

## SHARE PURCHASE AGREEMENT

**THIS AGREEMENT** is dated as of June 26, 2019 (the "**Effective Date**").

**BETWEEN:**

**XEBRA BRANDS LTD.**, a corporation existing under the laws of British Columbia, Canada

("Xebra")

AND

**ORGANTO FOODS INC.**, a corporation existing under the laws of British Columbia, Canada

("Organto")

AND

**MEDICANNABIS S.A.S.**, a company existing under the laws of Republic of Colombia

("MediCan")

**WHEREAS:**

- A. Organto is the registered and beneficial owner of 10,400 common shares of MediCan, being all of the issued and outstanding shares of MediCan (the "**MediCan Shares**");
- B. Organto is the owner of certain cannabis seed varieties, breeding lines, and cultivars as detailed in Schedule "A" (the "**Biological Assets**");
- C. Xebra wishes to acquire and Organto wishes to sell the MediCan Shares and Biological Assets on the terms and conditions set forth herein.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the sum of \$10.00 now paid by Xebra to Organto and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Organto, the Parties agree as follows:

**1. INTERPRETATION**

**1.1 Definitions**

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

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

**"Applicable Law"** means, with respect to any Person, property, transaction, event or other matter, (a) any foreign or domestic constitution, treaty, law, statute, regulation, code, ordinance, principle of common law or equity, rule, municipal by-law, order or other requirement having the force of law, (b) any policy, practice, protocol, standard or guideline of any Governmental Authority which, although not necessarily having the force of law, is regarded by such Governmental Authority as requiring compliance as if it had the force of law (collectively in the foregoing clauses (a) and (b), "**Law**"), in each case relating or applicable to such Person, property, transaction, event or other matter and also includes, where appropriate, any interpretation of Law (or any part thereof) by any Person having jurisdiction over it, or charged with its administration or interpretation.

**"Biological Assets"** means certain cannabis seed varieties, breeding lines and cultivars owned by Organto and utilized under agreement by Medican, including subsequent cross breeding of these seed varieties, breeding lines and cultivars as more particularly detailed in Schedule "A".

**"Books and Records"** with respect to MediCan, means all books, ledgers, files, lists, reports, plans, logs, deeds, surveys, correspondence, operating records, tax returns and other data and information, including all data and information stored on computer-related or other electronic media, maintained in connection with MediCan and its Business.

**"Business"** means, with respect to MediCan, it'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, or Colombia.

**"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 MediCan Shares pursuant to this Agreement.

**"Closing Date"** means in a timely manner and as soon as practicable after Organto receives TSX-V approval. .

**"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:

- (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 (other than MediCan) 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 Purchased Shares to Xebra on the terms contemplated in this Agreement, to permit MediCan to carry on the Business after Closing or which is otherwise necessary to permit the Parties to perform their obligations under this Agreement.

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

“**Corporate Articles**” means the certificate and articles of incorporation of MediCan or Xebra, or the equivalent document.

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

“**Employees**” means all personnel employed, engaged or retained by MediCan 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.

**“First Equity Financing”** means equity financing(s) undertaken by Xebra following the Initial Financing, so as to raise a minimum of CDN\$5,000,000. For clarity, the financing(s) may be undertaken in a number of separate financings in order to raise the minimum funding level and to date gross proceeds of \$2,309,353 have been raised by Xebra via the issuance of 23,093,530 Class A common shares.

**“Financial Statements”** means the audited consolidated balance sheet, consolidated statement of income, statement of cash flows of MediCan for the period ended October 31, 2018 as prepared in accordance with applicable Generally Accepted Accounting Principles or International Financial Reporting Standards.

**“Final Shareholdings”** means the shareholdings of Xebra following issuance of the Medican Consideration Shares and Share Issuance Obligations, the closing of the Elements Bioscience and Sativa Group Biosciences agreement, the closing of the Exclusive Beverage IP agreement and related finder’s fees, and prior to completion of the First Equity Financing, substantially as set out in Schedule B to this Agreement.

**“Grid Promissory Note”** means the agreement between Xebra and Organto dated March 7, 2019, whereby Xebra agreed to advance up to CDN\$600,000 to Organto, in various tranches, for purposes agreed upon by Xebra in writing.

