevCanna Anarchist Products**"), provided that this right shall only apply if a BevCanna Anarchist Product is of the same type as one of the Products and such right shall apply on the following basis:

- (a) Upon developing the concept for a BevCanna Anarchist Product, BevCanna shall notify Capna providing details on the concept. Capna shall have a period of fourteen (14) Business Days from the date of receipt of BevCanna's notice to Capna to agree to participate in the co-development of the BevCanna Anarchist Product. If Capna does not respond with such fourteen (14) day period or notifies BevCanna that it does not wish to participate in the co-development of the BevCanna Anarchist Product, BevCanna may proceed to develop or co-develop the BevCanna Anarchist Product on its own or with a third party. For purposes of this section, "co-development" or "co-develop" shall mean the use of Know-How (that is owned or controlled by Capna as of the Effective Date or during the Term) that is necessary in or adds significant value to the manufacture, promotion, advertising, distribution, and sale of the BevCanna Anarchist Products.

- (b) If Capna co-develops the BevCanna Anarchist Product with BevCanna, Capna shall be entitled to royalty payments on sales of the BevCanna Anarchist Products in accordance with Section 6.
- (c) All Intellectual Property in the BevCanna Anarchist Products shall be owned solely by BevCanna. As such, Capna hereby assigns (and agrees to assign) any right, title or interest it may obtain in any BevCanna Anarchist Product to BevCanna. Capna agrees to provide assignments and waivers of moral rights from any employee, consultant, or third party who may obtain rights in the BevCanna Anarchist Products. Capna shall, at the request of BevCanna, provide such information, do such additional things, enter into such further agreements and execute any and all documents (or cause its employees, consultants, third parties and to do the same) as may be required to ensure that ownership of the BevCanna Anarchist Products remains with BevCanna.
- (d) Unless mutually agreed upon in writing, BevCanna Anarchist Products shall not compete with the formulations, flavor profiles or product positioning of the Products. For greater clarity, BevCanna Anarchist Products may include a vape if the vape does not have the same formulation or flavor profile as a Product or is not targeted at the same consumer market segment.
- (e) This section shall apply after 90 days following the delivery date of first delivery of Products in the Territory.

3. ADDITIONAL OPPORTUNITIES

- 3.1 **Exclusive Beverage Manufacturer:** In the event that Capna intends to use the Branding IP in the manufacture, sale and distribution of beverages containing Cannabis Inputs (“**Cannabis Beverages**”), Capna agrees that BevCanna will be the exclusive manufacturer of Cannabis Beverages for Capna in the Territory pursuant to a manufacturing agreement (the “**Manufacturing Agreement**”) to be negotiated in good faith and on commercially reasonable terms. Unless otherwise agreed by the Parties, the Manufacturing Agreement shall contain any additional terms and conditions or modifications with respect to the ROFR and ROFO for Cannabis Beverages in Section 3.2 or European Operations (as defined below) in Section 3.4, as is determined advisable by the Parties.
- 3.2 **ROFR/ROFO for Cannabis Beverages:** If Capna receives a bona fide offer to manufacture Cannabis Beverages in any US state from a third party or plans to expand its operations to include the manufacture of Cannabis Beverages in any US state, Capna will notify BevCanna of any such third party offers or expansion plans, in writing. BevCanna will have the ROFR (for third party offers) and the ROFO (for expansion plans) for a period of fourteen (14) Business Days from the date of Capna’s notice to BevCanna to extend its exclusive territory for manufacturing Cannabis Beverages to include the applicable states. During such fourteen (14) day period, BevCanna will have the right under the ROFR to match any bona fide third party offer, and Capna will have the obligation under the ROFO to negotiate in good faith exclusively with BevCanna for a definitive agreement with respect to any expansion plans. BevCanna may refuse to exercise such ROFR or ROFO based on lack of capability or desire to manufacture in additional US states, at its sole discretion, and if BevCanna refuses to exercise such ROFR or

ROFO within the fourteen (14) Business Day period, then Capna shall be permitted to negotiate with third parties for the manufacture of Cannabis Beverages in such other US states.

3.3 **ROFR/ROFO for New Cannabis Products:** If Capna receives a bona fide offer to manufacture any products containing Cannabis Inputs other than Products or Cannabis Beverages (“**New Cannabis Products**”), in the Territory from a third party or plans to expand its operations to include the manufacture of New Cannabis Products in the Territory, Capna will notify BevCanna of any such third party offers or expansion plans, in writing. BevCanna will have the ROFR (for third party offers) and the ROFO (for expansion plans) to match any bona fide third party offer for a period of fourteen (14) Business Days from the date of Capna’s notice to BevCanna to provide written notice to Capna that BevCanna wishes to extend the License by amending this Agreement such that any such New Cannabis Products shall become included in the definition of Products, and any Intellectual Property of Capna used in the manufacture of such New Cannabis Products shall become included in the definitions of Branding IP and Technology IP, as applicable. BevCanna may refuse to exercise a ROFR or ROFO based on lack of capability or desire to manufacture such New Cannabis Products, at its sole discretion, and if BevCanna refuses to exercise such ROFR or ROFO within the fourteen (14) Business Day period, then BevCanna and Capna may mutually agree to allow Capna to negotiate with third parties for the manufacture of such New Cannabis Products upon terms and conditions agreeable to BevCanna.

