

**SHARE EXCHANGE AGREEMENT**

**THIS AGREEMENT** is dated as of January 10, 2020 (the “**Effective Date**”).

**BETWEEN:**

**XEBRA BRANDS LTD.**, a company validly subsisting under the laws of the Province of British Columbia and having its head office located at 1090 Hamilton Street, Vancouver, British Columbia, V6B 2R9

(“**Xebra**”)

**AND**

Those persons set out in part (a) of Schedule “A” hereto (each a “**Shareholder**” and collectively, the “**Shareholders**”)

**AND**

**DESART MX, S.A. DE C.V.**, a company validly subsisting under the laws of Mexico and having its head office located at Carlos Echanove 5422 – 4° Piso, Col. El Yaqui, CP. 0532, Mexico City, Mexico

(“**Desart**”)

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**WHEREAS:**

- A. The Shareholders are the registered and beneficial owners of the shares of Desart set out opposite their names in part (a) of Schedule “A” hereto, being all of the issued and outstanding shares of Desart;
- B. Xebra wishes to acquire and the Shareholders wish to sell those shares of Desart set out opposite the names of the Shareholders in part (b) of Schedule “A” hereto (the “**Desart Shares**”) on the terms and conditions set forth.

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**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the respective covenants and agreements of the parties herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Shareholders, the Parties agree as follows:

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**1. INTERPRETATION**

**1.1 Definitions**

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“**Affiliate**” or “**affiliate**” means an affiliate as that term is defined in the *Business Corporations Act* (British Columbia).

“**Agreement**” means this Share Exchange Agreement, including all schedules and exhibits, as it may be confirmed, amended, modified, supplemented or restated by written agreement between the Parties.

“**Books and Records**” with respect to a company, means all books, ledgers, files, lists, reports, plans, logs, deeds, surveys, correspondence, operating records, tax returns and other data and information, including all

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data and information stored on computer-related or other electronic media, maintained in connection with such company and its Business.

“**Business**” means, with respect to a company, that company’s business as it is currently being conducted.

“**Business Day**” means any day excluding a Saturday, Sunday or statutory holiday in the Province of British Columbia, Canada.

“**Claim**” means any claim, demand, action, cause of action, suit, arbitration, investigation, proceeding, complaint, grievance, charge, prosecution, assessment or reassessment, including any appeal or application for review.

“**Closing**” means the completion of the sale and purchase of the Desert Shares pursuant to this Agreement.

“**Closing Date**” means the date that the Parties may agree is the date upon which the Closing will take place.

“**Closing Time**” means 10:00 a.m. (Vancouver time) on the Closing Date or any other time on the Closing Date as may be agreed by the Parties.

“**Communication**” means any notice, demand, request, consent, approval or other communication which is required or permitted by this Agreement to be given or made by a Party.

“**Confidential Information**” means, in relation to any Party:

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- (a) all information, in whatever form communicated or maintained, whether orally, in writing, electronically, in computer readable form or otherwise, that the Discloser discloses to, or that is gathered by inspection by a Recipient or any of the Recipient’s Representatives in the course of the Recipient’s review of the transactions contemplated by this Agreement, whether provided before or after the date of this Agreement, including information that contains or otherwise reflects information concerning the Discloser or its businesses, affairs, financial condition, assets, liabilities, operations, prospects or activities, and specifically includes financial information, budgets, business plans, ways of doing business, business results, prospects, customer lists, forecasts, engineering reports, environmental reports, evaluations, legal opinions, names of venture partners and contractual parties, and any information provided to the Discloser by third parties under circumstances in which the Discloser has an obligation to protect the confidentiality of such information;
- (b) all plans, proposals, reports, analyses, notes, studies, forecasts, compilations or other information, in any form, that are based on, contain or reflect any Confidential Information regardless of the identity of the Person preparing the same (“Notes”);
- (c) the existence and terms of this Agreement; and
- (d) the fact that information has been disclosed or made available to the Recipient or the Recipient’s Representatives;

but does not include any information that:

- (e) at the time of disclosure to the Recipient or thereafter becomes generally available to the public, other than as a result of a disclosure by the Recipient or any of the Recipient’s Representatives in breach of this Agreement;
- (f) is or was received by the Recipient on a non-confidential basis from a source other than the Discloser or its Representatives if such source is not prohibited from disclosing the information to the Recipient by a confidentiality agreement with, or a contractual, fiduciary or other legal confidentiality obligation to, the Discloser; or
- (g) was known by the Recipient prior to disclosure in connection with the transactions contemplated by this Agreement and was not subject to any contractual, fiduciary or other legal confidentiality obligation on the part of the Recipient.

“**Consent**” means any consent, approval, permit, waiver, ruling, exemption or acknowledgement from any Person which is provided for or required: (i) in respect of or pursuant to the terms of any Contract; or (ii) under applicable Law, in either case in connection with the sale of the Desart Shares to Xebra on the terms contemplated in this Agreement, to permit the Desart and Xebra to carry on their respective Business after Closing or which is otherwise necessary to permit the Parties to perform their obligations under this Agreement.

“**Consideration Shares**” has the meaning set out in Section 3.2.

“**Contracts**” means any agreement, understanding, undertaking, commitment, licence, or Lease, whether written or oral.

“**Corporate Articles**” means the certificate and articles of incorporation of each of the Parties.

“**Desart Shares**” has the meaning set out in Recital B.

“**Discloser**” means a Person disclosing Confidential Information.

“**Employees**” means all personnel employed, engaged or retained by a company in connection with its Business.

“**Encumbrance**” means any security interest, mortgage, charge, pledge, hypothec, royalty, lien, encumbrance, restriction, option, adverse claim, right of others or other encumbrance of any kind.

“**Environment**” means the ambient air, all layers of the atmosphere, all water including surface water and underground water, all land, all living organisms and the interacting natural systems that include components of air, land, water, living organisms and organic and inorganic matter, and includes indoor spaces.

“**Environmental Laws**” means any Laws relating to the Environment and protection of the Environment, the regulation of chemical substances or products, health and safety including occupational health and safety, and the transportation of dangerous goods.

“**Governmental Authority**” means: (i) any federal, provincial, state, local, municipal, regional, territorial, aboriginal, or other government, governmental or public department, branch, ministry, or court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision of any of them exercising or entitled to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory, or taxing authority or power of any nature; and (ii) any

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quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of them, and any subdivision of any of them.

**“Indemnified Party”** means any Person entitled to indemnification under this Agreement;

**“Indemnifier”** means any Person obligated to provide indemnification under this Agreement;

**“Insurance Policies”** means with respect to a company, the insurance policies maintained by such company with respect to its Business.

**“Intellectual Property”** means with respect to a company, all trade-marks and trade-mark applications, trade names, certification marks, patents and patent applications, copyrights, domain names, industrial designs, trade secrets, know-how, formulae, processes, inventions, technical expertise, research data and other similar property, owned by or licensed to such company, including all associated registrations and applications for registration, and all associated rights, including moral rights.

**“Inventories”** means with respect to a company, all inventories of every nature and kind owned by such company and pertaining to its Business including raw materials, packaging materials, work-in-progress and finished goods.

**“Law”** or **“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 the terms and conditions of any grant of approval, permission, authority or licence of any Governmental Authority, and the term “applicable” with respect to Laws and in a context that refers to one or more Persons, means that the Laws apply to the Person or Persons, or its or their business, undertaking, property or Securities, and emanate from a Governmental Authority having jurisdiction over the Person or Persons or its or their business, undertaking, property or Securities.

**“Leased Premises”** means with respect to a company, all of the lands, premises, structures and buildings which are leased by such company.

**“Leases”** means all of the leases relating to the Business of a company other than Real Property Leases.

**“Licences”** means licenses indicated in Schedule E.

**“Licence Applications”** means license applications indicated in Schedule E.

**“Listing”** has the meaning set out in Section 8.1.

**“Listing Escrow”** has the meaning set out in Section 3.3.

**“Loss”** means any loss, liability, damage, cost, expense, charge, fine, penalty or assessment including the costs and expenses of any action, suit, proceeding, demand, assessment, judgment, settlement or compromise and all interest, fines, penalties and all professional fees and disbursements on a 100 percent, complete indemnity basis and including loss of value and the monetary value of lost opportunity.

**“Material Adverse Change”** means with respect to a company, a change in such company’s Business or in the operations, affairs, prospects or condition (financial ongoing or otherwise) of such company including any such change arising as a result of any change in applicable Law, the amendment or revocation of any licence or as a result of fire, explosion, accident, casualty, labour problem, flood, drought, riot, storm,

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terrorist act, pandemic, disease, influenza, virus, act of God or otherwise, except for changes occurring in the ordinary course of business which, either individually or in the aggregate, have not materially adversely affected and will not materially adversely affect the Business or the operations, affairs, or condition (financial or otherwise) of the company.