**“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 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.

**“Initial Financing”** means the first equity financing undertaken by Xebra which raised CDN\$800,000.

**“Insurance Policies”** means the insurance policies maintained by MediCan with respect to its Business.

**“Intellectual Property”** means, with respect to Organto and MediCan, 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, seed varieties, breeding lines, cultivars, technical expertise, research data and other similar property, owned by or licensed to Organto and MediCan, including all associated registrations and applications for registration, and all associated rights, including moral rights.

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**"Inventories"** means with respect to MediCan, all inventories of every nature and kind owned by MediCan 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 all of the lands, premises, structures and buildings which are leased by MediCan.

**"Leases"** means all of the leases relating to the Business of MediCan other than Real Property Leases.

**"Listing"** has the meaning set out in Section 7.1.

**"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 MediCan, a change in MediCan's Business or in the operations, affairs, prospects or condition (financial or otherwise) of MediCan 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, 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, prospects or condition (financial or otherwise) of MediCan.

**"Material Contract"** means with respect to MediCan, a Contract that: (i) involves or may result in the payment of money or money's worth by or to MediCan in the amount in excess of USD\$10,000, (ii) has an unexpired term of more than one (1) year (including renewals), (iii) cannot be terminated by MediCan 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.

**"MediCan Consideration Shares"** has the meaning set out in Section 3.2.

**"MediCan Purchase Price"** has the meaning set out in Section 3.2.

**"MediCan Shares"** has the meaning set out in Recital A.

**"Organto's Disclosure Letter"** means the disclosure letter delivered by Organto to Xebra contemporaneously with the execution and delivery of this Agreement.

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**"Owned Lands"** means with respect to MediCan, all the premises owned by MediCan.

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

**"Permits"** means with respect to MediCan, 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 MediCan.

**"Permitted Encumbrances"** includes with respect to MediCan, but is not limited to:

- (a) unregistered liens for municipal taxes, assessments or similar charges incurred by MediCan 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;
- (b) inchoate mechanic's, construction and carrier's liens and other similar liens arising by operation of law or statute in the ordinary course of MediCan's Business for obligations which are not delinquent and will be paid or discharged in the ordinary course of MediCan's Business;
- (c) 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;
- (d) 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;
- (e) any right of expropriation conferred upon any Governmental Authority under any applicable Law;
- (f) 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;
- (g) 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
- (h) any Encumbrance which Xebra has expressly agreed to assume or accept pursuant to this Agreement.

**"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.

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**"Personal Information"** means information about an individual who can be identified by the Person who holds that information.

**"Pooling Agreement"** has the meaning set out in Section 3.6

**"Recipient"** means a Person receiving Confidential Information from a Discloser.

**"Real Property Leases"** means all of the leases between MediCan, as tenant, and any Person, as landlord, and all amendments to those leases, relating to the leasing by MediCan 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.

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

**"Voting Support Agreement"** has the meaning set out in Section 3.7.

**"Xebra Shares"** means the Class A common shares of Xebra.

## 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 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.

2.4 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.

2.5 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.

**2.6 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.

**2.7 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.

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

**Schedules**

- A - Cultivars
- B - Proposed Capital Structure
- C - Allocation of Medicannabis Consideration Shares

**3. PURCHASE AND SALE**

**3.1 MediCan Purchase and Sale.** At the Closing Time and subject to the terms and conditions of this Agreement Organto shall sell to Xebra and Xebra shall purchase from Organto the MediCan Shares and Biological Assets.

**3.2 MediCan Purchase Price.** The purchase price payable by Xebra to Organto for the MediCan Shares and Biological Assets (the "**MediCan Purchase Price**") is 7,124,630 Xebra Shares having a deemed price of CDN\$0.10 per share (the "**MediCan Consideration Shares**"), which MediCan Consideration Shares, together with the payments contemplated by Section 3.3 hereof, the assumption of the obligations of Organto (the "**Share Issuance Obligations**") in respect of the Share Issuances as defined in that agreement (the "**Unwinding Agreement**") dated June 18, 2019 between Organto and Mauricio Pieschacon Villegas, Marie Cristine Echavez Man, True Star Services (BVI), SA and Cajuda, SA (each a "**Shareholder**" and collectively the "**Shareholders**"), such Share Issuance Obligation as provided for in Section 3.4, and Grid Promissory Notes to be forgiven as provided for in Section 3.5, constitutes full and final consideration due and payable to Organto on account of the purchase and sale of the MediCan Shares and Biological Assets. Organto and Xebra agree that of the total purchase price consideration including the Medican Consideration Shares as set out in this Section 3.2, funds to be reimbursed to Organto as set out in Section 3.3 and grid promissory notes forgiven as set out in Section 3.5, \$500,000 is to be allotted to the MediCan Shares and the balance is to be allotted to the Biological Assets.