3.4 **ROFR/ROFO for Europe:** Following the Effective Date, if Capna receives a bona fide offer to export Products, excluding CBD derived, to, or manufacture Products in, the European Union or United Kingdom from a third party or plans to expand its operations to include the export of Products to, or the manufacture of Products in, the European Union or United Kingdom, Capna will notify BevCanna of any such third party offers or expansion plans (collectively “**European Operations**”), in writing. BevCanna will have the ROFR (for third party offers) and the ROFO (for expansion plans) for a period of fourteen (14) Business Days from the date of Capna’s notice to BevCanna to provide written notice to Capna that BevCanna wishes to become Capna’s exclusive partner for its European Operations. During such fourteen (14) day period, BevCanna will have the right under the ROFR to match any bona fide third party offer, and Capna will have the obligation under the ROFO to negotiate in good faith exclusively with BevCanna for a definitive agreement with respect to any European Operations. BevCanna may refuse to exercise such ROFR or ROFO based on lack of capability or desire to export Products to, or manufacture Products in, the European Union or United Kingdom, at its sole discretion, and if BevCanna refuses to exercise such ROFR or ROFO within the fourteen (14) Business Day period, then Capna shall be permitted to negotiate with third parties with respect to such European Operations.

4. **MODIFICATION OF SCHEDULES**

4.1 The Licensed IP which is or may be listed in any Schedule attached hereto may be changed by Capna when and if Capna adds, discontinues or modifies its use of such Licensed IP. Through periodic advisory bulletins or notices, including, without limitation, notification via email, Capna will give BevCanna written reasonable notice of any such changes to Schedules. BevCanna, upon receipt of the bulletins or notices, is responsible for distributing them promptly to the appropriate party(s) and complying with the modified Schedules. Capna may not add Products to the Schedules without the written consent of BevCanna, which consent shall not be unreasonably withheld, subject to Section 3.3. Capna acknowledges that BevCanna may have

reasonable positions for withholding consent, such as where proposed Capna products could conflict with or compete with BevCanna's current products, products under development or BevCanna's product positioning.

- 4.2 BevCanna recognizes and agrees that certain changes to Schedules may affect BevCanna's rights regarding Licensed IP or Products and that such rights may or shall cease on the effective date of the notice of such changes, in accordance with the terms of the notice. In such event, those provisions of Section 13 regarding disposal of inventory shall become effective for the affected Licensed IP or Products unless BevCanna obtains written permission from Capna to continue to use the Licensed IP, or to manufacture, advertise, distribute or sell the Products.

5. PRODUCTS

- 5.1 **Quality Standards:** BevCanna must obtain the prior approval of Capna for the first manufacture of any Branded Products, and such Branded Products shall have the following features as reasonably determined by Capna:

- (a) all Branded Products shall be per specification as provided in Schedule C;
- (b) are sourced from cannabis plants cultivated by (i) BevCanna, (ii) an entity selected by Capna or (iii) an entity selected by BevCanna and approved by Capna;
- (c) are sourced from cannabis plants cultivated in Canada;
- (d) are sourced from specific varieties or strains of cannabis plants;
- (e) include specific amounts or ratios of delta-9-tetrahydrocannabinol ("**THC**"), cannabidiol ("**CBD**") and other phytocannabinoids, whether in acid or decarboxylated form; and
- (f) include amounts or ratios of terpenoids or other compounds as flavours, whether sourced from cannabis plants or otherwise.

- 5.2 **Cannabis Inputs:** BevCanna shall select one or more cultivators as sources for Cannabis Inputs in accordance with Section 5.1(a). BevCanna shall be solely responsible for arranging for supply, payment and delivery of Cannabis Inputs to the Facility.

- 5.3 **Other Inputs:** BevCanna may purchase Other Inputs from Capna subject to compliance with the Act and any other applicable Law. Capna shall sell the Other Inputs to BevCanna per Schedule D, which may be amended by Capna from time to time. Capna will provide a detailed itemization of costs with each invoice for Other Inputs provided to BevCanna. Capna shall notify BevCanna, at least five (5) Business Days prior to each invoice, of all prepaid orders of Other Inputs, and BevCanna shall pay such invoices with cash on delivery of such Other Inputs. BevCanna shall have the right to verify shipments of Other Inputs and reject the same if not compliant with specifications for the Other Inputs or if the Other Inputs are otherwise damaged within thirty (30) Business Days of delivery of the Other Inputs. Capna may replace any rejected Other Inputs or refund any amounts paid by BevCanna with respect to the rejected Other Inputs. All terpenoids or other compounds as flavours, whether sourced from cannabis plants or otherwise, shall be purchased directly from Capna, and used only for Products and BevCanna Anarchist Products co-developed with Capna. In the event that BevCanna seeks to source Other

Inputs from third-party suppliers, including hardware, BevCanna shall first obtain Capna's prior written consent, provided however that if BevCanna sources Other Inputs from the Canadian distribution arm of Capna's US supplier of Other Inputs, BevCanna does not require Capna's prior written approval.