“**Material Contract**” means with respect to a company, a Contract that: (i) involves or may result in the payment of money or money’s worth by or to such company in the amount in excess of USD\$5,000, (ii) has an unexpired term of more than one (1) year (including renewals), (iii) cannot be terminated by a company without penalty upon less than ten (10) day’s notice, or (iv) the termination of which, or under which the loss of rights, would constitute a Material Adverse Change.

“**Owned Lands**” means with respect to a company, all the premises owned by such company.

“**Parties**” means parties hereto collectively, and “**Party**” means any one of them.

“**Permits**” means with respect to a company, the applications, authorizations, registrations, permits, certificates of approval, approvals, grants, licences, quotas, consents, commitments, rights or privileges (other than those relating to the Intellectual Property) issued or granted by any Governmental Authority to a company.

“**Permitted Encumbrances**” includes with respect to a company, but is not limited to:

- (i) unregistered liens for municipal taxes, assessments or similar charges incurred by such company in the ordinary course of its Business that are not yet due and payable or, if due and payable, are to be adjusted for on Closing;
- (ii) inchoate mechanic’s, construction and carrier’s liens and other similar liens arising by operation of Law or statute in the ordinary course of such company’s Business for obligations which are not delinquent and will be paid or discharged in the ordinary course of such company’s Business;
- (iii) unregistered Encumbrances of any nature claimed by any Governmental Authority under any applicable Law, except for unregistered liens for unpaid realty taxes, assessments and public utilities;
- (iv) title defects which are of a minor nature and in the aggregate do not materially impair the value or use of any of the Owned Lands or the Leased Premises;
- (v) any right of expropriation conferred upon any Governmental Authority under any applicable Law;
- (vi) zoning restrictions, easements and rights of way or other similar Encumbrances or privileges in respect of real property which in the aggregate do not materially impair the value or use of any of the Owned Lands or the Leased Premises;
- (vii) Encumbrances created by others upon other lands over which there are easements, rights-of-way, licences or other rights of user in favour of the Owned Lands or Leased Premises and which do not materially impede the use of the easements, rights-of-way, licences or other rights of user for the purposes for which they are held; and

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(viii) any Encumbrance set out in Schedule 1.1(a) of the Xebra Disclosure Letter.

“Person” will be broadly interpreted and includes: (i) a natural person, whether acting in his or her own capacity, or in his or her capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person; (ii) a corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind; and (iii) a Governmental Authority.

“Pooling Agreement” has the meaning set out in Section 3.3.

“Purchase Price” has the meaning set out in Section 3.2.

“Recipient” means a Person receiving Confidential Information from a Discloser.

“Real Property Leases” means all of the leases between a company, as tenant, and any Person, as landlord, and all amendments to those leases, relating to the leasing by the company of the Leased Premises.

“Tax” or “Taxes” means all taxes, duties, fees, premiums, assessments, imposts, levies, rates, withholdings, payroll deductions, dues, government contributions and other charges of any kind whatsoever, whether direct or indirect, together with all interest, penalties, fines, additions to tax or other additional amounts, imposed by any Governmental Authority.

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“Tax Law” means any Law that imposes Taxes or that deals with the administration or enforcement of liabilities for Taxes.

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“Xebra Disclosure Letter” means the disclosure letter delivered by Xebra to the Shareholders contemporaneously with the execution and delivery of this Agreement.

“Xebra Subsidiaries” means Medicannabis S.A.S., Elements Bioscience SAPI de CV, Sativa Group Biosciences SAPI de CV, Xebra Brands Mexico SA de CV, Bleuflor Logistics Ltd., and Bleuflor Logistica SAS.

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“Xebra Subsidiary Equity” means, collectively, all of the issued and outstanding equity of each Xebra Subsidiary.

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**2. CERTAIN RULES OF INTERPRETATION**

**2.1** In this Agreement, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders. Every use of the words “including” or “includes” in this Agreement is to be construed as meaning “including, without limitation” or “includes, without limitation”, respectively.

**2.2** The division of this Agreement into Articles and Sections, the insertion of headings and the inclusion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of this Agreement.

**2.3 Shareholders’ Representative.** Notwithstanding anything else contained herein, Patricio Enrique Caso Prado (“Caso”) shall be the designated representative of the Shareholders for all purposes of this Agreement and in such capacity he is authorized to execute such documents and take such actions

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on behalf of the Shareholders as may be required or shall be deemed necessary to give full force and effect to this Agreement and Xebra shall be entitled to rely conclusively on Caso as representing the Shareholders as a whole. Without limiting the generality of the foregoing, Caso is appointed as attorney for each of the Shareholders for the purpose of executing any documents or performing any acts contemplated herein. All action required to be taken by Caso on behalf of the Shareholders under this Agreement shall be taken by Caso acting in concert on behalf of the Shareholders under this Agreement. Caso shall not have any duties or responsibilities except those set forth in this Agreement and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or shall otherwise exist against Caso. Caso shall be entitled to rely, and shall be fully protected in relying, upon any statements furnished to him by any of the Shareholders or Xebra. Caso shall in all cases be fully protected *vis-à-vis* each of the Shareholders in acting, or refraining from acting, on behalf of the Shareholders under this Agreement and any action taken or failure to act pursuant thereto shall be binding upon all of the Shareholders. All fees and expenses incurred by Caso shall be borne by the Shareholders in accordance with the proportionate interest of shares being acquired by such Shareholder in Xebra as set out in Schedule B. The Shareholders agree to indemnify and save harmless Caso and his heirs, executors, administrators and personal representatives, as the case may be, from and against, on a proportionate basis consistent with Schedule B, any and all claims, demands, damages, losses, liabilities, amounts paid in settlement of claims and judgments and the costs and expenses relating hereto and any other amounts paid in respect of civil, criminal or administrative action, proceeding or investigation to which Caso are made a party or are subject to by reason of or otherwise arising in connection with this Agreement, except for any fraud, gross negligence or willful misconduct of Caso.

2.4 References in this Agreement to an Article, Section, Schedule or Exhibit are to be construed as references to an Article, Section, Schedule or Exhibit of or to this Agreement unless otherwise specified.

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2.5 Unless otherwise specified in this Agreement, time periods within which or following which any calculation or payment is to be made, or action is to be taken, will be calculated by excluding the day on which the period begins and including the day on which the period ends. If the last day of a time period is not a Business Day, the time period will end on the next Business Day.

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2.6 Unless otherwise specified, any reference in this Agreement to any statute includes all regulations and subordinate legislation made under or in connection with that statute at any time and is to be construed as a reference to that statute as amended, modified, restated, supplemented, extended, re-enacted, replaced or superseded at any time.

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2.7 **Governing Law.** This Agreement is governed by and is to be construed and interpreted in accordance with, the Laws of the Province of British Columbia and the Laws of Canada applicable in that Province.

2.8 **Entire Agreement.** This Agreement and any other agreement or agreements and other documents to be delivered under this Agreement, constitute the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties.

2.9 **Schedules.** The following is a list of Schedules:

Schedules

- A - The Shareholders and their Shareholdings
- B - Purchase Price Allocation to Shareholders

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- C - Voting Support Agreement
- D - Pooling Agreement
- E - Xebra Licenses and Applications

### 3. PURCHASE AND SALE

**3.1 Purchase and Sale.** At the Closing Time, on and subject to the terms and conditions of this Agreement, the Shareholders shall sell to Xebra, and Xebra shall purchase from the Shareholders, the Desart Shares.

**3.2 Purchase Price.** The consideration payable by Xebra for the Desart Shares collectively (the "Purchase Price") is:

- (a) 2,000,000 common shares in the capital of Xebra (the "**Consideration Shares**") issuable on the Closing Date;
- (b) US\$125,000 (the "**Cash Consideration**"), payable on the Closing Date; and
- (c) 48,000,000 common shares in the capital of Xebra (the "**Bonus Shares**"), issuable within seven (7) days of Desart being granted a constitutional injunction by the Supreme Court of Mexico under the terms of the Mexican Law of Amparo which provides all authorizations necessary to enable Desart to produce and commercialize CBD, which include at minimum, the ability to: import or acquire hemp derived cannabis seeds to produce CBD, plant such cannabis seeds, cultivate and harvest cannabis, process cannabis for the purpose of extracting CBD, create and sell CBD products in Mexico and export CBD products (the "**Cannabis Amparo**"). For further clarity, importation laws of jurisdictions outside of Mexico shall not affect the eligibility of the Bonus Shares being issued.

The Purchase Price is the full and final consideration due and payable to the Shareholders on account of the purchase and sale of the Desart Shares. The Cash Consideration is payable at Closing to the Shareholders in the amount set opposite their names in Schedule "B". The Consideration Shares and Bonus Shares are issuable to the Shareholders in the amount set opposite their names in Schedule "B", which Consideration Shares and Bonus Shares will be subject to the Pooling Agreement and if applicable, the Listing Escrow. For further clarity, the Bonus Shares are only issuable when and if Desart has been granted the Cannabis Amparo and title to the Desart Shares shall pass to Xebra upon payment of the Cash Consideration and issuance of the Consideration Shares.

