

MANUFACTURING AND SERVICES AGREEMENT

Effective Date: August 16 2021

Vancouver, British Columbia, Canada

This Manufacturing and Services Agreement ("**Agreement**") is made as of the Effective Date by and between the following Parties:

Service Provider: BevCanna Enterprises Inc.
Address: 6401 Sidley Mountain Rd.
Bridsville, BC V0H 1B0
Tel: 604-449-1818
E-mail: john@bevcanna.com
Authorized Officer: John Campbell - CFO

Client: Xebra Brands Ltd.
Address: 1090 Hamilton Street
Vancouver, BC, Canada V6B 2R9
Tel: 604 634 0970
E-mail: andrew@columbusgroup.com; cc: legal@xebrabrands.com
Authorized Officer: Andrew Yau, Jorge Martinez

(the Service Provider and the Client are hereinafter collectively referred to as the "**Parties**", and each individually as a "**Party**")

WHEREAS:

- A. Service Provider is in the business of developing, infusing, packaging, and distributing beverage products infused with Cannabis within the Province of British Columbia;
- B. Client is in the business of branding and licensing its brand to produce cannabis-infused beverage products; and,
- C. The Parties seek an arrangement whereby Service Provider will provide among others, services for the manufacture of Products, arranging for distribution of Products on behalf of Client, and use the brand of Client on the terms and conditions set out in this Agreement with quality and compliance aspects of the arrangement addressed in the Quality Agreement between Service Provider and Client executed as of the date of this Agreement ("**Quality Agreement**").

NOW THEREFORE, in consideration of the promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. GENERAL OBLIGATIONS OF THE PARTIES

- 1.1 **Services by Service Provider.** Client hereby retains the Service Provider, and Service Provider hereby accepts the retainer to provide the services of manufacturing, packaging and labelling, transporting and distributing cannabis-infused beverages under Client's brand and specifications as further specified in this Agreement. Such products are particularly described in Exhibit A, as

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may be revised from time to time by mutual written consent (the “**Products**”) and will be distributed by the Sales Partner (as defined below) to Customers (as defined below) in such quantities set forth pursuant to purchase orders submitted by Client from time-to-time. This Agreement shall be considered a ‘requirements’ contract imposing no obligation on Client to purchase any specific quantities of Products, other than as set out in Exhibit A, but requiring Client to obtain such Services from Service Provider as provided herein. All Products shall be processed and manufactured at the Service Provider facility located at 1450 Sidley Camp McKinny Road, Bridesville, British Columbia, or such affiliated facility as Service Provider may be licensed to use for such manufacturing.

1.2 **Sale and Distribution.** Service Provider has engaged the services of a third party provider that holds required regulatory licenses and permits to sell cannabis products within Canada (“**Sales Partner**”) in accordance with applicable laws. Service Provider shall require its Sales Partner to distribute the Products purchased under Service Purchase Orders (made in accordance with the terms of this Agreement), on a timely basis exclusively to customers in Canada permitted to purchase cannabis products and as identified by Client (“**Customers**”), following Service Purchase Orders made in accordance with the terms herein.

1.3 **Pricing.** Subject to regulatory requirements, Client shall have sole and absolute discretion over the terms and conditions of the sale of the Product provided that such terms and conditions comply with the terms of this Agreement. Without limiting the foregoing and except as set out herein, Client shall determine the price of the Product sold to Customers including any applicable discounts or rebates.

1.4 **Licensing and Independent Contractor Status.**

(a) Licensing. Each Party shall obtain and maintain, and shall use commercially reasonable efforts to ensure that its subcontractors, including, in the case of the Service Provider, the Sales Partner, obtain and maintain, all licenses and permits required to fulfill its respective obligations under this Agreement at all times. Each Party shall notify the other Party promptly if such Party or any of its subcontractors fails to maintain any required license or permit.

(b) Independent Contractor. The sole relationship of the Parties hereunder shall be that of independent contractors. Neither Party shall have the authority to assume or create any obligation or responsibility on behalf of the other Party.

1.5 **Exclusivity, Additions to Product List, and Product Specification.**

(a) Exclusivity. Client must during the Exclusivity Period (defined below) purchase Services in Canada for the Products in Exhibit A from only Service Provider, exclusively, and from no other entity. Accordingly, Client appoints Service Provider as its exclusive manufacturer of Products during the Exclusivity Period, and Service Provider accepts such appointment. Nothing in this Agreement limits or restricts Service Provider from entering into similar manufacturing agreements with other entities.