**3.3 Organto To Be Reimbursed.** In connection with the purchase and sale of the MediCan Shares and Biological Assets, Xebra will pay CDN\$500,000 to Organto, with a portion of such monies to be applied to pay outstanding invoices of Organto and MediCan, which include among other things, amounts payable to C&C Legal (Dentons), McMillan, Colombian and Canadian auditors and various transaction related expenses, not to exceed CDN\$150,000 in aggregate. The CDN\$500,000 is to be paid as follows: i) CDN\$100,000 forthwith upon Closing, of which it is

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acknowledged that the entire CDN\$100,000 has already been advanced by Xebra to Organto under the Grid Promissory Note, ii) an additional CDN\$190,000 paid on Closing, of which it is acknowledged that CDN\$78,923.17 has already been advanced by Xebra to Organto under the Grid Promissory Note, and iii) CDN\$210,000 paid upon the earlier of closing of the First Equity Financing of Xebra following the Initial Financing or 1 week following Listing as defined hereunder, and in any event no later than September 30, 2019.

**3.4 Assumption of Share Issuance Obligations.** As further consideration for the purchase and sale of the Medican Shares and Biological Assets, Xebra shall assume responsibility for Organto's Share Issuance Obligations to the Shareholders as detailed in the Unwinding Agreement, it being acknowledged that the shareholders have acknowledged in the Unwinding Agreement that they would accept collectively a total of 2,875,370 Xebra Shares, allocated as detailed in the Unwinding Agreement and as set forth in Schedule "C", in full satisfaction of the Share Issuance Obligations and, in this regard, Xebra agrees to use commercially reasonable efforts to reach an agreement with the Shareholders to settle the Share Issuance Obligations on substantially the same terms provided for in the Unwinding Agreement.

**3.5 Grid Promissory Notes Forgiven.** In addition, on Closing all outstanding Grid Promissory Notes due to Xebra by Organto will be forgiven, and in this regard, on Closing Xebra shall execute such documents as Organto may reasonably request so as to give effect to forgiveness of the Grid Promissory Notes by Xebra, and the execution and delivery of such documents shall represent irrefutable evidence of Xebra's forgiveness of the Grid Promissory Notes for the purposes of this Agreement.

**3.6 Pooling/Escrow Agreements.** Pooling/Escrow Agreements. Organto agrees that the MediCan Consideration Shares issued to them will be subject to a pooling agreement (the "**Pooling Agreement**") and/or an escrow agreement in a form identical to such agreements entered into between Xebra and the Xebra shareholders resulting from the Initial Financing and the Xebra shareholders resulting from the Elements Bioscience and Sativa Group Biosciences agreement. Organto shall execute such documents and do such acts and things as shall be required to give effect to the required pooling and/or escrow agreements.

**3.7 Voting Support Agreement.** Organto agrees to enter into a voting support agreement (the "**Voting Support Agreement**") whereby they agree to vote the MediCan Consideration Shares held by them in favour of resolutions put forward by the management of Xebra at any shareholders meeting of Xebra for a period expiring one year following the date of Listing.

**3.8 Appointment of Director.** Upon Closing Organto will have the right to designate a person to be put forward for election as a director of Xebra, and when requested by Organto, Xebra shall proceed as soon as practicable following Closing to call a meeting of its shareholders at which the person so designated by Organto will be put up for election supported by the management of Xebra. Thereafter, for so long as Organto continues to own more than 5% of the outstanding Xebra Shares, Organto shall be entitled to designate one nominee to be included in the slate of directors proposed by management of Xebra, for election at Xebra's future annual general meetings. Organto will provide such consents and other documents as shall be requested by Xebra, acting reasonably. In the event Organto no longer owns 5% or greater of the outstanding Xebra Shares,

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and if requested by Xebra, the director appointed by Organto shall resign as a director of Xebra immediately.