It is acknowledged that the Bonus Shares may become issuable after, or concurrent with, a Listing in circumstances where such Listing is effected by Xebra exchanging its shares for shares of another company ("**Pubco**") pursuant to an amalgamation, merger, plan of arrangement or other form of corporate reorganization (a "**Reorganization**") and, in such instance, the obligation of Xebra with respect to the issuance of the Bonus Shares shall be satisfied by issuing such number of shares of Pubco as are equal to the number of Pubco shares the Shareholders would have been entitled to if they had held the Bonus Shares immediately prior to the Reorganization. For greater certainty, it is agreed and understood that prior to the Listing, Xebra shall not undertake any transaction or series of transactions that would result in dilution to the Shareholders without the unanimous consent of the directors.



**3.3 Pooling Agreement.** Each of the Shareholders and Xebra agrees that, following Closing, the Consideration Shares, and Bonus Shares if applicable, will be subject to a pooling agreement (the “**Pooling Agreement**”). The Shareholders shall enter into the Pooling Agreement, substantially in the form as set out in Schedule “D”, at Closing, whereby the Consideration Shares, and Bonus Shares if applicable, will be pooled and released as follows:

Release Dates	Percentage to be Released
The Listing	0% *
6 months from the Listing	15% *
12 months from the Listing	15% *
18 months from the Listing	15% *
24 months from the Listing	15% *
30 months from the Listing	15% *
36 months from the Listing	25% *
<b>TOTAL</b>	<b>100%</b>

\*The release applies separately to the Consideration Shares and Bonus Shares held by each Shareholder and is calculated based upon original numbers of Xebra common shares held by each such party. If the Bonus Shares are issued after the Listing, then the release of such Bonus Shares shall be calculated commencing on the date of Listing.

It is acknowledged that the Consideration Shares and Bonus Shares may be required to be held in escrow or may otherwise be restricted from resale in connection with a Listing (the “**Listing Escrow**”), which is separate from the Pooling Agreement, and the Shareholders agree to authorize Caso to execute such documents and do such actions and thing as shall be deemed necessary by Xebra so as to give effect to any Listing Escrow.

**3.4 Voting Support Agreement.** Each of the Shareholders agrees they shall be subject to a voting support agreement substantially in the form as set out in Schedule “C” (the “**Voting Support Agreement**”) which shall provide, *inter alia*, that they agree to vote the Consideration Shares, and Bonus Shares if applicable, held by them in favour of resolutions put forward by the management of Xebra at any shareholders meeting of Xebra.

**3.5 Resale Restrictions.** The Shareholders and Xebra acknowledge that Xebra is not a reporting issuer under the laws of British Columbia and thus all the issued shares, including but not limited to the Consideration Shares and the Bonus Shares, are restricted from transfer until Xebra becomes a reporting issuer, and that there are no assurances this will occur.

**3.6 Transaction Costs.** The Shareholders and Xebra acknowledge that all Canadian legal costs and expenses incurred in connection with this Agreement, including those expenses incurred by Desart from the Effective Date to the Closing Date shall be borne by Xebra.

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**3.7 Appointment of Director.** Upon execution of this Agreement, the Shareholders shall cause Patricio Enrique Caso Prado (the “**Additional Director**”) to provide Xebra with such consents and other documents signed by the Additional Director as shall be requested by Xebra, acting reasonably, in connection with appointment of the Additional Director to the board of Xebra. The Additional Director shall be appointed as a director of Xebra on the Closing Date. It is agreed and understood that following any Reorganization, the Additional Director shall be named a director of Pubco.

If requested by Xebra and if this Agreement is terminated in accordance with Sections 8.1 or 8.2, the Additional Director shall resign as a director of Xebra immediately.

#### 4. REPRESENTATIONS AND WARRANTIES

**4.1 Representations and Warranties of the Shareholders.** As a material inducement to Xebra entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that Xebra is entering into this Agreement in reliance upon the representations and warranties of the Shareholders set out in this Section 4.1, except as detailed in the Shareholders’ Disclosure Letter, the Shareholders represent and warrant to Xebra as follows it being acknowledged that the representations and warranties set forth in (a), (b), (c) and (d) hereof are representations of each Shareholder severally or to themselves alone whereas the remaining representations and warrants are joint and several:

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- (a) **Capacity to Enter Agreement.** Such Shareholder has all necessary authority and capacity to enter into and perform their obligations under this Agreement.
  - (b) **Binding Obligation.** This Agreement has been duly executed and delivered by such Shareholder and constitutes a valid and binding obligation of the Shareholder, enforceable against the Shareholder in accordance with its terms, subject to applicable bankruptcy, insolvency and other Laws of general application limiting the enforcement of creditors’ rights generally and to the fact that equitable remedies, including specific performance, are discretionary and may not be ordered in respect of certain defaults.
  - (c) **Residence of Shareholders.** Each Shareholder is a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).
  - (d) **Title to Desart Shares.** Such Shareholder is legal and beneficial owner of the Desart Shares set opposite such Shareholder’s name in part (a) of Schedule “A” and has good title to them, free and clear of any Encumbrance. At Closing, the Shareholder will have the absolute and exclusive right to sell the Desart Shares set opposite their name in part (b) of Schedule “A” to Xebra as contemplated in this Agreement.
  - (e) **Corporate Capacity to Enter Agreement.** Desart has all necessary authority and capacity to enter into and perform its obligations under this Agreement.
  - (f) **Corporate Binding Obligation.** This Agreement has been duly executed and delivered by Desart and constitutes a valid and binding obligation of Desart, enforceable against Desart in accordance with its terms, subject to applicable bankruptcy, insolvency and other Laws of general application limiting the enforcement of creditors’ rights generally and to the fact that equitable remedies, including specific performance, are discretionary and may not be ordered in respect of certain defaults.
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- (g) **Absence of Conflict.** None of the execution and delivery of this Agreement, the performance of the Shareholders' obligations under this Agreement, or the completion of the transactions contemplated by this Agreement will:
- (i) result in or constitute a breach of any term or provision of, or constitute a default under, the Corporate Articles or the by-laws of Desart, or any Contract to which the Shareholders or Desart is a party or by which the Desart Shares are bound;
  - (ii) constitute an event which would permit any party to any Contract with Desart to amend, cancel, terminate or sue for damages with respect to that Contract, or to accelerate the maturity of any indebtedness of Desart, or other obligation of Desart under that Contract; or
  - (iii) result in the creation or imposition of any Encumbrance on the Desart Shares;
  - (iv) contravene any applicable Law; or
  - (v) contravene any judgment, order, writ, injunction or decree of any Governmental Authority.
- (h) **Restrictive Covenants.** Desart is not a party to, or bound or affected by, any Contract containing any covenant expressly limiting its ability to compete in any line of business, or transfer or move any of its assets or operations, or which could reasonably be expected to have a Material Adverse Change.
- (i) **Regulatory Approvals.** No authorization, approval, order, consent of, or filing with, any Governmental Authority is required on the part of the Shareholders or Desart in connection with the execution, delivery and performance of this Agreement or any other documents and agreements to be delivered by the Shareholders or Desart under this Agreement.
- (j) **Consents.** Except as disclosed in the Shareholders' Disclosure Letter, there is no requirement to obtain any consent, approval or waiver of a party under any Material Contract to which the Shareholders, Desart is a party in order to complete the transactions contemplated by this Agreement.
- (k) **Subsidiaries and Investments.** Desart does not have any Subsidiaries. Except as disclosed in the Shareholders' Disclosure Letter, Desart does not own or hold, directly or indirectly, any securities of, or has any interest in, any Person and Desart has not entered into any agreement to acquire any such interest.
- (l) **Corporate Existence of Company.** Desart has been duly incorporated and organized and is validly existing and in good standing as a company under the applicable Laws conferring corporate existence on it. No proceedings have been taken or authorized by Desart in respect of the bankruptcy, insolvency, liquidation, dissolution or winding up of such entity.
- (m) **Company Articles.** The Corporate Articles of Desart constitute all of the charter documents of such entity and are in full force and effect; no action has been taken to further amend the Corporate Articles and no changes to the Corporate Articles are planned.