(b) Exclusivity Period. The “Exclusivity Period” shall be from the Effective Date until the earlier of:

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- (i) Service Provider having bottled 130,000 units of Products (applicable only to a maximum of 3 similar format Product SKUs unless otherwise agreed by the Parties in writing) under this Agreement;
 - (ii) The day that is 18 months following the Effective Date of this Agreement; or
 - (iii) The date of termination of this Agreement.
- (c) Additions to Product List. If Client develops or wishes to market new SKUs associated with different beverages infused with cannabis not reflected on Exhibit A that it wishes to introduce in Canada, whether or not the Exclusivity Period has ended, Client will give Service Provider the right of first opportunity to manufacture such new SKUs, under the terms of this contract, on an exclusive basis for Client and add the new product to the Products listed on Exhibit A. Service Provider will have 14 calendar days to accept such right of first opportunity in writing, failing which, the Service Provider shall be deemed to have waived such right.

1.6 **Grant of License to Use Marks and Intellectual Property.** Client hereby grants to Service Provider during the Term a non-exclusive, license to reproduce and use all applicable Marks, and use the Product specifications, Client's formulas and confidential information solely in connection with manufacturing, packaging, and arranging for distribution of Products. Service Provider must (i) only commercialize the Product under the name branding and marks specified by Client, unless prohibited to do so under applicable law, (ii) at all times comply with all written trade mark use guidelines provided by Client to Service Provider from time to time, and (iii) comply with all reasonable directions by Client in respect of the use of the Marks on any Products, document or materials. In the event of any regulatory or proprietary change invalidating Client's right to use such Mark or Intellectual Property for any Product, Client shall solely bear the costs incurred by Service Provider in discontinuing use of such Mark and/or intellectual property. Further, given the regulatory requirements regarding use of trademarks and brands with cannabis products, Client covenants that any use of the Marks by Client will not be contrary to any such regulatory requirements. At the termination or expiration of this Agreement, Service Provider shall return copies of Client's intellectual property to Client, where applicable and shall cease all use directly or indirectly of all Marks and intellectual property of the Client for any purpose whatsoever. Service Provider will use commercially reasonable efforts to have its Sales Partner exercise its duties in compliance with the obligations herein.

1.7 **Orders.** Client's purchase of Services hereunder shall be made pursuant to purchase orders (a "**Service Purchase Order**"), provided that in the event of inconsistency between the terms of a Service Purchase Order and this Agreement, this Agreement shall prevail. Client shall submit Service Purchase Orders to Service Provider pursuant to such procedures as may be mutually and reasonably agreed upon in writing by the Parties. Service Purchase Orders shall specify Products listed on Exhibit A with specificity as to the Customer, quantity, delivery date, and any other details required by Service Provider. The following shall apply to all Service Purchase Orders:

- (a) In submitting a Service Purchase Order, Client must give Service Provider minimum lead time of at least thirty (30) days from Service Provider's receipt of the Purchase Order or the Deposit, whichever occurs later ("**Minimum Lead Time**"). Service Purchase Orders



shall not be binding on Service Provider until Service Provider accepts such orders in writing.

- (b) The minimum quantity of total Product ordered with respect to any one Product in any one Service Purchase Order shall be stated on Exhibit A.
- (c) A deposit of fifty (50%) of the Service Purchase Order production price and full payment of for all ingredients, raw materials, and packaging materials is required to be paid by Client (plus costs in accordance with Section 1.10) upon acceptance of the Service Purchase Order (collectively, the “Deposit”). Client shall further pay any required testing costs from any authorized and certified Canadian lab within (10) business days, provided that Client has been informed and has pre-approved in a purchase order such costs by Service Provider.
- (d) In the event of cancellation of a Service Purchase Order by Client, Client shall complete the purchase of all Services for all Products already manufactured. However, if less than 50% of the Products subject to a cancelled Service Purchase Order are already manufactured, Client shall pay instead a cancellation fee of 50% of the remaining payment due to the Service Provider under the original Service Purchase Order (less the Deposit) , and any third party costs incurred by Service Provider, together with all applicable taxes and warehousing fees incurred by Service Provider. For Products already manufactured, Service Provider, through its Sales Partner and following instructions from Client, shall take commercially reasonable actions to sell or otherwise monetize such Products, with proceeds from such actions being credited toward Client’s purchase price.
- (e) In the event of a proposed modification of a Service Purchase Order, Service Provider will use commercially reasonable efforts to implement requested changes, with Client making any additional Deposits that may be required. Service Provider shall promptly notify Client if the changes can be accommodated, and if not, Client shall promptly inform Service Provider of its decision whether to maintain the original Service Purchase Order or cancel the Service Purchase Order in accordance with paragraph (d) above.