**3.9 Resale Restrictions.** Organto acknowledges that Xebra is not a reporting issuer under the laws of British Columbia and thus the MediCan Consideration Shares are restricted from transfer until Xebra becomes a reporting issuer, unless transferred to a new owner who remains bound by all provisions associated with the shares of Xebra including Pooling and Voting Support Agreements, and any escrow agreements, and approved in writing by Xebra. Further, there are no assurances that becoming a reporting issuer will occur.

**3.10 Representations and Warranties of Organto.** 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 Organto set out in this Section 3.10, except as detailed in Organto Disclosure Letter Organto represents and warrants to Xebra as follows:

- (a) **Capacity to Enter Agreement.** Organto and MediCan have 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 each of Organto and MediCan and constitutes a valid and binding obligation of each of Organto and MediCan, enforceable against each of Organto and MediCan 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) **Absence of Conflict.** None of the execution and delivery of this Agreement, the performance of Organto'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 Corporate Articles or the by-laws of either Organto or MediCan, or any Contract to which Organto or MediCan is a party;
  - (ii) constitute an event which would permit any party to any Contract with MediCan to amend, cancel, terminate or sue for damages with respect to that Contract, or to accelerate the maturity of any indebtedness of MediCan, or other obligation of MediCan under that Contract;
  - (iii) result in the creation or imposition of any Encumbrance on the MediCan Shares;
  - (iv) contravene any applicable Law; or
  - (v) contravene any judgment, order, writ, injunction or decree of any Governmental Authority.

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- (d) **Restrictive Covenants.** Organto and MediCan are 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.
- (e) **Regulatory Approvals.** Except as disclosed in Organto's Disclosure Letter, no authorization, approval, order, consent of, or filing with, any Governmental Authority is required on the part of Organto or MediCan in connection with the execution, delivery and performance of this Agreement or any other documents and agreements to be delivered under this Agreement.
- (f) **Consents.** Except as disclosed in Organto's Disclosure Letter, there is no requirement to obtain any consent, approval or waiver of a party under any Material Contract to which Organto or MediCan is a party in order to complete the transactions contemplated by this Agreement.
- (g) **Corporate Existence of Company.** Organto and MediCan have been duly incorporated and organized and are validly existing and in good standing as a company under the Applicable Laws conferring corporate existence on them. No proceedings have been taken or authorized by either Organto or MediCan in respect of the bankruptcy, insolvency, liquidation, dissolution or winding up of such entity.
- (h) **Capacity and Powers of Company.** MediCan has all necessary corporate power, authority and capacity to own or lease its assets and to carry on its Business as currently being conducted.
- (i) **Authorized and Issued Share Capital.** The MediCan Shares owned by Organto represent all of the issued and outstanding shares of MediCan.
- (j) **Corporate Records.** The corporate records and minute books of MediCan which have been made available to Xebra 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.
- (k) **Books and Records.** The Books and Records fairly and correctly set out and disclose the financial position of MediCan and all material financial transactions of such entity have been accurately recorded in the Books and Records.
- (l) **Financial Statements.** The Financial Statements of MediCan present fairly: (i) the assets, liabilities (whether accrued, absolute, contingent or otherwise); and (ii) the financial condition of MediCan, as at the dates of the Financial Statements; and the sales, earnings and results of the operations of MediCan during the periods covered by the Financial Statements.

- (m) **Absence of Changes.** Except as disclosed in Organto Disclosure Letter, since the date of the last interim period, there has not been: (i) any change in the financial condition, operations, results of operations, or business of MediCan nor has there been any occurrence or circumstances which, with the passage of time might reasonably be expected to have a Material Adverse Change; or (ii) any Loss, labor trouble, or other event, development or condition of any character (whether or not covered by insurance) suffered by MediCan which has had, or may reasonably be expected to have, a Material Adverse Change.
- (n) **Absence of Undisclosed Liabilities.** Except to the extent reflected or reserved in the Financial Statements or (i) disclosed in Organto Disclosure Letter; or (ii) incurred in the ordinary course of MediCan's Business as disclosed by Todd Dalotto, neither entity has any material outstanding indebtedness or any liabilities or obligations (whether accrued, absolute, contingent or otherwise, including under any guarantee of any debt).
- (o) **Absence of Unusual Transactions.** Except as disclosed in Organto Disclosure Letter, since the date of the last interim period MediCan has not:
- (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 of its Employees, officers, directors or shareholders; and
  - (xi) made any change in any method of accounting or auditing practice.