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- (n) **Capacity and Powers of Company.** Desart has all necessary corporate power, authority and capacity to own or lease its respective assets and to carry on its Business as currently being conducted.
- (o) **Jurisdictions.** Desart is qualified to do business in the United Mexican States. The nature of the Business conducted by Desart do not require qualification to do business in any other jurisdiction other than those received under applicable Law at the date of this Agreement.
- (p) **Authorized and Issued Share Capital.** The Desart shares set opposite the Shareholders' names in part (a) of Schedule "A" collectively represent all of the issued and outstanding shares of Desart and no person has any agreement, option or right to purchase or otherwise acquire any shares or other securities of Desart.
- (q) **Corporate Records.** The corporate records and minute books of Desart which have been made available to Xebra contain in all respects complete and accurate minutes of all meetings of shareholders of such entity, held or passed since incorporation (or the equivalent documents). All those meetings were held and the share certificate books, registers of shareholders, registers of transfers and registers of directors of such entity are complete and accurate in all respects.
- (r) **Business of Desart.** Desart is and shall be at the Closing a single purpose corporation and without limiting the generality of the foregoing, does not, and has not, in the last five (5) years:
- (i) carry on any Business other than in connection with obtaining the Cannabis Amparo;
  - (ii) have any employees;
  - (iii) undertaken any material transaction, other than in connection with obtaining the Cannabis Amparo;
  - (iv) hold any assets of any kind or nature other than assets relating to the obtention of the Cannabis Amparo;
  - (v) have liabilities, obligations or other form of debt of any kind whatsoever except debt incurred in the ordinary course of Business and in relation to obtaining the Cannabis Amparo in the name of Desart; and
  - (vi) filed any tax return that has not been "nil".
- (s) **Material Contracts.** Schedule 4.1(s) of the Shareholders' Disclosure Letter lists all Material Contracts to which Desart is a party or bound. Except as disclosed in the Shareholders' Disclosure Letter, Desart is not in default or breach of any Material Contract, and there exists no state of facts which, after notice or lapse of time or both, would constitute a default or breach.
- (t) **Accounts and Powers of Attorney.** Schedule 4.1(t) of the Shareholders' Disclosure Letter lists: (i) the name of each bank or other depository in which Desart maintains any bank account, trust account or safety deposit box and the names of all individuals authorized to draw on them or who have access to them; and (ii) the name of each Person holding a general or special power of attorney from Desart and a summary of its terms.

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- (u) **Compliance with Laws, Permits.** Desart is conducting its Business in material compliance with all applicable Laws. All existing material Permits are listed in Schedule 4.1(u) of the Shareholders' Disclosure Letter. All material Permits are valid, subsisting, in full force and effect and unamended, and Desart is not in default or breach of any material Permit; no proceeding is pending or, threatened to revoke or limit any material Permit, and the completion of the transactions contemplated by this Agreement will not result in the revocation of any material Permit or the breach of any term, provision, condition or limitation affecting the ongoing validity of any material Permit.
- (v) **Litigation.** Except as disclosed in Schedule 4.1(v) of the Shareholders' Disclosure Letter, there are no Claims, whether or not purportedly on behalf of Desart, pending, commenced, or, threatened, which might reasonably be expected to have a Material Adverse Change or which might involve the possibility of an Encumbrance against the assets of Desart. There is no outstanding judgment, decree, order, ruling or injunction involving Desart or relating in any way to the transactions contemplated by this Agreement.
- (w) **No Expropriation.** No property or asset of Desart has been taken or expropriated by any Governmental Authority and no notice or proceeding in respect of any expropriation has been given or commenced or, is there any intent or proposal to give any notice or commence any proceeding in respect of any expropriation.

**4.2 Representations and Warranties of Xebra.** As a material inducement to the Shareholders entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Shareholders are entering into this Agreement in reliance upon the representations and warranties of Xebra set out in this Section 4.2, Xebra represents and warrant to the Shareholders as follows:

- (a) **Corporate Existence of Xebra.** Xebra is a corporation duly incorporated and validly existing under the laws of the Province of British Columbia, Canada. Each Xebra Subsidiary is a corporation duly incorporated and validly existing under the laws of the jurisdiction of incorporation set forth opposite such Xebra Subsidiary's name in Schedule 4.2(a) of the Xebra Disclosure Letter.
- (b) **Capacity to Enter Agreement.** Xebra has all necessary corporate power, authority and capacity to enter into and perform its obligations under this Agreement.
- (c) **Binding Obligation.** The execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action on the part of Xebra. This Agreement has been duly executed and delivered by Xebra and constitutes a valid and binding obligation of Xebra, enforceable against Xebra in accordance with its terms, subject to applicable bankruptcy, insolvency and other Laws of general application limiting the enforcement of creditors' rights generally and to the fact that equitable remedies, including specific performance, are discretionary and may not be ordered in respect of certain defaults.
- (d) **Absence of Conflict.** None of the execution and delivery of this Agreement, the performance of Xebra's obligations under this Agreement, or the completion of the transactions contemplated by this Agreement, will:
  - (i) result in or constitute a breach of any term or provision of, or constitute a default under, the articles or by-laws of Xebra or any Contract, agreement or other commitment to which Xebra is a party or which Xebra is bound;

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- (ii) constitute an event which would permit any party to any Contract with Xebra to amend, cancel, terminate or sue for damages with respect to that Contract, or to accelerate the maturity of any indebtedness of Xebra, or other obligation of Xebra under that Contract;
  - (iii) result in the creation or imposition of any Encumbrance on any shares of Xebra including the Consideration Shares or the Bonus Shares;
  - (iv) contravene any applicable Law; or
  - (v) contravene any judgment, order, writ, injunction or decree of any Governmental Authority.
- (e) **Restrictive Covenants.** Neither Xebra nor any Xebra Subsidiary is a party to, or bound or affected by, any Contract containing any covenant expressly limiting its ability to compete in any line of business, or transfer or move any of its assets or operations, or which could reasonably be expected to have a Material Adverse Change;
- (f) **Consideration Shares and Bonus Shares.** The Consideration Shares and Bonus Shares, as and when issued to the Shareholders in accordance with the terms of this Agreement, will be issued as fully paid and non-assessable shares.
- (g) **Authorized Capital.** The authorized capital of Xebra consists of an unlimited number of common shares.
- (h) **Regulatory Approvals.** No authorization, approval, order, consent of, or filing with, any Governmental Authority is required on the part of Xebra in connection with the execution, delivery and performance of this Agreement or any other documents and agreements to be delivered under this Agreement.
- (i) **Consents.** There is no requirement to obtain any consent, approval or waiver of a party under any Material Contract to which Xebra is a party in order to complete the transactions contemplated by this Agreement.
- (j) **Company Articles.** The Articles of Xebra constitute all of the charter documents of Xebra and are in full force and effect; no action has been taken to further amend the Articles and no changes to the Articles are planned, save for as otherwise set out herein.
- (k) **Subsidiaries.** Except as set forth in Schedule 4.2(k) of the Xebra Disclosure Letter, Xebra owns, or beneficially owns, all of the issued and outstanding shares of the Xebra Subsidiaries, in each case with a good title, free and clear of all Encumbrances subject to Permitted Encumbrances. Xebra does not own any shares in any Person other than the Xebra Subsidiaries. No Person has any agreement or option or any right or privilege (whether by Law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, warrants or convertible obligations of any nature, for the subscription, transfer, allotment or issuance of any unissued shares or other securities of any Xebra Subsidiary.
- (l) **Capacity and Powers of Company.** Xebra and each Xebra Subsidiary has all necessary corporate power, authority and capacity to own or lease its respective assets and to carry on its Business as currently being conducted.

**(m) Business of the Xebra; No United States Operations**

- (i) The Business carried on by Xebra and the Xebra Subsidiaries is the cultivation and commercialization of cannabis products, including brand development and trademarks for such cannabis products.
- (ii) All proceeds derived from the Business are in compliance with applicable Laws and, to the knowledge of Xebra, there are no pending or proposed changes to Laws that would render illegal or restrict the proceeds derived from the Business as now conducted.
- (iii) As at the date of Closing, neither Xebra nor any of the Xebra Subsidiaries has any operations or Affiliates in the United States, any links or perceived links to any business activities related to the United States, nor any partnership with, or any other relationship with any Person that would have the effect of Xebra or the Xebra Subsidiaries being deemed to have any operations or business or other interests in the United States, in each case above, that are not legal under United States federal laws.

**(n) Authorized and Issued Share Capital.**

- (i) All of the issued and outstanding shares of Xebra as at the date hereof is represented by 92,593,530 class A common shares and 1 class B common share and are held by the shareholders set forth in Schedule 4.2(n)(i) of the Xebra Disclosure Letter;
- (ii) The issued and outstanding shares of each Xebra Subsidiary is also set forth in Schedule 4.2(n)(ii) of the Xebra Disclosure Letter. All of such issued and outstanding equity has been duly and validly issued and is outstanding as fully paid and non-assessable;
- (iii) Except as set forth in this Agreement, no person has any agreement, right or option to purchase or otherwise acquire other securities of Xebra or any Xebra Subsidiary; and
- (iv) All of issued and outstanding shares of Xebra have been issued in compliance with exemptions from the prospectus requirements of applicable securities law.

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(o) **Corporate Records.** The corporate records and minute books of Xebra have been made available to the Shareholders, and contain in all respects complete and accurate minutes of all meetings of, and all written resolutions passed by, the directors and shareholders of such entity, held or passed since incorporation (or the equivalent documents). All those meetings were held, all those resolutions were passed, and the share certificate books, registers of shareholders, registers of transfers and registers of directors of such entity are complete and accurate in all respects.

(p) **Tax Matters.** Xebra and each Xebra Subsidiary has filed all tax returns, has paid all Taxes, and has deducted, withheld or collected, and remitted, all amounts to be deducted, withheld, collected or remitted, with respect to any Taxes, as required under all applicable Tax Laws. There are no Claims either in progress or pending, or, threatened against Xebra or any Xebra Subsidiary, in connection with any Taxes. Neither Xebra nor any Xebra Subsidiary has any outstanding liability, obligation or commitment for the payment of any Taxes.