1.8 Delivery and Shipment.

- (a) Service Provider shall arrange for delivery and shipment to Customers through its Sales Partner, and pass through to Client the costs of all freight relating to shipments of Products, including any warehousing, pallet costs, taxes or duties, as more fully described in Section 2 of this Agreement.
- (b) All recipients of shipments shall be licensed to receive the Products under Applicable Law. Service Provider shall not be required to release the order(s) for shipment to the Sales Partner for shipment to a Customer without reasonable proof that the Customer is duly licensed under Applicable Law to distribute and/or possess with intent to sell the said products; as may be amended from time to time.

1.9 Warehousing and Extra Handling. Service Provider will warehouse in accordance with applicable law finished Products without charge for up to 24 hours, unless Service Provider completes production in advance of the shipment date specified in the Service Purchase Order or where Service Provider otherwise determines that it will warehouse the finished Products until the

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applicable shipment date without charge. In all other cases, Client shall pay all charges related to warehousing of finished products at a licensed facility. Client will be responsible for all transportation costs associated with any such warehousing. Storage may occur offsite with additional shipping and charges for warehousing in addition to the above charges to be paid by Client. If Client requests extra handling (for example, stuffing literature, attaching coupons, applying stickers, or assembling special boxes or displays), Client shall pay additional labor and processing charges for performing such tasks. Such handling charges will be invoiced to Client at the agreed rates with a description of the work performed and the amount of time spent.

- 1.10 **Ingredients.** The Service Provider may agree to source and purchase the cannabis and other raw ingredients required to manufacture and process the Products, under the direction of the Client, provided that, in all cases, any such sourcing shall be in compliance with applicable laws and, where Service Provider agrees to procure such materials, Client shall be charged for the costs of the materials plus 10%.
- 1.11 **Product Dating and Disposition of Goods.** All Products manufactured by Service Provider shall contain a dating system or format. Should Client require an Ambient and/or Accelerated Stability Testing for Expiry Dating, Service Provider will perform or cause to be performed such testing, and Client shall pay for the additional expense of such Expiry Dating services. Expiry Dating is not included as a standard service of this Agreement and requires a separate rider/quote. In as much as Applicable Law requires destruction of Cannabis Products by its Expiry Date, the Service Provider may, for unshipped or otherwise undelivered Products ordered by Client within two weeks of their Expiry Date, take commercially reasonable actions to sell or otherwise monetize such Products, with proceeds from such actions being credited toward Client's purchase price. In the event that the product cannot be sold, it shall be destroyed at the Client's sole cost unless the expiry dates arose by reason of a breach of the Service Provider's obligation to distribute and sell Products on a timely basis.
- 1.12 **Supply Delay.** Service Provider shall promptly notify Client if it anticipates that Service Provider may be unable to manufacture or deliver at least seventy-five percent (75%) of the quantity of the Product ordered pursuant to the terms of this Agreement prior to applicable expiry dates or agreed upon manufacturing schedules.
- 1.13 **Supply Shortage.** In the event that Service Provider fails to deliver at least fifty percent (50%) of the quantity of the Product specified in a Service Purchase Order by the estimated delivery date set out in such Service Purchase Order, on at least two (2) separate occasions, Service Provider shall lose exclusivity under this Agreement, including, without limitation, the fact that Section 1.5 shall cease to apply.
- 1.14 **Client's Duties.** The Client shall cooperate with Services Provider in all matters relating to the Services and respond promptly to any Services Provider's request to provide direction, information, approvals, authorizations or decisions that are reasonably necessary for Services Provider to perform Services in accordance with the requirements of the Agreement and maintain all necessary licenses, approvals, permits and consents and comply with all applicable laws in relation to the Services, in all cases before the date on which the Services are to start and during the term of the Agreement.

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- 1.15 **Sales Representative.** Service Provider acknowledges that Client is using a third party sales representative to facilitate sales of the Products. Service Provider shall use commercially reasonable efforts to: (i) provide a monthly statements, within two weeks of the following month, of gross revenues resulting from the sales of Products for each province to the sales representative; (ii) respond to reasonable requests for information requested by sales representative; and (iii) provide reasonable access to Service Provider's premises and employees if requested by the sales representative, subject to the signature of non-disclosure agreements as required by Service Provider. Notwithstanding any other provision of this Agreement, Service Provider is not responsible for any actions or omissions of the sales representative based on information provided or not provided by Service Provider. Service Provider does not assume responsibility for the day-to-day management of the third party sales representative. For greater clarity, Client acknowledges that the day-to-day management of the relationship with the third party sales representative is the sole responsibility of Client.