- 5.4 **Labelling Inputs:** BevCanna shall design labels in compliance with the Act and any other applicable Law, and shall source labelling materials and excise duty stamps (the "**Labelling Inputs**") for use in manufacturing the Products. BevCanna shall pay all insurance, cartage and other costs and responsibilities related to sourcing and delivery of the Labelling Inputs. BevCanna must obtain the approval of Capna for the suppliers and details related to sourcing the Labelling Inputs prior to commercial manufacture of any Branded Products.
- 5.5 **Manufacturing Quantity:** BevCanna shall manufacture, distribute, sell and maintain inventory of sufficient quantities of Products to meet the reasonable market demand in the Territory.
- 5.6 **Quality Control:** BevCanna shall be solely responsible for ensuring that the Products:
- (a) meet the requirements of the Act, including by engagement of a third-party lab chosen by BevCanna to ensure compliance with limits established in the Act for microbial contaminants, chemical contaminants, pest control products, solvents and any other regulatory requirements;
 - (b) are packaged, labeled, stored and transacted in the Territory in compliance with the Act and any applicable Law; and
 - (c) include concentrations of Total CBD (CBD including potential conversion of cannabidiolic acid ("**CBDA**")) or Total THC (THC including potential conversion of Δ 9-tetrahydrocannabinolic acid ("**THCA**")) that are consistent with Schedule C for a given Product across batches and lots of Branded Products.

6. PAYMENTS

- 6.1 **Royalty Payments:** BevCanna agrees that it shall pay to Capna royalty payments of 38.0% of Net Profits ("**Royalty Payments**") during the Term, paid monthly.
- 6.2 **Royalty Statements:** On or before the tenth (10th) day after each month in each year of the Term and any renewal thereof, BevCanna shall submit to Capna, in a format provided or approved by Capna, a full and complete statement, certified by an officer of BevCanna to be true and accurate, showing the quantity, description, gross sales revenue and Net Profits (including itemization of any permitted deductions and/or exemptions) of the Products and BevCanna Anarchist Products distributed and/or sold during the preceding month, listed by Product, along with any new license agreements entered into with respect to the Licensed IP. Such report shall include any additional information kept in the normal course of business by BevCanna which is appropriate to enable an independent determination of the amount due hereunder. All Royalty Payments then due to Capna shall be paid monthly as mutually agreed upon by the Parties; provided, however, that such Royalty Payments shall be paid no more than fifteen (15) days after each month end. If no sales or use of a Product and BevCanna Anarchist Product were made during any reporting period, BevCanna shall provide Capna a written statement to that effect as part of the report. BevCanna shall, unless otherwise directed in

writing by Capna, send all payments and statements to Capna at the address set forth in the heading of this Agreement, or transmit the same via electronic format approved by Capna.

- 6.3 **Late Payment Penalties:** BevCanna shall pay Capna an additional charge of one and one-half percent (1.5%) per month, compounded on a monthly basis, or the maximum rate allowed by Law, if lower, on any payment due under this Agreement that remains unpaid after such payment becomes due.
- 6.4 **No Waiver of Rights:** Neither Capna's receipt or acceptance of any royalty statements or Royalty Payments, nor the cashing of any royalty cheques, shall preclude Capna from questioning the correctness thereof, provided that such inquiry is placed within 3 months of the delivery of the applicable royalty statement or Royalty Payment. Upon discovery of any verifiable inconsistency or mistake in such statements or payments, BevCanna shall immediately rectify such inconsistency or mistake.
- 6.5 **Marketing Efforts:** BevCanna recognizes that marketing efforts for Products are important to the success of this Agreement, and BevCanna agrees to contribute 2.0% of quarterly gross revenue from the Products to Capna, on a quarterly basis, to be used for marketing and branding of the Licensed IP, with such contributions in addition to any Royalty Payments. Capna agrees to contribute 2.0% of its quarterly Royalties from the BevCanna Anarchist Products to BevCanna, on a quarterly basis, to be used for marketing and branding of BevCanna Anarchist Products. Within ten (10) Business Days of the end of each quarter, BevCanna shall provide Capna with copies of the most recent statements of Gross Revenue and Royalties for such preceding quarter. For purposes of this section, "Gross Revenue" means the all revenue of any sale of the Products and BevCanna Anarchist Products less sale discounts, refunds and chargebacks. The Parties shall mutually agree upon sales discounts applied to the Product; provided, however, that such sales discounts shall not exceed five percent (5%) of sale price, unless warranted by competitive conditions and mutually agreed to by the Parties.