- (q) Except to the extent incurred in the ordinary course of Xebra's Business, neither Xebra nor any Xebra Subsidiary has any material outstanding indebtedness or any liabilities or obligations (whether accrued, absolute, contingent or otherwise, including under any guarantee of any debt). Schedule 4.2(q) of the Xebra Disclosure Letter sets forth all the Encumbrances against Xebra or any Xebra Subsidiary's property.
- (r) **Absence of Unusual Transactions.** Neither Xebra nor any Xebra Subsidiary has:
- (i) given any guarantee of any debt, liability or obligation of any Person;
  - (ii) subjected any of its assets, or permitted any of its assets to be subjected, to any Encumbrance other than the Permitted Encumbrances;
  - (iii) acquired, sold, leased or otherwise disposed of or transferred any assets other than in the ordinary course of its Business;
  - (iv) made or committed to any capital expenditures, except in the ordinary course of its Business;
  - (v) declared or paid any dividend or otherwise made any distribution or other payment of any kind or nature to any of its shareholders or any other Person, or taken any corporate proceedings for that purpose;
  - (vi) redeemed, purchased or otherwise retired any of its shares or otherwise reduced its stated capital;
  - (vii) entered into or become bound by any Contract, except in the ordinary course of its Business;
  - (viii) modified, amended or terminated any Contract (except for Contracts which expire by the passage of time) resulting in a Material Adverse Change;
  - (ix) waived or released any right or rights which it has or had, or a debt or debts owed to it resulting, collectively or individually, in a Material Adverse Change;
  - (x) made any change in any compensation arrangement or agreement with any Employee, officer, director or shareholder of Xebra; or
  - (xi) made any change in any method of accounting or auditing practice.
- (s) **Owned Lands.** Neither Xebra nor any Xebra Subsidiary owns any Owned Lands.
- (t) **Leased Premises.**
- (i) Schedule 4.2(u) of the Xebra Disclosure Letter sets forth the municipal addresses of all the Leased Premises occupied or used by Xebra or any Xebra Subsidiary.
  - (ii) Neither Xebra nor any Xebra Subsidiary is a party to any lease or agreement in the nature of a lease (including any amendment to a lease) in respect of any real property, whether as lessor or lessee, other than the Real Property Leases described in Schedule 4.2(u) of the Xebra Disclosure Letter relating to the Leased Premises. Schedule 4.2(u) of the Xebra Disclosure Letter sets out the parties to each of the

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Real Property Leases, their dates of execution and expiry dates, any options to renew, the locations of the leased lands and premises and the rent payable thereunder. Except as set out in Schedule 4.2(u) of the Xebra Disclosure Letter, Xebra or a Xebra Subsidiary, as the case may be, occupies the Leased Premises and has the exclusive right to occupy and use the Leased Premises. Each of the Real Property (including amendments) is in good standing and in full force and effect without amendment thereto, and neither the Xebra, nor the Xebra Subsidiary nor, to Xebra's knowledge, any other party thereto is in breach of any covenants, conditions or obligations contained therein. Vendors have provided a true copy of each Real Property Lease (including amendments) to the Shareholders.

- (u) **Material Contracts.** Neither Xebra nor any Xebra Subsidiary is in default or breach of any Material Contract, and there exists no state of facts which, after notice or lapse of time or both, would constitute a default or breach.
- (v) **Compliance with Laws, Permits.** Xebra and each Xebra Subsidiary conducts its Business in material compliance with all applicable Laws. All material Permits are valid, subsisting, in full force and effect and unamended, and neither Xebra nor any Xebra Subsidiary is in default or breach of any material Permit; no proceeding is pending or, threatened to revoke or limit any material Permit, and the completion of the transactions contemplated by this Agreement will not result in the revocation of any material Permit or the breach of any term, provision, condition or limitation affecting the ongoing validity of any material Permit.
- (w) **Licenses.**
  - (i) Schedule 4.2(w)(i) of the Xebra Disclosure Letter sets out all issued or pending licences, including the Licences and License Applications along with the registration details and status of each such License or License Application. Xebra has provided a complete and accurate copy of all such Licenses and License Applications and amendments thereto, as well as material correspondence related thereto to the Shareholders.
  - (ii) Xebra or such Xebra Subsidiary listed on Schedule 4.2(w)(i) of the Xebra Disclosure Letter is the lawful holder of the Licence(s) and License Applications set forth beside its name and such Licences(s) is/are valid, subsisting and in good standing, and Xebra or such Xebra Subsidiary, as the case may be, is not in default or breach of any applicable Law and there is no allegation that the activities conducted by Xebra or such Xebra Subsidiary, as the case may be, are in contravention of the terms of the Licence(s), and no proceeding is pending or threatened in relation to, and no grounds exist to revoke or limit such Licence(s), and such Licence(s) is/are not subject to compliance checks, or under any investigation by any Governmental Authority.
- (x) **Environmental Conditions.** Xebra and each Xebra Subsidiary have been and are in compliance with all applicable Environmental Laws, and there are no facts which would give rise to non-compliance with any Environmental Laws.
- (y) **Litigation.** There are no Claims, against Xebra or any Xebra Subsidiary, pending, commenced, or, threatened, which might reasonably be expected to have a Material Adverse Change or which might involve the possibility of an Encumbrance against the assets of Xebra or any Xebra Subsidiary,

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including the Licenses. There is no outstanding judgment, decree, order, ruling or injunction involving Xebra or relating in any way to the transactions contemplated by this Agreement.

(z) **No Expropriation.** No property or asset of Xebra or any Xebra Subsidiary has been taken or expropriated by any Governmental Authority and no notice or proceeding in respect of any expropriation has been given or commenced or, is there any intent or proposal to give any notice or commence any proceeding in respect of any expropriation.

(aa) **Intellectual Property.**

(i) Schedule 4.2(aa) of the Xebra Disclosure Letter sets out all registered or pending Intellectual Property (including particulars of registrations or applications for registration and all licences, registered user agreements and other Contracts which comprise or relate to the Intellectual Property.

(ii) The Intellectual Property set forth in Schedule 4.2(aa) of the Disclosure Letter comprises all trade or brand names, business names, trade-marks, service marks, copyrights, patents, industrial designs, trade secrets, know-how, inventions, designs and other industrial or intellectual property necessary to conduct the Business as currently conducted. Xebra and the Xebra Subsidiaries are the owners free and clear of all Encumbrances of, or where indicated on Schedule 4.2(aa) has a valid and subsisting licence to use, the Intellectual Property. Except as set out in Schedule 4.2(aa), Xebra and the Xebra Subsidiaries are not limited or impaired in their ability to sell, transfer, assign or convey the Intellectual Property. Except as disclosed in Schedule 4.2(aa), neither Xebra nor the Xebra subsidiaries have granted to any Person any interest in or right to use all or any portion of the Intellectual Property.

(iii) The conduct of the Business does not and has not infringed upon the industrial or intellectual property rights, domestic or foreign, of any other Person.

5. **COVENANTS**

5.1 **Conduct of Business Before Closing.**

(a) During the period up to Closing, the Shareholders shall cause Desart to operate its Business in the ordinary course in compliance with applicable Law and the terms and conditions of all Contracts.

(b) During the period up to Closing, Xebra shall and shall cause the Xebra Subsidiaries to operate the Business in the ordinary course in compliance with applicable Law and the terms and conditions of all Contracts, and in a manner that maintains relations with Employees and the suppliers, customers and landlords of Xebra or the Xebra Subsidiaries in accordance with past custom and practice provided that, from the date hereof up to Closing.

5.2 **Confidentiality**

(a) **Information to be Confidential.** Each Recipient shall treat confidentially and not disclose and shall cause each of its Representatives to treat confidentially and not disclose, other than as expressly contemplated by this Agreement, any Confidential Information of a Discloser.