2. PAYMENT

- 2.1 After the Deposit and any additional deposits are paid as provided above, Client shall thereafter pay the remaining balance to Service Provider upon production. In addition, shipping, freight, pallet, warehousing, storage, transportation, fulfillment, handling, overtime, or other charges incurred by Service Provider; Service Provider shall invoice Client and Client shall pay these additional charges promptly. Client shall not take any deductions or set-offs from invoices unless specifically authorized to do so in writing by Service Provider. Any amounts remaining unpaid beyond the applicable due date shall be deemed delinquent and will incur interest charges of two percent (2%) per month, or the legally permitted maximum rate if less than 2% per month.
- 2.2 **Remittances due to Client.** Service Provider shall pay a remittance fee to Client, which is the agreed upon wholesale price each respective provincial distributor(s), less the sum of all outstanding costs and applicable taxes, outlined in the Service Purchase Order, including all fees retained by the Sales Partner (maximum 10%) and Service Provider ("**Remittance Fee**").
- 2.3 **Process** The Remittance Fee referenced in section 2.2 will be remitted to Client within five (5) business days of receipt of payment from the Sales Partner. The Client shall bear the costs of any reduced price items or returned items from the provincial distribution boards, and/or retailers in the case of Saskatchewan, meaning that any price reductions implemented by principal boards/retailers and fees paid to principal boards/retailers for returned Products will be deducted from the Remittance Fees paid to the Client.
- 2.4 **Retention Fund.** In order to provide security to Service Provider with respect to returns of Products from principal boards/retailers and price reductions from principal boards/retailers, Client agrees that Service Provider shall retain \$20,000 prior to paying the first Remittance Fee to be paid to Client ("**Retention Fund**"). If there is price reduction or Product return or any other amounts owing to Service Provider, Service Provider shall be entitled to deduct any such funds owing to the Service Provider from the Retention Fund or to deduct any such funds from the next Remittance Fee owing to the Client. If the Retention Fund goes below \$20,000 within 5 business days of any request from Service Provider, Client shall replenish the Retention Fund as required to ensure that fund contains \$20,000 failing which Service Provider is not required to make any further payments of Remittance Fees to Client. The Retention Fund shall be returned in full to



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Client upon the later of: (i) termination of this Agreement; or (ii) when no Products remain in market and no further production is anticipated.

2.5 Deleted.

2.6 **Currency.** All payments made by the Parties to each other under this Agreement shall be made in Canadian Dollars in immediately available and freely transferable funds by means of electronic transfer to the account designated by the recipient Party.

2.7 **Taxes.** The costs and fees in this Agreement are exclusive of all applicable taxes. Each Party will be responsible for the payment of and will pay any applicable taxes, duties and levied on that Party from time to time in relation to this Agreement, provided that for greater certainty, no Party shall be responsible for any taxes on the other Party's income. Each Party will charge, collect and timely remit all taxes that it is required to collect and remit under applicable law in connection with this Agreement.

3. **DISCLAIMER**

3.1 EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS AGREEMENT OR THE QUALITY AGREEMENT, NEITHER SERVICE PROVIDER NOR ANY OF ITS DIRECT OR INDIRECT SUBSIDIARIES OR AFFILIATES MAKE ANY, AND HEREBY DISCLAIMS ALL, OTHER WARRANTIES, EITHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, THE IMPLIED WARRANTY OF FITNESS FOR ANY PURPOSE.

3.2 EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS AGREEMENT OR THE QUALITY AGREEMENT, NEITHER CLIENT NOR ANY OF ITS DIRECT OR INDIRECT SUBSIDIARIES OR AFFILIATES MAKE ANY, AND HEREBY DISCLAIMS ALL, OTHER WARRANTIES AND CONDITIONS, EITHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF FITNESS FOR ANY PURPOSE.

4. **REPRESENTATIONS AND WARRANTIES**

4.1 Each Party represents and warrants to the other Party hereto that:

- (a) it is an entity duly incorporated, organized and validly subsisting under the laws of its incorporating jurisdiction;
- (b) it has full power and authority to carry on its business and to enter into this Agreement and any agreement or instrument referred to or contemplated by this Agreement;
- (c) neither the execution and delivery of this Agreement nor any of the agreements referred to herein or contemplated hereby, nor the consummation of the transactions hereby contemplated conflict with, result in the breach of or accelerate the performance required by any agreement to which it is a party;
- (d) the execution and delivery of this Agreement and the agreements contemplated hereby will not violate or result in the breach of the laws of any jurisdiction applicable or pertaining thereto or of its constating documents;



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- (e) it owns and will maintain during the term in good standing any and all permits and authorizations necessary to fulfill its obligations hereunder in accordance with applicable laws; and
- (f) all corporate authorizations have been obtained by it for the execution of this Agreement and the other agreements and documents contemplated hereby and for the performance of its obligations hereunder and thereunder.