7. OWNERSHIP OF LICENSED IP AND PROTECTION OF RIGHTS

- 7.1 **Ownership:** Capna represents, warrants and covenants that:
- (a) Capna owns, or has the license rights to all the Licensed IP, all modifications of the Licensed IP, as well as any other Licensed IP adopted for use by Capna;
 - (b) Capna shall work with BevCanna in good faith to obtain all respective Intellectual Property in the Territory;
 - (c) Capna has the right to license and use each item of the Licensed IP subject only to the permissions granted to BevCanna to use the Licensed IP pursuant to this Agreement;
 - (d) the registrations, state, federal or otherwise that Capna owns, obtains or acquires for its Licensed IP are valid; and
 - (e) to the knowledge of Capna the Licensed IP does not infringe the Intellectual Property of any Person and the manufacture of the Products, in accordance with the Technology IP and this Agreement, will not infringe the rights of any third party;

- (f) other than as set out in this Agreement, Capna has granted no license to use the Licensed IP (whether to a third party or an Affiliate) in the Territory and shall not grant any such license in the Territory during the Term;
- (g) there are no actions, suits, proceedings or investigations pending, or to the knowledge of Capna, threatened, against or affecting Capna or the Licensed IP before any court, arbitrator or administrative or governmental body which might adversely affect the performance by Capna of its obligations under this Agreement; and
- (h) the execution and delivery of this Agreement and the performance by Capna of its obligations hereunder, do not and will not conflict with or violate any provision of Law applicable to Capna or its business, or any judgment or order of a court or other tribunal having jurisdiction over Capna, or any agreement or instrument to which Capna is a party; and
- (i) in the event Capna does not obtain the necessary Intellectual Property in the Territory, Parties shall mutually agree upon alternative avenues in good faith in order to maintain all rights and obligations of the Parties in this Agreement.

7.2 Restrictions: BevCanna shall not:

- (a) unless mutually agree to in writing by the Parties, file any trademark or copyright application with the Canadian Intellectual Property Office, the United States Patent and Trademark Office, or with any other governmental entity anywhere in the world for the Licensed IP; or
- (b) use any of the Branded IP or any similar mark as, or as part of, a trademark, service mark, trade name, fictitious name, company or corporate name anywhere in the world.

7.3 Goodwill: BevCanna recognizes the goodwill associated with the Branded IP and acknowledges that such goodwill belongs to Capna. BevCanna shall not, during the term of this Agreement or thereafter, dispute or contest the property rights of Capna or use the Licensed IP in any manner other than as licensed hereunder.

7.4 Protection and Infringement: BevCanna agrees to assist Capna in the protection of the rights of Capna in and to the Licensed IP and shall provide, at reasonable cost to be borne by Capna, any evidence, documents, and testimony concerning the use by BevCanna of the Licensed IP, which Capna may request for use in obtaining, defending, or enforcing rights in any Licensed IP or related application or registration. In the event an actual or alleged infringement, by a third party, of the Licensed IP comes to the attention of a Party, that Party shall notify the other Party of the infringement, and BevCanna shall, upon receiving the prior written consent of Capna (which shall not be unreasonably withheld), take all commercially reasonable steps to enjoin infringers of the Licensed IP in the Territory, including without limitation, prosecution of litigation. Provided that it has first granted its prior written consent, Capna agrees to co-operate to the extent of executing all necessary documents and to vest in BevCanna the right to institute any such suits in the Territory, so long as all the direct or indirect costs and expenses of bringing and conducting any such litigation or settlement shall be borne by BevCanna and in such event all recoveries shall enure to BevCanna. Nothing in this section 7.4 shall preclude Capna from taking any steps to enforce its rights to the Licensed IP throughout the World.

7.5 **Ownership of Improvements.** In exercising its rights and obligations under this Agreement, BevCanna may make or create Improvements; provided, however, that any such Improvements shall be limited to Improvements relating to manufacturing and/or processing. All such Improvements shall be owned by BevCanna. Capna hereby assigns (and agrees to assign) any right, title or interest it may obtain in any Improvements to BevCanna. Capna agrees to provide assignments and from any employee, consultant, or third party who may obtain rights in the Improvements. Capna shall, at the request of BevCanna, provide such information, do such additional things, enter into such further agreements and execute any and all documents (or cause its employees, consultants, third parties and to do the same) as may be required to ensure that ownership of the applicable asset remains with BevCanna. Capna shall not file patent applications over any Improvements. If Capna files any applications for protection of Intellectual Property in any Improvements contrary to this Agreement, Capna shall do all things and take all steps as may be necessary as to affect the transfer and assignment of the same to BevCanna, in accordance with this Agreement. For the avoidance of doubt, BevCanna agrees that no Improvement shall adversely affect Capna or otherwise detrimentally impact the Royalties under this Agreement.

8. APPROVAL OF PACKAGING AND ADVERTISING MATERIALS

8.1 **Approval.** BevCanna shall send to Capna for its prior written approval the text and layout of all proposed Packaging and Advertising Materials containing the Branded IP. In the event that Capna reasonably disapproves of such material, it shall give written notice of such disapproval to BevCanna within five (5) Business Days of receipt by Capna of the material, providing reasons for disapproval and a corrective action plan which if complied with will lead to subsequent approval by Capna. In the absence of a written notice of disapproval within five (5) Business Days of receipt of such materials, the materials will be deemed to have been approved by Capna. Capna shall not be responsible for the ensuring that the Packaging and Advertising Material complies with the Act or other applicable Law and any approval of the Packaging and Advertising Material shall not be construed as a legal review or acceptance of the Packaging and Advertising Materials as being compliant with the Act or other applicable Law.