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- (b) **Use of Confidential Information.** A Recipient may disclose Confidential Information only to those of its Representatives who need to know such Confidential Information for the purpose of implementing the transaction contemplated by this Agreement. No Recipient shall use, nor permit its Representatives to use, Confidential Information for any other purpose nor in any way that is, directly or indirectly, detrimental to the applicable Discloser.
- (c) **Required Disclosure.** If a Recipient or any of its Representatives receives a request or is legally required to disclose all or any part of the Confidential Information of a Discloser, such Recipient shall (a) immediately notify the Discloser of the request or requirement, (b) consult with the Discloser on the advisability of taking legally available steps to resist or narrow the request or lawfully avoid the requirement, and (c) if requested by the Discloser, take all necessary steps to seek a protective order or other appropriate remedy. If a protective order or other remedy is not available, or if the Discloser waives compliance with the provisions of this Section 5.2, (i) the Recipient receiving the request for disclosure or its Representatives, as the case may be, may disclose to the Person requiring disclosure only that portion of the Confidential Information which such Recipient is advised by written opinion of counsel is legally required to be disclosed, and (ii) such Recipient shall not be liable for such disclosure unless such disclosure was caused by or resulted from a previous disclosure by such Recipient or its Representatives not permitted by this Agreement.
- (d) **Return or Destruction.** Following the termination of this Agreement in accordance with the provisions of this Agreement, each Recipient shall (and shall cause each of its Representatives to) (a) return promptly to the Discloser all physical copies of the Confidential Information of the Discloser, excluding Notes, then in such Recipient's possession or in the possession of its Representatives, (b) destroy all (i) electronic copies of such Confidential Information, and (ii) Notes (including electronic copies thereof) prepared by such Recipient or any of its Representatives, including electronic back-ups of the foregoing in a manner that ensures the same may not be retrieved or undeleted by such Recipient or any of its Representatives, and (c) deliver to the Discloser a certificate executed by one of the Recipient's duly authorized senior officers indicating that the requirements of this Section 5.2 have been satisfied in full. AGM  
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- (e) The obligations of confidentiality specified in this Section 5.2 shall survive indefinitely. EFS

**5.3 Financial Statements.**

As soon as required by applicable Law, Xebra shall prepare and remit to Shareholders the unaudited consolidated balance sheet, consolidated statement of income and statement of cash flows of Xebra and the Xebra Subsidiaries for the most recently completed financial period, all as prepared in accordance with applicable Generally Accepted Accounting Principles or International Financial Reporting Standards, as applicable. PCP  
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**6. CONDITIONS**

**6.1 Closing Conditions for Benefit of Xebra.** The obligation of Xebra to complete the transactions provided for herein will be subject to the fulfilment of the following conditions at or before the Closing Time:

- (a) **Representations, Warranties and Covenants.** The representations and warranties of the Shareholders made in this Agreement, and any other agreement or document delivered pursuant to this Agreement, will be true and accurate at the Closing Time with the same force and effect as though those representations and warranties had been made as of the Closing Time. The M

Shareholders will have complied with all covenants and agreements to be performed or caused to be performed by them under this Agreement, and any other agreement or document delivered pursuant to this Agreement, at or before the Closing Time. In addition, the Shareholders will have delivered to Xebra a certificate confirming the same. The receipt of each of those certificates and the completion of the Closing will not be deemed to constitute a waiver of any of the representations, warranties or covenants contained in this Agreement, or in any other agreement or document delivered pursuant to this Agreement.

- (b) **Compliance and Deliveries.** The Shareholders shall have performed and complied with all of the terms and conditions in this Agreement on their part to be performed or complied with at or before the Closing Time and shall have executed and delivered or caused to have been executed and delivered to the Shareholders at the Closing all the documents contemplated in this Agreement.
- (c) **No Material Adverse Change.** Since the date of this Agreement there will not have been any change in any of the assets, Business, financial condition, earnings, results of operations or prospects of Desart, or any other event, development or condition of any character (whether or not covered by insurance) with respect to any of the Companies that has been, or might reasonably be expected to have, been a Material Adverse Change.
- (d) **Consents.** All filings, notifications and consents with, to or from Governmental Authorities and third parties, including parties to the Material Contracts, will have been made, given or obtained on terms acceptable to Xebra, acting reasonably, so that the transactions contemplated by this Agreement may be completed without resulting in the violation of applicable Law, or without resulting in a violation or default under, or any termination, amendment or acceleration of any obligation under any license, Permit, or Material Contract of or affecting the Business of Desart.
- (e) **No Law.** No Governmental Authority shall have enacted, issued or promulgated any Law which has the effect of (i) making any of the transactions contemplated by this Agreement illegal, or (ii) otherwise prohibiting, preventing or restraining the consummation of any of the transactions contemplated by this Agreement.

**6.2 Waiver or Termination by Xebra.** The conditions contained in Section 6.1 are inserted for the exclusive benefit of Xebra and may be waived in whole or in part by Xebra at any time without prejudice to any of its rights of termination in the event of non-performance of any other condition in whole or in part. If any of the conditions contained in Section 6.1 are not fulfilled or complied with by the time that is required under this Agreement, Xebra may, at or before Closing Time, terminate this Agreement by notice in writing to the Parties.

**6.3 Conditions for Benefit of the Shareholders.** The obligation of the Shareholders to complete the transactions provided for herein will be subject to the fulfilment of the following conditions at or before the Closing Time:

- (a) **Representations, Warranties and Covenants.** The representations and warranties of Xebra made in this Agreement, and any other agreement or document delivered pursuant to this Agreement, will be true and accurate at the Closing Time with the same force and effect as though those representations and warranties had been made as of the Closing Time. Xebra will have complied with all covenants and agreements to be performed or caused to be performed by it under this Agreement, and any other agreement or document delivered pursuant to this Agreement, at or before the Closing Time. In addition, Xebra will have delivered to the Shareholders a certificate confirming the same. The receipt of those certificates and the completion of the Closing will not be deemed to constitute a waiver of any of the representations, warranties or covenants of Xebra

contained in this Agreement, or in any other agreement or document delivered pursuant to this Agreement.

- (b) **Compliance and Deliveries.** Xebra shall have performed and complied with all of the terms and conditions in this Agreement on their part to be performed or complied with at or before the Closing Time and shall have executed and delivered or caused to have been executed and delivered to the Shareholders at the Closing all the documents contemplated in this Agreement.
- (c) **No Material Adverse Change.** Since the date of this Agreement there will not have been any change in any of the assets, Business, financial condition, earnings, results of operations or prospects of Xebra or any Xebra Subsidiary, or any other event, development or condition of any character (whether or not covered by insurance) with respect to Xebra or any Xebra Subsidiary any of the that has, or might reasonably be expected to have, a Material Adverse Change.
- (d) **Consents.** All filings, notifications and consents with, to or from Governmental Authorities and third parties, including parties to the Material Contracts, will have been made, given or obtained on terms acceptable to Desart, acting reasonably, so that the transactions contemplated by this Agreement may be completed without resulting in the violation of applicable Law, or without resulting in a violation or default under, or any termination, amendment or acceleration of any obligation under any license, Permit, or Material Contract of or affecting the Business of any Xebra or any Xebra Subsidiary.
- (e) **No Law.** No Governmental Authority shall have enacted, issued or promulgated any Law which has the effect of (i) making any of the transactions contemplated by this Agreement illegal, or (ii) otherwise prohibiting, preventing or restraining the consummation of any of the transactions contemplated by this Agreement.

**6.4 Waiver or Termination by the Shareholders.** The conditions contained in Section 6.3 are inserted for the exclusive benefit of the Shareholders and may be waived in whole or in part by the Shareholders at any time without prejudice to any of their rights of termination in the event of non-performance of any other condition in whole or in part. If any of the conditions contained in Section 6.3 are not fulfilled or complied with by the time that is required under this Agreement, the Shareholders may, at or before Closing Time, terminate this Agreement by notice in writing to the Parties.

## 7. CLOSING AND POST-CLOSING ARRANGEMENTS

**7.1 Closing.** The Closing shall take place at the Closing Time on the Closing Date at the offices of McMillan LLP in Vancouver, British Columbia, or at such other time on the Closing Date or such other place as may be agreed orally or in writing by the Parties.

**7.2 Shareholders Closing Deliveries.** At the Closing, the Shareholders shall deliver or cause to be delivered to Xebra the following:

- (a) the certificate or certificates representing the Desart Shares in the name of Xebra;
- (b) the cancelled certificates representing the Desart Shares in the name of the Shareholders;
- (c) the Pooling Agreement for the Consideration Shares and Bonus Shares executed by or on behalf of each Shareholder;
- (d) the Voting Support Agreement executed by or on behalf of each Shareholder;

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- (e) the Books and Records of Desart along with financial statements since incorporation of the Companies to the most recently completed period end;
- (f) If requested by Xebra, the written resignation of each director and officer of Desart and a release of all claims by each such director and officer;
- (g) all such other assurances, consents, agreements, documents and instruments as may be reasonably required by Xebra to complete the transactions provided for in this Agreement, all of which shall be in form and substance satisfactory to Xebra, acting reasonably.

**7.3 Xebra Closing Deliveries.** At the Closing, Xebra shall deliver or cause to be delivered to the Shareholders the following:

- (a) the Consideration Shares in the names and amounts contemplated herein, which shares shall be deposited pursuant to the Pooling Agreement;
- (b) the Pooling Agreement executed by Xebra;
- (c) the Voting Support Agreement signed by Xebra;
- (d) proof of completion of the Xebra Financing; and
- (e) all such other assurances, consents, agreements, documents and instruments as may be reasonably required by the Shareholders to complete the transactions provided for in this Agreement, all of which shall be in form and substance satisfactory to the Shareholders, acting reasonably.

**7.4 Joint Closing Deliveries.** At the Closing each of Xebra, and the Shareholders will deliver to the other Parties the certificates contemplated by Sections 6.1(a) or 6.3(a) as applicable.

