

## PURCHASE AND SALE AGREEMENT

**THIS AGREEMENT** is dated effective as of the 10<sup>th</sup> day of August 2020.

**BETWEEN:**

**MACDONALD MINES EXPLORATION LTD.** a corporation incorporated pursuant to the laws of the Province of Ontario and having an office at 1001-145 Wellington Street West Toronto, Ontario M5J 1H8

(the “**Seller**”)

**AND:**

**PURECANNA PRODUCTS INC.** a corporation incorporated pursuant to the laws of the Province of British Columbia and having an office at 11<sup>th</sup> floor, 1111 Melville Street Vancouver BC V6C 1E6.

(the “**Purchaser**”)

**WHEREAS** the Seller owns a 100% interest (the “**Interest**”) in the Property (as hereinafter defined);

**AND WHEREAS** the Purchaser has agreed to purchase and the Seller has agreed to sell the Interest in accordance with the terms of this Agreement.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the mutual covenants and agreements herein contained, and for purposes of documenting the mutual understanding among the parties, each jointly and severally agrees as follows:

### 1. **DEFINITIONS**

1. In this Agreement and in the Schedule and the recitals hereto:

“**Closing Date**” means the date to be agreed upon by the parties, which, however, shall not be later than 7 days following the approval of the terms of this agreement by the applicable regulatory authorities, if any;

“**Environmental Claims**” means any and all administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigations or proceedings relating in any way to any environmental law or any permit issued under any such environmental law, including, without limitation:

- (i) any and all claims by governmental or regulatory authorities for enforcement, clean-up, removal, response, remedial or other actions or damages pursuant to any applicable environmental law; and
- (ii) any and all claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive or other relief resulting from hazardous materials, including any release thereof, or arising from alleged injury or threat of injury to human health or safety (arising from environmental matters) or the environment;

“**Interest**” means all of the collective right, title and interest of the Seller in the Property;

“**Liquidity Event**” means: (i) any transaction or series of related transactions one of the results of which is that the Purchaser becomes a reporting issuer for purposes of the *Securities Act* (Ontario) or similar legislation in another province of Canada, or the common shares in the capital of the Purchaser become listed and posted for trading on a stock exchange or quoted on an over-the-counter-market; or (ii) a reverse take-over in which the Purchaser is involved, pursuant to which any of the outstanding shares of the Purchaser are exchanged for or become (through amalgamation, arrangement, merger, business combination or otherwise) shares in a corporation that is a reporting issuer for purposes of the *Securities Act* (Ontario) or similar legislation in another province of Canada;

“**Property**” means collectively those mineral claims in Quebec as more particularly described in Schedule B attached hereto and known as the Charlevoix Properties; and

“**Shares**” mean common shares without par value in the capital of the Purchaser.

## **2. ACQUISITION AND DISPOSITION OF THE PROPERTY**

2.1 The Seller hereby sells, transfers and assigns to the Purchaser all of its Interest, the consideration for which shall be the Purchaser issuing 1,000,000 Shares (the “**Purchase Shares**”) in the capital of the Purchaser to the Seller, which Purchase Shares will be issued on the Closing Date.

2.2 The Seller hereby acknowledges that the Purchase Shares may have an indefinite hold period.

2.3 In the event the Purchaser has not completed a Liquidity Event on or before **November 30, 2020** (the “**Deadline Date**”), then the Seller shall have the right at any time after such Deadline Date, by providing written notice to the Purchaser, to repurchase the Interest for the aggregate amount of \$1.00 and, effective the date such written notice is sent to the Purchaser,:

- (i) ownership of the Interest shall, without any act or formality, immediately transfer back to the Seller and the Purchaser shall hold legal title to the Interest in trust for the Seller until such time as the Purchaser transfers legal title to the Interest back to the Seller; and

- (ii) the Purchaser shall, as soon as reasonably possible, transfer legal title to the Interest back to the Seller.

2.4 At all times until the completion of a Liquidity Event, the Purchaser shall maintain good and marketable title to the Property, free and clear of all liens and encumbrances, in good standing under the mining laws of the Province of Quebec and shall perform all work or operations thereon in accordance with the mining laws of the Province of Quebec and in accordance with local customs, rules and regulations and shall not permit any Environment Claim to arise in respect of the Property and shall fully indemnify the Seller in the event of any such Environmental Claim.