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- (p) **Title and Condition of Assets.** Organto owns, possesses and has good and marketable title to the Biological Assets and the MediCan Shares and MediCan owns, possesses and has good and marketable title to all of its undertakings, property and assets not otherwise the subject of specific representations and warranties in this Section 3.10, including all the undertakings, property and assets reflected in the most recent consolidated balance sheet included in the Financial Statements, free and clear of all Encumbrances other than Permitted Encumbrances. The undertakings, property and assets of MediCan comprise all of the undertakings, property and assets necessary for each to carry on its Business as it is currently operated. All facilities, machinery, equipment, fixtures, vehicles and other properties owned, leased or used by such company are in good operating condition and repair, ordinary wear and tear expected, and are reasonably fit and usable for the purposes for which they are being used.
- (q) **Real Property.** Organto does not own, possess or have right to any Owned Lands. MediCan has an existing lease on land in Colombia.
- (r) **Intellectual Property.** The Organto Disclosure Letter lists all Intellectual Property held by Organto and MediCan that is registered with any Governmental Authority, the jurisdictions (if any) in which that Intellectual Property is registered (or in which application for registration has been made), and the applicable expiry dates of all listed registrations. For further clarity, such Intellectual Property, shall include at minimum, cultivars as provided in Schedule A. All necessary legal steps have been taken by Organto and MediCan to preserve its rights to the Intellectual Property listed in Organto Disclosure Letter. The Organto Disclosure Letter also lists all licence agreements under which Organto and MediCan have been granted a right to use, or otherwise exploit Intellectual Property owned by third parties. The Intellectual Property that is owned by Organto and MediCan is owned free and clear of any Encumbrances other than Permitted Encumbrances, and no Person other than Organto and MediCan have any right to use that Intellectual Property except as disclosed in the Organto Disclosure Letter. The use by MediCan of any Intellectual Property owned by third parties is valid, and MediCan is not in default or breach of any licence agreement relating to that Intellectual Property, and there exists no state of facts which, after notice or lapse of time or both, would constitute a default or breach. The conduct by MediCan of its Business does not infringe the Intellectual Property of any Person.
- (s) **Material Contracts.** The Organto Disclosure Letter lists all Material Contracts to which MediCan is a party or bound. Except as disclosed in the Organto Disclosure Letter, MediCan 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.** The Organto Disclosure Letter lists: (i) the name of each bank or other depository in which MediCan 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 either MediCan and a summary of its terms.

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- (u) **Compliance with Laws, Permits.** MediCan is conducting its Business in material compliance with all applicable Laws. All material Permits are listed in the Organto Disclosure Letter. The material Permits are the only authorizations, registrations, permits, approvals, grants, licenses, quotas, consents, commitments, rights or privileges (other than those relating to Intellectual Property) required to enable MediCan to carry on its Business as currently conducted and to enable each to own, lease and operate its assets. All material Permits are valid, subsisting, in full force and effect and unamended, and MediCan 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) **Environmental Conditions.** Except as disclosed in the Organto Disclosure Letter MediCan has been and is in compliance with all applicable Environmental Laws, and there are no facts which would give rise to non-compliance with any Environmental Laws, either in the conduct by MediCan of its Business, or in the current uses and condition of any of the Leased Premises and the Owned Lands;
- (w) **Insurance Policies.** MediCan holds no Insurance Policies.
- (x) **Litigation.** Except as disclosed in the Organto Disclosure Letter, there are no Claims, whether or not purportedly on behalf of MediCan, 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 MediCan. There is no outstanding judgment, decree, order, ruling or injunction involving MediCan or relating in any way to the transactions contemplated by this Agreement.
- (y) **No Expropriation.** No property or asset of either MediCan 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.