8.2 **Complaints/Recalls:** BevCanna shall promptly inform Capna in writing of any complaint regarding the Products promptly upon BevCanna's receipt of such complaint. BevCanna shall be responsible for conducting product recalls and shall promptly notify Capna of any recall notice for Products. Capna shall use commercially reasonable efforts to co-operate with and assist BevCanna to comply with applicable Law in conducting such recall. Capna shall promptly notify BevCanna if it receives any notice, including a recall notice, which relates to any Product or if it is aware of any information that a recall is necessary. Capna shall pay for BevCanna's out-of-pocket costs and expenses arising from any recall resulting from Capna's breach of this Agreement or Capna's negligence. For recalls, which do not result from Capna's breach of this Agreement or Capna's negligence, BevCanna shall be responsible for all costs and expenses of the recall. This Section does not limit either Party's indemnification obligations in this Agreement.

9. NO JOINT VENTURE

Nothing in this Agreement shall be construed to place the parties in the relationship of partners, joint venturers or agents, and neither Party shall have the power to obligate or bind the other Party in any manner whatsoever.

10. REPRESENTATIONS, WARRANTIES AND INDEMNIFICATION AND INSURANCE

10.1 Mutual Representations and Warranties: Each Party represents and warrants to the other Party that:

- (a) that the Party is a corporation duly organized, existing, and in good standing under the laws of the jurisdiction of incorporation and that it has the full right, power and authority to enter into this Agreement and to perform its obligations hereunder;
- (b) the execution of this Agreement by its representative whose signature is set forth at the end hereof has been duly authorized by all necessary corporate action of the Party; and
- (c) this Agreement has been duly and validly executed by the Party, and constitutes a valid and binding obligation of the Party enforceable against the Party in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors generally and by general principles of equity, regardless of whether asserted in a proceeding in equity or law.

10.2 Indemnification by BevCanna: BevCanna shall and does indemnify Capna, its directors, officers, employees and agents (each a “**Capna Indemnitee**”) from and against any liabilities, damages, causes of action, suits, judgments, liens, penalties, fines, losses, costs and expenses, including all legal fees and disbursements incurred in association therewith (collectively, “**Losses**”) arising out of or otherwise related to any claim, suit, demand, action, or other proceeding brought by one or more third parties against a Capna Indemnitee on account of any injury or death of persons, damage to property, or any other damage or loss to the extent such Losses arise directly or indirectly out of:

- (a) the willful misconduct or negligence of BevCanna or any of those persons for whom BevCanna is responsible at law (including, without limitation, any of its employees or contractors);
- (b) the inaccuracy of breach of any representation or warranty made by BevCanna in this Agreement;
- (c) the manufacture of the Products not in accordance with the Technology IP, this Agreement or not in accordance with applicable Law; or
- (d) the manufacture of the BevCanna Anarchist Products not in accordance with applicable Law; or
- (e) any breach of applicable Law.

- 10.3 **Indemnification by Capna:** Capna shall and does indemnify BevCanna, its directors, officers, employees and agents (each a “**BevCanna Indemnitee**”) from and against any liabilities, damages, causes of action, suits, judgments, liens, penalties, fines, losses, costs and expenses, including all legal fees and disbursements incurred in association therewith (collectively, “**Losses**”) arising out of or otherwise related to any claim, suit, demand, action, or other proceeding brought by one or more third parties against a BevCanna Indemnitee on account of any injury or death of persons, damage to property, or any other damage or loss to the extent such Losses arise directly or indirectly out of:
- (a) the willful misconduct or negligence of Capna or any of those persons for whom Capna is responsible at law (including, without limitation, any of its employees or contractors);
 - (b) any breach, violation or non-performance of any representation, warranty, obligation, covenant, condition or agreement in this Agreement set forth and contained on the part of Capna to be fulfilled, kept, observed or performed, as the case may be;
 - (c) any claim threatened or brought against BevCanna alleging that use of the Licensed IP infringes upon any third party right, including without limitation, rights to Intellectual Property;
 - (d) any product warranty claim or product liability claim, threatened or brought against BevCanna with respect to the Products which were manufactured by BevCanna in accordance with the Technology IP and in accordance with all applicable Law;
 - (e) any product warranty claim or product liability claim, threatened or brought against BevCanna with respect to the BevCanna Anarchist Products if such claim is based, in whole or in part, on the contribution of Capna to the BevCanna Anarchist Products;
 - (f) any defect in the Other Inputs which could not have been reasonably discovered by BevCanna; or
 - (g) any breach of applicable Law.
- 10.4 **Exclusion of Liability:** Neither Party, nor its directors, officers, employees or agents shall be liable to the other for any indirect, incidental, consequential, special, punitive or exemplary damages, losses, costs or expenses (including, lost profits, lost revenues, loss of business, or lost data, whether foreseeable or not). Notwithstanding anything to the contrary in this Agreement, the foregoing exclusion shall not apply to indirect, incidental, consequential, special, punitive or exemplary damages, losses, costs or expenses (including, lost profits, lost revenues, loss of business, or lost data, whether foreseeable or not) arising out of or resulting from a Party’s confidentiality or indemnity obligations under this Agreement.
- 10.5 **Limitation of Liability.** The Parties agree that, except as set out below in this Section 10.5, the total, cumulative liability of each Party and its Affiliates, directors, officers, employees and agents for any and all Losses arising out of or relating to this Agreement suffered by the other shall be limited to, as of the date of final determination of any such Loss, the Royalty Payments paid by BevCanna to Capna under this Agreement for the affected Products and the BevCanna Anarchist Products. Such monetary limitations shall have no application to (a) any loss or claim based on any incorrectness in or breach of any representation or warranty of BevCanna in this

Agreement resulting from fraud or intentional misrepresentation, (b) any breach of a Party's confidentiality or indemnity obligations under this Agreement, or (c) the Parties' obligations for infringement under Section 7.4.

10.6 **Insurance:** Each of BevCanna and Capna shall maintain insurance in such amounts and with such scope of coverage as is customary in their respective industries and with regard to their obligations hereunder. Each Party shall notify the other Party promptly of any change regarding such insurance, including material modification or termination thereof. Upon request of a Party, the other Party shall provide such requesting Party with certificates of insurance evidencing the foregoing insurance coverage.

11. RECORDS AND RIGHT TO AUDIT

11.1 **Record Retention:** BevCanna shall keep and maintain proper, complete and accurate books and records in such form and detail as is necessary to ascertain BevCanna's compliance with the financial terms of this Agreement, including without limitation such records as are necessary to verify Net Profits, Royalty Payments owed and statements provided under Section 6. Such records shall be kept in accordance with Canadian GAAP, consistently applied.

11.2 **Right to Audit:** Beginning on the date that BevCanna receives the HC License and for the remainder of the Term, Capna and its authorized representatives shall have the right, exercisable on reasonable notice to BevCanna of at least five (5) Business Days, to audit, examine, and make copies of, or take extracts from, all financial and related records (in whatever form they may be kept, whether written, electronic, or other) relating to or pertaining to this Agreement and any calculations required to be made hereunder, including Net Profits.

11.3 **Audit Limitations:** For clarity, Capna shall only have access to such records to the extent that they relate to the sale of Products and BevCanna Anarchist Products pursuant to this Agreement. Additionally, Capna shall only be entitled to perform such audits a maximum of once per year during the Term, unless Capna's audits during that year of the Term show material discrepancies between the statements furnished by BevCanna to Capna pursuant to Section 6.2 and BevCanna's records as further described in Section 11.4 below, upon which Capna may perform audits twice per year of the Term.

11.4 **Purpose of Audit:** The purpose of any examination conducted under this Section 11 shall be for Capna to confirm that all information provided by BevCanna to Capna regarding Net Profits of Products and BevCanna Anarchist Products are true and correct in all respects.

11.5 **Discrepancies:** In the event any audit examination reveals that the amounts paid by BevCanna to Capna hereunder were incorrect, Capna shall present its findings to BevCanna and BevCanna shall have fifteen (15) Business Days to either agree that the adjustments identified by Capna are required to be made or to deliver a written notice of objection to Capna setting forth BevCanna's reasons for disagreeing with Capna's calculations. In the event no notice of objection is delivered within such 15 Business Day period, BevCanna will be deemed to have accepted Capna's findings and payments shall be made to effect such adjustments immediately by BevCanna.

11.6 **Audit Dispute:** In the event BevCanna objects to Capna's proposed adjustments and the Parties are unable to settle such dispute, the matter shall be referred for determination to a national

accounting firm (acceptable to each Party, acting reasonably) which is not then engaged as auditor or advisor by either Capna or BevCanna, or any affiliates of either Party. The determination of any required adjustments by such accounting firm shall be final and binding on both Parties, and if required, payments shall be made to affect such adjustments immediately by BevCanna.

- 11.7 **Audit Costs:** The costs of any audit conducted by Capna pursuant to Section 11.2 or the costs related to any determination made pursuant to Section 11.6, shall be shared by the Parties in accordance with their percentage shares of Net Profits.

12. TERMINATION

- 12.1 **Mutual Agreement:** This Agreement may be terminated at any time by the mutual written agreement of the Parties.

- 12.2 **Insolvency/Wind Up.** Either Party may terminate this Agreement immediately by and upon notice to the other Party in the event the other Party: (i) becomes insolvent or admits its inability to pay its debts generally as they become due; (ii) becomes subject, voluntarily or involuntarily, to any proceeding under any domestic or foreign bankruptcy or insolvency law, which is not fully stayed within seven (7) Business Days or is not dismissed or vacated within 45 days after filing; (iii) is dissolved or liquidated or takes any corporate action for such purpose; (iv) makes a general assignment for the benefit of creditors; or (v) has a receiver, trustee, custodian, or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business, provided that Capna's right to terminate shall be subject to Section 12.6.

- 12.3 **Breach.** Either Party may terminate this Agreement immediately by and upon notice to the other Party, in the event that the other Party commits a material breach of this Agreement and does not cure such material breach within thirty (30) days of receipt of notice of breach.

- 12.4 **Capna Termination:** Capna shall have the right to terminate this Agreement without prejudice to any other rights under this Agreement, in law, in equity or otherwise, if Capna has given written notice to BevCanna setting out the relevant circumstances and stating an intention to terminate and the relevant circumstances have continued to exist for thirty (30) days from the time such notice is given:

- (a) BevCanna has not received the HC License within six (6) months following the Effective Date.
- (b) BevCanna has not begun the bona fide manufacture, distribution, and sale of any Products within three (3) months of the later of (i) the date of approval of the samples of such Products by Capna, and (ii) the date BevCanna acquires all approvals and licenses necessary to sell such Products in the Territory in accordance with applicable Laws.
- (c) BevCanna distributes or sells or distributes any Products outside the Territory or distributes or sells any Products to a third party that BevCanna knows or should reasonably know intends to distribute or sell such Products outside the Territory.

- (d) If BevCanna is more than forty-five (45) days in arrears of Royalty Payments that are due to Capna under the terms of this Agreement and fails to address such amounts owing within thirty (30) days after being advised of same by Capna.

12.5 **Change of Law.** The Parties acknowledge and confirm that the use of the Products and the BevCanna Anarchist Products in the Territory may be subject to extensive regulation and applicable Law. If, due to any change in applicable Law or the interpretation thereof by any court of law or other governing body having jurisdiction subsequent to the date of this Agreement, performance of any provision of this Agreement shall become impracticable or impossible (“**Change of Law**”), the Parties shall without delay use commercially reasonable efforts to negotiate amendments to this Agreement necessary and appropriate so that this Agreement may continue in force to achieve the same or substantially the same result. If the Parties are unable to negotiate amendments, this Agreement shall automatically terminate. Where a Change of Law amendment would result in additional costs being incurred disproportionately by one Party, the Parties shall without delay negotiate in good faith to ensure that the contractual arrangements remain beneficial to both Parties.

12.6 **Insolvency.** The Parties acknowledge that BevCanna is a licensee of intellectual property and that BevCanna shall be entitled to all benefits granted to licensees of intellectual property under of the Bankruptcy and Insolvency Code (US) (“**BIC**”), the Bankruptcy and Insolvency Act (Canada), (“**BIA**”) and the Companies Creditors Arrangement Act (Canada) (“**CCAA**”), including, without limitation, that no rejection, termination or disclaimer of this Agreement under the BIC, BIA or CCAA will affect BevCanna’s right to continue to use the Licensed IP, provided that BevCanna continues to fulfill its obligations with respect to such use and provided that there is no limitation regarding such use under the BIC, BIA or CCAA.

13. **EFFECT OF EXPIRATION OR TERMINATION; DISPOSAL OF INVENTORY**

13.1 **Effect of Expiration or Termination:** After expiration or termination of this Agreement for any reason, BevCanna shall immediately discontinue the manufacture, advertising, use, distribution and sale of all Products, the use of all Licensed IP, and all similar marks, except as provided in 13.2, or unless expressly authorized in writing by Capna.

13.2 **Disposal of Inventory:** After expiration or termination of this Agreement for any reason, BevCanna shall have no further right to manufacture, advertise, distribute or sell Products utilizing the Licensed IP, but may continue to distribute its remaining inventory of Products in existence at the time of expiration or termination for a period of one hundred and eighty (180) days; provided, however, that BevCanna has delivered all statements (including the Final Statement as described in Section 13.3) and payments then due, that during the disposal period BevCanna shall continue deliver all statements and payments due in accordance with Section 6, that Products are sold at BevCanna’s regular Net Profits price, and that BevCanna shall comply with all other terms and conditions of this Agreement.

13.3 **Final Statement:** Upon expiration or termination of this Agreement for any reason, or at any other time upon request by Capna, BevCanna shall furnish to Capna a statement showing the number and description of Products on hand or in process.

14. SURVIVAL OF RIGHTS

Termination of this Agreement for any reason will not relieve the Parties of any obligation accruing prior thereto. Without limiting the generality of the foregoing and in addition to the foregoing, no termination of this Agreement, whether by lapse of time or otherwise, will serve to terminate the rights and obligations of the Parties hereto under Sections 6.3, 6.4, 7.1, 7.2, 7.5, 10.1, 10.2, 10.3, 10.4, 10.5, 12.6, 13, 14, 15, 17.2, 17.5, 17.6, 17.7, 17.8 and 17.9 hereof, and such obligations will survive any such termination.

15. CONFIDENTIALITY

Subject to the terms of this Agreement, Capna and BevCanna agree to hold and maintain the Confidential Information of the other in the strictest confidence. Capna and BevCanna shall divulge such Confidential Information only to its employees, agents, professional advisors or subcontractors who reasonably require access to such information for the purpose of performing this Agreement and who have been notified of the covenants of confidentiality set out in this Agreement. Each Party shall be liable to the other for any and all damages, including reasonable legal fees, in the event that this confidentiality provision is violated and shall be liable for any such violation by its employees, agents, professional advisors or subcontractors. At the request of the disclosing Party, any tangible Confidential Information of the disclosing Party in the possession of the receiving Party, along with any copies thereof, shall be returned to the disclosing Party, or destroyed, at the sole option of the disclosing Party.

16. COMPLIANCE WITH LAW

The Parties acknowledge that the Laws relating to cannabis are evolving, and, as such, BevCanna shall assume, at its sole cost and expense, sole responsibility for ensuring that the Products and the BevCanna Anarchist Products are manufactured, promoted, advertised, marketed, publicized, distributed and sold in compliance with the Laws of each jurisdiction of the Territory and shall assume all responsibility and risk related to non-compliance with any applicable Laws. Notwithstanding the foregoing, to the extent any Other Inputs, or other packaging or materials provided by Capna to BevCanna or the Licensed IP require modification to comply with applicable Laws, Capna shall take reasonable steps, at its own expense, to comply with requests for modifications to such items to be provided to BevCanna. BevCanna shall, upon Capna's request, provide Capna with copies of all communications with any governmental, regulatory, or industry authority relating to the Licensed IP.

17. GENERAL

17.1 **Time:** Time shall be of the essence in this Agreement.

17.2 **Notices:** All notices and statements to be given and all payments to be made, shall be given or made to the parties at their respective addresses set forth herein, unless notification of a change of address is given in writing. Unless otherwise provided in the Agreement, all notices shall be sent by certified or registered mail, return receipt requested; facsimile, the receipt of which is confirmed by confirmation document; email, confirmed by email receipt confirmation notice; or nationally recognized overnight delivery service that provides evidence of delivery, and shall be deemed to have been given at the time they are sent.

- 17.3 **Severability:** The determination that any provision of this Agreement is invalid or unenforceable shall not invalidate this Agreement, and the remainder of this Agreement shall be valid and enforceable to the fullest extent permitted by Law.
- 17.4 **Assignment:** This Agreement may not be assigned by BevCanna or Capna without the written consent of the other Party. Notwithstanding the foregoing, BevCanna and Capna may assign this Agreement to their respective affiliates, as defined in the *Business Corporations Act* (British Columbia), provided that the representations and warranties of such Party hereunder are true in all respects with regard to such affiliate.
- 17.5 **Entire Agreement/No Waiver:** Unless otherwise specified herein, this Agreement or any renewal, including Schedules, constitutes the entire agreement and understanding between the parties and cancels, terminates, and supersedes any prior agreement or understanding, written or oral, relating to the subject matter hereof between BevCanna and Capna. There are no representations, promises, agreements, warranties, covenants or understandings other than those contained herein. None of the provisions of this Agreement may be waived or modified, except expressly in writing signed by both parties. However, failure of either party to require the performance of any term in this Agreement or the waiver by either party of any breach shall not prevent subsequent enforcement of such term nor be deemed a waiver of any subsequent breach.
- 17.6 **Remedies Cumulative:** The right and remedies of the Parties under this Agreement are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at law or in equity or otherwise. No single or partial exercise by a Party of any right or remedy precludes or otherwise affects the exercise of any other right or remedy to which that Party may be entitled.
- 17.7 **Enurement:** This Agreement shall enure to the benefit of and be binding upon the successors and permitted assigns of each of the Parties.
- 17.8 **Fair Construction:** This Agreement shall be interpreted according to its fair construction and shall not be construed as against any Party hereto.
- 17.9 **Governing Law:** This Agreement shall be construed and governed by the laws of the Province of British Columbia and the laws of Canada applicable therein, the Parties hereto irrevocably attorn to the exclusive jurisdiction of the courts of the Province of British Columbia.
- 17.10 **Counterparts and Electronic Delivery:** This Agreement may be executed electronically by facsimile or PDF, in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed effective as of the last date of signature below.

BEVCANNA OPERATING CORP.

By: *“Marcello Leone”*
 (Authorized Signatory)
Name: Marcello Leone
Title: CEO
Date: May 8, 2020

CAPNA INTELLECTUAL, INC.

By: *“Vitaly Mekk”*
 (Authorized Signatory)
Name: Vitaly Mekk
Title: CEO
Date: 05 / 08 / 2020

SCHEDULE A – LICENSED IP

“INFORMATION REDACTED”

SCHEDULE B – PRODUCTS

“INFORMATION REDACTED”

SCHEDULE C- SPECIFICATION

"INFORMATION REDACTED"

SCHEDULE D- OTHER INPUTS

"INFORMATION REDACTED"