### **3. REPRESENTATIONS AND COVENANTS OF THE PARTIES**

3.1 The Seller hereby represents and covenants to the Purchaser that:

- a. it is a corporation duly incorporated and validly subsisting and in good standing under the laws of Ontario;
- b. it has the power, capacity and other authority to enter into and perform its obligations under this Agreement and all transactions contemplated herein and all corporate and other actions required to authorize it to enter into and perform this Agreement have been duly and validly taken;
- c. it is the legal, registered and beneficial owner of its Interest; such mining claims are properly and validly recorded in the name of the Seller; and there are no adverse claims or challenges against or to the ownership or title to such mineral claims, nor to the best of the Seller's knowledge is there any basis therefor;
- d. entering into this Agreement and completing the transactions hereunder does not and will not conflict with, and does not and will not result in a breach of, any of the terms of any instrument or any agreement to which the Seller is a party;
- e. neither the execution and delivery of this Agreement nor any of the agreements referred to herein or contemplated hereby, nor the consummation of the transactions hereby contemplated conflict with, result in the breach of or accelerate the performance required by, any agreement to which the Seller is a party;
- f. each of the mining claims comprising the Property has been duly and validly staked and/or an application for permits have been made to the applicable mining authority pursuant to all applicable laws and regulations and except as herein provided are free and clear of all liens, charges, royalties and encumbrances;
- g. there are no outstanding agreements or options to acquire or purchase an interest in any of the Property, or to explore, develop or exploit any part thereof, and no person has any royalty or other interest whatsoever in the Property or any production therefrom; and

h. there are no pending or threatened actions, suits, claims or proceedings regarding the Property or any portion thereof.

3.2 The Purchaser hereby represents and covenants to the Seller that:

a. it is a corporation duly incorporated and validly subsisting and in good standing under the laws of British Columbia;

b. it has the power, capacity and other authority to enter into and perform its obligations under this Agreement and all transactions contemplated herein and all corporate and other actions required to authorize it to enter into and perform this Agreement have been duly and validly taken;

c. its common shares are not currently trading on any stock exchange;

d. it is not a reporting issuer in any jurisdiction in Canada;

e. it has all necessary corporate power to own properties and assets and to carry on its business as now conducted by it, and is registered as required and is in good standing with respect to the filing of returns under the laws of all jurisdictions in which it carries on business;

f. this Agreement has been duly executed and delivered by it and is valid and binding upon the Purchaser in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium, or other similar laws presently or hereinafter in effect affecting the enforcement of creditors' rights generally or other equitable principles;

g. the execution, delivery, performance and consummation of the transactions contemplated by this Agreement will not result in a default under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Purchaser is a party; and

h. no proceedings have been taken or authorized by the Purchaser or by any other person with respect to the bankruptcy, insolvency, liquidation, dissolution or winding up of the Purchaser or with respect to any amalgamation, merger, consolidation, arrangement or reorganization of, or relating to, the Purchaser, nor, to the knowledge of the Purchaser, have any such proceedings been threatened by any other person.

3.3 The representations and warranties set out herein are conditions on which the parties have relied in entering into this Agreement and will survive for a period of 12 months following the Closing Date, and each of the parties will indemnify and save the other harmless from all loss, damage, costs, actions and suits arising out of or in connection with any breach of any representation, warranty, covenant, agreement or condition made by it/him and contained in this Agreement; provided that any liability of a party hereunder shall be limited to such party's pro rata proceeds from the transactions contemplated in this Agreement. For greater certainty, the obligations for indemnification are several and not joint and several.

#### **4. CLOSING**

4.1 Upon payment of the Purchase Price in full, the Seller will:

- a. do all things necessary to transfer the Interest to the Purchaser; and
- b. transfer and deliver to the Purchaser all information relating to the Property, either in its possession or which it can reasonably obtain.

#### **5. SHARING OF AND CONFIDENTIAL NATURE OF INFORMATION**

5.1 Each party agrees that all information obtained hereunder will be the exclusive property of the parties and not publicly disclosed or used other than for the activities contemplated hereunder exchange having jurisdiction or with the written consent of the other party, such consent not to be unreasonably withheld.

#### **6. NOTICES**

6.1 Any notice, direction or other instrument required or permitted to be given under this Agreement will be in writing and may be given by the delivery of the same or by mailing the same by prepaid registered or certified mail or by sending the same by facsimile, e-mail or other similar form of communication, in each case addressed to the address first listed above or the following facsimile numbers or e-mail addresses:

- a. If to the Seller, at 1001-145 Wellington Street West, Toronto, Ontario M5J 1H8.
- b. If to the Purchaser, at 11<sup>th</sup> floor, 1111 Melville Street Vancouver BC V6C 1E6.