## 8. CONDITIONS SUBSEQUENT

**8.1 Xebra Financing.** Xebra shall have completed an equity financing by February 29, 2020, raising gross proceeds of at least CDN\$2 million, at a price of no less than CDN\$0.30 per share (the "**Xebra Financing**"). If the Xebra Financing has not been completed by February 29, 2020, then the Shareholders shall have until March 3, 2020 11:59 PM Vancouver time to elect to terminate this Agreement (the "**Financing Termination**") by notice in writing signed by Caso in his capacity of shareholder representative failing which the Shareholders shall be conclusively deemed to waive their right to terminate this Agreement under this section. The Shareholders shall not be obligated to return the Consideration Shares nor the Cash Consideration.

**8.2 Listing.** It is acknowledged that it is intended to take such steps as shall be necessary to cause the shares of Xebra, directly or indirectly, to be listed on a recognized stock exchange or trading facility (the "**Listing**") on or before May 31, 2020, and in this regard the Parties agree to take such actions and execute such documents as shall be deemed necessary to give effect to such Listing including, without limiting, the generality of the foregoing, executing such form of escrow agreement restricting the transfer of such of the Consideration Shares and Bonus Shares as applicable, as may be required as a condition of Listing. If the Listing has not been completed by May 31, 2020, then the Shareholders shall have until June 2, 2020 11:59 PM Vancouver time to elect to terminate this Agreement (the "**Listing Termination**") by notice in writing signed by Caso in his capacity of shareholder representative failing which the Shareholders shall be conclusively deemed to waive their right to terminate this Agreement under this section. Upon the Listing Termination, Xebra shall return the Desart Shares to the

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Shareholders. The Shareholders shall not be obligated to return the Consideration Shares nor the Cash Consideration, but will be required to return the Bonus Shares to Xebra if applicable.

**8.3 Cannabis Amparo.** Subject to Section 8.1, if the Cannabis Amparo has not been granted by the Supreme Court of Mexico by December 31, 2020, then Xebra shall have until January 5, 2021 11:59PM Vancouver time to elect to terminate this Agreement (the “**Amparo Termination**”). Upon the Amparo Termination, Xebra shall return the Desert Shares to the Shareholders. The Shareholders shall not be obligated to return the Consideration Shares nor the Cash Consideration.

## 9. SURVIVAL AND INDEMNIFICATION

**9.1 Survival of Representations and Warranties of the Shareholders.** The representations and warranties made by the Shareholders in this Agreement and of any other agreement, certificate or instrument delivered pursuant to this Agreement, shall not merge on Closing but shall survive the execution, delivery and performance of this Agreement, the Closing and the execution and delivery of any transfer documents or other documents of title to the Desert Shares and all other agreements, certificates and instruments delivered pursuant to this Agreement and the payment of the Consideration Shares and, notwithstanding such Closing and payment of the Consideration Shares, or any investigation made by or on behalf of Xebra or any other Person or any knowledge of Xebra or any other Person, shall survive and continue in full force and effect for the benefit of Xebra for a period of twelve (12) months after Closing, and notice of any Claim in respect thereof shall be made in writing by Xebra within such time frame. Notwithstanding the foregoing sentence:

- (a) the representations and warranties made in Sections 4.1(a), 4.1(b), 4.1(c), 4.1(d), 4.1(e), 4.1(f), 4.1(g), 4.1(h), 4.1(k), 4.1(l), 4.1(v) shall survive and continue in full force and effect until, but not beyond, the maximum period permitted by Law and notice of any claim in respect thereof shall be made in writing by Xebra prior to the expiry of such time period; and
- (b) any claim which is based upon intentional misrepresentation or fraud by the Shareholders or any of them may be made or brought by Xebra at any time up to the maximum period permitted by Law.

**9.2 Survival of Representations and Warranties of Xebra.** The representations and warranties made by Xebra in this Agreement and of any other agreement, certificate or instrument delivered pursuant to this Agreement, shall not merge on Closing but shall survive the execution, delivery and performance of this Agreement, the Closing and the execution and delivery of any transfer documents or other documents of title to the Desert Shares and all other agreements, certificates and instruments delivered pursuant to this Agreement and the payment of the Consideration Shares and, notwithstanding such Closing and payment of the Consideration Shares, or any investigation made by or on behalf of the Shareholders or any other Person or any knowledge of the Shareholders or any other Person, shall survive and continue in full force and effect for the benefit of the Shareholders for a period of twelve (12) months after Closing, and notice of any Claim in respect thereof shall be made in writing by the Shareholders within such time frame. Notwithstanding the foregoing sentence:

- (a) the representations and warranties made in Sections 4.2(a), 4.2(b), 4.2(c), 4.2(d), 4.2(e), 4.2(f), 4.2(g), 4.2(k), 4.2(l), 4.2(m) and 4.2(w) shall survive and continue in full force and effect until, but not beyond, the maximum period permitted by Law and notice of any claim in respect thereof shall be made in writing by the Shareholders prior to the expiry of such time period; and

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- (b) any claim which is based upon intentional misrepresentation or fraud by the Xebra or any of them may be made or brought by the Shareholders at any time up to the maximum period permitted by Law.

**9.3 Notice of Untrue Representation or Warranty.**

- (a) During the period between the Effective Date and Closing, Xebra shall promptly notify the Shareholders if Xebra becomes aware that any of the Shareholders' representations or warranties is untrue or inaccurate or that the Shareholders have, or any one of them has, failed to perform or fulfil any of their covenants or obligations under this Agreement.
- (b) Following notice by Xebra under Section 9.3(a), the Shareholders may amend the applicable representations or warranties in this Agreement; provided, if the amendment would constitute a material representation or warranty, Xebra may terminate this Agreement by notice in writing to the Shareholders within five (5) Business Days of receiving the revised Agreement. If Xebra does not terminate this Agreement in accordance with this Section 9.3(b) Xebra is deemed to have accepted and agreed to the revised Agreement and waived in full any breach or inaccuracy of the representations and warranties of the Shareholders, and any corresponding closing conditions in favour of the Shareholders, addressed by the amendment to the Agreement.

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**9.4 Indemnity by the Shareholders and Desart.** Subject to the limitation periods in Section 9.1, from the Effective Date until the Closing Date, the Shareholders and Desart, on a joint and several basis, and the Shareholders only after the Closing Date, shall indemnify Xebra and its affiliates, directors, officers, representatives and save them fully harmless against any damages arising from, in connection with or related in any manner whatsoever to:

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- (a) any incorrectness in or breach of any representation or warranty of the Shareholders contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement;
- (b) any breach or any non-fulfilment of any covenant or agreement on the part of the Shareholders contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement.

**9.5 Indemnity by Xebra.** Subject to the limitation periods in Section 9.2, Xebra shall indemnify the Shareholders and save them fully harmless against any damages arising from, in connection with or related in any manner whatsoever to:

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- (a) any incorrectness in or breach of any representation or warranty of Xebra contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement; and
- (b) any breach or non-fulfilment of any covenant or agreement on the part of the Buyer contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement.

**9.6 Limitations:**

- (a) An Indemnifier has no obligation or liability for indemnification to an Indemnified Party or otherwise with respect to any representation or warranty made by such Indemnifier in this Agreement after the end of the applicable time period specified in Sections 9.1 and 9.2 except for

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claims relating to the representations and warranties that the Indemnifier has been notified of prior to the end of the applicable time period.

- (b) Except in the case of any claim which is based upon intentional misrepresentation or fraud, an Indemnifier's obligation or liability for indemnification to an Indemnified Party hereunder shall be limited to the Purchase Price.
- (c) The obligations of each of the Shareholders under this Article 9 are joint and several.

## 10. GENERAL

**10.1 Expenses.** Except as otherwise expressly provided in Section 3.6, each Party shall be responsible for all costs and expenses (including any Taxes imposed on such expenses) incurred by it in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the transactions contemplated by this Agreement (including the fees and disbursements of legal counsel, bankers, investment bankers, accountants, brokers and other advisers).

**10.2 Time of Essence.** Time shall be of the essence in this Agreement.

**10.3 Severability.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

**10.4 Amendment and Waiver.** No amendment of this Agreement shall be effective unless made in writing and signed by the Parties. A waiver of any default, breach or non-compliance under this Agreement shall not be effective unless in writing and signed by the Parties to be bound by the waiver, and then only in the specific instance and for the specific purpose for which it has been given. No waiver shall be inferred from or implied by any failure to act or delay in acting by a Party in respect of any default, breach or non-observance or by anything done or omitted to be done by another Party. The waiver by a Party of any default, breach or non-compliance under this Agreement will not operate as a waiver of that Party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).

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**10.5 Successors and Assigns; Assignment.** This Agreement shall enure to the benefit of, and be binding on, the Parties and their respective successors and permitted assigns. Xebra shall have the right to assign its rights and obligations under this Agreement to any of its Affiliates or Xebra Subsidiaries with the prior written consent of the Shareholders, which such consent will not be unreasonably withheld.

**10.6 Counterparts and Electronic Delivery.** This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a Party may send a copy of its original signature on the execution page hereof to the other Parties by facsimile, e-mail in PDF format or by other electronic transmission and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving Parties.