4.2 Service Provider further represents and warrants to Client that:

- (a) The Product, including all packaging and labelling provided by the Service Provider, when supplied will comply with all applicable laws and regulations, the requirements of the Quality Agreement and the applicable specifications and will be of merchantable quality and free from manufacturing defects on delivery provided that in the event of conflict or inconsistency with the Quality Agreement regarding Quality, the quality agreement will prevail; and
- (b) Service Provider has legally licensed facilities and sufficient capacity and resources to manufacture, package, and warehouse the Products and arrange for distribution of the Products and as set out in this Agreement and the Quality Agreement; and
- (c) To the knowledge of the Service Provider, having made due inquiry, the Sales Partner has legally licensed facilities and sufficient capacity and resources to distribute, sell and deliver the Products throughout Canada, and Service Provider has the agreements in place with the Sales Partner in order to arrange and carry out such sale, distribution and delivery in accordance with the terms of this Agreement.

4.3 Client further represents and warrants to Service Provider that:

- (a) it is authorised to license the Marks to Service Provider in accordance with this Agreement;
- (b) none of the Specifications, the Marks or other intellectual property provided by Client infringe and, to the best of the Client's knowledge, will not infringe the intellectual property rights of any person. In particular, the making, use and distribution, by Service Provider of the Product bearing the Marks and using the Specifications or other intellectual property provided by Client as contemplated hereunder does not and will not constitute a misappropriation of the rights of any third party; and

5. INDEMNIFICATION AND LIMITATION OF LIABILITY

5.1 Client shall indemnify, defend, and hold Service Provider and its parent companies and each of its subsidiaries and affiliates, and each of their respective officers, directors, employees, agents, representatives and shareholders, ("**Service Provider Indemnitees**"), harmless, from and against any and all costs, expenses, damages, or losses, ("**Claims**") to the extent arising out of or relating to: (i) any breach by Client of its representations, warranties, or covenants, set forth in this Agreement or the Quality Agreement; (ii) the condition of any ingredients or materials provided by Client which existed at the time of delivery to Service Provider; (iii) any product liability claim based on the Specifications and labels provided by Client or other information or materials



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provided by Client claims of infringement relating to the Marks licensed to the Service Provider hereunder by the Client or with respect to the Specifications or other intellectual property provided by Client hereunder; and (vi) any failure of Client to comply with applicable laws in connection with the Products or the Marks; in each case to the extent that such Claims are not the result of the negligence or willful misconduct of or a breach of this Agreement by any Service Provider Indemnitee. Such indemnification obligations shall survive the expiration or termination of this Agreement for any reason. Nothing in this indemnification shall not attach to any amount reimbursable by insurance, and shall not act to the detriment of any applicable insurance coverage.

5.2 Service Provider shall indemnify, defend, and hold Client and each of its subsidiaries and affiliates, and each of their respective officers, directors, employees, agents, representatives and shareholders, ("**Client Indemnitees**"), harmless, from and against any and all Claims to the extent arising out of or relating to: (i) any breach by Service Provider, or its affiliates or authorized subcontractors, of its representations, warranties, or covenants, set forth in this Agreement or the Quality Agreement; (ii) the condition of any ingredients or materials provided by Service Provider, excluding any Claims related to Specifications or other intellectual property provided by Client; (iv) the manufacturing and processing of Products; (v) the handling and storage of Products before title to such Products has passed to the Sales Partner and the handling and storage of the Products while in the custody of the Sales Partner solely to the extent that Service Provider is indemnified by Sales Partner for such aspects ; and (vi) any failure of Service Provider, or its affiliates or authorized subcontractors, to comply with applicable laws in connection with the Services and the Products including maintaining all licences necessary to perform the Services; in each case to the extent that such Claims are not the result of the negligence or willful misconduct of any Client Indemnitee. Such indemnification obligations shall survive the expiration or termination of this Agreement for any reason. Nothing in this indemnification shall not attach to any amount reimbursable by insurance, and shall not act to the detriment of any applicable insurance coverage.

5.3 EXCEPT IN THE CASE OF DAMAGES THAT MAY AWARDED IN A FINAL DECISION FROM WHICH NO APPEAL LIES BY A COURT, OR AN ARBITRATOR FOLLOWING A THIRD PARTY CLAIM FOR PERSONAL INJURY OR INTELLECTUAL PROPERTY INFRINGEMENT, PROPERTY DAMAGE OF A THIRD PARTY, IN NO EVENT SHALL SERVICE PROVIDER OR CLIENT BE LIABLE TO THE OTHER FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES OR FOR DAMAGES FOR PURE ECONOMIC LOSS DAMAGES FOR LOST SALES, LOST REVENUES, LOST PROFITS, LOSS OF GOODWILL OR FAILURE TO REALIZE ANTICIPATED SAVINGS, HOWSOEVER SUFFERED, INCURRED, CAUSED OR ARISING IN RESPECT OF OR RELATED THIS AGREEMENT, THE PRODUCTS OR ANY RELATIONSHIP ARISING FROM THIS AGREEMENT, WHETHER OR NOT SUCH PARTY HAS BEEN ADVISED OF THE LIKELIHOOD OF SUCH DAMAGES AND WHETHER RESULTING FROM BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STATUTE, WARRANTY OR INDEMNITY, AT LAW OR IN EQUITY .

5.4 The cumulative aggregate liability of any Party for all claims relating to the Products or otherwise in respect of this Agreement or any transactions contemplated by this Agreement, shall in no event exceed the lesser of: (i) the total damages actually suffered by a Party for which the other Party is liable for hereunder; or (ii) the amount actually paid (including by way of compensation) by the Client to the Service Provider for the particular Products that led to the loss suffered; or (iii) a maximum of \$3,000,000.00 (Can. Funds). This limitation on liability does not apply if a Claim

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is related to the gross negligence or willful misconduct of a party and it does not apply to product liability or intellectual property infringement Claims.

6. CONTRACT DURATION

6.1 This Agreement shall commence on the Effective Date for an initial term of 24 months (the "Initial Term"). The Initial Term and all extensions, if any, shall constitute the "Term" of this Agreement, subject to earlier termination as provided herein. Upon expiration of the Term, the Parties shall comply with the termination procedures set forth elsewhere in this Agreement.

7. TERMINATION

7.1 Either Party may terminate this Agreement for breach of any representation or covenant by the other Party. In the event of such breach, the non-breaching Party shall deliver to the breaching Party notice of such alleged breach. Failure of the breaching Party to cure the breach within thirty (30) days shall allow the non-breaching Party to terminate the Agreement immediately.

7.2 Client may also terminate this Agreement immediately:

- (a) upon Client's completion of any corporate transaction, merger, amalgamation, divestiture, transaction resulting in a change of control, or similar transaction, but excludes the Client's current plan to list its shares for trading on the Canadian Securities Exchange; or
- (b) without cause at any time by giving a thirty (30) day prior written notice to Service Provider. Termination by the Client without cause is subject to a charge equal to the production costs outlined in Exhibit A for the remaining un-manufactured Product balance and all costs for raw materials procured for Client that is not already paid for at the time.

8. POST-TERMINATION

8.1 Upon termination or expiration of the Agreement: (i) with respect to Products in production, Client shall pay for the Services associated with such Products as promptly as practicable and Service Provider shall provide such Products in accordance with the production schedule set forth in the applicable Service Purchase Order; (ii) all unfilled orders placed by Client that are not already in production shall be deemed canceled and the Service Purchase Order cancellation procedures and payments shall be followed; and (iii) Client and Service Provider shall adjust all outstanding accounts, and Service Provider shall immediately pay to Client any remaining balance due.

For Products in the possession of the Sales Partner, Service Provider, through its Sales Partner and following instructions from Client, shall take commercially reasonable actions to sell or otherwise monetize such Products, with proceeds from such actions being credited toward Client's purchase price. If such sale is not possible, then Service Provider shall require the Sales Partner to return Product inventory to Service Provider or a third party who may legally receive the Products (such choice at the option of the Client) and in the case of the Service Provider, will securely destroy the Product. Client is responsible for all costs related to return including shipment costs and product destruction costs.



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8.2 Upon termination or expiration of the Agreement, Service Provider shall return all remaining ingredients, raw materials, and packaging materials to Client or its designee at the discretion of Client.

9. INSURANCE

9.1 Service Provider shall maintain, at its sole cost and expense, general comprehensive liability insurance of no less than \$3 million per incident, and shall ensure that all premiums are paid and are current and in good standing.

10. NON-DISCLOSURE/NON-CIRCUMVENT/NON-COMPETE

10.1 The Parties acknowledge that during the Term of this Agreement, each Party may disclose to the other certain information which said Party considers confidential, or a trade secret or otherwise proprietary, information concerning manufacturing and processing methods (including, for each of the Client and Service Provider, its proprietary infusion technology), business and technology plans, distribution strategies, sales, formulas, recipes, costs, pricing, marketing, customers, suppliers, and research and development (collectively, "**Confidential Information**"). For purposes hereof, information that is: (i) already in the possession of the receiving Party prior to receipt from the disclosing Party as evidenced by pre-existing documentation, without an obligation to keep such information confidential; (ii) within the public domain prior to receipt from the disclosing Party or hereafter enters the public domain through no fault, no action, or failure to act on the part of receiving Party, or (iii) is disclosed to the receiving Party by a third-party lawfully in possession of such information and without a breach of such third party's contractual, legal, or fiduciary obligations to maintain such confidentiality, shall not be considered Confidential Information. Each receiving Party shall maintain confidential any Confidential Information and shall only use the same to fulfill its obligations under this Agreement; each Party shall require its employees, agents, representatives and officers to comply with this section. This section shall survive termination or expiration of this Agreement.

10.2 Service Provider shall not independently, nor through its affiliates, officers, directors, employees, agents, and representatives make any attempt to reverse engineer any formula or product base of the Client. Client shall not circumvent the Service Provider's appointment as exclusive supplier to Client, nor interfere with any other business relationship of Service Provider.

11. ENTIRE AGREEMENT, MODIFICATION

11.1 This Agreement and the Quality Agreement contain the entire agreement and understanding of the Parties with respect to the service for supply of Products to Client by Service Provider, and there are no other promises or conditions in any other agreement whether oral or written which form a part of the relationship of the Parties hereto. This Agreement supersedes any prior written or oral agreements between the Parties. This Agreement may be modified or amended if the amendment is made in writing and is signed by both Parties.

12. CAPTIONS, GENDER AND NUMBER

12.1 Titles or captions herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement or any provision hereof. Whenever required by the context hereof, a singular shall be deemed to include plural; and the plural shall



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be deemed to include the singular and the masculine, feminine and neuter genders shall each be deemed to include the other.

13. GOVERNING LAW AND ARBITRATION

13.1 This Agreement shall be made and construed in accordance with the domestic laws of the Province of British Columbia and the laws of Canada applicable therein, excluding its conflict of laws rules. The provisions of the United Nations Convention on Contracts for International Sale of Goods (1980) and any successor or similar legislation shall be excluded from this Agreement and from any purchase and sale of the Products hereunder. Subject to the provisions set out in Section 13.2 herein, in the event of any dispute or other proceeding in respect of the Products, this Agreement or any relationship arising between the Parties under this Agreement, the Parties hereby irrevocably submit to the exclusive jurisdiction of the Courts of the Province of British Columbia.

13.2 In the event of a dispute arising under this Agreement, the Parties agree to the following:

- (a) Dispute Resolution. In the event that any disagreement, dispute or claim arises among the Parties hereto with respect to the enforcement or interpretation of this Agreement or any specific terms and provisions hereof or with respect to whether an alleged breach or default hereof has or has not occurred (collectively, a "**Dispute**"), such Dispute shall be settled in accordance with the following procedures:
 - (i) Meet and Confer. In the event of a Dispute among the Parties hereto, a Party may give written notice to all other Parties setting forth the nature of such Dispute (the "**Dispute Notice**"). The Parties shall meet and confer to discuss the Dispute in good faith within ten (10) days following the other Parties' receipt of the Dispute Notice in an attempt to resolve the Dispute. All representatives shall meet at such date(s) and time(s) as are mutually convenient to the representatives of each participant within the "Meet and Confer Period" (as defined herein below).
 - (ii) Arbitration. All disputes arising out of or in connection with this Agreement, or in respect of any defined legal relationship associated therewith or derived therefrom, shall be referred to and finally resolved by arbitration under the Commercial Arbitration Rules of Procedure of the British Columbia International Commercial Arbitration Centre. The panel shall consist of one arbitrator and the appointing authority shall be the British Columbia International Commercial Arbitration Centre. The case shall be administered by the British Columbia International Commercial Arbitration Centre in accordance with its rules. The language of the arbitration shall be English. The place of arbitration shall be Vancouver, British Columbia, Canada. The decision of the arbitrator shall be binding upon both parties and no appeal shall lie therefrom. Notwithstanding the above arbitration provision, nothing herein shall preclude either party from applying to a Court of competent jurisdiction for an order enjoining any activity by the other party pending the hearing of the arbitration.



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14. FORCE MAJEURE

14.1 Performance of material obligations hereunder are excused in the event of any occurrence or contingency involving, but not limited to, acts of God, acts of war, fire, insurrection, proclamations of law, edicts, ordinances or regulations, strikes, riots, earthquakes, floods, explosions or other acts of nature. The obligations and rights of the Party so excused shall be extended on a day-to-day basis for the time period equal to the period of such excusable interruption. When such events have abated, the Parties' respective obligations hereunder shall resume. In the event the interruption of the excused Party's obligations continues for a period in excess of thirty (30) days, either Party shall have the right to terminate this Agreement upon ten (10) days' prior written notice to the other Party, consistent with provisions set forth elsewhere in this Agreement. In the event of a prosecution of either Party as a result of activities conducted under this Agreement, all obligations under this Agreement are excused and each Party shall bare its own costs therefrom. The Parties acknowledge, however, that the ongoing COVID-19 pandemic and public health orders made to address it as of the Effective Date, is known to the Parties and does not constitute a case of force majeure unless the situation worsens in a manner that is unforeseeable to the parties as of the Effective Date.

15. NOTICES

15.1 All notices, requests or demands and other communications from either Party to the other Party shall be sufficient and shall be deemed given, made or served, if given at the address set forth in the preamble above, or at any other address as either Party may later designate by written notice pursuant to this Section, (i) on personal delivery by courier (including nationally or regionally recognized overnight courier service), (ii) seventy-two (72) hours after deposit if sent by certified mail, postage prepaid, return receipt requested, to the other Party, and (iii) by electronic mail upon confirmation of such other Party's receipt thereof, provided that if the date of the delivery of the electronic mail is not a business day or if delivery does not occur by 5:00 pm at the Recipient's address, receipt shall be deemed to occur on the next business day.

16. BINDING EFFECT

16.1 This Agreement shall be binding upon and enure to the benefit of the Parties and their respective permitted assigns or successors in interest.

17. NO BENEFICIARY.

17.1 None of the provisions herein contained are intended by the Parties, nor shall they be deemed, to confer any benefit on any person not a Party to this Agreement.

18. ASSIGNMENT

18.1 This Agreement may not be assigned by either Party without the prior written consent by the other Party; provided, however, that either Party may assign this Agreement to an affiliate controlled by it or in case of a merger, a purchase of all or substantially all of its assets or shares, or similar transaction that results in a change of control, upon written notice to the other Party.



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19. SEVERABILITY

19.1 If any portion of this Agreement shall be, for any reason, held invalid or unenforceable, the remaining portions shall nevertheless be valid, enforceable and carried into effect, unless to do so would clearly violate the present legal and valid intention of the Parties.

20. NO WAIVER

20.1 No failure to exercise and no delay in exercising, on the part of either Party, any right, power or remedy available hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or remedy available hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy, except as otherwise provided herein. Except as otherwise expressly provided in this Agreement, no waiver will be effective unless it is in a writing signed by the waiving Party. The rights provided are cumulative and not exclusive of any rights provided by law except as otherwise provided herein.

IN WITNESS WHEREOF, the Parties agree to the foregoing terms of agreement through the execution below by their respective, duly-authorized representatives as of the Effective Date.

BEVCANNA ENTERPRISES INC.

Per: Melise Panetta
Name: Melise Panetta
Title: President
Dated: August 16, 2021

XEBRA BRANDS


Per: 
Name: Andrew Yau
Title: CFO
Dated: AUGUST 16, 2021

EXHIBIT A

Product List and Quote

PRODUCT LIST

Vicious Citrus, THC Lemonade

QUOTE

SALESPERSON	P.O. NUMBER	REQUISITIONER	SHIPPED VIA	F.O.B. POINT	TERMS
LL	N/A	Jorge Martinez	TBD	TBD	50% down, 50% upon production

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL
130,000	Formulated beverages (up to 10mg THC) Lot formulation labour, filling/capping labour, CR Cap labor, QA rejects, consumer packaging and labeling labour, 24 pack packaging labour, master casing and labour, palletizing, and excise stamp and labour, Misc. Overhead including regulatory, 1 lot release test/sample, 110 retained samples	\$0.915	\$118,950
1	Research & Development (formula & materials production validation at the facility, samples production for stability testing, nutritional testing, formula validation, SOP development, scaling protocols and SOP) and Lab Testing Costs (Nutritionals, Stability Testing)		\$25,000
130,000	TBD: Raw Materials: PET Bottle, CR Cap, Labels, Carton, Non-Active Ingredients, Active Ingredients, Excise Stamp to be sourced upon agreement by Service Provider at a rate of cost plus 10%	[TBD]	[TBD]

Thank you for your business

Fees	\$[TBD]
GST	\$
PST	\$
TOTAL DUE	\$

Notes:
1. Excise tax and duty costs not included (calculated on a per unit by province basis)
2. Shipping not included.
3. Lot testing (via licensed certified laboratory agreed upon by both parties) not included.
4. Raw material costs can vary pending final quote based on agreed-upon suppliers & material specs.
5. Child Resistant testing not included.
6. GST/PST versus HST will depend on destination of shipment.
7. Minimum order quantity per LOT is 40,000 units or otherwise mutually agreed upon in writing.

Signature Certificate

Document Ref.: PAKZH-6VNJV-LKY9F-BNPXR

Document signed by:

	<p>Melise Panetta Verified E-mail: melise@bevcanna.com</p> <p>IP: 67.201.142.57 Date: 17 Aug 2021 09:53:06 UTC</p>	<p><i>Melise Panetta</i></p> 
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Document completed by all parties on:
17 Aug 2021 09:53:06 UTC

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