6.2 Any notice, direction or other instrument will:

- a. if delivered, be deemed to have been given and received on the day it was delivered;
- b. if mailed, be deemed to have been given and received on the fifth business day following the day of mailing, except in the event of disruption of the postal service in which event notice will be deemed to be received only when actually received; and
- c. if sent by facsimile, email or other similar form of communication, be deemed to have been received by that party upon the sending party receiving electronic confirmation of delivery.

6.3 Any party may at any time give to the others notice in writing of any change of address of the party giving such notice and from and after the giving of such notice the address or addresses therein specified will be deemed to be the address of such party for the purposes of giving notice hereunder.

## **7. ARBITRATION**

7.1 If any question, difference or dispute shall arise between the parties or any of them in respect of any matter arising under this Agreement or in relation to the construction here the same shall be determined by the award of one arbitrator. The decision of the arbitrator shall be made within 30 days after the selection. The expense of the arbitration shall be paid accordingly as the arbitrator shall decide in his award. The arbitration shall be conducted in accordance with the provisions of the *Commercial Arbitration Act* (British Columbia), as amended, and the decision of the arbitrator shall be conclusive and binding upon the parties. The rules and procedures for the arbitration shall be procedures established by the B.C. Arbitrators Institute. The place of arbitration shall be Vancouver, British Columbia, Canada.

## **8. AREA OF MUTUAL INTEREST**

8.1 An area of mutual interest (“**AMI**”) shall exist and apply to those lands within that area being one kilometre of the outer boundaries of the Property. If the Seller (the “**Acquiring Party**”) acquires any mineral or property interests within the AMI, or if the Acquiring Party enters into any type of agreement by which such an interest may be earned or otherwise acquired therein, then the Acquiring Party shall promptly notify the Purchaser in writing of such acquisition or such agreement, and the Purchaser will have 30 calendar days from the date of receipt of such written notice to inform the Acquiring Party of its decision to participate or decline participation in the new lands or interests; and if the decision is to participate: (i) this Agreement shall apply thereto, and such new lands or interests within the AMI shall form part of the Property; (ii) the Purchaser will be wholly responsible for the costs of acquiring the same; and (iii) the AMI will then expand to encompass the area being one kilometre from the outer boundary of the enlarged Property. Any interest acquired by a party in lands outside of the AMI shall not be subject to the terms hereof, even if the same later fall within the AMI.

## **9. GENERAL**

9.1 The parties will execute such further and other documents and do such further and other things as may be necessary or convenient to carry out and give effect to the intent of this Agreement.

9.2 This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

9.3 This Agreement shall constitute the entire agreement between the parties and, except as hereafter set out, replaces and supersedes all prior agreements, memoranda, correspondence, communications, negotiations and representations, whether oral or written, express or implied, statutory or otherwise between the parties with respect to the subject matter herein.

9.4 This Agreement will be governed by and construed according to the laws of British Columbia and the laws of Canada applicable therein. All actions arising from this Agreement will be commenced and maintained in the Supreme Court of British Columbia.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement as of the date first above written.

**PURECANNA PRODUCTS INC.**

By: Elyssia Patterson  
Name: Elyssia Patterson  
Title: President & CEO

**MACDONALD MINES EXPLORATION LTD.**

By: Quentin Yarie  
Name: Quentin Yarie  
Title: President & CEO

## SCHEDULE "A" THE PROPERTY

The Property consists of the following 6 claims covering an aggregate of 346.95 hectares located in south-western Quebec:

NTS Sheet	Type of Title	Title No	Date of Registration	Expiry Date	Area (Ha)	Excess Work	Required Work	Required Fees
NTS 21M15	CDC	2404899	May 30, 2014	May 29, 2018	57.83	\$ 414.66	\$ 780.00	\$ 64.09
NTS 21M15	CDC	2404900	May 30, 2014	May 29, 2018	57.83	\$ 414.66	\$ 780.00	\$ 64.09
NTS 21M15	CDC	2404901	May 30, 2014	May 29, 2018	57.83	\$ 414.66	\$ 780.00	\$ 64.09
NTS 21M15	CDC	2404902	May 30, 2014	May 29, 2018	57.82	\$ 414.66	\$ 780.00	\$ 64.09
NTS 21M15	CDC	2404903	May 30, 2014	May 29, 2018	57.82	\$ 414.66	\$ 780.00	\$ 64.09
NTS 21M15	CDC	2404904	May 30, 2014	May 29, 2018	57.82	\$ 414.66	\$ 780.00	\$ 64.09
		<b>6</b>			<b>346.95</b>	<b>\$ 2,487.96</b>	<b>\$ 4,680.00</b>	<b>\$ 384.54</b>