**3.11 Representations and Warranties of Xebra.** As a material inducement to Organto entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that Organto is entering into this Agreement in reliance upon the representations and warranties of Xebra set out in this Section 3.111, Xebra represents and warrant to the Shareholders and Organto 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.
- (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

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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 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 agreement or other commitment to which Xebra is a party.
- (e) **Restrictive Covenants.** Xebra is not 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) **MediCan Consideration Shares.** The MediCan Consideration Shares and the shares issued in full satisfaction of the Share Issuance Obligations, as and when issued by Xebra 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 is expected to consist of an unlimited number Class A of common shares without par value and one Class B common share without par value .
- (h) **Issued Shares.** Schedule B – Final Shareholdings represents the issued Xebra Shares following the issuance of the MediCan Consideration Shares, the Xebra Shares issued in full satisfaction of the Share Issuance Obligations and certain other contractual obligations, and excluding the potential impact of the First Equity Financing, substantially as presented in Schedule B.
- (i) **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.
- (j) **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.
- (k) **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 and otherwise detailed to Organto in writing.

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- (l) **Capacity and Powers of Company.** Xebra 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) **Material Contracts.** Xebra 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.
- (n) **Compliance with Laws, Permits.** Xebra conducts its Business in material compliance with all applicable Laws. All material Permits are valid, subsisting, in full force and effect and unamended, and Xebra 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.
- (o) **Environmental Conditions.** Xebra has been and is in compliance with all applicable Environmental Laws, and there are no facts which would give rise to non-compliance with any Environmental Laws.
- (p) **Litigation.** There are no Claims, whether or not purportedly on behalf of Xebra, 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. There is no outstanding judgment, decree, order, ruling or injunction involving Xebra or relating in any way to the transactions contemplated by this Agreement.
- (q) **No Expropriation.** No property or asset of Xebra 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. COVENANTS

4.1 **Conduct of Business Before Closing.** During the period up to Closing, Organto shall cause MediCan to operate its 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 MediCan in accordance with past custom and practice.

#### 4.2 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.
- (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

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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 4.2, (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 4.2 have been satisfied in full.
- (e) The obligations of confidentiality specified in this Section 4.2 will terminate on the Closing or the earlier termination of this Agreement.

## 5. CLOSING CONDITIONS

**5.1 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 Organto 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. Organto 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, Organto will have delivered to Xebra a certificate confirming the same. The receipt of that certificate 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.** Organto shall have performed and complied with all of the terms and conditions in this Agreement on its 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 Xebra 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 MediCan, or any other event, development or condition of any character (whether or not covered by insurance) with respect to MediCan 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 and the lessors of Leased Properties, 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, Real Property Lease or Material Contract of or affecting the Business of MediCan.
- (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.

**5.2 Waiver or Termination by Xebra.** The conditions contained in Section 5.1 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 5.1 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.

**5.3 Conditions for Benefit of Organto.** The obligation of Organto 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

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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 Organto a certificate confirming the same. The receipt of that certificate 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 Organto at the Closing all the documents contemplated in this Agreement.

**5.4 Waiver or Termination by Organto.** The conditions contained in Section 5.3 are inserted for the exclusive benefit of Organto and may be waived in whole or in part by Organto 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 5.3 are not fulfilled or complied with by the time that is required under this Agreement, Organto may, at or before Closing Time, terminate this Agreement by notice in writing to the Parties.

## 6. CLOSING AND POST-CLOSING ARRANGEMENTS

**6.1 Closing.** The Closing shall take place at the Closing Time on the Closing Date, or at such other time on the Closing Date as may be agreed orally or in writing by the Parties.

**6.2 Organto Closing Deliveries.** At the Closing, Organto shall deliver or cause to be delivered to Xebra all 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.

**6.3 Xebra Closing Deliveries.** At the Closing, Xebra shall deliver or cause to be delivered to the Shareholders of Organto all assurances, consents, agreements, documents and instruments as may be reasonably required by Organto to complete the transactions provided for in this Agreement, all of which shall be in form and substance satisfactory to Organto, acting reasonably.

**6.4 Joint Closing Deliveries.** At the Closing each of Xebra, and Organto will deliver to the other Party the certificates contemplated by Sections 5.1(a) or 5.3(a) as applicable.

## 7. ADDITIONAL CLOSING CONDITIONS AND CONDITIONS SUBSEQUENT

**7.1** On or before Closing Organto shall deliver or cause to be delivered to Xebra the following:

- (i) the certificate or certificates representing the MediCan Shares in the name of Xebra;

- (ii) the cancelled certificates representing the MediCan Shares in the name of Organto;
- (iii) Pooling Agreement and/or escrow agreement executed by Organto and evidence that the MediCan Consideration Shares issued to Organto have been deposited pursuant to the Pooling Agreement and/or the escrow agreement;
- (iv) the Voting Support Agreement executed by Organto;
- (v) the Books and Records of MediCan;
- (vi) the written resignation of each director and officer of MediCan if and as requested by Xebra and a release of all claims by each such director and officer;

7.2 On or before Closing Xebra shall deliver or cause to be delivered to the Shareholders of Organto as applicable the following:

- (i) the MediCan Consideration Shares in the name of Organto, which shares shall be deposited pursuant to the Pooling Agreement;
- (ii) the Voting Support Agreement executed by Xebra;

7.3 **Listing.** It is acknowledged that post Closing, Xebra intends 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**") 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 and Pooling Agreements as set out in Section 3.6 of this Agreement restricting the transfer of such of the MediCan Consideration Shares as may be required as a condition of Listing, plus a Voting Support Agreement as set out in Section 3.7 of this agreement.

7.4 **Regulatory and Shareholder Approval.** It is acknowledged that the completion of this transaction is subject to the approval of the TSX-V and shareholders of Organto, and Organto will solicit such approval via shareholder consent resolution in a timely manner following Closing and subsequent public disclosure.

7.5 **Directors and Unanimity.** Until such time as Xebra completes the Listing, the articles of Xebra shall provide that all resolutions of the directors of Xebra must be passed unanimously, and prior to the completion of the Listing, Xebra shall have no more than 5 directors.

7.6 **Final Shareholdings.** It is acknowledged and confirmed that the Final Shareholdings of Xebra will be substantially as set out in Schedule B to this Agreement including initial funds raised as part of First Equity Financing, and the Parties agree to take such actions and execute such documents as shall be deemed necessary to give effect to this structure.

7.7 **Distribution Rights.** It is acknowledged that after Closing Organto shall be granted a right of first refusal with respect to the distribution of Xebra's cannabis products in Europe whereby Organto will be given the opportunity to match any such distribution arrangements Xebra may



make otherwise. Forthwith following Closing Organto and Xebra agree to negotiate in good faith and use commercially reasonable best efforts to settle the terms of an agreement dealing with such right of first refusal.

## 8. SURVIVAL AND INDEMNIFICATION

**8.1 Survival.** All provisions of 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 MediCan Shares and all other agreements, certificates and instruments delivered pursuant to this Agreement and the payment of the MediCan Consideration Shares and the shares issued in full satisfaction of the Share Issuance Obligations.

**8.2 Indemnity by Organto.** Organto 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:

- (a) any incorrectness in or breach of any representation or warranty of Organto 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 Organto contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement.

For greater certainty and without limiting the generality of the provisions of Sections 8.2(a) and 8.2 (b), the indemnity provided for in this Section 8.2 shall extend to any Damages arising from any act, omission or state of facts that occurred or existed prior to the Closing Time, and whether or not disclosed in Organto's Disclosure Letter. The rights to indemnification of Xebra and its affiliates, directors, officers, representatives under this Section 8.2 shall apply notwithstanding any inspection or inquiries made by or on behalf of them, or facts actually known to any of them (whether before or after the execution and delivery of this Agreement and whether before or after Closing). The waiver of any condition based upon the accuracy of any representation and warranty or the performance of any covenant shall not affect the right to indemnification, reimbursement or other remedy based upon such representation, warranty or covenant.

**8.3 Indemnity by Xebra.** Xebra shall indemnify Organto and save it fully harmless against any damages arising from, in connection with or related in any manner whatsoever to:

- (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 Xebra contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement.

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For greater certainty and without limiting the generality of the provisions of Sections 8.3(a) and (b), the indemnity provided for in this Section 8.3 shall extend to any Damages arising from any act, omission or state of facts that occurred or existed prior to the Closing Time. The rights to indemnification of Organto and its affiliates, directors, officers, representatives under this Section 8.3 shall apply notwithstanding any inspection or inquiries made by or on behalf of any of them, or any knowledge acquired or capable of being acquired by them or facts actually known to any of them (whether before or after the execution and delivery of this Agreement and whether before or after Closing). The waiver of any condition based upon the accuracy of any representation and warranty or the performance of any covenant shall not affect the right to indemnification, reimbursement or other remedy based upon such representation, warranty or covenant.

## 9. GENERAL

**9.1 Expenses.** Except as otherwise expressly provided herein, 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), other than Canadian and Colombian legal fees related to this Agreement which shall be split with 50% payable by Organto and 50% payable to Xebra.

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

**9.3 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.

**9.4 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).

**9.5 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.

**9.6 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

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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.

**9.7 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 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 Organto or MediCan:

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

Attention: Steve Bromley  
Facsimile: (604) 634-0971  
Email: steve.bromley@organto.com

(ii) if to Xebra:

Xebra Brands Ltd.  
c/o McMillan LLP  
1055 West Georgia St., Suite 1500  
Vancouver, BC V6E 4N7

Attention: Jorge Martinez  
Facsimile: (604) 634-0971  
Email: Jorge@amdx.com

(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.

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- (c) *Change of Address.* Any Party may from time to time change its address under this Section 9.7 by notice to the other Party given in the manner provided by this Section 9.7

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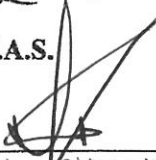


IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

**ORGANTO FOODS INC.**

Per:   
Name: Steven Blomberg  
Title: Director

**MEDICANNABIS S.A.S.**

Per:   
Name: MAURICIO PIESCHACÓN  
Title: Representante Legal

**XEBRA BRANDS LTD.**

Per:   
Name: JORGE MARTINEZ  
Title: DIRECTOR

## SCHEDULE A

### CULTIVARS

- a. Three (3) High-THC advanced breeding lines developed by CAN that are expected to produce a minimum of 17% THC concentration in the flower:
  1. OGN-CR-10 ('Flo' x 'Pink Floyd' F2)
  2. OGN-CR-11 ('Headband' x 'More Cowbell' F2)
  3. OGN-CR-12 ('Oregon SunSet' F5)
  4. OGN-CR-13 ('Oregon SunSet AUTO' F7) - BONUS
  
- b. Six (6) High-THC breeding lines developed by CAN that are hybrids of parents adapted for temperate climates, crossed with parents adapted for mountain-tropical climates
  1. OGN-CR-16 (AC-01xFD-03)
  2. OGN-CR-01 (SG-A x OS-52)
  3. OGN-CR-06 (T2-A x OS-52)
  4. OGN-CR-03 (SG-B x KO-01)
  5. OGN-CR-07 (T2-B x KO-01)
  6. OGN-CR-08 (T2-B x OS-52)
  
- c. Two (2) High-CBD advanced breeding lines developed by CAN that are expected to produce a minimum of 10% CBD concentration in the flower
  1. OGN-CR-20 ('CAN+CBD' F3)
  2. OGN-CR-21 ('CBDew Drops')
  
- d. Three (3) CBD+THC breeding lines that are hybrids of High-CBD parents adapted for temperate climates, crossed with High-THC parents adapted for mountain-tropical climates
  1. OGN-CR-23 (AC-2 x CC-05)
  2. OGN-CR-05 (T2-A x CC-05)
  3. OGN-CR-09 (T2-B x OC-12)
  
- e. And additional cultivars resulting from breeding, seed acquisition and contributions by Medicannabis

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## SCHEDULE B

## Proposed Capital Structure

	Number of Shares	Ownership %
Mexican Acquisition	18,000,000	18.84%
Mexican Finders' Fee	1,260,000	1.32%
Exclusive Beverage IP	3,000,000	3.14%
Beverage Finders' Fee	200,000	0.21%
Colombian Acquisition	7,124,630	7.46%
Share Issuance Obligations	2,875,370	3.01%
Founders' PP	40,000,000	41.86%
First Equity Financing	23,093,530	24.16%
	95,553,530	100%

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**SCHEDULE C****Allocation of Share Issuance Obligations**

<b>MAURICIO PIESCHACON VILLEGAS</b>	<b>1,890,000</b>
<b>MARIE CRISTINE ECHAVEZ MAN</b>	<b>810,000</b>
<b>TRUE STAR SERVICES (BVI), SA.</b>	<b>87,685</b>
<b>CAJUDI, SA.</b>	<b><u>87,685</u></b>
<b>TOTAL</b>	<b><u>2,875,370</u></b>

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