### 10.7 Notices.

- (a) *Mode of Giving Notice.* Any notice, direction, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing

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and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent by fax, e-mail (return receipt requested) or other similar means of electronic communication, in each case to the applicable address set out below:

(i) if to the Shareholders, Desart:

c/o Carlos Echanove 5422 – 4° Piso  
Col. El Yaqui  
CP. 0532  
Mexico City, Mexico

Attention: Patricio Enrique Caso Prado  
Email: patriciocaso@gmail.com

(ii) if to Xebra:

c/o 1090 Hamilton Street  
Vancouver, B.C. V6B 2R9

Attention: Jorge Martinez  
Email: jorge@xebrabrands.com

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(b) *Deemed Delivery of Notice.* Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing, e-mailing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed, e-mailed or sent before 4:30 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth Business Day following the mailing thereof; provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.

(c) *Change of Address.* Any Party may from time to time change its address under this Section 10.7 by notice to the other Party given in the manner provided by this Section 10.7.


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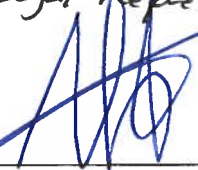
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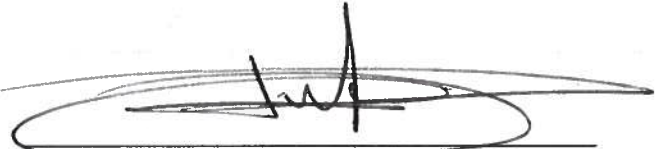
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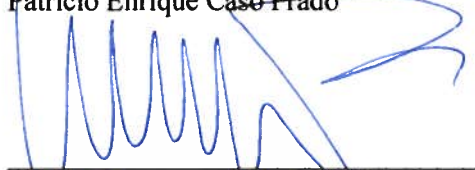
IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

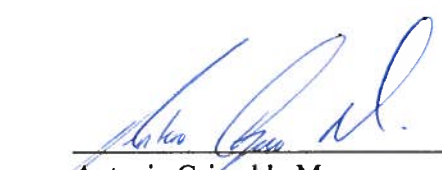
**DESART MX, S.A. DE C.V.**


Per:   
Name: *Patricio Enrique Caso Prado*  
Title: *Legal Representative*

  
\_\_\_\_\_  
Aldo Heladio Verver y Vargas Duarte

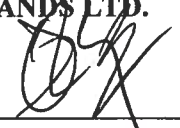
  
\_\_\_\_\_  
Patricio Enrique Caso Prado

  
\_\_\_\_\_  
Mikel Andoni Arriola Peñalosa

  
\_\_\_\_\_  
Antonio Grimaldo Monroy

  
\_\_\_\_\_  
Emilio Fueyo Saldaña

**XEBRA BRANDS LTD.**

Per:   
\_\_\_\_\_  
Name: *JORGE MARTINEZ*  
Title: *DIRECTOR*

## Schedule A

Part (a)

## Shareholder Holdings

Shareholder name	Number of Desart shares
Aldo Heladio Verver y Vargas Duarte	45
Patricio Enrique Caso Prado	45
Mikel Andoni Arriola Peñalosa	45
Antonio Grimaldo Monroy	45
Emilio Fueyo Saldaña	20
<b>TOTAL</b>	<b>200</b>

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Part (b)**Desart Shares**

<b>Shareholder name</b>	<b>Number of Desart shares</b>
Aldo Heladio Verver y Vargas Duarte	45
Patricio Enrique Caso Prado	45
Mikel Andoni Arriola Peñalosa	45
Antonio Grimaldo Monroy	45
Emilio Fueyo Saldaña	20
<b>TOTAL</b>	<b>200</b>

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Schedule B

Purchase Price Allocation to Shareholders

Shareholder Name	Cash Consideration	Number of Consideration Shares	Number of Bonus Shares
Aldo Heladio Verver y Vargas Duarte	US\$28,125	450,000	10,800,000
Patricio Enrique Caso Prado	US\$28,125	450,000	10,800,000
Mikel Andoni Arriola Peñalosa	US\$28,125	450,000	10,800,000
Antonio Grimaldo Monroy	US\$28,125	450,000	10,800,000
Emilio Fueyo Saldaña	US\$12,500	200,000	4,800,000
<b>Total</b>	<b>US\$125,000</b>	<b>2,000,000</b>	<b>48,000,000</b>

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Schedule C

VOTING SUPPORT AGREEMENT

THIS AGREEMENT made the 10<sup>th</sup> day of January, 2019.

AMONG:

- (the "Shareholder")

AND:

**XEBRA BRANDS LTD.**  
("Xebra")

WHEREAS:

- (A) The Shareholder is a holder of Class A Common Shares of Xebra; and
- (B) In connection therewith the shareholder has agreed to enter into this Voting Support Agreement.

FOR VALUE RECEIVED, the parties agree as follows:

**1. DEFINITIONS**

**1.1 Definitions.**

- (a) "Board" means the board of directors of Xebra or, in the event of a listing, the board of directors of the Successor Corporation;
- (b) "Listing" means the listing of Xebra or its Successor Corporation on a recognized stock exchange or trading facility;
- (c) "Meeting" means any general meeting of the shareholders of Xebra or, in the event of a Listing, any general meeting of the shareholders of the Successor Corporation;
- (d) "Shares" means the shares of Xebra or, in the event of a Listing, the shares of the Successor Corporation;
- (e) "Successor Corporation" means the corporation that acquires, merges or otherwise transacts with Xebra such that such successor corporation holds the Listing and in connection therewith the shareholders of Xebra hold shares of the successor corporation.

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**2. INTERPRETATION**

**2.1 Gender/Numbers.** Words importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include both genders.

**2.2 Headings.** This article and section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

**2.3 Proper Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable.

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**3. EXERCISE OF VOTING POWER**

**3.1 Exercise of Voting Power.** Until termination of this Agreement under §4, at any Meeting the Shareholder shall vote or cause to be voted all of the Shares owned, directly or indirectly, or controlled by the Shareholder, in favour of all resolutions proposed by the Board as specified in an information circular or notice of meeting issued by Xebra or a Successor Corporation in connection with such Meeting, ("Notice") including, but not limited to, the election of the Board and shall vote against any resolutions not proposed or supported by the Board.

**4. TERMINATION**

**4.1 Termination.** This Agreement shall terminate on that date which is 1 year from the date of Listing.

**5. MISCELLANEOUS**

**5.1 Amendment.** The provisions of this Agreement may not be amended, changed, supplemented, waived or otherwise modified or terminated except by a written instrument signed by all parties hereto or their respective successors and assigns.

**5.2 Successors and Assigns.** Except as otherwise expressly provided herein, all covenants and agreements contained in this Agreement by or on behalf of any of the parties hereto will bind and inure to the benefit of the respective successors and assigns of the parties hereto whether so expressed or not.

**5.3 Severability.** Whenever possible, each provisions of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

**5.4 Counterparts.** This Agreement may be executed simultaneously in two or more counterparts and by facsimile transmission, each of which shall constitute an original, but all of which taken together shall constitute one and the same Agreement.



**5.5 Entire Agreement.** This Agreement represents the entire agreement between the parties hereto in this regard and supersedes and replaces any prior agreements, written or oral.

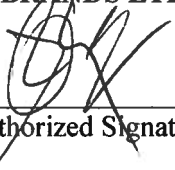
IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

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Per:  \_\_\_\_\_  
Authorized Signatory

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**XEBRA BRANDS LTD.**

Per:  \_\_\_\_\_  
Authorized Signatory

JORGE MARTINEZ - DIRECTOR

**Schedule D**  
**Pooling Agreement**

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## Schedule E

### Licenses and Applications

#### 1. Granted licenses:

a) Licencia para CULTIVO de Cannabis no-psicoactivo (CBD) (Resolucion-0018 MinJusticia):

*CULTIVATION License for CBD (non-psychoactive) Cannabis (Resolucion-0018 MinJusticia):*

b) Licencia para TRANSFORMACION de Cannabis psicoactivo (THC) (Resolucion-1906 MinSalud):

*PROCESSING License for THC (psychoactive) Cannabis (Resolucion-1906 MinSalud):*

c) Licencia de USO DE SEMILLAS para siembra (Resolucion-1267 MinJusticia):

*USE OF SEEDS License for cultivation (Resolucion-1267 MinJusticia):*

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#### 2. Applications in progress:

a) Solicitud de Licencias para uso de semillas para siembra y cultivos de plantas para usos médicos y científicos - THC (psicoactivo) y CBD (no-psicoactivo):

*APPLICATION for License to cultivate THC (psychoactive) and CBD (non-psychoactive) Cannabis:*

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#### 3. Government Decree:

a) DECRETO-613 - Reglamento de la ley 1787

*Government Decree outlining that obtaining a THC cultivation license is subject to the grant of the THC Processing license:*

DECRETO-613, page 16, articulo 2.8.11.2.4.2, Numeral 1:



