

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
FIGR BRANDS, INC., FIGR NORFOLK INC.
AND CANADA'S ISLAND GARDEN INC.**

Applicants

APPLICATION RECORD

(Volume 2 of 3)

January 21, 2021

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TAB 2

This is Exhibit “F” *referred to in the*

affidavit of Michael Devon

sworn before me, this 21st

day of January, 2021

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

PEI Business / Corporate Registry - Original

Please note: You may need to search two corporate registries until we fully transition to our new online registry system.

If the business name you are searching does not appear below, you may find it in the other corporate registry at [PEI Business Corporate Registry](#)

Entity Name	CANADA'S ISLAND GARDEN INC.
Registration Number	17418
Business Type	Business Corporation
Registration Date	08-Aug-2013
Status	Active
Last Return Date	31-Dec-2019
Jurisdiction of Incorporation	Prince Edward Island
End Date	
Amalgamated Name	
Business In	Cultivation and processing of Cannabis pursuant to the Cannabis Act (Canada).
Business Out	n/a
Address	7 Innovation Way Charlottetown, PE C1E 0B7
Officer(s)	Harvey Carroll - President/Secretary/Treasurer
Director(s)	Harvey Carroll Edwin P. Jewell Simon Green
Shareholder(s)	101845 P.E.I. Inc. Edwin P. Jewell FIGR Canada Holdings ULC HAS Enterprises Inc. KAP Investments Inc. Robert Alexander Smith
Trade Name(s)	FIGR East

Are you having trouble finding a particular business?

You can try these search tips *in the fields above*:

After the three-year registration cycle, all companies registered to conduct business in PEI will be listed in our new online registry database. Until then, thank you for understanding. If you cannot find the business you are looking for contact ccs@gov.pe.ca ([link sends e-mail](#)) or 902-368-4550.

Resources

[Register your Business Name](#)

This is Exhibit “G” *referred to in the*

affidavit of Michael Devon

sworn before me, this 21st

day of January, 2021

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

CANADA'S ISLAND GARDEN INC.

SHAREHOLDERS' AGREEMENT

January 25, 2018

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UNANIMOUS SHAREHOLDERS' AGREEMENT

THIS AGREEMENT made effective as of January 25, 2018

AMONG:

EACH OF THE PARTIES WHO EXECUTES THIS AGREEMENT AS A
SHAREHOLDER OR PRINCIPAL

- and -

CANADA'S ISLAND GARDEN INC.

(the "Corporation")

RECITALS:

- A. In these recitals, all capitalized terms, unless otherwise defined, shall have the meanings given them in Section 1.1;
- B. The Corporation was incorporated under the Act by Letters Patent dated August 8, 2013;
- C. The Corporation is authorized to issue an unlimited number of common shares (collectively, the "Common Shares"); and
- D. The parties to this Agreement desire to enter into certain agreements relating, among other things, to their shareholdings in the Corporation, their rights and duties as shareholders of the Corporation and the management and operation of the Corporation;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each of the parties), the parties covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the words defined in the preamble of this Agreement have the meanings given to them, and the following words and terms, which may be used in the singular or the plural, have the respective meanings given to them as follows:

"**Accountants**" means the accountants of the Corporation, as may be appointed from time to time in accordance with the provisions of this Agreement;

"**ACMPR**" means the *Access to Cannabis for Medical Purpose Regulations* as the same may be amended, modified or replaced from time to time;

"**Act**" means the *Companies Act* (Prince Edward Island), as may be amended from time to time;

"**Affiliate**" of a Person means another Person where: (i) one of them is a Subsidiary of the other; or (ii) each of them is controlled by the same Person.

"**Allan Holdings Transaction**" means the purchase and sale of 4.4915 Common Shares from Allan Holdings Inc. to Edwin Jewell on January 25, 2018;

"**Arm's Length**" shall have the meaning implied by section 251 of the *Income Tax Act* as at the date of this Agreement;

"**Letters Patent**" means the Letters Patent of the Corporation more particularly described in the recitals to this Agreement, as may from time to time be amended in accordance with the provisions of this Agreement and the Act;

"**Auditors**" means the auditors of the Corporation, as may be appointed from time to time in accordance with the provisions of this Agreement and the Act;

"**Authorized Capital**" means the numbers and classes of shares that the Corporation is authorized to issue by virtue of the Letters Patent, currently being an unlimited number of Common Shares, as may from time to time be amended in accordance with the provisions of this Agreement, the Letters Patent and the Act;

"**Board**" means the board of directors of the Corporation, as may be elected from time to time in accordance with the provisions of this Agreement and the Act;

"**Business Day**" means any day other than a Saturday, a Sunday or a statutory holiday observed in the Province of Prince Edward Island;

"**Business Issuance**" with respect to a proposed issuance of securities of the Corporation, will mean the issuance of securities in connection with (a) any transaction which is primarily a borrowing transaction with a financial institution in connection with which the lender is granted the right to acquire options, warrants, shares or other securities of the Corporation; (b) a Going Public Transaction; (c) a Secondary Offering; (d) a reverse take-over of the Corporation (a "**RTO**") pursuant to which any of the outstanding shares of the Corporation are exchanged for or become (through amalgamation or otherwise) shares in a corporation that is a reporting issuer for purposes of the *Securities Act* (Ontario) or similar legislation in another province of Canada; (e) issuances for *bona fide* Arm's Length acquisitions of assets or shares; (f) issuances pursuant any Board approved stock option plan that includes employees of the Corporation; (g) issuances pursuant to the exercise of options, warrants or other convertible securities issued or outstanding at the date hereof; or (h) issuances pursuant to or as a result of a consolidation, subdivision, amalgamation, merger, reorganization or arrangement with respect to the Corporation or a dividend payable in securities of the Corporation, duly approved by the Board, including for avoidance of doubt, the Reorganization;

"**Claims**" means all claims, damages (direct, indirect, consequential or otherwise), losses, liabilities (whether accrued, actual, contingent or otherwise), demands, suits, judgments, causes of action, legal proceedings, penalties or other sanctions and any costs and expenses arising in connection therewith, including legal fees and disbursements on a solicitor and client basis (including all such legal fees and disbursements in connection with any appeals);

"**Competitor**" has the meaning assigned to it in section 15.1(a);

"**Consent Agreement**" means an agreement, in the form attached as Schedule "A" to be entered into by any Person who becomes a shareholder of the Corporation whereby such Person consents to the terms of this Agreement and agrees to assume and be bound by all of the obligations of a Shareholder under this Agreement;

"**Corporate Shareholder**" means a Shareholder which is a corporation, company or other body corporate;

"**Deemed Liquidation Event**" has the meaning assigned to it in section 18.2;

"**Drag-along Sale**" has the meaning assigned to it in section 10.1;

"**Encumbrance**" means any security interest, lien, prior claim, charge, hypothec, hypothecation, reservation of ownership, pledge, encumbrance, mortgage or adverse claim of any nature or kind, together with any agreement to grant any of the foregoing rights or interests;

"**Financing**" means any Arm's Length third party financing undertaken by the Corporation, including any private or public subscription or issuance for any securities of the Corporation, for aggregate gross proceeds to the Corporation of at least \$1,000,000.00;

"**Going Public Transaction**" means any transaction or series of related transactions one of the results of which is that the Corporation becomes a reporting issuer for purposes of the *Securities Act* (Ontario) or similar legislation in another province of Canada, or the Common Shares become listed and posted for trading on a stock exchange or quoted on an over-the-counter-market;

"**Immediate Family**" with respect to an Individual Shareholder means:

- (a) the spouse and issue of that Shareholder, provided that any such person is then not under any legal disability;
- (b) a corporation which has no shareholders other than that Shareholder or the spouse or issue of that Shareholder (provided that such person is then not under any legal disability), or any trust or trusts described in paragraph (c) below; provided that the issued and outstanding shares of such corporation are free and clear of all Encumbrances whatsoever and no Person has any agreement or option or any right capable of becoming an agreement or option for the purchase or transfer of any of such shares and provided that the shareholders of such corporation shall agree not to sell, transfer, assign, encumber or deal with the shares of such corporation or permit such corporation to issue shares or grant options or rights in respect of the shares of such corporation except to that Shareholder or any person described in paragraphs (a) or (c), without the prior written consent of the Shareholders, and all share certificates of such corporation shall have the legend set out in the section entitled "Legend on Share Certificates" endorsed thereon; and
- (c) a trust which has no beneficiaries other than that Shareholder and/or the spouse and/or issue of that Shareholder;

"**Immediate Family**" with respect to a Corporate Shareholder means:

- (a) the spouse and issue of the Principal who represents that Corporate Shareholder, provided that any such person is then not under any legal disability;
- (b) a corporation which has no shareholders other than the Principal who represents that Corporate Shareholder or the spouse or issue of such Principal (provided that such person is then not under any legal disability), or any trust or trusts described in paragraph (c) below; provided that the issued and outstanding shares of such corporation are free and clear of all Encumbrances whatsoever and no Person has any agreement or option or any right capable of becoming an agreement or option for the purchase or transfer of any of such shares and provided that the shareholders of such corporation shall agree not to sell, transfer, assign, encumber or deal with the shares of such corporation or permit such corporation to issue shares or grant options or rights

in respect of the shares of such corporation except to the Principal of that Corporate Shareholder or any person described in paragraphs (a) or (c), without the prior written consent of the Shareholders, and all share certificates of such corporation shall have the legend set out in the section entitled "Legend on Share Certificates" endorsed thereon; and

- (c) a trust which has no beneficiaries other than the Principal which represents that Corporate Shareholder and/or the spouse and/or issue of that Principal;

"**Income Tax Act**" means the *Income Tax Act* (Canada);

"**Individual Shareholder**" means a Shareholder that is an individual;

"**Intellectual Property Rights**" means (i) any and all proprietary rights provided under patent law, copyright law, trade-mark law, design patent or industrial design law, semi-conductor chip, integrated circuit topography or mask work law; or any other statutory provision or common law principle, including trade secret law; and (ii) any and all applications, registrations, licenses, sub-licenses, agreements or any other evidence of a right in any of the foregoing (including any reissue, division, continuation, continuation-in-part and extension of any patent or patent application).

"**Intermediary Corporation**" means each corporation through which a Principal indirectly owns shares in the Shareholder which such Principal represents;

"**Investment Amount**" means an amount equal to any amounts invested by CCP pursuant to an equity financing in which no other Shareholder participates;

"**Issued Shares**" means the issued and outstanding shares in the capital of the Corporation from time to time, and includes any shares issued out of the Authorized Capital and any share of any class into which the same may be converted, subdivided, reclassified or otherwise exchanged or which may result from and stock-split or similar restructuring of the Authorized Capital, as may from time to time be made in accordance with the provisions of this Agreement and the Act;

"**Key Employee**" means any employee or consultant engaged by the Corporation that has annual compensation greater than \$100,000.00 or is an officer of the Corporation;

"**Liquidation Amount**" has the meaning assigned to it in Section 18.1;

"**Officer**" means an officer of the Corporation, as may be appointed from time to time in accordance with the provisions of this Agreement and the Act;

"**Major Shareholder**" means a Shareholder holding least 15% of the voting Shares of the Corporation;

"**Minority Shareholders**" means all the Shareholders, other than CCP;

"**Person**" means an individual, a corporation, a limited partnership, a general partnership, a trust, a joint stock company, a joint venture, an association, a syndicate, a bank, a trust company, an authority and any other legal or business entity;

"**Principal**" means any Person who is the registered legal holder and beneficial owner of at least fifty-one percent (51%) of the voting shares of a corporation which is a Corporate Shareholder other than CCP, subject to the Board determining that a Corporate Shareholder does not have a Principal for the purposes of this Agreement;

"Principal Agreement" means an agreement, in the form attached as Schedule "B" to be entered into by the Principal of every corporation that becomes a Corporate Shareholder after the date of this Agreement, whereby such Principal agrees to comply with and be bound by the provisions of this Agreement unless otherwise determined by the Board;

"Proportionate Share" means, in respect of a Shareholder, the percentage of the total number of the Issued Shares which is owned by that Shareholder at the relevant time;

"Reorganization" means the reorganization of the share capital of the Corporation, pursuant to which the Letters Patent of the Corporation shall be amended to provide for a single class of Common Shares and the cancellation of all other classes of shares of the Corporation, and each of the Shareholders shall exchange each of their Issued Shares for such Common Shares on a one-for-one basis;

"RTO" means a reverse take-over of the Corporation, pursuant to which any of the outstanding shares of the Corporation are exchanged for or become (through amalgamation or otherwise) shares in a corporation that is a reporting issuer for purposes of the *Securities Act* (Ontario) or similar legislation in another province of Canada;

"Schedule" means Schedule "A" attached to this Agreement, which is more particularly described in Section 1.2;

"Secondary Offering" means a distribution by one or more Shareholders to the public of shares owned by such Shareholders pursuant to a prospectus or registration statement required to be filed with any of the appropriate securities regulatory authorities in any jurisdiction in Canada or the United States in connection with such a distribution to the public;

"Shareholder" means each of the parties to this Agreement, other than the Corporation, so long as such party is a shareholder of the Corporation, together with all other Persons who become shareholders of the Corporation in accordance with the provisions of this Agreement;

"Special Resolution" means a resolution of the Shareholders that is:

- (a) submitted to a meeting of the Shareholders and approved, with or without amendment, at the meeting by not less than 80% of the Shareholders present or represented by proxy at such meeting who, alone or in the aggregate, own at least 66⅔% of the Issued Shares to which voting rights are attached; or
- (b) consented to in writing by Shareholders who, alone or in the aggregate, own at least 80% of the Issued Shares to which voting rights are attached;

"Subsidiary" means a subsidiary of the Corporation within the meaning of the Act;

"Transfer" includes any sale, exchange, assignment, gift, bequest, disposition, Encumbrance or any arrangement by which possession, legal title or beneficial ownership passes from one Person to another, or to the same Person in a different capacity, whether or not voluntary and whether or not for value, and any agreement to effect any of the foregoing; and the words **"Transferred"**, **"Transferring"** and similar words have corresponding meanings;

"Valuator" means the Accountants or the Auditors, as the case may be; and

"Value" means:

- (a) in respect of all of the Issued Shares, the fair market value of such shares determined in accordance with Article 12; and
- (b) in respect of the Issued Shares which are the subject of a sale transaction pursuant to an Article in this Agreement where the purchase price is based upon the Value of such Issued Shares, the relevant selling Shareholder's Proportionate Share of the amount described in paragraph (a) of this definition.

Certain terms which have been defined within specific sections of this Agreement for use solely within those sections or the Article in which the section is located are not referred to in this Section 1.1.

1.2 Schedule

The following Schedules are attached to this Agreement:

- Schedule "A" - Consent Agreement
- Schedule "B" - Principal Agreement
- Schedule "C" - Notice Provisions

These Schedules are incorporated into and form an integral part of this Agreement.

1.3 Interpretation

- (a) In this Agreement, words importing the singular include the plural and vice-versa, words importing gender include all genders and words importing persons include corporations and vice-versa;
- (b) where the word "including" or "includes" is used, it means including or includes "without limitation";
- (c) the division of this Agreement into Letters Patent and sections and the insertion of headings is for convenience of reference only and shall not affect the construction or interpretation of this Agreement or any part of it;
- (d) any reference to an Article, section or Schedule in this Agreement shall be deemed a reference to the applicable Article, section or Schedule contained in this Agreement and to no other agreement or document unless specific reference is made to such other agreement or document;
- (e) any reference to a statute in this Agreement includes a reference to all regulations made pursuant to such statute, all amendments made to such statute and regulations in force from time to time and to any statute or regulation which may be passed and which has the effect of supplementing or superseding such statute or regulations;
- (f) any reference to consent of a majority of the holders of Common Shares shall mean majority votes and not the actual number of Persons that are holders of Common Shares;
- (g) time shall be of the essence of this Agreement and no extension or variation of this Agreement shall operate as a waiver of this provision. When calculating the period of time within which or following which any act is to be done or step taken pursuant to this Agreement, the date which

the reference date in calculating such period shall be excluded. If the last day of such period is not a Business Day the period in question shall end on the next following Business Day; and

- (h) unless otherwise indicated, all dollar amounts referred to in this Agreement are in lawful Canadian funds. All amounts to be paid pursuant to this Agreement in connection with the purchase of Issued Shares are to be paid in lawful Canadian funds by certified cheque, money order or bank draft, or where agreed between payor and payee, as applicable, by e-transfer.

ARTICLE 2 REPRESENTATIONS AND WARRANTIES

2.1 Recitals True and Correct

Each of the parties represents and warrants that each of the recitals to this Agreement is true and correct in substance and in fact, as such recital relates to such party, respectively, and the said recitals are incorporated in this Agreement as an integral part of this Agreement.

2.2 Anti-Corruption

No Shareholder or Principal has made, nor will he/she/it make while a Shareholder or Principal, any payment, directly or indirectly, on behalf of or to the benefit of the Corporation, in violation of any applicable laws prohibiting the payment of undisclosed commissions or bonuses or the making of bribe or incentive payments or other arrangements of a similar nature, including the *Corruption of Foreign Public Officials Act (Canada)*, the *U.S. Foreign Corrupt Practices Act*, the *Corruption of Foreign Public Officials Act* and the *Organization for Economic Cooperation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions* and any similar legislation.

2.3 Issued Shares Unencumbered

Other than with respect to Canadian Cultivated Products Ltd. ("CCP"), each Shareholder represents and warrants that the Issued Shares owned by such Shareholder are free and clear of Encumbrances whatsoever, and no Person has an agreement or option or any right capable of becoming an agreement or option for the purchase or transfer of any of the Issued Shares owned by such Shareholder.

2.4 Shares of Shareholder Unencumbered

Each Principal represents and warrants that:

- (a) he/she is the registered and beneficial owner of 51% of the issued and outstanding shares in the capital of the Corporate Shareholder which he/she represents; and
- (b) all of the shares held by him or her in the capital of the Corporate Shareholder which he/she represents are free and clear of all Encumbrance whatsoever, and no Person has an agreement or option or any right capable of becoming an agreement or option for the purchase or transfer of any such shares, if and as applicable.

**ARTICLE 3
COMPLIANCE WITH AGREEMENT**

3.1 Compliance with Agreement

The Shareholders shall at all times do all acts and things and vote the Issued Shares and otherwise exercise their respective rights as Shareholders to cause such meetings to be held, resolutions to be passed, by-laws to be enacted, documents to be executed and, to the extent permitted by applicable law and if applicable, to cause their respective nominees on the Board to act, so that at all times the provisions, conditions, restrictions and prohibitions contained in this Agreement relating to their respective shareholdings in the capital of the Corporation and the business and corporate affairs of the Corporation shall fully apply, including the amendment or repeal of the Letters Patent, by-laws and/or resolutions of the Corporation to the extent necessary to resolve any conflict between same and this Agreement so that this Agreement shall at all times prevail and voting in support of the sale of "all" or "substantially all" of the assets of the Corporation, a Going Public Transaction or a RTO.

3.2 Compliance by Principals

Each Principal covenants and agrees with the other parties that he/she shall cause the Corporate Shareholder which he/she represents to perform all of his obligations under this Agreement and agrees to carry into effect the provisions of this Agreement by taking whatever action may be necessary in the Principal's capacity as a shareholder of the Corporate Shareholder which he/she represents.

3.3 Reorganization

- (a) Each of the Shareholders hereby authorizes and approves the Reorganization, and shall, promptly, and in any event, no later than five Business Days from receipt of notice of the Reorganization from the Corporation, execute all documents, instruments, deeds or instruments as the Corporation may reasonable require to effect the Reorganization and exchange such Shareholder's Issued Shares for Common Shares on a one-for-one basis.
- (b) In the event that such Shareholder does not execute and deliver the documents required by the Corporation to effect the Reorganzaiiton in the time period prescribed by Section 3.3(a), such Shareholder hereby irrevocably constitutes and appoints the Corporation as its true and lawful attorney-in-fact and agent in the name of and on behalf of such Shareholder to execute and deliver in the name of the Shareholder all such assignments, transfers, deeds or instruments as may be necessary to effectively complete the Reorganization. Such Shareholder hereby ratifies and confirms and agrees to ratify and confirm that which the Corporation may lawfully do or cause to be done by virtue of the provisions hereof. The Shareholder hereby irrevocably consents to the exchange of its Issued Shares for Common Shares on a one-for-one basis made pursuant to the provisions of this Section 3.3.

**ARTICLE 4
PROVISIONS FOR MANAGEMENT**

4.1 Election of Board

- (a) Subject to the terms of this Agreement, the affairs of the Corporation shall be managed and supervised by the Board. The Corporation shall at all times during the term of this Agreement have

a Board composed of directors who are qualified to act as directors of the Corporation under the Act and the Letters Patent.

- (b) The Board shall consist of a maximum of four (4) members who shall be nominated and elected in accordance with this Section 4.1.
- (c) The Shareholders shall vote their Shares at a meeting duly called for such purpose or by an instrument in writing with the like effect so as to cause the Board to consist of:
 - (i) three nominees of CCP, who shall initially be Volker Lauterbach, Simon Green and Ranjeev Dhillon; and
 - (ii) one nominee of the holders of the majority of the voting Shares other than CCP (the "Shareholder Nominee"), who shall initially be Edwin P. Jewell.
- (d) Each Shareholder or group of Shareholders entitled to nominate a director hereunder may replace his, its or their nominee from time to time. Should any vacancy occur in the Board, the Shareholder or group of Shareholders whose nominee caused the vacancy shall forthwith fill such vacancy by appointing a replacement nominee.
- (e) The Board may appoint (or re-appoint, as the case may be) committees of the Board consisting of no less than three members of the Board (unless otherwise determined by the Board) at such time, and from time to time, as the directors determine in their sole discretion. Decisions of any committee shall be implemented upon approval of a majority thereof.
- (f) The chair at any meeting of the Board or of the Shareholders shall have a second, extra or casting vote in the event of a tie vote at any such meeting.
- (g) Notwithstanding the foregoing, election of a nominee to the Board shall be subject to the nominee director obtaining any requisite security clearances as may be required and any other requirements that may be necessary in order for the Corporation to obtain or maintain its status as a Licensed Producer pursuant to the ACMPR.

4.2 Meetings of the Board

- (a) The Board shall meet on a mutually convenient date after the fiscal year, and quarterly thereafter.
- (b) The quorum for the transaction of business at any meeting of the Board shall consist of a majority of the directors provided that at least two (2) directors are directors nominated by CCP and one (1) director is a Shareholder Nominee. However, if one or more directors (the "Absent Director") fails to attend a duly called meeting of the Board and such failure to attend results in a quorum not being present, such meeting shall be adjourned to such date as may be determined by the directors in attendance at the original meeting, which adjourned meeting shall not be less than five (5) days nor more than ten (10) days following the originally called meeting. If the Absent Director fails to attend the adjourned meeting and such failure to attend results in a quorum not being present, such meeting shall be adjourned to such date as may be determined by the directors in attendance at the original meeting, which adjourned meeting shall not be less than five (5) days nor more than ten (10) days following the originally called meeting. If the Absent Director fails to attend the adjourned meeting and such failure to attend results in a quorum not being present, then the remaining directors shall constitute a quorum for the adjourned meeting.

- (c) Each director shall have 1 vote and subject to Sections 4.2(b) and 4.1(f), all decisions at a meeting of the Board shall require the approval of a majority of the directors present at such meeting.

4.3 Meetings of Shareholders

- (a) The quorum for the transaction of business at any meeting of the Shareholders shall consist of:
 - (i) those Shareholders, present in person or represented by proxy, representing 80.0% of the Issued Shares to which voting rights are attached; or
 - (ii) with respect to any matter which does not require Special Resolution, those Shareholders, present in person or represented by proxy, representing a 66.6% of the Issued Shares to which voting rights are attached.
- (b) If one or more Shareholders (the "Absent Shareholder") fails to attend a duly called meeting of Shareholders, and such failure to attend results in a quorum not being present, such meeting shall be adjourned to such date as may be determined by a majority of the Shareholders in attendance at the original meeting, which adjourned meeting shall not be less than five (5) days nor more than ten (10) days following the originally called meeting. If one or more Absent Shareholders fails to attend the duly called meeting of Shareholders, and such failure to attend results in a quorum not being present, such meeting shall be adjourned to such date as may be determined by a majority of the Shareholders in attendance at the original meeting, which adjourned meeting shall not be less than five (5) days nor more than 10 days following the originally called meeting. If the Absent Shareholder fails to attend the adjourned meeting, and such failure to attend results in a quorum not being present, then the remaining Shareholders shall constitute a quorum for the adjourned meeting.
- (c) Subject to Section 4.4, all decisions at a meeting of the Shareholders shall require the approval of a majority of the votes cast on the question.

4.4 Matters Requiring Approval by Special Resolution

The undertaking of any of the following actions by, or in respect of, the Corporation will require the approval of the Shareholders in order for such actions to have any force or effect and such actions shall require approval by Special Resolution:

- (a) the dissolution, liquidation or winding-up of the Corporation, whether voluntary or involuntary;
- (b) changing the composition or number of members who may be appointed to the Board, other than as contemplated by Section 4.1;
- (c) other than pursuant to the Reorganization, the filing of articles of amendment, articles of amalgamation or articles of continuance;
- (d) the enactment, revocation or amendment of any of the by-laws of the Corporation;
- (e) other than pursuant to the Reorganization, issue or create any series or class of securities with rights superior to or on a parity with the then outstanding Issued Shares or increase the rights or preferences of any series or class having rights or preferences that are junior to the then outstanding Issued Shares so as to make the rights or preferences of such series or class equal or senior to the then outstanding Issued Shares;

- (f) other than with respect to a services agreement with CCP in a form approved by the Board acting reasonably, the entering into of any contract or transaction between the Corporation and any Person not dealing at Arm's Length with the Corporation or any Shareholder, including any guarantee by the Corporation of any obligations of any such Person or the making of any payment to any such Person, unless such payment is made pursuant to a contract existing prior to the date of this Agreement;
- (g) purchasing for cancellation, redeeming or otherwise acquiring any of the issued and outstanding shares in the capital of the Corporation;
- (h) entering into any agreement or making any offer or granting any right capable of becoming an agreement, to allot or issue any shares in the capital of the Corporation or to grant any other options or rights to purchase or subscribe for shares of the Corporation, except in accordance with this Agreement;
- (i) other than as provided in this Agreement, the declaration or payment of any dividend or distribution, whether in cash, stock or in specie, on any of the issued and outstanding in the capital of the Corporation;
- (j) any purchase of assets or shares by the Corporation with a cost in excess of \$1,500,000.00 in the case of any one such transaction or in the aggregate in any fiscal year;
- (k) the determination of, or any material alteration in, the remuneration and compensation or other terms and conditions of employment of any Key Employee;
- (l) selling, leasing, exchanging, encumbering, transferring or otherwise disposing of the property of the Corporation, except for dispositions of inventory and surplus or obsolete assets in each case in the ordinary course of business; and
- (m) borrowing on the credit of the Corporation, or the provision of any guarantee, indemnity, or other financial support by the Corporation.

4.5 Removal of Class and Series Voting Rights in Certain Circumstances

Subject to the provisions of the Act, Shareholders of any class or series of Issued Shares shall not be entitled to vote separately on, or to dissent in respect of, any proposal to amend the Letters Patent of the Corporation to effect an exchange, reclassification or cancellation of all or part of the shares of such class or series, including the Reorganization. Each Shareholder will take any steps and sign any documents requested by the Corporation to implement the intent of this Section 4.5.

4.6 Officers

The Board may, from time to time, appoint such Officers to perform such duties as are set out in the by-laws of the Corporation. If any Officer resigns or is removed from his office, the Board shall be entitled to appoint a replacement.

4.7 Directors' and Officers' Insurance

The Corporation will secure directors' and officers' insurance as soon as the Board determines it is feasible and commercially reasonable to do so on terms acceptable to the Board.

ARTICLE 5 OPERATION AND INFORMATION RIGHTS

5.1 Records Confidential

Each Shareholder and Principal, as applicable, acknowledges and agrees that:

- (a) all records, material and information pertaining to the Corporation and any copies thereof (collectively, the "**Corporate Information**") obtained by any Shareholder or Principal are confidential and shall remain the exclusive property of the Corporation;
- (b) it shall not, at any time, divulge the Corporate Information to any Person other than the Corporation's qualified employees and professional advisors, but only to the extent required to permit such Persons to carry out their duties or obligations;
- (c) it shall only use the Corporate Information for the purposes of the Corporation; and
- (d) it shall not remove any of the Corporate Information from the Corporation's premises, except as may be reasonably required in connection with the carrying on of the Corporation's business.

5.2 Yearly Financials

The Corporation shall deliver to each Major Shareholder within twenty-five (25) days following the financial year end of the Corporation one copy of annual financial statements for the Corporation (and each of its Subsidiaries, which shall be prepared by the Corporation on a consolidated and non-consolidated basis) in accordance with the generally accepted accounting principles from time to time approved by the Chartered Professional Accountants of Canada or any successor institutes, including the balance sheet and statements of income, retained earnings, cash flow and changes in financial position, together with all supporting schedules. Such financial statements shall, if required, be signed by one or more authorized officers or directors of the Corporation and shall be compiled or reviewed by the independent accountants or auditors of the Corporation.

5.3 Interim & Other Reports

The Corporation shall provide the following documents to each Major Shareholder an unaudited quarterly financial and management report within twenty (20) days after the end of each quarter consisting of the quarterly and year to date financial statements of the Corporation as prepared by management, which shall include, without limitation, a profit and loss statement, cash flow statement and balance sheet; and

5.4 Books & Records

The Corporation shall maintain accurate and complete books and records of all transactions, receipts, expenses, assets and liabilities of the Corporation in accordance with generally accepted accounting principles, consistently applied.

5.5 Right to Withhold Commercially Sensitive Information

Other than with respect to CCP, each of the Shareholders acknowledge and agree that the Corporation may elect not to provide or disclose to a Shareholder any document or information required to be provided or disclosed pursuant to this Agreement if such Shareholder is an investor in a Competitor.

ARTICLE 6 SHARE RESTRICTIONS

6.1 Restrictions on Encumbrance and Transfer

Except as provided in this Agreement, or except with the prior written unanimous consent of the Board, no Shareholder shall:

- (a) Other than with respect to CCP, Encumber any of the Issued Shares owned by such Shareholder; or
- (b) Transfer, or agree or grant an option to Transfer legally, beneficially or otherwise any of the Issued Shares owned by such Shareholder.

The Corporation shall not consent to, authorize, suffer, permit or ratify any transaction in breach of the foregoing resolutions.

6.2 Restrictions on Issue

No Shareholder shall cause, suffer or permit any further issuance of shares out of the Authorized Capital (including issuance by way of stock dividends) or the granting of any rights or privileges to acquire shares of the Corporation, save and except:

- (a) as provided in this Agreement; or
- (b) with the prior written unanimous consent of the Board.

The Corporation shall not consent to, authorize, suffer, permit or ratify any transaction in breach of the foregoing restriction.

6.3 Permitted Transfers

- (a) Notwithstanding anything contained in this Agreement, each Shareholder (the "**Transferor**") shall have the right, without the approval of the other Shareholders, to dispose of all or any of its Issued Shares to a Corporate Shareholder where the Transferor is the Principal (each a "**Transferee**"), provided that more than 51% of the shares of the Transferee to which voting rights are attached are owned and shall continue to be owned (both legally and beneficially) by the Transferor, and provided that the Transferor controls and shall continue to control the Transferee; and further provided that all of the remaining legal and beneficial holder of any securities of the Transferee is the Immediate Family of the Principal.
- (b) No such disposition contemplated by this Section 6.3 shall be valid or effective until:
 - (i) written notice of such disposition has been given by the Transferor to the other parties to this Agreement; and
 - (ii) the Transferee and Principal thereof shall have delivered a written notice to the parties to this Agreement consenting to the terms of this Agreement and agreeing to assume and be bound by all the obligations of the Transferor as though the Transferee was the Transferor, in which event such Transferee shall be entitled to all of the rights and subject to all of the obligations of this Agreement on the part of the Transferor. In the event of

such a transfer, the Transferor shall continue to remain liable under this Agreement as a principal debtor, such liability to be joint and several with the Transferee.

6.4 Restrictions on Transfers of Shares of Corporate Shareholders

Other than with respect to CCP and except as provided in this Agreement, or except with the prior written unanimous consent of the Board, no Principal shall, so long as the Corporate Shareholder which the Principal represents is a Shareholder of the Corporation:

- (a) Encumber any of the shares in the capital of such Corporate Shareholder or any Intermediary Corporation; or
- (b) Transfer or agree or grant an option to Transfer ownership legally, beneficially or otherwise any of the shares in the capital of such Corporate Shareholder or in the capital of any Intermediary Corporation.

No Corporate Shareholder shall consent to, authorize, suffer, permit or ratify any transaction in breach of the foregoing restrictions.

6.5 Further Issue of Shares of Corporate Shareholders

Each Principal and the Corporate Shareholder which such Principal represents agree that so long as such Corporate Shareholder is a Shareholder of the Corporation, no additional shares of such Corporate Shareholder shall be issued, save and except to the existing shareholders of the Corporate Shareholder, the Principal who represents that Corporate Shareholder, or a member of the Principal's Immediate Family, provided that such Principal continues at all times to be the registered and beneficial owner of not less than 51% of all of the issued and outstanding shares to which voting rights are attached in the capital of the Corporate Shareholder represented by such Principal. No such issuance shall be valid or effective until written notice of such issuance shall have been given by such Corporate Shareholder to the parties to this Agreement.

6.6 Change of Control

Other than with respect to CCP, each Corporate Shareholder, and every Principal who represents such Corporate Shareholder, covenants that, so long as such Corporate Shareholder is a Shareholder of the Corporation, such Corporate Shareholder:

- (a) shall not take part in any amalgamation, merger or reorganization or in any similar proceeding, or permit any transfer of its shares, the effect of which would be a change in the Corporate Shareholder's direct or indirect registered or beneficial ownership of Issued Shares; and
- (b) shall continue to be controlled by the Principal which represents such Corporate Shareholder as of the later of:
 - (i) the date of this Agreement; and
 - (ii) the date that such Corporate Shareholder acquires any Issued Shares,

unless otherwise consented to in writing by all of the other Shareholders.

ARTICLE 7
PRE-EMPTIVE RIGHTS

7.1 Business Issuances

If the Board has determined that a proposed share issuance is a Business Issuance, the Board may issue such shares without further action or approval by the Shareholders. If the Business Issuance is a Going Public Transaction or a RTO the Board is authorized to amend the Letters Patent of the Corporation to the extent necessary, in the sole determination of the Board, to effect the Going Public Transaction or a RTO, including approval of articles of amendment and amending the by-laws of the Corporation without any further act of the Shareholders. Any such action shall be deemed for corporate law purposes to have been unanimously approved by all Shareholders and any 1 director is hereby authorized to sign all such documents, including shareholder resolutions, on behalf of the Shareholders to evidence such approval.

7.2 Further Issue of Shares of the Corporation

- (a) Subject to Section 7.3, if at any time the Board proposes to issue, or to grant an option or other right to purchase or subscribe for shares out of the Authorized Capital, to any Person or Persons (the "**Contemplated Issue**"), the provisions of this Article shall apply. In these circumstances, each Shareholder shall first be entitled to subscribe for his Proportionate Share of the Contemplated Issue. The Board shall, by notice in writing (the "**Offer Notice**"), offer the Contemplated Issue to the Shareholders. The Offer Notice shall specify the number and class of shares forming the Contemplated Issue, the number and class of shares offered to each Shareholder, the subscription price for such shares and the purchase date, which shall be not less than 10 days following the date of the Offer Notice. The Offer Notice shall specify the time within which the offer, if not accepted, shall be deemed to be declined, which time shall be not less than 5 days nor more than 10 days following the date that the Offer Notice is received by each Shareholder. The Offer Notice shall also state that any Shareholder who wishes to subscribe for a number of shares less than or in excess of his Proportionate Share should, in his subscription, specify the number of shares less than or in excess of his Proportionate Share that he/she wishes to purchase.
- (b) Each Shareholder may, within the time limit contained in the Offer Notice, subscribe for all or a part of the shares of the Corporation thereby offered. If no subscription is received by the Corporation from a Shareholder within the time limit contained in the Offer Notice, such Shareholder shall be deemed to have refused such offer and the Corporation may proceed to issue the Contemplated Issue.
- (c) If all of the Shareholders do not subscribe for their respective Proportionate Shares of the Contemplated Issue, the unsubscribed shares will be used to satisfy the subscriptions of those Shareholders who subscribed for shares in excess of their Proportionate Share and, if the subscriptions in excess are more than sufficient to exhaust such unsubscribed shares, the unsubscribed shares will be divided pro-rata among the Shareholders who wish to subscribe for excess shares, in proportion to the number of shares held by them at the date of the Offer Notice; provided that no Shareholder shall be obligated to purchase any shares in excess of the number indicated in its subscription.

7.3 Pre-Emptive Right Carve-Outs

The pre-emptive right in Section 7.2 will not apply: (a) to a Business Issuance; (b) to an investor determined unanimously by the Board to be a strategic investor; (c) to the exercise, conversion or exchange of any securities of the Corporation issued prior to the date hereof or issued pursuant to this pre-emptive right or an execution therefrom; (d) the repurchase by the Corporation of any Issued Shares for cancellation at a

purchase price per Issued Share which is equal to or lower than the issue price thereof; (e) a Going Public Transaction; or (f) a RTO.

7.4 Closing

Any Shareholder subscribing for shares pursuant to the Offer Notice shall purchase and pay for the shares in full on the purchase date set out in the Offer Notice. If the Shareholders collectively are not prepared to purchase all of the Contemplated Issue, the Corporation may issue any part of the Contemplated Issue not purchased by the Shareholders to such Person(s) as the Board may determine, for a consideration not less than the consideration set out in the Offer Notice within forty (40) days of the purchase date set out in the Offer Notice. If the Corporation does not sell all of the Contemplated Issue within the said forty (40) day period, the provisions of this Article will once again apply to any further issuance of shares out of the Authorized Capital. This Article shall apply every time the Corporation wishes to issue further shares out of the Authorized Capital.

7.5 Agreement Required

Prior to the issuance of shares in the Authorized Capital to any Person pursuant to this Article, such Person, if not already a Shareholder, shall be required to enter into a Consent Agreement and, if applicable, a Principal Agreement consenting to the terms of this Agreement and agreeing to assume and be bound by all of the terms and conditions of this Agreement as if such Person were an original party to this Agreement, failing which the Corporation shall not be entitled to issue any shares out of the Authorized Capital to such Person.

ARTICLE 8 RIGHTS OF REFUSAL

8.1 Rights of First Refusal

- (a) **Right of First Refusal (Last Right to Match).** If at any time any Shareholder or group of Shareholders acting in concert (individually a "**Selling Shareholder**" or, if more than one, "**Selling Shareholders**") desire to sell, assign, transfer, or dispose of any Issued Shares held by the Selling Shareholder(s) to a third party (the "**Third Party**") with whom each Selling Shareholder deals at Arm's Length, they shall obtain from the Third Party a bona fide offer (the "**Offer**") in writing, which the Selling Shareholder(s) are ready and willing to accept, to purchase such Issued Shares for the amount set forth in the Offer. The Offer must acknowledge that the consummation of same is subject to the terms and conditions of this Article 8.
- (b) **Offer Notice.** The Selling Shareholder(s) covenant to give written notice of any Offer together with a copy of same to the other Shareholders and the Corporation within ten (10) days following receipt of same (the "**Selling Shareholder Notice**"). The Selling Shareholder Notice shall specify: (i) the number of Issued Shares to be sold, assigned, transferred, or disposed of, by the Selling Shareholder; (ii) the name of the Person or entity who has offered to purchase such the Issued Shares; (iii) the per share purchase price and the other material terms and conditions of the Offer, including a description of any non-cash consideration in sufficient detail to permit the valuation thereof; and (iv) the proposed date, time and location of the closing of the Offer, which shall not be less than sixty (60) days from the date of the Selling Shareholder Notice.
- (c) **Right of First Refusal – Minority Shareholders.** Each Minority Shareholder that is not a Selling Shareholder shall have the irrevocable right exercisable by written notice given to the Selling Shareholder(s) within 10 days following receipt of the Selling Shareholder Notice to elect to

purchase the Issued Shares of the Selling Shareholder(s) if such Selling Shareholder is a Minority Shareholder which form the subject matter of the Offer on the terms and conditions and for the price per Issued Share contemplated by the Offer. Each Minority Shareholder who so elects shall be entitled to purchase, unless another allocation is agreed upon by such Minority Shareholder, such number of Issued Shares forming the subject matter of the Offer multiplied by a fraction, the numerator of which is the number of Issued Shares held by such Minority Shareholder, and the denominator of which is the number of Issued Shares held by the other Minority Shareholders, in each case as of the date immediately prior to the sale of Issued Shares pursuant to the Offer.

- (d) **Right of Second Refusal – Other Shareholders.** If section 8.1(c) is not applicable or the Minority Shareholders decline to exercise their rights pursuant to that section, each Shareholder that is not a Selling Shareholder shall have the irrevocable right exercisable by written notice given to the Selling Shareholder(s) within 30 days following receipt of the Selling Shareholder Notice to elect to purchase the Issued Shares of the Selling Shareholder(s) which form the subject matter of the Offer on the terms and conditions and for the price per Issued Share contemplated by the Offer. Each Shareholder who so elects shall be entitled to purchase, unless another allocation is agreed upon by such Shareholder, such number of Issued Shares forming the subject matter of the Offer multiplied by a fraction, the numerator of which is the number of Issued Shares held by such Shareholder, and the denominator of which is the number of Issued Shares held by the other Shareholders, in each case as of the date immediately prior to the sale of Issued Shares pursuant to the Offer.
- (e) **Sales of Shares – Right of First Refusal Not Exercised.** If, following compliance with sections 8.1(a), 8.1(b), 8.1(c) and 8.1(d) there remains Issued Shares that the other Shareholders have not elected to purchase, then, subject to the approval of the Board, hereof, the Selling Shareholder(s) may transfer the remaining Issued Shares to the Third Party in accordance with the terms and conditions of the Offer and the requirements of sections 8.1(a), 8.1(b), 8.1(c) and 8.1(d), as applicable, and the parties hereby agree to take all steps and proceedings required to have the Third Party entered on the books of the Corporation as a Shareholder, provided that if the transfer to the Third Party is not completed within ninety (90) days after the giving of the notice by the Selling Shareholder(s) to the Corporation and the other Shareholders pursuant to the Selling Shareholder Notice in accordance with section 8.1(a) and 8.1(b), the obligation, right and entitlement of the Selling Shareholder(s) to complete the transfer to the Third Party in accordance with the terms of the Offer shall expire and the provisions of this section 8.1(e) shall thereafter apply *mutatis mutandis* to any Offer, transfer or proposed sale of Common Shares. The Selling Shareholder(s) are hereby irrevocably appointed the agent and attorney of the Shareholders and each of them for the purposes of effecting registration of the Third Party as a Shareholder of the Corporation. This appointment, being coupled with an interest, shall not, to the extent permitted by applicable law, be revoked by the insolvency, bankruptcy, dissolution, liquidation or other termination of the existence of the grantor or for any other reason. The Board or the Shareholders (including the Selling Shareholder(s)), as the case may be, before consenting to any transfer of Common Shares to a Third Party, shall require proof that the sale took place in accordance with the terms of the relevant Offer and in compliance with the terms and conditions of this section 8.1(e) and shall require the Third Party to execute and deliver a Consent Agreement or Principal Agreement, as applicable. The Board shall refuse the recording of any transfer of the Common Shares that may have occurred otherwise than in accordance with the provisions of this Agreement.

8.2 Right of First Refusal Carve-Out

The right of first refusal in Section 8.1 will not apply to: (a) Transfer of Issued Shares in accordance with Article 6; (b) Transfer of Issued Shares in accordance with Article 9; (c) a Transfer of Issued Shares in

accordance with Article 10; (d) a Transfer of Issued Shares in accordance with Article 11; or (e) the Allan Holdings Transaction.

8.3 Competitor Offers

Notwithstanding anything to the contrary herein, if at any time, one or more Shareholders wishes to transfer any of his/her/its Issued Shares to a Competitor, such transfer shall not be permitted without approval of CCP. If the Shareholders unanimously approve such transfer, such selling Shareholder shall be permitted to transfer his Issued Shares in accordance with this Article 8.

ARTICLE 9 PIGGY-BACK

9.1 Right to Participate in Sale

If any Shareholder (in this Section 9.1, the "**Offeree Shareholder**") receives a bona fide written offer (in this Section 9.1 called the "**Third Party Offer**") from any Person dealing at Arm's Length with the Offeree Shareholder to purchase all or part of its Issued Shares, or if the Offeree Shareholder is a Corporate Shareholder all of its issued and outstanding shares (which shall be deemed to include any offer made by the Offeree Shareholder to any Third Party to sell all of its Issued Shares or all of its issued and outstanding shares to the Third Party) which the Offeree Shareholder proposes to accept, the Offeree Shareholder shall, prior to any acceptance thereof, give notice in writing (the "**Sales Notice**") to the other Shareholders (in this Section 9.1, the "**Non-Offeree Shareholders**") and to the Corporation of the Third Party Offer. The Sales Notice shall be accompanied by a true copy of the Third Party Offer.

9.2 Option to Participate

Each of the Non-Offeree Shareholders shall have the option, within fifteen (15) days following his receipt of the Sales Notice, to give notice in writing (a "**Participation Notice**") to the Offeree Shareholder and to the Corporation that he/she wishes to participate in the proposed sale described in the Sales Notice. The Participation Notice shall constitute the Offeree Shareholder as the agent of the Non-Offeree Shareholder giving a Participation Notice to agree to the sale of all or part of the Issued Shares of such Non-Offeree Shareholder, on the terms and conditions described in the Third Party Offer, save and except that the purchase price payable to the Non-Offeree Shareholder shall be paid in cash or by certified cheque or bank draft on Closing. All Issued Shares purchased pursuant to the Third Party Offer shall be purchased pro-rata in accordance with its Proportionate Share as at the date of the Sales Notice from the Offeree Shareholder and a Non-Offeree Shareholder that has duly delivered a Participation Notice.

9.3 Deemed Election

In the event any or all of the Non-Offeree Shareholders do not deliver a Participation Notice within the time period referred to in the preceding section, such Non-Offeree Shareholders shall be deemed to have elected not to sell any of their Issued Shares in accordance with the Sales Notice.

9.4 Sale to Third Party

After the expiration of the time period referred to in Section 9.2, the Offeree Shareholder shall be entitled to accept the Third Party Offer, provided that the Third Party agrees to also purchase the shares of those Non-Offeree Shareholders who have delivered a Participation Notice within the required time period, whereupon a binding agreement of purchase and sale for the Issued Shares of the Offeree Shareholder and such Non-Offeree Shareholders shall be deemed to have come into effect. If the Third Party does not agree

to purchase the shares of all such Non-Offeree Shareholders, then the Offeree Shareholder shall not be entitled to accept the Third Party Offer.

9.5 Time of Closing

Any purchase and sale contemplated pursuant to this Article shall take place on the date set for Closing contained in the Third Party Offer, or as otherwise agreed to by the Offeree Shareholder and the Third Party, provided such date shall not be later than sixty (60) days or such longer period as may be mutually agreed to by the Third Party, the Offeree Shareholder and each Non-Offeree Shareholder who has delivered a Participation Notice following the expiry of the time period referred to in Section 9.2, or such longer period as may be mutually agreed to by the Third Party Offeree Shareholder and each Non-Offeree Shareholder who has delivered a Participation Notice. In the event that the Offeree Shareholder sells fewer than all of its Issued Shares to the Third Party, it shall be a condition of the said sale that the Third Party and, if such Third Party is a corporation, the shareholders of the Third Party, enter into a written agreement with the parties to this Agreement consenting to the terms of this Agreement and agreeing to assume and be bound by all of the terms and conditions of this Agreement as if they were original parties to this Agreement, failing which the transfer of shares to the Third Party shall not be valid or effective.

9.6 Completion of Sale

The Board, before consenting to the transfer of the Issued Shares being sold pursuant to this Article, shall be entitled to require proof that the sale took place in accordance with the provisions of this Article. The Corporation shall refuse to permit the recording of a transfer of the Issued Shares which may have been sold otherwise than in accordance with the provisions of this Article.

9.7 Further Sales

If a sale of shares pursuant to this Article is not completed within the time period set out in Section 9.5, following the expiry of the time period set out in Section 9.2, no sale by the Offeree Shareholder to a Third Party shall be completed without the Offeree Shareholder again complying with the provisions of this Article.

ARTICLE 10 DRAG-ALONG RIGHT

10.1 Notice of Exercise of Right

If at any time Shareholders holding more than 80% of the Issued Shares to which voting rights are attached (collectively, the "**Controlling Shareholders**") obtain from any third party with whom they deal at Arm's Length a bona fide offer (in this Section 10.1, a "**Control Offer**") to purchase all, but not less than all, of the Issued Shares, the Controlling Shareholders shall have the right, exercisable upon ten (10) days' notice given to the other Shareholders (in this Section 10.1, the "**Recipient Shareholders**") to require the Recipient Shareholders to sell their Issued Shares pursuant to the Control Offer (a "**Drag-along Sale**") and to execute and deliver all documents and to do and cause to be done all such things as are necessary to conclude the transaction of purchase and sale contemplated under the Control Offer (including to the extent permitted by applicable law, causing their respective nominees on the Board to approve any transaction).

10.2 Cooperation

Each Recipient Shareholder shall make or provide the same representations, warranties, covenants, indemnities and agreements as the Selling Shareholder makes or provides in connection with the Drag-along Sale, or as may be necessary to consummate the Drag-along Sale.

10.3 Consideration

In connection with a Control Offer, except as hereinafter provided, all Shareholders of the same class will be entitled to receive the same consideration per Issued Share.

10.4 Completion of Purchase and Sale

The purchase and sale of all of the shares pursuant to Section 10.1 shall take place not earlier than twenty (20) days after the notice given to the Recipient Shareholders pursuant to Section 10.1 in accordance with the terms of the Control Offer.

ARTICLE 11 MANDATORY TRANSFER OF SHARES

11.1 Events of Default

- (a) For the purposes of this Article, an "Event of Default" means the occurrence of any one of the following:
- (i) if any act or omission by a Shareholder or a Principal, directly or indirectly:
 - (A) prevents the Corporation from obtaining or renewing a license for activities that require a license under the ACMPR;
 - (B) restricts the Corporation from operating as a licensed producer under applicable laws; or
 - (C) causes the Corporation to have its license suspended or revoked;
 - (ii) if any breach of Article 15 occurs in relation to any Shareholder or a Principal;
 - (iii) if any Shareholder or a Principal makes an assignment for the benefit of creditors or a proposal under the *Bankruptcy and Insolvency Act* (Canada) or if a receiving order is made against any Shareholder or a Principal;
 - (iv) if an Encumbrance is granted by a:

- (A) Shareholder in any Issued Shares to any Person; or
 - (B) Principal in the shares owned by such Principal in the Corporate Shareholder which such Principal represents;
- (v) if an execution or any similar process is levied or enforced upon or against the Issued Shares owned by any Shareholder and remains unsatisfied for a period of thirty (30) days, or if any Shareholder ceases to control such Shareholder's Issued Shares;
 - (vi) if any Person takes possession of the Issued Shares owned by a Principal in the Corporate Shareholder which such Principal represents, or if an execution or any similar process is levied or enforced upon or against such issued shares and remains unsatisfied for a period of thirty (30) days, or if a Principal ceases to control such shares or be the registered and beneficial owner of not less than 51% of all of the issued and outstanding Issued Shares of all classes in the capital of the Corporate Shareholder that such Principal represents;
 - (vii) if any of the securities of the Corporate Shareholder are issued to a Person who is not a member of the Principal's Immediate Family; and
 - (viii) any other failure or breach of material obligations, covenants, representations or warranties under this Agreement, or under an instrument or document delivered pursuant to this Agreement at any time after the date of this Agreement, and such failure or breach is not corrected within ten (10) Business Days after receipt of notice of the failure or breach from any other party or where, due to the nature of the failure or breach it cannot be rectified within such ten (10) Business Days, rectification of such failure or breach has not been commenced within ten (10) Business Days and diligently pursued thereafter.
- (b) In this Article, the Shareholder involved in an Event of Default shall be referred to as the "**Defaulting Shareholder**", and such term shall include any Person with an interest in the Issued Shares owned by such Shareholder, including the spouse of such Shareholder, and the Issued Shares being sold by the Defaulting Shareholder pursuant to this Article shall be referred to as the "**Purchased Shares**". If a Principal is involved in an Event of Default, the Corporate Shareholder which such Principal represents shall be deemed to be involved in such Event of Default.

11.2 Option to Purchase

Upon the occurrence of an Event of Default, each Defaulting Shareholder hereby grants to the Corporation an option to purchase all but not less than all of the Issued Shares owned by such Shareholder on the terms and conditions contained in this Article. The Corporation shall be entitled to exercise such option by delivering a notice in writing to the Defaulting Shareholder at any time within twelve (12) months following the date that the Corporation becomes aware of an Event of Default (the "**Option Date**") provided that at the date of delivery of such notice the Event of Default is continuing.

11.3 Purchase Price

- (a) Subject to Section 11.3(b), the purchase price for the Purchased Shares (the "**Purchase Price**") of the Defaulting Shareholder pursuant to this Article 11 shall be the Value on the Option Date determined in accordance with Article 12 discounted by 20% of such Value.

- (b) In the event of a disposition pursuant to Section 11.1(a)(viii), the Purchase Price for the Purchased Shares of the Defaulting Shareholder pursuant to this Article 11 shall be the Value on the Option Date determined in accordance with Article 12 entitled "Valuation of Shares".

11.4 Payment of Purchase Price

The Purchase Price for the Purchased Shares shall be paid by the Corporation in twelve (12) equal consecutive monthly instalments. The first instalment shall be payable on the Closing of the transaction of purchase and sale contemplated by this Article. Payment of the Purchase Price may be made in whole or in part to the legal representative of the Defaulting Shareholder or any Person with an interest in the Purchased Shares, as may be required by law or by any order of a court of competent jurisdiction.

11.5 Time of Closing

Unless otherwise agreed by the Defaulting Shareholder and the Corporation, the Closing of the transaction of purchase and sale contemplated by this Article shall take place on the later of sixty (60) days following the Option Date and ten (10) days following the date upon which the amount of the Purchase Price for the Purchased Shares is calculated in accordance with Article 12 entitled "Valuation of Shares".

11.6 Power of Attorney

If the Defaulting Shareholder does not produce all necessary documentation to transfer the Issued Shares to the Corporation free and clear of any Encumbrance then to the extent permitted at law, the Defaulting Shareholder hereby irrevocably constitutes and appoints the Corporation as its true and lawful attorney-in-fact and agent in the name of and on behalf of the Defaulting Shareholder to execute and deliver in the name of the Defaulting Shareholder all such assignments, transfers, deeds or instruments as may be necessary to effectively transfer and assign the Issued Shares being sold to the Corporation. Such appointment and power of attorney, being coupled with an interest, shall not be revoked by the dissolution, winding-up, bankruptcy or insolvency of the Defaulting Shareholder and the Defaulting Shareholder hereby ratifies and confirms and agrees to ratify and confirm that which the Corporation may lawfully do or cause to be done by virtue of the provisions hereof. The Defaulting Shareholder hereby irrevocably consents to the transfer of its Issued Shares made pursuant to the provisions of this Article.

ARTICLE 12 VALUATION OF SHARES

12.1 Value Equal to Fair Market Value

The Value of the Issued Shares being sold pursuant to this Agreement (other than pursuant to the provisions of Article 8, Article 9 and Article 10) shall be equal to the Proportionate Share of the vendor in the relevant sales transaction (the "**Vendor**") of the fair market value of all of the Issued Shares, as determined pursuant to this Article.

12.2 Determination of Value

- (a) If the Corporation has entered into a Financing that had a Closing date (the "**Relevant Financing**") that is less than four (4) months prior to the date on which the Value of the Issued Shares must be determined (the "**Valuation Date**"), the fair market value of all of the Issued Shares shall be equal to the sum obtained using the following formula:

$A = B \times C$

where,

A = fair market value of all of the Issued Shares on the Valuation Date

B = the total number of Issued Shares on the Valuation Date

C = the price per share attributed to a share of the Corporation for the purposes of the Relevant Financing (i.e. the per share pre-money valuation used in the Relevant Financing)

- (b) If there is no Relevant Financing upon which to determine the fair market value of the Issued Shares, the Value of the Issued Shares shall be unanimously agreed upon by the Vendor and the purchaser(s) in the relevant sales transaction (the "**Purchaser**") within ten (10) Business Days following the date that the event causing the obligation to sell arises (the "**Negotiation Period**"). The Vendor and the Purchaser shall act reasonably and in good faith during such negotiations.
- (c) If the Vendor and the Purchaser are unable to agree upon the Value of the Issued Shares within the Negotiation Period, the Value of all Issued Shares shall be determined as follows:
 - (i) within ten (10) Business Days following the expiry of the Negotiation Period (the "**Delivery Period**"), the Vendor shall deliver to the Purchaser a list (the "**Valuator List**") containing the names of three (3) reputable chartered accounting firms having experience in business valuation and with no pre-existing relationship (professional or otherwise) with the Corporation or any Shareholder or Principal;
 - (ii) within three (3) Business Days following the date the Vendor provides the Valuator List to the Purchaser (the "**Selection Period**"), the Purchaser shall select one of the accounting firms named in the Valuator List and notify the Vendor in writing of such selection. If, within the Selection Period, the Purchaser fails to advise the Vendor of the accounting firm selected by the Purchaser, the Vendor may at any time prior to the Purchaser advising the Vendor of the accounting firm selected by the Purchaser, select one of the accounting firms named in the Valuator List and advise the Purchaser in writing of such selection. If the Vendor so selects one of the accounting firms, the Purchaser may not thereafter select one of the accounting firms;
 - (iii) if the Vendor fails to deliver a Valuator List to the Purchaser within the Delivery Period, the Purchaser may at any time prior to the Vendor delivering a Valuator List to the Purchaser, deliver a Valuator List to the Vendor and, if the Purchaser does so, the Vendor may not subsequently deliver a Valuator List to the Purchaser and shall have a period of three (3) Business Days within which to select one of the accounting firms named in the Valuator List provided by the Purchaser and notify the Purchaser in writing of such selection. If, within such three (3) Business Day period, the Vendor fails to advise the Purchaser of the accounting firm selected by the Vendor, the Purchaser may at any time prior to the Vendor advising the Purchaser of the accounting firm selected by the Vendor, select one of the accounting firms named in the Valuator List and advise the Vendor in writing of such selection. If the Purchaser so selects one of the accounting firms, the Vendor may not thereafter select one of the accounting firms;

- (iv) the responsible partner at the accounting firm selected in accordance with the preceding provisions shall designate one of its members who is a certified business valuator and, for the purposes hereof, such person shall be called the "Valuator";
- (v) the Valuator shall be retained solely on behalf of the Corporation and the costs of the Valuator shall be borne by the Corporation; and
- (vi) the Valuator shall act as a business valuator and not as an arbitrator or umpire. The Valuator shall apply such business valuation principles as it in its sole discretion deems appropriate and may consult such other expert valutors as it considers advisable. Despite the foregoing, the Value of the Issued Shares shall be determined without any restrictions applying to the transfer of such shares, without any premium or discount being applied for a majority or minority share interest.

12.3 Valuation Conclusive

The determination of the Value of the Issued Shares in accordance with this Article, shall, however determined in accordance with this Article, be conclusive and binding upon the Vendor and the Purchaser.

ARTICLE 13 ARBITRATION

13.1 Arbitration Procedures

If any dispute or question (a "**dispute**") arises between the parties hereto concerning the interpretation of this Agreement or any part thereof, the parties to the dispute will attempt in good faith to resolve such dispute. If the parties to the dispute have not agreed to a settlement of the dispute within thirty (30) days from the date on which the dispute first became known to the Corporation, then the dispute will be submitted to arbitration pursuant to the *Arbitration Act* (Prince Edward Island) in accordance with the following:

- (a) The arbitration tribunal will consist of one arbitrator appointed by mutual agreement of the parties to the dispute, or in the event of failure to agree within ten (10) Business Days following delivery of the written notice to arbitrate, any party to the dispute may apply to a judge of the Supreme Court of Prince Edward Island to appoint an arbitrator. The arbitrator must be qualified by education and training to rule upon the particular matter to be decided.
- (b) The arbitrator will be instructed that time is of the essence in the arbitration proceeding and that, in any event, the arbitration award must be made within thirty (30) days of the submission of the dispute to arbitration.
- (c) After written notice is given to refer any dispute to arbitration, the parties will meet within ten (10) Business Days of delivery of the notice and negotiate in good faith any changes in these arbitration provisions or the rules of arbitration which are adopted by this section, in an effort to expedite the process and otherwise ensure that the process is appropriate given the nature of the dispute and the values at risk.
- (d) The arbitration will take place in Charlottetown, Prince Edward Island.

- (e) The arbitration award will be given in writing and is final and binding on the parties, not subject to any appeal. Subject to the provision of this Section 13.1(e), the arbitration award will deal with the question of costs of arbitration and all related matters. A party to a dispute may, at any time, make an offer to the other parties to the dispute to settle all or any part of the dispute. Any offer to settle is deemed to be an offer of compromise made in confidence and without prejudice. The fact that an offer to settle has been made may not be communicated to the arbitrator until the arbitrator has made a final determination of all aspects of the dispute other than costs. If an offer to settle is not accepted and the arbitration award is no more favourable to the party to which the offer was made, the party making the offer is entitled to all of its costs in connection with the arbitration in respect of the period from the date the offer to settle was made to the making of the arbitration award. The costs of arbitration include the arbitrators' fees and expenses, the provision of a reporter and transcripts, reasonable legal fees and reasonable costs of preparations.
- (f) Judgment upon any award may be entered in any Court having jurisdiction or application may be made to the Court for a judicial recognition of the award or an order of enforcement, as the case may be.
- (g) All disputes referred to arbitration (including the scope of the agreement to arbitrate, any statute of limitations, set-off claims, conflict of laws, rules, tort claims and interest claims) are governed by the law of Prince Edward Island and the federal law of Canada applicable therein.
- (h) Despite the submission of a dispute to arbitration, each party shall continue to perform all of its obligations under this Agreement until the final disposition of the arbitration. Each party shall only cease or curtail such performance if the party is expressly permitted to do so by a final award of the arbitral tribunal that has not been appealed, by a final court judgment, or otherwise by court order. The parties agree that the breach of this term requiring continued performance of the agreement will cause serious and irreparable damage and harm to the affected party and that remedies at law may be inadequate to compensate for such a breach. Each party agrees that an injunction or order for specific performance, or both, is an appropriate remedy to enforce this term, without proof of factual damages, in addition to any other remedy to which the affected party may be entitled.
- (i) In addition to any other confidentiality obligations that may apply, the parties shall keep confidential and not disclose to any person the existence of the arbitration and any element of the arbitration (including submissions and any evidence of or documents presented or exchanged and any awards thereunder), except to the arbitral tribunal, the parties' auditors and insurers, legal counsel to the parties and any other person necessary to the conduct of the arbitration and except to the extent required by law, the rules of a stock exchange or securities regulatory authority having jurisdiction over a party, or as required for any court application to set aside or enforce any award or decision made pursuant thereto. No individual shall be appointed as an arbitrator unless he/she agrees in writing to be bound by a confidentiality provision similar in form and substance to this paragraph.
- (j) By agreeing to arbitration, the Shareholders do not intend to deprive any court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral attachment or other order in aid of the arbitration proceedings and the enforcement of any award. Without prejudice to such provisional remedies in aid of arbitration as may be available under the jurisdiction of a legal court, the arbitrator shall have full authority to grant provisional remedies, statutory remedies and to award damages for the failure of the disputing Shareholders to respect the arbitrator's orders to that effect.

ARTICLE 14
GENERAL SALE PROVISIONS

14.1 Provisions Applicable to all Sales

Whenever a sale or purchase of shares occurs pursuant to the terms of this Agreement (the "**Sale Transactions**"), the following additional provisions shall apply:

- (a) in this Article:
 - (i) the party (or parties) selling is called the "**Vendor**";
 - (ii) the party (or parties) purchasing is called the "**Purchaser**";
 - (iii) the closing of the Sale Transaction is called the "**Closing**";
 - (iv) the Issued Shares being sold are called the "**Purchased Shares**"; and
 - (v) the purchase price for the Purchased Shares is called the "**Purchase Price**";
- (b) the Closing shall occur at 2:00 p.m. (Toronto time) at the registered office of the Corporation on the date set for Closing pursuant to the provisions of this Agreement, subject to any further written agreement between the parties;
- (c) on Closing, the Vendor shall:
 - (i) deliver to the Corporation signed resignations of the Vendor and the Vendor's nominees, if any, as directors and officers of the Corporation;
 - (ii) assign and transfer the Purchased Shares to the Purchaser and deliver to the Purchaser the share certificate(s) evidencing the Purchased Shares, which certificates shall be duly endorsed for transfer;
 - (iii) do all other acts and things required in order to deliver good and marketable title to the Purchased Shares to the Purchaser, free and clear of Encumbrances whatsoever, including the delivery of any declarations of transmission. If, on Closing, the Purchased Shares are not free and clear of Encumbrances, the Purchaser may, without prejudice to any other rights which the Purchaser may have, pay all, or such portion, of the Purchase Price to such Person or Persons as may be necessary to discharge the Encumbrances; and
 - (iv) either provide the Purchaser with evidence reasonably satisfactory to the Purchaser that the Vendor is not then a non-resident of Canada within the meaning of the Income Tax Act or provide the Purchaser with a certificate pursuant to section 116(2) of the Income Tax Act, with a certificate limit in an amount which is not less than the Purchase Price. If such evidence or certificate is not delivered on Closing, the Purchaser may pay the tax required to be paid by the Vendor in connection with the sale of the Purchased Shares under the Income Tax Act and deduct such payment from the Purchase Price;
- (d) if any part of the Purchase Price is to be paid in installments, then the following terms shall apply:
 - (i) if the Purchaser defaults in any payment of principal or interest due on any deferred balance of the Purchase Price (the "**Balance**") and such default continues for a period of

ten (10) Business Days after written notice of such default is given to the Purchaser, then, without prejudice to any other rights which the Vendor may have, the Balance shall, at the option of the Vendor, immediately be accelerated and become due and payable in full;

(ii) the Purchaser shall have the right to prepay at any time or times the whole or any part of any Balance without notice, bonus or penalty, provided that such prepayments are made in multiples of \$1,000.00, but if less than \$1,000.00 remains unpaid, then the entire Balance must be paid;

(iii) as long as any Balance remains outstanding, the parties shall do all such acts and things as may be necessary to ensure that:

(A) the rate of payment and the amount of salaries, commissions, bonuses, directors' fees or other remuneration paid by the Corporation to the remaining Shareholder(s) or any person not dealing at Arm's Length with the remaining Shareholder(s) shall not be greater than the amount paid during the fiscal year ending immediately prior to Closing, except for reasonable and customary increases;

(B) the remaining Shareholder(s) shall not Encumber any of his Issued Shares and, except pursuant to this Agreement, shall not Transfer any of its Issued Shares unless on the closing of such Transfer, the Balance is paid to the Vendor; and

(C) the Corporation does not

i. pay any dividends;

ii. purchase, redeem or otherwise retire any of its shares, except if obligated to do so under this Agreement;

iii. permit any withdrawals by or on behalf of the remaining Shareholder(s); or

iv. repay any loans to the remaining Shareholder(s),

it being intended that all monies available for such purposes be used to pay such unpaid balance of the Purchase Price;

(D) the Corporation does not sell, mortgage, transfer, exchange or otherwise dispose of any of its assets except in the normal course of its business, unless the proceeds so generated will be immediately applied to prepay the Balance;

(e) on Closing, if the Vendor, or any Person, for or on behalf of the Vendor, has any guarantees, securities or covenants lodged with any Person to secure any indebtedness, liabilities or obligations of the Corporation, then the Purchaser and the Corporation shall use its best efforts to deliver or cause to be delivered to the Vendor or cancel or cause to be cancelled such guarantees, securities or covenants at the closing. If, despite such best efforts, the delivery or cancellation of any such guarantees, securities or covenants is not obtained, the Corporation shall deliver to the Vendor and/or the Person who shall have provided such guarantees, securities or covenants, an indemnity in writing in a form reasonably satisfactory to counsel for the Vendor, indemnifying him

or them against any and all Claims, demands, costs, expenses, damages, liabilities and suits paid, suffered or incurred by them with respect to the said guarantees, securities or covenants; and

- (f) if the Vendor does not produce all necessary documentation to transfer the Issued Shares to the Purchaser and complete the Sale Transaction three (3) Business Days prior to Closing, then, to the extent permitted at law, the Vendor hereby irrevocably constitutes and appoints the Corporation as its true and lawful attorney-in-fact and agent in the name of and on behalf of the Vendor to execute and deliver in the name of the Vendor all such assignments, transfers, deeds or instruments as may be necessary to effectively Transfer the Issued Shares being sold to the Purchaser. Such appointment and power of attorney, being coupled with an interest, shall not be revoked by the dissolution, winding-up, bankruptcy or insolvency of the Vendor and the Vendor hereby ratifies and confirms and agrees to ratify and confirm all that the Purchaser may lawfully do or cause to be done by virtue of the provisions hereof. The Vendor hereby irrevocably consents to the Transfer of its Issued Shares made pursuant to the provisions of this Section.

14.2 Provisions Applicable Where the Purchaser is the Corporation

If the Purchaser is the Corporation, the following additional provisions shall apply:

- (a) if the Corporation is indebted to the Vendor on Closing in an amount recorded on the books of the Corporation and verified by the Accountants or Auditors, the amount of such indebtedness shall be paid by the Corporation to the Vendor in the same manner and at the same times as the Purchase Price; and
- (b) if the Vendor is indebted to the Corporation on Closing in an amount recorded on the books of the Corporation and verified by the Accountants or Auditors, the Corporation shall have the right to deduct the amount of such indebtedness from the Purchase Price.

14.3 Provisions Applicable where the Purchaser is not the Corporation

If the Purchaser is not the Corporation, the following additional provisions shall apply:

- (a) on Closing, if the Corporation is indebted to the Vendor in an amount recorded on the books of the Corporation and verified by the Accountants or Auditors (the "**Corporation's Indebtedness**"), the Purchaser shall pay or satisfy the Corporation's Indebtedness to the Vendor in the same manner as the Purchase Price, and the Vendor shall assign the Corporation's Indebtedness to the Purchaser (together with any security held by the Vendor in respect of the Corporation's Indebtedness), free and clear of all Encumbrances and rights of set-off; and
- (b) on Closing, if the Vendor is indebted to the Corporation in an amount recorded on the books of the Corporation and verified by the Accountants or Auditors (the "**Vendor's Indebtedness**"), the Purchaser shall have the right to pay or satisfy all or any portion of the Vendor's Indebtedness and to receive and take credit against the Purchase Price for the amount so paid on account of the Vendor's Indebtedness.

ARTICLE 15
NON-COMPETITION AND NON-SOLICIATION

15.1 Agreement to Not Compete

Each Shareholder and Principal agrees that as long as he/she, or, in the case of a Principal, its Corporate Shareholder, is a shareholder of the Corporation and for a period of twelve (12) months thereafter, it shall not, either directly or indirectly and whether individually or in partnership or jointly or in conjunction with any Person as principal, agent, employee, shareholder or in any other manner whatsoever:

- (a) other than CCP, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit his, hers or its name or any part thereof to be used or employed by any Person engaged in or concerned with or interested in any business which is in direct competition with the business of the Corporation in the Province of Ontario or Prince Edward Island (a "**Competitor**");
- (b) divulge to any Person the name of any customer or client of the Corporation;
- (c) interfere in any manner with the Corporation's relationship with its suppliers, or solicit the Corporation's suppliers in connection with any products or services of the type then being supplied by such suppliers to the Corporation, or any similar or related products or services;
- (d) interfere in any manner with the Corporation's relationship with its customers or employees, including endeavouring to entice away the Corporation's customers or employees from the Corporation;
- (e) solicit the Corporation's customers in respect of products or services of the type then being provided by the Corporation to its customers, or any similar or related products or services; and
- (f) solicit the Corporation's employees with offers of employment from Persons other than the Corporation.

This Section 15.1 shall not prevent a Shareholder or a Principal or any of their respective affiliates from holding, in aggregate, up to 5% of the equity, voting rights or debt of a Competitor.

15.2 Applicability

- (a) For the purposes of this Article, every Person who has:
 - (i) supplied the Corporation with products or services; or
 - (ii) been supplied by the Corporation with products or services,during the twelve (12) month period preceding the date that such Shareholder ceases to be a shareholder of the Corporation, shall be deemed to be a supplier or a customer of the Corporation, as the case may be.
- (b) Every person who was an employee of the Corporation at any time during the twelve (12) month period preceding and following the date that such Shareholder ceases to be a shareholder of the Corporation shall be deemed to be an employee of the Corporation.

15.3 Restrictions Reasonable

Each Shareholder and Principal acknowledges that in the context of the specific knowledge of the affairs of the Corporation held by it or him, the nature of the business carried on by the Corporation and the relationship of each Shareholder and Principal to the Corporation, the restrictions set out in this Article are reasonable and valid in all respects, including the nature of the restrictions, the territory and the time period concerned, and all defenses to the strict enforcement thereof are waived by each Shareholder and Principal. Each Shareholder and Principal further acknowledges and agrees that a breach of this Article will likely result in irreparable harm to the Corporation and the Corporation may apply for an injunction to restrain any breach of this Article.

15.4 Corporation Intellectual Property

All Intellectual Property Rights developed by the Corporation, or by any of the Corporation's Shareholders, directors, officers, employees, consultants, or independent contractors in each case acting on behalf of the Corporation or in respect of the Business shall be the sole property of the Corporation, subject to the terms of any express agreement by the Corporation in writing relating to Intellectual Property Rights (which express agreement, for greater certainty, will govern in the event of any conflict between this Section 15.4 and such agreement). The Corporation shall ensure that all Shareholders, directors, officers, employees, consultants and independent contractors sign an agreement in a form acceptable to the Corporation's legal counsel whereby such Shareholder, director, officer, consultant or independent contractor confirm the foregoing.

15.5 Survival

The provisions of this Article shall survive any termination of this Agreement.

ARTICLE 16 HOLDBACK AND ESCROW

16.1 Holdback Agreement

In connection with a Going Public Transaction, if requested by the Corporation and the managing underwriter of such Going Public Transaction, each Shareholder agrees not to effect any sale or distribution of shares (other than as part of such Going Public Transaction) without the prior written consent of the Corporation or such managing underwriter for such period of time as may be requested by the Corporation and such managing underwriter (not to exceed the period beginning seven (7) days prior to the effective date of the final prospectus for the Going Public Transaction and ending one-hundred and eighty (180) days after the completion of the Going Public Transaction) provided this sentence will not apply unless each Officer and director of the Corporation and holders of 5% or more of the Corporation's voting securities then outstanding are bound by similar restrictions.

16.2 Escrow Requirements

In connection with any Going Public Transaction, the Shareholders will comply with any regulatory requirements to place shares owned by them in escrow on completion of the Going Public Transaction provided that the Shareholders will be afforded a reasonable opportunity to make submissions orally and in writing to the regulatory authorities who propose to impose such escrow requirements prior to their imposition.

16.3 Confidentiality of Notices

Any Shareholder receiving any written notice from the Corporation regarding the Corporation's plans to file a prospectus or conduct a Going Public Transaction will treat such notice confidentially and will not disclose such information to any person other than as necessary to exercise its rights under this Agreement.

ARTICLE 17 CONFIDENTIAL INFORMATION

17.1 Confidential Information

In this section, the words "**Confidential Information**" means all confidential information concerning the business, operations, Financing and affairs of the Corporation, including, without limiting the generality of the foregoing, the following:

- (a) such information as may be designated by a director, Officer, or senior employee of the Corporation as being confidential;
- (b) all trade secrets and know-how of the Corporation;
- (c) all information relating to the Corporation or to any Person with which the Corporation does business and which is not generally known to Persons outside the Corporation;
- (d) the Corporation's customers lists and records;
- (e) the Corporation's marketing, pricing and sales policies, techniques and concepts;
- (f) the buying habits and preferences of the Corporation's customers and prospective customers; and
- (g) the Corporation's production records and financial records, including accounts receivable records.

17.2 Confidentiality

- (a) Each Shareholder and Principal acknowledges and agrees that:
 - (i) all Confidential Information which is furnished to it by or with the concurrence of the Corporation or to which it becomes privy, will be furnished to it in confidence;
 - (ii) at all times it shall keep the Confidential Information in the strictest of confidence;
 - (iii) it shall not disclose, directly or indirectly, the Confidential Information to any other Person, except as permitted pursuant to this Agreement;
 - (iv) it shall use the Confidential Information solely for the benefit of the Corporation;
 - (v) it shall not use, at any time, any Confidential Information for its own benefit or purposes or for the benefit or purposes of any Person, other than the Corporation;
 - (vi) the disclosure of the Confidential Information will be highly detrimental to the Corporation;

- (vii) it shall indemnify and save harmless the Corporation from and against any and all Claims occasioned or suffered by the Corporation as a result of the Shareholder or the Principal, as the case may be, disclosing any of the Confidential Information contrary to the provision of this Article; and
 - (viii) upon the Shareholder or, in the case of a Principal, the Corporate Shareholder which the Principal represents, ceasing to be a shareholder of the Corporation, it shall immediately return to the Corporation all Confidential Information without retaining any copies, subject to compliance with applicable laws and any written policies of the relevant party.
- (b) The restrictions contained in Section 17.2(a) shall not apply to any portion of the Confidential Information which becomes generally known to the public, unless the Shareholder or the Principal in question is responsible for making the Confidential Information known to the public.
- (c) Without prejudice to any other rights of the Corporation, the parties acknowledge and agree that if a Shareholder or a Principal breaches or otherwise violates, or attempts to breach or otherwise violate, the provisions of this Article, the Corporation will likely suffer irreparable harm and an injunction or other like remedy shall be the only effective remedy to protect the Corporation's rights and interests and that an interim injunction may be granted immediately on the commencement of any law suit.

17.3 Non-Disparagement

Each Shareholder and Principal agrees that such Shareholder and Principal shall not engage in any pattern of conduct that involves the making or publishing of written or oral statements or remarks (including the repetition or distribution of derogatory rumours, allegations, negative reports or comments) which are disparaging, deleterious or damaging to the integrity, reputation or goodwill of the Corporation or any of its Subsidiaries, or the management of any such entity.

17.4 Restrictions Reasonable

Each Shareholder and Principal acknowledges and agrees that in the context of the specific knowledge of the affairs of the Corporation held by it and him, the nature of the business carried on by the Corporation and the relationship of each Shareholder and Principal to the Corporation, the restrictions set out in this Article are reasonable and valid in all respects, including the nature of the restrictions, the time period concerned, and all defenses to the strict enforcement thereof are waived by each Shareholder and Principal.

17.5 Other Obligations

The provisions of this Article shall apply in addition to, and not in substitution for, all obligations owed by the Shareholders and the Principals to the Corporation at law or in equity, including fiduciary duties and duties of confidentiality.

17.6 Survival

The provisions of this Article shall survive any termination of this Agreement.

ARTICLE 18
RIGHTS ATTACHED TO SHARES

18.1 Liquidation, Dissolution or Winding Up; Certain Amalgamations, Consolidations and Asset Sales

- (a) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event (as defined below), the holders of 60% of the Preferred Shares then outstanding shall be entitled to be paid (on a *pari passu* basis) out of the assets of the Corporation available for distribution to its Shareholders before any payment shall be made to the holders of Common Shares or other holders of Preferred Shares by reason of their ownership thereof, an amount per share equal to the greater of: (i) one and a half (1.5) times the Investment Amount, plus any dividends declared but unpaid thereon; and (ii) such amount per share as would have been payable had all Preferred Shares been converted into Common Shares immediately prior to such liquidation, dissolution, winding up or Deemed Liquidation Event (the amount payable pursuant to this sentence is hereinafter referred to as the "**Liquidation Amount**").
- (b) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, after the payment of all preferential amounts required to be paid to the holders of shares of the Preferred Shares, the remaining assets of the Corporation available for distribution to its shareholders shall be distributed among the holders of Common Shares and other holders of Preferred Shares, pro rata based on the number of shares held by each such holder.

18.2 Deemed Liquidation Events

- (a) Each of the following events shall be considered a "**Deemed Liquidation Event**" unless the holders of at least 60% of the outstanding Preferred Shares Preferred Shares elect otherwise by written notice sent to the Corporation at least ten (10) days prior to the effective date of any such event:
 - (i) an amalgamation, merger or consolidation in which
 - (A) the Corporation is a constituent party or
 - (B) a subsidiary of the Corporation is a constituent party and the Corporation issues shares pursuant to such amalgamation, merger or consolidation,except any such amalgamation, merger or consolidation involving the Corporation or a subsidiary in which the shares of the Corporation outstanding immediately prior to such amalgamation, merger or consolidation continue to represent, or are converted into or exchanged for shares that represent, immediately following such amalgamation, merger or consolidation, a majority, by voting power, of the shares of: (1) the surviving or resulting corporation; or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such amalgamation, merger or consolidation, the parent corporation of such surviving or resulting corporation; or
 - (ii) the sale, lease, transfer, exclusive irrevocable license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole or the sale or disposition (whether by amalgamation, merger, consolidation or otherwise) of one or more subsidiaries of the Corporation if substantially all of the assets, technology, intellectual property or business of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where

such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation.

ARTICLE 19 GENERAL

19.1 All Shares Subject to this Agreement

Each of the Shareholders will be bound by the terms of this Agreement with respect to all shares and other shareholders of the Corporation held by it from time to time.

19.2 Legend on Share Certificates

All share certificates of the Corporation and all instruments that are convertible into Issued Shares shall have the following memorandum endorsed thereon forthwith after the execution of this Agreement:

"This certificate is subject to restrictions on transfer set forth in the Letters Patent of the Corporation and in an amended and restated unanimous shareholder agreement dated January 25, 2018 among the Corporation and the shareholders of the Corporation, as such agreement may be amended from time to time."

19.3 Shareholders Agreement to Supersede Letters Patent, By-laws and Regulations

This Agreement will be a unanimous shareholders' agreement within the meaning of the Act and, to the extent permitted by law, this Agreement will supersede the Letters Patent, by-laws and resolutions of the Corporation. In the event of any conflict between any provision of this Agreement and any provision of any statute or regulation, the Letters Patent or by-laws of the Corporation or any resolution, instrument or other document relating to the Corporation, the provisions of this Agreement will, to the extent permitted by law, prevail and the parties hereto agree to cause such meetings to be held and to exercise their vote and influence so as to cause such Letters Patent, by-laws or resolutions to be amended or repealed to the extent necessary to resolve any such conflict in a manner so that the provisions of this Agreement will at all times prevail.

19.4 Directors Duties Subordinate to Requirements of Shareholders Agreement

The powers of the directors of the Corporation are hereby restricted to the extent provided in this Agreement and the directors are to the same extent relieved of their duties and liabilities.

19.5 Termination of Prior Agreements

All agreements between some or all of the parties to this Agreement, including regarding the organization and affairs of the Corporation and/or the sale of any of the Issued Shares owned by any of the Shareholders under certain circumstances, whether oral or written are hereby terminated.

19.6 Term of Agreement

This Agreement will come into force and effect as of the date set out on the first page of this Agreement and, except as provided below, will continue in force until the earlier of:

- (a) the written consent of 80% of the Issued Shares to which voting rights are attached;

- (b) the date on which one Shareholder holds all the issued Shares; and
- (c) the date on which the Corporation completes a Going Public Transaction.

Notwithstanding the foregoing, although this Agreement will be terminated as set out above, the provisions of Article 15 will continue in force in accordance with their terms for a period of one (1) year after termination, but will only apply to signatories of this Agreement at the time of termination of this Agreement and not to Arm's Length third parties who purchase shares for value after termination of this Agreement.

19.7 Termination Not to Affect Rights or Obligations

A termination of this Agreement will not affect or prejudice any rights or obligations which have accrued or arisen under this Agreement prior to the time of termination and such rights and obligations will survive the termination of this Agreement.

19.8 Dissolution, or Liquidation or Winding-Up

Each Shareholder agrees that such Shareholder shall not bring any court application or commence any proceedings to take any action which either requests or may result in an order dissolving, liquidating or winding up the Corporation. Each Shareholder agrees that this provision may be pleaded as a complete bar to any such application brought pursuant to the Act.

19.9 Entire Agreement

This Agreement, including the Schedules attached to this Agreement, constitutes 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. There are no representations, warranties or other agreements, whether oral or written, between the parties in connection with the subject matter of this Agreement except as specifically set out in this Agreement.

19.10 Waiver

No waiver of any provision of this Agreement shall be deemed to constitute a waiver of any other provision, whether or not similar, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided. No forbearance by any party to seek a remedy for any breach by any other party of any provision of this Agreement shall constitute a waiver of any rights or remedies with respect to any subsequent breach.

19.11 Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless consented to in writing by Shareholders who together hold 80% of the Issued Shares to which voting rights are attached. The President or Secretary of the Corporation shall deliver a copy of such written consent to each Shareholder that did not execute such consent.

19.12 Applicable Law

This Agreement shall be construed in accordance with the laws of the Province of Prince Edward Island (other than Prince Edward Island principles of conflicts of law) and the laws of Canada applicable in the Province of Prince Edward Island and shall be treated in all respects as a Prince Edward Island contract. Each of the parties irrevocably attorns to the jurisdiction of the courts of the Province of Prince Edward Island.

19.13 Currency

Unless otherwise indicated, all dollar amounts referred to in this Agreement are in lawful Canadian funds. All amounts to be paid pursuant to this Agreement in connection with the purchase of Issued Shares are to be paid in lawful Canadian funds by certified cheque, money order or bank draft, but any payments which are to be made over time in accordance with this Agreement may be made by uncertified cheque.

19.14 Invalidity

If any provision of this Agreement or any part of any provision of this Agreement is held to be invalid, illegal or unenforceable by a court of competent jurisdiction, such provision or part shall not affect the validity, legality or enforceability of any other provision of this Agreement or the balance of any provision of this Agreement absent such part and such invalid, illegal or unenforceable provision or part shall be deemed to be severed from this Agreement and this Agreement shall be construed and enforced as if such invalid, illegal or unenforceable provision or part had never been inserted in this Agreement.

19.15 Further Assurances

Each of the Shareholders will vote and act at all times as a shareholder of the Corporation and in all other respects use reasonable efforts (other than through expenditure of money) to take all such steps, execute all such documents and do all such acts and things as may be reasonably within its power to implement to their full extent the provisions of this Agreement and to cause the Corporation to act in the manner contemplated by this Agreement.

19.16 Notice

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by facsimile or other means of electronic communication or by regular mail or by delivery as hereafter provided. Any such notice or other communication, if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address set out in the securities register of the Corporation. Notice of change of address will also be governed by this section. Notices and other communications will be addressed as set out in Schedule "C". If no address is specified in Schedule "C", notice shall be given to the Shareholder at the Corporation's address. The Corporation will attempt to notify the Shareholder using the Corporation's records. The Corporation shall have no liability for failing to notify a Shareholder. The Corporation may from time to time circulate an updated Schedule "C" to Shareholders which updated Schedule will thereafter become the effective Schedule "C" for the purposes of this Agreement. Any notice, request, demand or other communication required or permitted to be given to a party pursuant to the provisions of this Agreement will be in writing and will be effective and deemed given under this Agreement on the earliest of: (i) the date of personal delivery; (ii) the date of transmission by facsimile, with confirmed transmission and receipt, or the date of transmission by electronic transmission (in each case, if sent during normal business hours of the recipient, and if not, then on the next Business Day); (iii) two (2) days after deposit with a nationally-recognized courier or overnight service such as Federal Express; or (iv) five (5) days after mailing via certified mail, return receipt requested. All notices not delivered personally or by facsimile will be sent with postage and other charges prepaid and properly addressed to the party to be notified at the address set forth for such party.

19.17 Tender

Any tender of documents pursuant to this Agreement may be made upon the parties or their respective solicitors.

19.18 Assignability

Neither this Agreement nor any rights or obligations of any of the parties under this Agreement may be assigned by any of the parties without the prior written consent of all of the other parties.

19.19 Counterparts

This Agreement may be signed in counterparts and each of such counterparts will constitute an original document and such counterparts, taken together, will constitute one and the same instrument. Execution of this Agreement may be made by electronic or facsimile signature which, for all purposes, shall be deemed to be an original signature.

19.20 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and legal personal representatives.

19.21 Corporation Bound

The Corporation confirms its knowledge of this Agreement and undertakes to carry out and be bound by the provisions of this Agreement to the full extent it has the capacity and power at law to do so.


19.22 Independent Legal Advice

Each of the parties acknowledges that they: (a) have been advised to seek independent legal advice; (b) have sought such independent legal advice or deliberately decided not to do so; (c) understand their rights and obligations under this Agreement; and (d) are executing this Agreement voluntarily.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

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

CANADIAN CULTIVATED PRODUCTS LTD.

By: 

Name: Volker Lauterbach
Title: Director
Authorized Signatory

By: _____
Name: Simon Green
Title: Director
Authorized Signatory

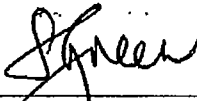
CANADA'S ISLAND GARDEN INC.

By: _____
Name:
Title:
Authorized Signatory

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

CANADIAN CULTIVATED PRODUCTS LTD.

By: _____
Name: Volker Lauterbach
Title: Director
Authorized Signatory

By:  _____
Name: Simon Green
Title: Director
Authorized Signatory

CANADA'S ISLAND GARDEN INC.

By: _____
Name:
Title:
Authorized Signatory

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

CANADIAN CULTIVATED PRODUCTS LTD.

By: _____
Name: Volker Lauterbach
Title: Director
Authorized Signatory

By: _____
Name: Simon Green
Title: Director
Authorized Signatory

CANADA'S ISLAND GARDEN INC.

By: Edwin Jewell
Name:
Title:
Authorized Signatory

Signature of Shareholders

Shareholder Details:

Name of Shareholder: Edwin Jewell

Address of Shareholder: 394, Route 25, York, PE COA 1P0

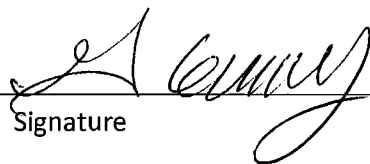
Email address of Shareholder: edwin@canadasislandgarden.com

Phone Number of Shareholder: (902) 628-7129

The undersigned hereby agrees to be bound by the terms and conditions of the Agreement.

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

WITNESSED BY:



Signature

)
)
)


EDWIN JEWELL

GEORFFREY D. CONNOLLY)

Name)

Signature of Shareholders

Shareholder Details:

Name of Shareholder: Vision Holdings Inc.

Address of Shareholder: 19 Pope Avenue, Charlottetown, PE C1A 6N4

Email address of Shareholder: darrell.adams@gmail.com

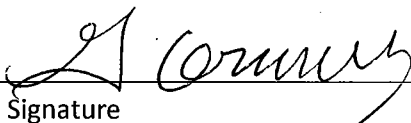
Phone Number of Shareholder: (902) 628-7227

The undersigned hereby agrees to be bound by the terms and conditions of the Agreement.

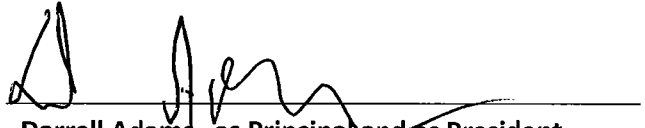
IN WITNESS WHEREOF the Parties have executed this Agreement as of the Closing Date first above written.

WITNESSED BY:

) **VISION HOLDINGS INC.**



Signature

)
) Per: 

Darrell Adams, as Principal and as President

)
)
)

Name

Signature of Shareholders

Shareholder Details:

Name of Shareholder: Hawkeye Enterprises Inc.

Address of Shareholder: 5670 Spring Garden Road, Ste. 306, Halifax, NS B3J 1H6

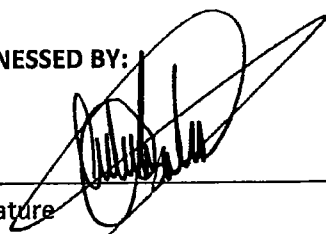
Email address of Shareholder: smarktaylor@eastlink.ca

Phone Number of Shareholder: (902) 209-3039

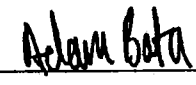
The undersigned hereby agrees to be bound by the terms and conditions of the Agreement.

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

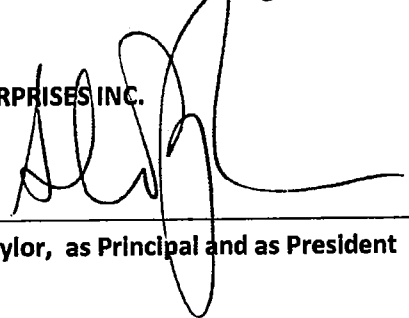
WITNESSED BY:



Signature



Name

) **HAWKEYE ENTERPRISES INC.**
)
) Per: 

) **Mark Taylor, as Principal and as President**
)
)
)

Signature of Shareholders

Shareholder Details:

Name of Shareholder: Taylor Built Holdings Inc.

Address of Shareholder: 1678 Covehead Road, York, PE COA 1P0

Email address of Shareholder: info@taylorbuilt.ca

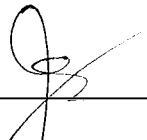
Phone Number of Shareholder: (902) 628-7504

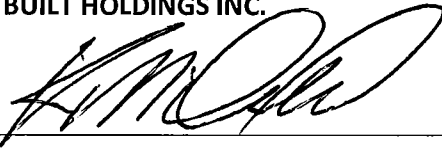
The undersigned hereby agrees to be bound by the terms and conditions of the Agreement.

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

WITNESSED BY:

) **TAYLOR BUILT HOLDINGS INC.**


Signature)

Per: 
Kevin MacDonald, as Principal and as President

Gordon Macdonald
Name)

Signature of Shareholders

Shareholder Details:

Name of Shareholder: 101845 P.E.I. Inc.

Address of Shareholder: 508 Wynn Road, Elmwood, PE COA 1H3

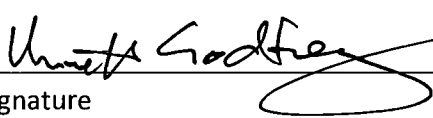
Email address of Shareholder: skyviewfarms@gmail.com

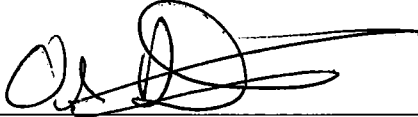
Phone Number of Shareholder: (902) 629-5970

The undersigned hereby agrees to be bound by the terms and conditions of the Agreement.

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

WITNESSED BY:) **101845 P.E.I. INC.**


Signature)

Per: 

Alexander Docherty, as Principal and as President

KENNETH GODFREY
Name)

Signature of Shareholders

Shareholder Details:

Name of Shareholder: Alex Smith

Address of Shareholder: 43 Kenlea Drive, Charlottetown, PE C1A 6V5

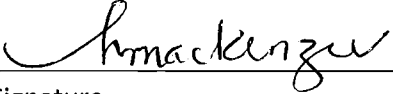

Email address of Shareholder: alex@canadasislandgarden.com

Phone Number of Shareholder: (902) 316-1186

The undersigned hereby agrees to be bound by the terms and conditions of the Agreement.

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

WITNESSED BY:

<u></u>)	<u></u>
Signature)	ALEX SMITH
)	
<u>SHERI MACKENZIE</u>)	
Name)	

Signature of Shareholders

Shareholder Details:

Name of Shareholder: HAS Enterprises Inc.

Address of Shareholder: 70 Kent Street, Charlottetown, PE C1A 1M9

Email address of Shareholder: asmith@mrspei.ca

Phone Number of Shareholder: (902) 626-8021

The undersigned hereby agrees to be bound by the terms and conditions of the Agreement.

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

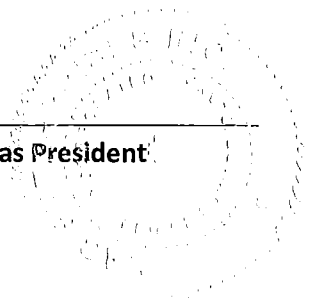
WITNESSED BY:

) **HAS ENTERPRISES INC.**

(Signature)
Signature

)
)
)
)
)
)
)

Per: *(Signature)*
Andy Smith, as Principal and as President



GEORFREY D. CONNOLLY
Name

Signature of Shareholders

Shareholder Details:

Name of Shareholder: KAP Enterprises Inc.

Address of Shareholder: 25 Riverside Drive, Charlottetown, PE C1A 9R9

Email address of Shareholder: psmith@metropei.com

Phone Number of Shareholder: (902) 393-0570

The undersigned hereby agrees to be bound by the terms and conditions of the Agreement.

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

WITNESSED BY:

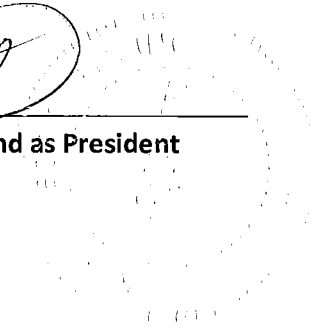
) **KAP ENTERPRISES INC.**

Smackenzie
Signature

)
)
)
)
)
)
)

Per: *Peter M. Smith*
Peter M. Smith, as Principal and as President

SMACKENZIE
Name



SCHEDULE "A"

CONSENT AGREEMENT

TO: Everyone who is a party to a shareholders' agreement made as of January 25, 2018 among all of the shareholders of **CANADA'S ISLAND GARDEN INC.** (the "**Corporation**"), the Corporation and certain others (the "**Shareholders' Agreement**").

RECITALS:

The undersigned desires to become a shareholder of the Corporation;

The Corporation, its present shareholders and the principals of the corporate shareholders of the Corporation, are parties to the Shareholder Agreement;

The Shareholder Agreement requires that every new shareholder of the Corporation must enter into an agreement in the form of this Agreement at the same time that it becomes a shareholder of the Corporation;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the undersigned being issued shares in the Corporation and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the undersigned), the undersigned hereby agrees as follows:

- 1) The undersigned shall comply with and be bound by all of the provisions of the Shareholder Agreement as if the undersigned was one of the original Shareholders (as defined in the Shareholder Agreement) to the Shareholder Agreement;
- 2) The undersigned shall be entitled to all of the rights and benefits of and shall be subject to all of the obligations of a Shareholder as set out in the Shareholder Agreement as if the undersigned was an original party to the Shareholder Agreement.
- 3) The address of the undersigned for the purpose of giving any notice required to be sent in accordance with the provisions of the Shareholder Agreement is:

Name: _____
Mailing Address _____
Contact Person: _____
Phone No.: _____
Facsimile No.: _____
Email: _____

This Agreement shall enure to the benefit of and be binding upon the undersigned's heirs, executors, administrators, successors and permitted assigns.

DATED this ____ day of _____, 20__.

Witness

Name:

DATED this ____ day of _____, 20__.

By: _____
Name:
Title:

SCHEDULE "B"

PRINCIPAL AGREEMENT

TO: Everyone who is a party to a shareholders' agreement made as of January 25, 2018 among all of the shareholders of **CANADA'S ISLAND GARDEN INC.** (the "**Corporation**"), the Corporation and certain others (the "**Shareholders' Agreement**").

RECITALS:

1. The undersigned is, directly or indirectly, the legal and beneficial owner of more than 51% of the shares of _____ ("**Holdco**") to which voting rights are attached;
2. The undersigned controls Holdco in fact;
3. Holdco wishes to become a shareholder of the Corporation;
4. The Corporation, its present shareholders and the principals of the corporate shareholders of the Corporation, are parties to the Shareholders' Agreement;
 - (a) The Shareholders' Agreement requires that every new shareholder of the Corporation which is itself a corporation must cause its Principal (as defined in the Shareholders' Agreement) to enter into an agreement in the form of this Agreement at the same time that it becomes a shareholder of the Corporation;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of Holdco being issued shares in the Corporation and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the undersigned), the undersigned hereby agrees as follows:

1. The undersigned shall comply with and be bound by all of the provisions of the Shareholders' Agreement as if the undersigned were one of the original Principals to the Shareholders' Agreement.
2. The undersigned shall be entitled to all of the rights and benefits of and shall be subject to all of the obligations of a Principal as set out in the Shareholders' Agreement as if the undersigned were an original party to the Shareholders' Agreement.
3. The address of the undersigned for the purpose of giving any notice required to be sent in accordance with the provisions of the Shareholders' Agreement is:

Name: _____
Mailing Address _____
Contact Person: _____
Phone No.: _____
Fax No.: _____
Email: _____

4. This Agreement shall enure to the benefit of and be binding upon the undersigned's heirs, executors, administrators, successors and assigns.

DATED this ____ day of _____, 20__

PRINCIPAL

Witness:

Name:

SCHEDULE "C"

NOTICE PROVISIONS

Name: _____
Mailing Address _____
Contact Person: _____
Phone No.: _____
Fax No.: _____
Email: _____

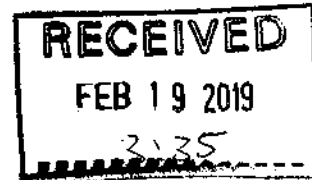
This is Exhibit “H” *referred to in the*

affidavit of Michael Devon

sworn before me, this 21st

day of January, 2021

.....
A COMMISSIONER FOR TAKING AFFIDAVITS



CANADA

PROVINCE OF PRINCE EDWARD ISLAND

IN THE MATTER OF the *Mechanics' Lien Act*, being Chapter M-4 of the Revised Statutes of the Province of Prince Edward Island, 1988;

AND IN THE MATTER OF a *Mechanic's Lien Act*, by **REXEL CANADA ELECTRICAL INC.**, a body corporate, duly incorporated under the laws of Canada against the estate of **CANADA'S ISLAND GARDEN INC.**;

CLAIM OF LIEN

REXEL CANADA ELECTRICAL INC., a body corporate, duly incorporated under the laws of Canada, under the *Mechanics' Lien Act* claims a lien upon the estate of **CANADA'S ISLAND GARDEN INC.** a body corporate, duly incorporated under the laws of the Province of Prince Edward Island being PID No. 1074905, 1098482, 1098490 and 1098508 in the undermentioned land in respect of the following services or materials, that is to say:

The lien holder claims against the property of the owner for building materials invoiced to **Fitzgerald & Snow (2010) Ltd.**, which materials being supplied for the lands hereinafter described in Schedule "A" annexed hereto and as registered in the name of **Canada's Island Garden Inc.** a body corporate, with its head office located in Charlottetown, Queens County, Province of Prince Edward Island,

which materials were furnished for and upon the credit of **Fitzgerald & Snow (2010) Ltd.** and used for the direct benefit of the estate of **Canada's Island Garden Inc.** aforesaid, the last of which materials and/or services were supplied and provided on or before the 21st day of December, 2018.

The amount claimed as due (or to become due) is the sum of Eighty One Thousand Six Hundred Twenty-Seven----- xx/100 Dollars (\$81,627).

The description of land and premises thereon to be charged are more particularly described in Schedule "A" annexed hereto and being and intended to be the property currently owned by **Canada's Island Garden Inc.** in Charlottetown, Queens County, Province of Prince Edward Island.

The said materials and services were furnished on a credit and the period of the credit agreed to, expired (in whole or in part) on the 20th day of January, 2019, (Terms: Net 30 days).

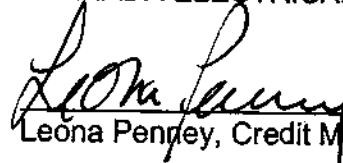
The name and address for service of the lien holder is Rexel Canada Electrical Inc. c/o Key Murray Law, 494 Granville Street, P.O. Box 1570, Summerside, Prince County, Province of Prince Edward Island, C1N 4K4.

IN WITNESS WHEREOF the corporate seal of the said Rexel Canada Electrical Inc. herein was hereunto affixed, duly authenticated by its authorized agent in that behalf this 2^E day of February, A.D. 2019.

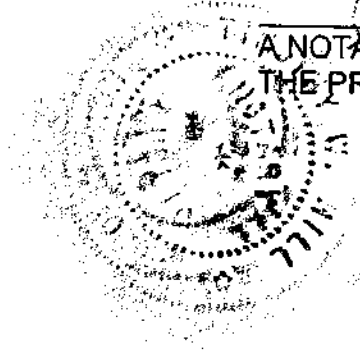
The Corporate Seal of the said Rexel Canada Electrical Inc., was hereunto affixed and Leona Penney the Credit Manager, signed her name in authentication thereof in the presence of:

REXEL CANADA ELECTRICAL INC.

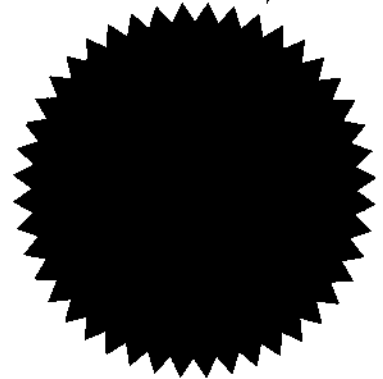
Per:


Leona Penney, Credit Manager

A NOTARY PUBLIC IN AND FOR
THE PROVINCE OF NOVA SCOTIA


The Firm
Barrister and Solicitor

BOYNECLARKE LLP
600-99 Wynn Road
Dartmouth, NS B3A 4S5



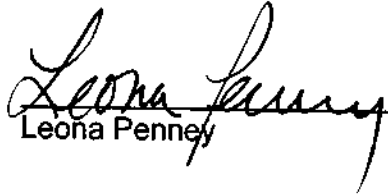
AFFIDAVIT VERIFYING CLAIM

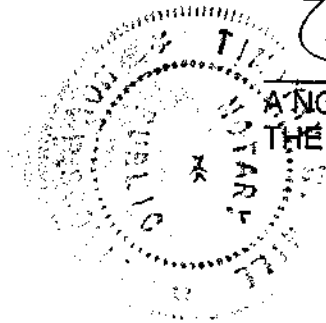
I, Leona Penney, of Dartmouth, Province of Nova Scotia, Credit Manager and authorized agent of Rexel Canada Electrical Inc., the lien holder herein, MAKE OATH AND SAY AS FOLLOWS:

1. That the claim is true;
2. That I am the Credit Manager and duly authorized agent of Rexel Canada Electrical Inc. and I have full knowledge of the facts set forth in the annexed claim.

SWORN before me at Dartmouth
Province of Nova Scotia
this 15th day of February, 2019

A NOTARY PUBLIC IN AND FOR
THE PROVINCE OF NOVA SCOTIA


Leona Penney



T. J. Penney
Barrister & Solicitor

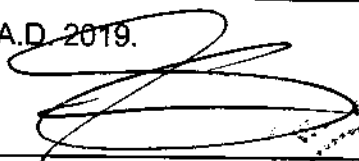
BOYNECLARKE LLP
600-99 Wyse Road
Dartmouth, NS B3A 4S5

CANADA
PROVINCE OF NOVA SCOTIA

I, Tim Hill, Q.C. of the City of Dartmouth, in the Province of Nova Scotia, DO HEREBY CERTIFY that on the 15^E day of February, A.D. 2019 personally appeared before me, Leona Penney the Credit Manager and proper signing officer of Rexel Canada Electrical Inc., and she acknowledged that she did freely and voluntarily execute the within writing to and for the purposes and uses therein mentioned.

AND I DO FURTHER CERTIFY that the signature of "Leona Penney" subscribed in the execution thereof, is of the true and proper handwriting of the said Leona Penney and that the signature of Tim Hill, subscribed to such execution, is of my own true and proper handwriting.

IN FAITH AND TESTIMONY WHEREOF I have hereunto subscribed my name and affixed my seal of office at the City of Dartmouth, in the Province of Nova Scotia, this 15^E day of February, A.D. 2019.


A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF NOVA SCOTIA


BOYNECLARKE LLP
600-69 Wyse Road
Dartmouth, NS B3A 4G9

SCHEDULE "A"

Lot 8 – Part of Parcel No. 386524

ALL THAT PARCEL OF LAND situate, lying and being in Charlottetown, Queens County, Province of Prince Edward Island, bounded and described as follows: that is to say

COMMENCING at a legal survey marker set in the western boundary of a public road, said survey marker being numbered 8239 as shown on a plan of survey prepared by Island Surveying and Engineering, dated February 13, 2014, being Drawing No. 14022 and approved by the City of Charlottetown on April 8, 2015, said survey marker having co-ordinates East 386650.122 metres and North 690501.209 metres;

THENCE on an azimuth $246^{\circ} 23' 10''$ for the distance of 65.576 metres to found legal survey marker number 8270 as shown on the said plan;

THENCE on an azimuth $336^{\circ} 9' 54''$ for the distance of 77.104 metres to legal survey marker number 8344 as shown on the said plan;

THENCE on an azimuth $66^{\circ} 23' 10''$ for the distance of 65.873 metres to legal survey marker number 8333 as shown on the said plan;

THENCE on an azimuth $156^{\circ} 23' 10''$ for the distance of 77.104 metres to legal survey marker number 8239 being the point at the place of commencement.

SAID PARCEL OF LAND being and intended to be Lot No. 8 in the PEI Biocommons Inc. subdivision, containing 1.25 acres of land a little more or less.

SUBJECT to an Easement to Maritime Electric Company, Limited dated April 27, 2011 and registered in the Queens County registry office on May 6, 2011 in Book 5359 as Document No. 2675 and shown as Easement E-15A on a plan of survey by Island Surveying and Engineering, dated April 12, 2011, being Drawing No. 10124-E, filed in Queens County registry office on April 8, 2015 as Plan No. 38508.

SCHEDULE "A"

Lot 18-13 (Part of Parcel No. 386524)

ALL THAT PARCEL OF LAND situate, lying and being in Charlottetown, Queens County, Prince Edward Island, bounded and described as follows, that is to say:

COMMENCING at found legal survey marker No. 8326 set on the western boundary of Innovation Way as shown on a survey plan prepared by Island Surveying & Engineering entitled "Plan of Survey Showing Lot 2018-4, Lot 2018-13 & Lot 2018-14 Being a Subdivision of Lands of PEI Biocommons Inc." dated April 24, 2018 as Drawing No. 17141-3 and approved by the City of Charlottetown on May 14, 2018 (the "Plan"), said found survey marker having coordinates Northing 690711.955 metres, Easting 386557.989 metres;

THENCE on an azimuth $156^{\circ} 23' 10''$ for the distance of 91.878 metres or to found survey marker No. 8238 as shown on said Plan;

THENCE on an azimuth $246^{\circ} 23' 10''$ for the distance of 170.694 metres or to found survey marker No. 8252 as shown on said Plan;

THENCE on an azimuth $336^{\circ} 20' 13''$ for the distance of 102.593 metres or to found survey marker No. 8254 as shown on said Plan;

THENCE following the arc of a curve having a radius of 50,000 metres for the arc distance of 30.179 metres or to found survey marker No. 8256 as shown on said Plan;

THENCE on an azimuth $10^{\circ} 55' 11''$ for the distance of 121.596 metres or to found survey marker No. 8257 as shown on said Plan;

THENCE following the arc of a curve having a radius of 45,000 metres for the arc distance of 32.347 metres or to found survey marker No. 8259 as shown on said Plan;

THENCE on an azimuth $156^{\circ} 09' 54''$ for the distance of 167.373 metres or to found survey marker No. 8501 as shown on said Plan;

THENCE on an azimuth $66^{\circ} 23' 10''$ for the distance of 66.463 metres or to found survey marker No. 8326, and being the point at the place of commencement.

CONTAINING an area of 6.45 acres, a little more or less.

BEING AND INTENDED to be Lot 18-13 as shown on the aforesaid survey plan.

SUBJECT to an Easement to Maritime Electric Company, Limited dated April 27, 2011 and registered in the Queens County registry office on May 6, 2011 in Book 5359 as Document No. 2675 and as shown on a plan of survey prepared by Island Surveying and Engineering, dated April 12, 2011, being Drawing No. 10124-E, filed in Queens County registry office on April 8, 2015 as Plan No. 38508.

Lot 2018-14 (Part of Parcel No. 386524)

ALL THAT PARCEL OF LAND situate, lying and being in Charlottetown, Queens County, Prince Edward Island, bounded and described as follows, that is to say:

COMMENCING at found legal survey marker No. 8238 set on the western boundary of Innovation Way as shown on a survey plan prepared by Island Surveying & Engineering entitled "Plan of Survey Showing Lot 2018-4, Lot 2018-13 & Lot 2018-14 Being a Subdivision of Lands of PEI Biocommons Inc." dated April 24, 2018 as Drawing No. 17141-3 and approved by the City of Charlottetown on May 14, 2018 (the "Plan"), said found survey marker having coordinates Northing 690627.771 metres, Easting 386594.793 metres;

THENCE on an azimuth $156^{\circ} 23' 10''$ for the distance of 61.028 metres or to found survey marker No. 8333 as shown on said Plan;

THENCE on an azimuth $246^{\circ} 23' 10''$ for the distance of 65.873 metres or to found survey marker No. 8334 as shown on said Plan;

THENCE on an azimuth $156^{\circ} 09' 54''$ for the distance of 77.100 metres or to found survey marker No. 8270 as shown on said Plan;

THENCE on an azimuth $66^{\circ} 23' 10''$ for the distance of 66.575 metres or to found survey marker No. 8239 as shown on said Plan;

THENCE on an azimuth $156^{\circ} 23' 10''$ for the distance of 62.496 metres or to found survey marker No. 8241 as shown on said Plan;

THENCE following the arc of a curve having a radius of 11.000 metres for the arc distance of 17.213 metres or to found survey marker No. 8242 as shown on said Plan;

THENCE on an azimuth $246^{\circ} 02' 58''$ for the distance of 84.565 metres or to found survey marker No. 8245 as shown on said Plan;

THENCE following the arc of a curve having a radius of 45.000 metres for the arc distance of 70.421 metres or to found survey marker No. 8246 as shown on said Plan;

THENCE on an azimuth $335^{\circ} 42' 47''$ for the distance of 37.836 metres or to found survey marker No. 8292 as shown on said Plan;

THENCE following the arc of a curve having a radius of 95.000 metres for the arc distance of 26.352 metres or to found survey marker No. 8249 as shown on said Plan;

THENCE on an azimuth $319^{\circ} 49' 11''$ for the distance of 62.305 metres or to found survey marker No. 8250 as shown on said Plan;

THENCE following the arc of a curve having a radius of 50.000 metres for the arc distance of 14.414 metres or to found survey marker No. 8251 as shown on said Plan;

THENCE on an azimuth $336^{\circ} 20' 13''$ for the distance of 10.742 metres or to found survey marker No. 8252 as shown on said Plan;

THENCE on an azimuth $66^{\circ} 23' 10''$ for the distance of 170.694 metres or to found survey marker No. 8238, and being the point at the place of commencement.

CONTAINING an area of 6.50 acres, a little more or less.

BEING AND INTENDED to be Lot 2018-14 as shown on the aforesaid survey plan.

SUBJECT to an Easement to Maritime Electric Company, Limited dated April 27, 2011 and registered in the Queens County registry office on May 6, 2011 in Book 5359 as Document No. 2675 and as shown on a plan of survey prepared by Island Surveying and Engineering, dated April 12, 2011, being Drawing No. 10124-E, filed in Queens County registry office on April 8, 2015 as Plan No. 38508.

Lot 2018-4 (Part of Parcel No. 386524)

ALL THAT PARCEL OF LAND situate, lying and being in Charlottetown, Queens County, Prince Edward Island, bounded and described as follows, that is to say:

COMMENCING at found legal survey marker No. 8227 set on the eastern boundary of Innovation Way as shown on a survey plan prepared by Island Surveying & Engineering entitled "Plan of Survey Showing Lot 2018-4, Lot 2018-13 & Lot 2018-14 Being a Subdivision of Lands of PEI Biocommons Inc." dated April 24, 2018 as Drawing No. 17141-3 and approved by the City of Charlottetown on May 14, 2018 (the "Plan"), said found survey marker having coordinates Northing 690635.782 metres, Easting 386613.118 metres;

THENCE on an azimuth $66^{\circ} 23' 10''$ for the distance of 67.748 metres or to found survey marker No. 8288 as shown on said Plan;

THENCE on an azimuth $156^{\circ} 19' 13''$ for the distance of 138.127 metres or to found survey marker No. 8286 as shown on said Plan;

THENCE on an azimuth $246^{\circ} 23' 10''$ for the distance of 67.906 metres or to found survey marker No. 8225 as shown on said Plan;

THENCE on an azimuth $336^{\circ} 23' 10''$ for the distance of 138.127 metres or to found survey marker No. 8227, and being the point at the place of commencement.

CONTAINING an area of 2.32 acres, a little more or less.

BEING AND INTENDED to be Lot 2018-4 as shown on the aforesaid survey plan.

SUBJECT to an Easement to Maritime Electric Company, Limited dated April 27, 2011 and registered in the Queens County registry office on May 6, 2011 in Book 5359 as Document No. 2675 and as shown on a plan of survey prepared by Island Surveying and Engineering, dated April 12, 2011, being Drawing No. 10124-E, filed in Queens County registry office on April 8, 2015 as Plan No. 38508.

Dated the 15th day of February, 2019.

IN THE MATTER OF the *Mechanics' Lien Act*, being Chapter M-4 of the Revised Statutes of the Province of Prince Edward Island, 1988;

AND IN THE MATTER OF a *Mechanic's Lien Act*, by **REXEL CANADA ELECTRICAL INC.**, a body corporate, duly incorporated under the laws of Canada against the estate of **CANADA'S ISLAND GARDEN INC.**;

CLAIM FOR LIEN

JEFFERY A. CORMIER
KEY MURRAY LAW
494 Granville St., P.O. Box 1570
Summerside, PE C1N 4K4

File No. 24104-001jc

(JAC/akm)

Office of the Registrar of Deeds

For Queens County, Charlottetown, P.E. Island

Book 5753

Doc # 1289

The within document was registered on

The 19th Day of Feb A.D., 2019 on

NOTARIAL CERTIFICATE

Krista Patten
REGISTRAR

This is Exhibit “I” *referred to in the*

affidavit of Michael Devon

sworn before me, this 21st

day of January, 2021

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

SERVICES AGREEMENT

between

FIGR CANADA HOLDING ULC

and

VELVET MANAGEMENT INC

dated as of

January 11, 2021

SERVICES AGREEMENT

This Services Agreement (this “**Agreement**”), dated as of January 11, 2021 (the “**Effective Date**”), is by and between **FIGR Canada Holding ULC**, a corporation incorporated under the laws of Ontario, with offices located at 2225 Sheppard Avenue. East Suite 903, North York, ON, M2J 5C2 (“**Producer**”) and **Velvet Management Inc.**, a corporation incorporated under the laws of the Province of Quebec, with offices located at 1100 Atwater, Suite 2000, Westmount (Quebec) H3Z 2Y4 (“**Service Provider**” and, together with Producer, the “**Parties**” and each, a “**Party**”).

WHEREAS, Producer has obtained a certain Cannabis License (as defined herein) to, among other things, cultivate, produce and sell cannabis and other substances containing cannabis in Canada;

AND WHEREAS, Producer is in the business of cultivating, producing, and selling certain cannabis and cannabis-related Products;

AND WHEREAS, Service Provider has expertise in the promotion and commercialization of regulated products sold through government operated or government licensed physical and online retailers in the provinces and territories of Canada;

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as hereinafter set forth:

1. Definitions.

As used in this Agreement, the following terms have the meanings ascribed thereto below.

“**Accessory**” or “**Accessories**” means a Cannabis Accessory as defined in the Cannabis Act, including any Cannabis-related products to be commercialized by Producer.

“**Action**” means any actual or threatened claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, investigative, regulatory or other, whether at law, in equity or otherwise.

“**Adverse Reaction**” means a noxious and unintended response to a cannabis product.

“**Affiliate**” of a Person means any other Person which, directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such Person, or directly or indirectly Controls such Person or is directly or indirectly Controlled by a Person which also, directly or indirectly, Controls such Person.

“**Agreement**” means this Agreement, including the Schedules to this Agreement, as it or they may be amended or supplemented from time to time, and the expressions “hereof”, “herein”, “hereto”, “hereunder” and similar expressions refer to this Agreement and not to any particular portion or section of this Agreement.

“**Annual Joint Sales & Marketing Plan**” means an annual marketing plan setting out the arrangements for the promotion, marketing and commercialization of the Products and the

minimum sales targets to be achieved by Service Provider to Customers in the Territory for the relevant Contract Year, as further detailed in Schedule A, finalized no later than thirty (30) days prior to the start of the subsequent Contract Year, as may be amended or adjusted by the Parties on a quarterly basis throughout each Contract Year as part of the Quarterly Business Review.

“Applicable Laws” means: (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation or by-law (zoning or otherwise) (including, but not limited to, the Cannabis Act, the *Excise Act* (Canada), provincial or territorial laws pertaining to the sale, distribution or promotion of cannabis, privacy laws, competition laws and anti-bribery and anti-corruption laws); (b) any judgement, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory instrument, policy, practice, protocol, guideline or directive; or (d) any franchise, license, qualification, authorization, consent, exemption, waiver, right, permit or other approval, in each case, of any Regulatory Authority and having the force of law, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the property of such Person.

“Business Day” means a day other than a Saturday, a Sunday or a day observed as a statutory or bank holiday in Montreal, Québec.

“Cannabis Act” means the *Cannabis Act* (Canada), the *Cannabis Regulations* (Canada) and other regulations thereunder and any successor legislation thereto, as the same may be amended from time to time.

“Cannabis Licenses” means all licenses required from Regulatory Authorities to grow, cultivate, produce, extract, process, sell, test, package, label, process, distribute, research, promote, commercialize, provide, ship, possess, dispose, deliver and transport cannabis in the Territory.

“Claim” means any Action brought against a Person entitled to indemnification under Section 12.

“Confidential Arbitration Information” has the meaning set forth under Section 18.1(g).

“Confidential Information” means all (i) Intellectual Property rights, the terms of this agreement, business and technical information, data, documents, agreements, files and other materials regarding or concerning a Disclosing Party or its Affiliates, whether disclosed orally or disclosed or stored in written, electronic or other form or media, which is disclosed or otherwise furnished by the Disclosing Party or its Representatives to the Receiving Party or its Representatives in connection with the Services provided by Service Provider hereunder, (ii) analyses, compilations, reports, forecasts, studies, samples and other documents prepared by the Receiving Party for the Disclosing Party which contain or otherwise reflect or are generated from any materials delivered by the Disclosing Party to the Receiving Party, and (iii) information about an identifiable individual or other information that is subject to any federal, provincial, state or other Applicable Law, statute or regulation of any Regulatory Authority relating to the collection, use, storage and/or disclosure of information about an identifiable individual, whether or not such information is confidential. For the purposes of

this definition, “information” and “material” includes know-how, data, patents, copyrights, trade secrets, processes, business rules, tools, business processes, techniques, programs, designs, formulae, marketing, advertising, financial, commercial, sales or programming materials, equipment configurations, system access codes and passwords, written materials, compositions, drawings, diagrams, computer programs, studies, works in progress, visual demonstrations, ideas, concepts and other data.

Notwithstanding the foregoing, the defined term “Confidential Information” shall not include information that:

- (a) is or becomes generally available to and known by the public other than as a result of, directly or indirectly, any breach of Section 8 by the Receiving Party or any of its Representatives;
- (b) is or becomes available to the Receiving Party on a non-confidential basis from a third party source, provided that, to the Receiving Party’s knowledge, such third party is not and was not prohibited from disclosing such Confidential Information;
- (c) was known by or in the possession of the Receiving Party or its Representatives before being disclosed by or on behalf of the Disclosing Party; or
- (d) was or is independently developed by the Receiving Party without reference to or use of, in whole or in part, any of the Disclosing Party’s Confidential Information.

“**Contract Year**” means (a) with respect to the first Contract Year, the period from the Effective Date through to December 31, 2021, and thereafter (b) each subsequent calendar year during the Term.

“**Control**” means:

- (a) when applied to the relationship between a Person and a corporation, the beneficial ownership by such Person at the relevant time of shares of such corporation: (A) carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of such corporation, or (B) representing more than 50% of the equity value of the corporation;
- (b) when applied to the relationship between a Person and a partnership or joint venture, (A) the beneficial ownership by such Person at the relevant time of: (1) more than 50% of the voting interests of the partnership or joint venture, or (2) partnership or joint venture interests representing more than 50% of the equity value of the partnership or joint venture and (B) it can be reasonably expected that the Person directs the affairs of the partnership or joint venture; or
- (c) when applied to the relationship between a person and a limited partnership, the beneficial ownership at the relevant time of: (A) shares of the general partner or general partners of such limited partnership carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of such general partner or general partners such that it can reasonably be expected that the Person directs the

affairs of the limited partnership, or (B) partnership interests representing more than 50% of the equity value of the limited partnership; and

(d) the term “**Controlled by**” has a corresponding meaning; provided that a Person (the “**first-mentioned Person**”) who Controls a corporation, partnership, limited partnership or joint venture (the “**second-mentioned Person**”) shall be deemed to Control a corporation, partnership, limited partnership or joint venture which is Controlled by the second-mentioned Person and so on.

“**Customers**” has the meaning set forth in Section 2.1.

“**Deliverables**” means all documents, work product and other materials that are delivered to Producer hereunder or prepared by or on behalf of Service Provider in the course of performing the Services.

“**Depletion**” means the sale of the Products by the Customers within the Territory.

“**Disclosing Party**” means a party that discloses Confidential Information under this Agreement.

“**Dispute**” has the meaning set forth in Section 18.1.

“**Dispute Notice**” has the meaning set forth in Section 18.1.

“**Effective Date**” means the date of this Agreement.

“**Fees**” has the meaning set forth in Section 6.1.

“**Force Majeure**” has the meaning set forth in Section 17.1.

“**Indemnified Parties**” has the meaning set forth in Section 12.1.

“**Indemnifying Party**” has the meaning set forth in Section 12.1.

“**Intellectual Property Rights**” means rights in all (i) all Trade Secrets, Confidential Information, know-how, standard operating procedures, processes, business rules, tools, business processes, proprietary formulas, intellectual tools, techniques, specifications, designs and industrial designs, works of authorship, trade-marks (whether registered or unregistered), inventions and improvements and modifications thereto (including all related designs, technical information, models, drawings, specifications, formulas, schemas, prototypes, and architectural plans), patents, plant breeders’ rights, copyrights, software, computer programs, programming code, data, compilations of data, computer databases, system access codes and passwords, designs, marketing, advertising, financial, commercial, sales or programming materials, equipment configurations, written materials, compositions, drawings, diagrams, studies, works in progress, visual demonstrations, ideas, concepts, and all other related material and data and (ii) all vested, contingent and future rights, in any jurisdiction, to all of the foregoing under any applicable statutory provision or common law principle, and all rights

of action, powers and benefits relating thereto, including the right to bring proceedings and claim or recover damages or other remedies in relation to any infringement.

“Knowledge Capital” has the meaning set forth in Section 7.2;

“Losses” has the meaning set forth in Section 12.1.

“Mediation” has the meaning set forth in Section 18.1(a).

“Notice” has the meaning set forth under Section 19.4.

“Parties” has the meaning set forth in the preamble.

“Person” means an individual, corporation, partnership, joint venture, governmental authority, unincorporated organization, trust, association or other entity.

“Personal Information” means information about an identifiable individual and includes personal health information.

“Personnel” means any agents, employees, contractors or subcontractors engaged or appointed by a Party.

“Pre-Existing Materials” means any and all documents, work product and other materials created or developed by Service Provider prior to this Agreement or outside of the scope and specifications of this Agreement and without use of Producer’s Confidential Information.

“Producer” has the meaning set forth in the preamble.

“Producer Materials” any documents, data, know-how, Intellectual Property Rights, methodologies, software and other materials provided to Service Provider by Producer, including computer programs, reports and specifications.

“Products” means cannabis and cannabis-related products and which are included in the Annual Joint Sales & Marketing Plan for a given Contract Year.

“Producer Product Category” means cannabis products produced by Producer.

“Quarterly Business Review” means a meeting between the Parties to be held on a quarterly basis throughout each Contract Year, to jointly review, evaluate, and amend as Producer deems reasonably necessary, the Annual Joint Sales & Marketing Plan.

“Recall” shall mean a recall of the Product within the Territory:

- (i) by Producer; or
- (ii) as required by a Regulatory Authority.

“Receiving Party” means a party that receives or acquires Confidential Information directly or indirectly under this Agreement.

“Regulatory Authority” means (a) any multinational or supranational body or organization, nation, government, state, province, country, territory, municipality, quasi-government, administrative, judicial or governmental authority, agency, board, body, bureau, commission, instrumentality, court or tribunal or any political subdivision thereof, or any central bank (or similar monetary or governmental authority) thereof, any taxing authority, any ministry or department or agency of any of the foregoing, including Health Canada and similar regulatory bodies in other jurisdictions; (b) any self-regulatory organization or stock exchange, including the NASDAQ and the TSX Venture Exchange; (c) any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government; and (d) any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of such entities or other bodies pursuant to the foregoing.

“Representative” means, with respect to any Party, its Affiliates together with any of the Party’s and its Affiliates’ respective directors, officers, employees, agents, consultants, Personnel, auditors, accountants, attorneys and other professional advisors, and each of their respective successors and permitted assigns.

“Serious Adverse Reaction” means a noxious and unintended response to a cannabis product that requires inpatient hospitalization or a prolongation of existing hospitalization, causes congenital malformation, results in persistent or significant disability or incapacity, is life-threatening or results in death.

“Service Provider” has the meaning set forth in the preamble.

“Service Provider Equipment” means any equipment, systems or facilities provided by or on behalf of Service Provider and used directly or indirectly in the provision of the Services.

“Service Provider Personnel” means all employees and Permitted Subcontractors, if any, engaged by Service Provider to perform the Services.

“Service Reports” means monthly service reports prepared and delivered no more than thirty (30) days following a month’s end that sets forth various metrics agreed to by the Parties from time to time, including: (a) Depletion reports both for the Territory and by Province, including brand and SKU performance, (b) inventory tracking reports by Territory and Province, indicating Product locations and quantity, including at warehouse and retail locations. (c) competitive set performance reports, (d) pricing and other measures, (e) updates of the rolling twelve (12) month forecast of projected monthly sales of the Products for the then current Contract Year, (f) sales reports by Province and by SKU and/or brand, including for competitive products, and (g) such other metrics that may be reasonably requested by Producer from time to time.

“Services” mean any services to be provided by Service Provider under this Agreement, as described in more detail in Schedule A, and Service Provider’s obligations under this Agreement.

“**Term**” has the meaning set forth in Section 5.

“**Territory**” means Canada.

“**Trade Marketing Budget**” means the annual promotional budget developed jointly by the Parties and approved by Producer, in its sole discretion, based upon Producer’s anticipated or actual Annual Net Revenue for Products sold or to be sold in the Territory, which is inserted into the final Annual Joint Sales & Marketing Plan.

“**Trade Secrets**” means all inventions, discoveries, trade secrets, business and technical information and know-how, databases, data collections, patent disclosures and other confidential and proprietary information and all rights therein.

2. Appointment; Services.

2.1 **Exclusive Appointment.** Producer hereby appoints Service Provider as Producer’s exclusive service provider, for the promotion and commercialization of Products (as set out in the Annual Joint Sales & Marketing Plan) in the Territory during the Term, for non-medical uses and excluding medical customers and customers who purchase Products for sale to medical customers only, and solely to government operated or government-licensed provincial and territory physical and online cannabis retailers (“**Customers**”). Producer agrees not to use another service provider for the promotion and commercialization of the Products in the Territory during the Term, to Customers without prior approval of Service Provider, which shall not be unreasonably withheld. Notwithstanding the foregoing, Service Provider may, during the Term, service, directly or indirectly, any other third party authorized to cultivate, produce, sell, or distribute non-organic, cannabis products, or non-organic products containing cannabis, in the Territory during the Term. For greater certainty, nothing in the foregoing shall be construed as limiting Producer and its Affiliates’ (i) promotion or commercialization of cannabis products for medical purposes, and/or (ii) right to directly promote and commercialize the Products to persons other than Customers, through its own employees, in the Territory during the Term. For greater clarity Producer may promote and sell its products to other Licensed Producers during the term of the contract.

2.2 **Provision of Services.** Subject to the terms and conditions of this Agreement, during the Term Service Provider agrees to provide the Services. Service Provider agrees to comply with its obligations hereunder including meeting Minimum Sales Targets as set out under Schedule B and to be included in the Annual Joint Sales & Marketing Plan, and in the Schedules, in order to provide such Services related to the promotion and commercialization of the Products in the Territory.

3. Service Provider’s Obligations.

3.1 Service Provider shall:

(a) appoint:

(i) subject to the prior written approval of Producer, a Service Provider employee, to serve as a primary contact with respect to this Agreement and who will have the authority to act on behalf of Service Provider in connection with matters pertaining to this Agreement; and

(ii) Service Provider Personnel who shall be suitably skilled, experienced and qualified to perform the Services;

(b) before the date on which the Services are to start, obtain, and at all times during the Term of this Agreement maintain, all necessary licenses, certifications, permits, registrations, consents, including all necessary Cannabis Licenses, as well as all approvals required by any Regulatory Authority in connection with the execution and delivery of the Services, and performance of its obligations hereunder, and comply with all Applicable Laws and all codes of conduct, policies, and procedures applicable to the provision of the Services and communicated by Producer to Service Provider from time to time;

(c) prior to any Service Provider Personnel performing any Services hereunder, ensure that such Service Provider Personnel have the legal right to work in Canada, and to provide Services in relation to Products under Applicable Laws, including ensuring that such Service Provider Personnel have the necessary permits, authorizations, certifications and training to perform the Services as set out herein;

(d) maintain complete and accurate records relating to the provision of the Services under this Agreement, including as may be required by Applicable Law and which are consistent with general industry practice, including records of the time spent and materials used by Service Provider in providing the Services, including Service Reports, in such form as mutually agreed by the Parties. During the Term and for a period of five (5) years thereafter, upon Producer's written request, Service Provider shall allow Producer or Producer's Representative to inspect and make copies of such records and interview Service Provider Personnel in connection with the provision of the Services;

(e) require each Permitted Subcontractor to be bound in writing by the confidentiality and intellectual property assignment and license provisions of this Agreement and to assure that each such Permitted Subcontractor is permitted to provide, and does provide, the applicable Services in accordance with Applicable Laws; and

(f) promptly provide Notice to Producer of any of the following events or occurrences, or any facts or circumstances reasonably likely to give rise to any of the following events or occurrences:

(i) any complaint, inquiry, report, correspondence or request for any information or document related to the Services from a Regulatory Authority or Customers; or

(ii) any notice of compliance from a Regulatory Authority.

3.2 Service Provider is responsible for all Service Provider Personnel and for the payment of their compensation, including, if applicable, termination payments or entitlements and statutory withholdings and deductions, such as income tax, Canada Pension Plan, employment insurance, workers' compensation premiums and other payroll taxes.

3.3 During the Term, when Service Provider or any of its Affiliates signs agreements for substantially similar services in substantially similar or lower volumes with competitors of Producer, Service Provider will ensure Supplier's agreement will always benefit from terms and conditions at least as favourable as the terms and conditions made available by Service Provider to Supplier's competitor.

If Service Provider or any of its Affiliates make available more favourable terms and conditions to any such other Supplier's competitors in North America during any period, the fees otherwise paid or payable by Supplier pursuant to this Agreement in respect of the applicable will be reduced during the same period to the amount payable by such other Supplier' and any overpayment during such period resulting from such reduction will be refunded to or credited against payment obligations of Supplier.

3.3 The obligations of Service Provider under this Agreement shall be performed fully within the Territory, unless approved in writing in advance by Producer.

4. Producer's Obligations.

4.1 Producer shall:

- (a) cooperate with Service Provider in all matters relating to the Services, including with respect to participating in the development of the Annual Joint Sales & Marketing Plan, setting prices for Products, and establishing the Trade Marketing Budget;
- (b) subject to the prior written approval of Service Provider, Producer will appoint a Producer employee to serve as the primary contact with respect to this Agreement and who will have the authority to act on behalf of Producer with respect to matters pertaining to this Agreement;
- (c) respond promptly to any Service Provider's request to provide direction, information, approvals, authorizations or decisions that are reasonably necessary for Service Provider to perform Services in accordance with the requirements of this Agreement;
- (d) be responsible for logistics relating to the sale, transport, handling, delivery, distribution, and shipment of Products to Customers;
- (e) provide such information and support as Service Provider may reasonably request and Producer, considers reasonably necessary, in order to carry out the Services, in a timely manner;
- (f) ensure the Products comply with all Applicable Laws;

- (g) produce Products within the Product Category for sale and shipment to Customers, taking into account anticipated volumes as set out in each Annual Joint Sales & Marketing Plan;
- (h) to ensure funds are available to reimburse Service Provider for trade marketing expenses for the Products as set out in the Trade Marketing Budget;
- (i) perform brand marketing for the Products, including through social media, as Producer may deem appropriate, in its sole discretion, in compliance with Applicable Laws;
- (j) provide training services for Service Provider Personnel providing Services to Producer hereunder, as may be mutually agreed upon between the Parties; and
- (k) before the date on which the Services are to start, obtain, and at all times during the Term of this Agreement maintain, all necessary licenses certifications, permits, registrations and consents, including all necessary Cannabis Licenses, and comply with all Applicable Laws relating to the performance of Producer's obligations under this Agreement.

5. Term.

This Agreement shall commence on the Effective Date set forth above and, subject to earlier termination as provided for in this Agreement, continue in effect for a term of two years terminating on the twenty-fourth (24) month anniversary of the Effective Date (the "**Initial Term**"). The Initial Term shall thereafter automatically renew for additional two (2) year periods (the Initial Term and any renewal thereof being collectively referred to herein as the "**Term**") unless either Party terminates this Agreement by no less than six (6) months written Notice prior to the end of the then current Term.

6. Service Fees; Payment Terms.

6.1 In consideration of the provision of the Services by Service Provider and the rights granted to Producer under this Agreement, Producer shall pay the fees set forth in Schedule B (the "**Fees**"). Payment to Service Provider of such Fees pursuant to this Section 6 shall constitute payment in full for the performance of the Services, and, Producer shall not be responsible for paying any other fees, costs or expenses except the mutually agreed amounts set out in the Trade Market Budget.

During the Term and throughout each Contract Year, original invoices shall be delivered to such Producer Personnel, by such method, as Producer may designate in writing from time to time. Each invoice shall include: (a) details of the Services provided during such monthly period; (b) properly invoiced taxes; (c) Service Provider's tax identification number; and (e) all other details as Producer may from time to time reasonably require by delivery of Notice to that effect to Service Provider.

6.2 Producer shall pay all properly invoiced amounts due to Service Provider within thirty (30) days after Producer's receipt of such invoice, except for any amounts disputed by Producer in good faith. All payments hereunder shall be in Canadian dollars and made by cheque or wire transfer.

6.3 Producer shall be responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, provincial or municipal governmental entity on any amounts payable by Producer hereunder; *provided, that*, in no event shall Producer pay or be responsible for any taxes, statutory withholdings, deductions or remittances, imposed on, or with respect to, Service Provider's income, revenues, gross receipts, Personnel or real or personal property or other assets.

6.4 Without prejudice to any other right or remedy it may have, Producer reserves the right to set-off at any time any amount owing to it by Service Provider against any amount payable by Producer to Service Provider.

7. Intellectual Property Rights; Ownership.

7.1 Producer is, and shall be, the sole and exclusive owner of all right, title and interest in and to the Deliverables, including all Intellectual Property Rights therein. Service Provider hereby irrevocably assigns, and shall cause Service Provider Personnel and Permitted Subcontractors to irrevocably assign to Producer, in each case without additional consideration, all rights, title and interest throughout the world in and to the Deliverables, including all Intellectual Property Rights therein, but excluding any Pre-Existing Materials or Knowledge Capital contained therein. Service Provider shall cause Service Provider Personnel and Permitted Subcontractors to irrevocably waive, to the extent permitted by Applicable Law, any and all claims such Service Provider Personnel and Permitted Subcontractors may now or hereafter have in any jurisdiction to any moral rights with respect to the Deliverables. Notwithstanding the foregoing and to the extent the Deliverables contain Pre-Existing Materials or Knowledge Capital (as defined in Section 7.2 below) of Service Provider, Service Provider retains all rights, title and interest in and to such Pre-Existing Materials and Knowledge Capital, but grants to Producer a perpetual, non-exclusive, irrevocable, sub-licensable, royalty-free, worldwide license to (i) reproduce, modify (including making derivative works from), perform, display, distribute copies and derivative works, and otherwise use the Pre-Existing Materials and Knowledge Capital, and (ii) sublicense (through multiple tiers) and otherwise authorize others to do any one or more of the foregoing, to the extent such Pre-Existing Materials and Knowledge Capital are part of the Deliverables.

7.2 Service Provider shall retain all right, title and interest in all of Service Provider's ideas, know-how, approaches, methodologies, concepts, skills, tools, techniques, expressions, processes, including internally developed software, and any patent, copyright, trademark, trade secret or other intellectual property rights with respect thereto (collectively referred to as "**Knowledge Capital**"), irrespective of whether possessed by Service Provider prior to, or acquired, developed or refined by Service Provider, during, the course of its performance under this Agreement, but excluding the Deliverables and any of Producer's ideas, know-how,

approaches, methodologies, concepts, skills, tools, techniques, expressions, processes, and Confidential Information. It is agreed and understood that Service Provider is in the business of providing service to third parties which are or may be substantially similar to the Services and/or Deliverables being developed for Producer. It is not the intent of this Agreement to prevent Service Provider from pursuing its stated business by independently creating such original but similar works for the benefit of third parties. For further clarity, Service Provider and Producer expressly agree that nothing herein limits the right of Service Provider to utilize any Knowledge Capital developed or refined during the course of providing Services under the Agreement in future work for other clients.

7.3 Upon the request of Producer, Service Provider shall, and shall cause Service Provider Personnel or Permitted Subcontractor to, promptly take such further actions, including execution and delivery of all appropriate instruments of conveyance, as may be reasonably necessary to assist Producer to prosecute, register, perfect or record its rights in or to any Deliverables.

7.4 Producer and its licensors are, and shall remain, the sole and exclusive owner of all right, title and interest in and to the Producer Materials, including all Intellectual Property Rights therein. Service Provider shall have no right or license to use any Producer Materials except solely during the Term of the Agreement to the extent necessary to provide the Services to Producer. All other rights in and to the Producer Materials are expressly reserved by Producer.

7.5 Service Provider acknowledges and agrees that it either owns all right, title and interest in and with respect to all intellectual property it uses in connection with providing the Services, (other than the Deliverables and the Producer Materials) or has validly licensed or contracted with the legal owner to use such intellectual property, and Service Provider represents and warrants that to the best of its knowledge such intellectual property does not infringe any third party Intellectual Property Rights.

7.6 The provisions of this Section 7 shall survive and remain in full force and effect following the expiry or termination of this Agreement.

8. Confidential Information.

8.1 The Receiving Party agrees:

(a) not to disclose or otherwise make available Confidential Information of the Disclosing Party to any third party without the prior written consent of the Disclosing Party; *provided, however*, that the Receiving Party may disclose the Confidential Information of the Disclosing Party to its Affiliates, and their respective officers, directors, employees, Personnel, consultants and legal advisors who have a "need to know", who have been apprised of this restriction and who are themselves bound by nondisclosure obligations at least as restrictive as those set forth in this Section 8;

(b) to use the Confidential Information of the Disclosing Party only for the purposes of performing its obligations under the Agreement; and

(c) to promptly notify the Disclosing Party in the event it becomes aware of any loss or disclosure of any of the Confidential Information of Disclosing Party.

8.2 If the Receiving Party becomes legally compelled to disclose any Confidential Information, the Receiving Party shall provide:

(a) prompt written Notice of such requirement so that the Disclosing Party may seek, at its sole cost and expense, a protective order or other remedy; and

(b) reasonable assistance, at the Disclosing Party's sole cost and expense, in opposing such disclosure or seeking a protective order or other limitations on disclosure.

If, after providing such Notice and assistance as required herein, the Receiving Party remains required by Applicable Law to disclose any Confidential Information, the Receiving Party shall disclose no more than that portion of the Confidential Information which, on the advice and in the view of the Receiving Party's legal counsel, the Receiving Party is legally required to disclose and, upon the Disclosing Party's request, shall use commercially reasonable efforts to obtain assurances from the applicable court or agency that such Confidential Information will be afforded confidential treatment.

8.3 Upon termination of this Agreement, upon the Disclosing Party's written request, the Receiving Party shall promptly return or destroy all Confidential Information (including all copies, extracts or other reproductions) to the Disclosing Party and if destroyed, certify in writing to the Disclosing Party within such time frame that such Confidential Information (including any Confidential Information held electronically) has been destroyed. Notwithstanding the foregoing, the Receiving Party (i) may retain such copies of the Confidential Information to the extent required to be kept for compliance with any documented and consistently applied internal document retention or corporate governance policy, and (ii) will not be required to purge any electronic documents in the Receiving Party's electronic archive system. Notwithstanding the foregoing, any Confidential Information that is not returned or destroyed, including without limitation any oral Confidential Information, shall remain indefinitely subject to the confidentiality obligations set forth in this Agreement.

9. Representations and Warranties.

9.1 Each Party represents and warrants to the other Party, which representations and warranties shall remain true and accurate throughout the Term, that:

(a) it is a corporation, duly incorporated and validly existing under the laws of its jurisdiction of incorporation;

(b) it has all necessary corporate power and capacity to enter into this Agreement, grant the rights and licenses granted under this Agreement, and perform its obligations hereunder;

(c) the execution of this Agreement by its Representative whose signature is set forth at the end of this Agreement, and the delivery of this Agreement by such Party, have been duly authorized by all necessary corporate action on the part of such Party;

(d) the execution, delivery and performance of this Agreement by such Party will not violate, conflict with, require consent under or result in any breach or default under (i) any of such Party's constituting documents (including its articles of incorporation, by-laws and any shareholders agreement), (ii) any Applicable Law or (iii) with or without notice or lapse of time or both, any provision of any material agreement or other instrument to which such Party is a party; and

(e) when executed and delivered by Producer and Service Provider, this Agreement will constitute the legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its term, except as may be limited by any applicable bankruptcy, insolvency, reorganization, arrangement, moratorium, or similar laws and equitable principles related to or affecting creditors' rights generally or the effect of general principles of equity.

9.2 Service Provider covenants, represents and warrants to Producer, which representations and warranties shall remain true and accurate throughout the Term, that:

(a) it shall perform the Services using Personnel of required skill, experience and qualifications and in a professional and workmanlike manner in accordance with best industry standards for similar services and shall devote adequate resources to meet its obligations under this Agreement;

(b) it is in compliance with, and shall perform the Services in compliance with, all Applicable Laws, including but not limited to all promotion, advertising, distribution, sale, record-keeping and any other applicable requirement under the Cannabis Act;

(c) it shall not (i) make, nor shall any of Service Provider's employees, contractors, agents or representatives make, any Product-related warranty or representation to any third party without the express prior written consent of Producer; or (ii) directly or indirectly incur any liability of any kind on behalf of Producer, or act actually, apparently or ostensibly on behalf of Producer;

(d) it shall maintain all applicable permits, licenses, registrations, consents and approvals, including Cannabis Licenses, of any Regulatory Authority relating to its obligations hereunder and/or business operations of Service Provider; and

(e) subject to the license granted to Producer pursuant to Section 9.3(b), Producer will receive good and valid title to all Services and Deliverables, free and clear of all encumbrances and liens of any kind.

9.3 Producer covenants, represents and warrants to Service Provider, which representations and warranties shall remain true and accurate throughout the Term, that:

(a) it is in compliance with, and shall perform its obligations hereunder in compliance with, all Applicable Laws;

(b) it shall maintain all applicable permits, licenses and approvals, including Cannabis Licenses, of any Regulatory Authority relating to its obligations hereunder and/or business operations of Producer;

9.4 Service Provider shall promptly provide Notice to Producer, of any of the following events or occurrences, or any facts or circumstances reasonably likely to give rise to any of the following events or occurrences:

(a) any failure by Service Provider to perform any of its obligations under this Agreement;

(b) any delay in delivery of Services;

(c) any defects or quality problems relating to Products communicated to Services Provider;

(d) any failure by Service Provider, or its Permitted Subcontractors or common carriers, to comply with Applicable Law.

9.5 General Compliance with Applicable Laws.

(a) Each Party shall at all times comply with all Applicable Laws applicable to this Agreement, the operation of its business and the exercise of its rights and performance of its obligations hereunder;

(b) each Party shall obtain and maintain all licenses necessary for the performance of its obligations under this Agreement; and

(c) no Party shall engage in any activity or transaction involving the Services or the Products that violates any Applicable Law.

9.6 Each Party shall maintain, during the Term and for a period of thirty (30) months after the Term, complete and accurate books and records, and any other financial information, in accordance with standard and acceptable accounting practices in the Territory and in accordance with Applicable Laws, including but not limited to the requirements for record-keeping under the Cannabis Act. For clarity, no Party shall make or permit any off-the-books accounts, inadequately identified transactions, recording of non-existent expenditures, entry of liabilities with incorrect identification of their object, or the use of false documents in connection with performing on this Agreement. Each Party shall keep books, accounts, and records that, in reasonable detail, accurately and fairly reflect its transactions and dispositions of funds paid under this Agreement.

10. Regulatory Matters.

10.1 Complaints; Adverse Reactions. Producer shall have the sole right and responsibility to take such actions with respect to the Product as are normally taken in accordance with accepted business practices and Applicable Law when it comes to responding to complaints, Adverse Reactions and Serious Adverse Reactions relating to the Products. Producer shall be responsible for filing with the relevant Regulatory Authority any Product complaint, serious adverse reaction and adverse reaction reports, which it receives from third parties or from Service Provider, as required by Applicable Laws with respect thereto. Service Provider shall be responsible for ensuring that, with respect to any complaint, Adverse Reaction or Serious Adverse Reaction that comes to its attention, all relevant information, including an identifiable reporter, the applicable suspect Product, and a description of the Adverse Reaction, is collected and provided to Producer or Producer's designated Representative as soon as possible, but in any event no later than three (3) days of initial knowledge of such report. In no event shall Service Provider respond to such complaint without the prior written approval of Producer, except if it is legally compelled to do so by a Regulatory Authority.

10.2 Inquiries from Regulatory Authorities. In the event that Service Provider receives an inquiry from a Regulatory Authority relating to the subject matter of this Agreement, including any inquiry relating to the provision of Services under this Agreement or the payment or receipt of Fees or Royalties under this Agreement, Service Provider shall, to the extent permitted by Applicable Law: (i) promptly notify Producer as to the existence and nature of the inquiry and the proposed response; (ii) provide Producer with a reasonable opportunity to consult with it regarding the inquiry and to comment on the proposed response prior to its delivery; and (iii) provide Producer with the right to written approval of the response prior to its delivery to the applicable Regulatory Authority.

10.3 Anti-Corruption. In the course of performing the Services, Service Provider and Service Provider Personnel, shall not, directly or indirectly, offer, pay, promise to pay, or authorize such offer, promise or payment, of anything of value, to any individual or entity for the purposes of obtaining or retaining business or any improper advantage in connection with this Agreement, or that would otherwise violate any Applicable Laws concerning or relating to public or commercial bribery or corruption. Without derogating from any other rights pursuant to which a Party may review the records of the other Party under this Agreement or any other agreement between the Parties, for the Term of this Agreement and a period of two (2) years thereafter, upon reasonable advance Notice from a Party, the other Party, during normal business hours, shall provide the requesting party with access to all its books, records, invoices, and relevant documentation directly related to this Agreement in order to verify compliance with the terms of this Section 10 and the Agreement. Such audit shall be subject to the Disclosing Party's obligations of confidentiality to its employees and other clients. The Disclosing Party will cooperate fully in any audit or investigation conducted by the requesting party in relation to compliance with this Agreement or the Anti-Corruption Laws.

10.4 Privacy. In the course of performing the Services, Service Provider and Service Provider Personnel will collect, use, store, disclose, dispose of, provide access to, process and otherwise handle any Personal Information received, collected or accessible to Service Provider hereunder in accordance with all privacy laws applicable to such information, including the *Personal Information Protection and Electronic Documents Act* (Canada) and

any other applicable federal, provincial, territorial, local or other jurisdictional legislation governing the collection, use or disclosure of Personal Information. Service Provider will also guarantee that the Confidential information provided by Producer will be securely isolated from the Confidential information provided by the other producers of the same industry in Service Provider's portfolio.

10.5 **Recalls.** Recalls of the Products shall be conducted in accordance with such policies and procedures and Applicable Laws relating to Recalls as may be required by Producer from time to time. At Producer's request, Service Provider will assist Producer in managing the Recall and all reasonable documented costs incurred by Service Provider with respect to participating in such Recall shall be reimbursed by Producer, provided that such Recall does not result from actions, omissions or representations made by Service Provider in connection with the Product inconsistent with Applicable Law or Service Provider's obligations under this Agreement, and such direct costs have been approved by Producer in writing prior to being incurred.

11. **Commercial Activity.**

11.1 Service Provider's Services relating to the promotion and commercialization of the Product to Customers in the Territory shall comply with all Applicable Laws. In addition, Service Provider shall not, and it shall cause its Affiliates not to, do anything that would disparage or adversely affect the reputation and goodwill of Producer or any of its Affiliates, or adversely affect the reputation of the Product.

11.2 Following such reasonable consultations with Producer as may be necessary, Service Provider shall prepare, develop and submit to Producer a draft of the Annual Joint Sales & Marketing Plan for review no later than sixty (60) days prior to the start of each Contract Year during the Term (except for the first Contract Year, in which case such materials will be submitted to Producer at such time as agreed to between the Parties, but in any event sufficiently in advance to allow Producer reasonable time to review and approve prior to the first anticipated date of commercial sale of Products in the Territory). Upon receipt, Producer shall review, discuss with Service Provider, amend as necessary, and if acceptable, approve. The Annual Joint Sales & Marketing Plan will be approved and finalized no later than thirty (30) days prior to the start of each Contract Year (except for the first Contract Year, in which case such materials will be approved sufficiently in advance of the first anticipated date of commercial sale of Products in the Territory). The Annual Joint Sales & Marketing Plan will outline plans for the promotion and commercialization of the Product in the Territory, as further set out in Schedule A. Service Provider shall ensure that the Annual Joint Sales & Marketing Plan, and the execution thereof, complies with all Applicable Laws, and Producer's approval shall not derogate from Service Provider's obligations in this regard. In addition, the Parties shall conduct a Quarterly Business Review throughout each Contract Year for the purposes of measuring performance against the Annual Joint Sales & Marketing Plan, and will adjust, if and as deemed reasonably necessary by Producer for business purposes, the Annual Joint Sales & Marketing Plan.

11.3 Service Provider shall not use any advertising, sales brochures, technical documents, catalogues, and other material for marketing, promoting or advertising the Products without the review and prior written approval of Producer.

11.4 Service Provider shall as soon as possible, but in any event no later than three (3) days, inform Producer of any correspondence or oral communication it receives from a Regulatory Authority relating to the Services. Service Provider shall promptly provide Producer with a copy of such correspondence or a written summary of such communication and, if permitted by Applicable Law, shall not respond to such correspondence or communication without the prior written approval of Producer.

12. Indemnification.

12.1 Subject to the terms and conditions of this Agreement, each of Service Provider and Producer (as applicable, the “**Indemnifying Party**”) shall indemnify, defend and hold harmless the other Party and their respective officers, directors, employees and agents (collectively, “**Indemnified Parties**”) against any and all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs, or expenses of whatever kind, including reasonable legal fees, disbursements and charges, fees and the costs of enforcing any right to indemnification under this Agreement and the cost of pursuing any insurance providers, incurred by any Indemnified Party (collectively, “**Losses**”), arising out or resulting from any third party Claim or any direct Claim against Indemnifying Party alleging:

- (a) a material breach or non-fulfilment of any of Indemnifying Party’s representations, warranties, conditions or covenants set forth in this Agreement;
- (b) any negligent or more culpable act or omission of Indemnifying Party or any of its Representatives (including any recklessness) in connection with Indemnifying Party’s performance of its obligations under this Agreement;
- (c) the fraud or willful misconduct of the Indemnifying Party or any of its Representatives;
- (d) any breach or alleged breach of confidentiality or privacy by the Indemnifying Party or any of its Representatives;
- (e) any bodily injury, death of any Person (including as a result of the consumption of Products) or damage to real or tangible personal property caused by the wilful or grossly negligent acts or omissions of Indemnifying Party or any of its Representatives; or
- (f) any failure by a Party (in its capacity as the Indemnifying Party) or its Personnel to comply with any Applicable Laws.

12.2 Notwithstanding anything to the contrary in this Agreement, Indemnifying Party is not obligated to indemnify or defend any Indemnified Party against any Claim (whether direct or indirect) if such Claim or the corresponding Losses result directly from, in whole or in part, Indemnified Party’s or its Personnel’s:

(a) negligence or more culpable act or omission (including recklessness or wilful misconduct); or

(b) bad faith failure to materially comply with any of its obligations set forth in this Agreement.

12.3 Subject to the terms and conditions of Section 12.4, Producer shall defend, or cooperate in the defense of, hold harmless and indemnify, the Indemnified Parties from and against all Losses of an Indemnified Party arising, directly or indirectly, out of any third party Claim related to the use of the Products by consumers. Service Provider shall notify Producer of such third party Claims against Service Provider, and cooperate in the investigation, settlement and defense of such Claims at Producer's expense.

12.4 Notwithstanding anything to the contrary in this Agreement, Producer is not obligated to indemnify or defend any Indemnified Party against any Claim (whether direct or indirect) under Section 3 if such Claim or the corresponding Losses arise out of or result from, in whole or in part, the circumstances described in Section 12.2(a) or Section 12.2(b) in respect of an Indemnified Party.

13. Limitation of Liability.

13.1 EXCEPT AS OTHERWISE PROVIDED IN SECTION 13.2, IN NO EVENT SHALL EITHER PARTY OR THEIR REPRESENTATIVES BE LIABLE FOR CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR AGGRAVATED DAMAGES, LOST PROFITS OR REVENUES OR DIMINUTION IN VALUE, ARISING OUT OF OR RELATING TO ANY BREACH OF THIS AGREEMENT, REGARDLESS OF (A) WHETHER SUCH DAMAGES WERE FORESEEABLE, (B) WHETHER OR NOT THE OTHER PARTY WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR (C) THE LEGAL OR EQUITABLE THEORY (CONTRACT, TORT OR OTHERWISE) UPON WHICH THE CLAIM IS BASED, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE.

13.2 The exclusions and limitations in Section 13.1 shall not apply to Losses or other liabilities arising out of or relating to a Party's fraud, gross negligence or wilful misconduct.

13.3 The provisions of this Section 13 shall survive and remain in full force and effect following any termination or expiry of this Agreement in accordance with the applicable statutes of limitation.

14. Termination; Effect of Termination.

14.1 Subject to Section 14.2, Producer, in its sole discretion, may terminate this Agreement, in whole or in part, at any time, without cause, and without liability except for required payments for all Services rendered and reimbursement for authorized expenses incurred, prior to the termination date, by providing at least six (6) months prior written Notice to Service Provider.

14.2 The Agreement may be terminated:

(a) by either Party immediately if the other Party commits a material breach of any of its obligations under this Agreement and (i) fails to remedy the breach within thirty (30) Business Days of being required by the first Party to do so; (ii) where remedy of the breach is not reasonably possible within thirty (30) Business Days, fails to propose a plan within fifteen (15) Business Days which, in the opinion of the first Party acting reasonably, is capable of providing a remedy of the breach within sixty (60) Business Days; or (iii) such default is not capable of being cured;

(b) by either Party immediately upon written Notice to the other Party in the event the other Party becomes insolvent, makes an assignment for the benefit of its creditors, files a petition in bankruptcy, makes a proposal or shall be adjudicated insolvent or bankrupt, suspends payment of debts or otherwise admits that it is unable to pay its debts generally as they become due, ceases or threatens to cease carrying on business in the ordinary course, convenes a meeting of creditors, has a receiver appointed or a petition presented for its compulsory liquidation, or should such other party commence any proceedings under any law or statute respecting insolvency or bankruptcy or should any such proceedings be commenced against such Party;

(c) by either Party immediately upon written Notice to the other Party, in the event that any Regulatory Authority:

(i) requires the termination of this Agreement; or

(ii) prohibits this type of agreement or the Services performed under this Agreement.

14.3 Upon expiration or termination of this Agreement for any reason:

(a) Service Provider shall (i) promptly deliver to Producer all Deliverables (whether complete or incomplete) for which Producer has paid and all Producer Materials, (ii) promptly remove any Service Provider Equipment located at Producer's premises, and (iii) repay all Fees and expenses paid in advance for any Services or Deliverables which have not been provided.

(b) Expiration or termination of this Agreement will not affect any rights or obligations of the Parties that:

(i) come into effect upon or after termination or expiration of this Agreement; or

(ii) otherwise survive the expiration or earlier termination of this Agreement under Section 14.4.

(c) The Party terminating this Agreement, or in the case of the expiration of this Agreement, each Party, will not be liable to the other Party for any damage of any kind

(whether direct or indirect) incurred by the other Party solely by reason of the expiration or earlier termination of this Agreement.

14.4 The rights and obligations of the Parties set forth in this Section 14.4 and Section 7 (Intellectual Property Rights), Section 8 (Confidential Information), Section 10 (Indemnification), Section 13 (Limitation of Liability), Section 14 (Termination), Section 15 (Insurance), and Section 19 (Miscellaneous), and any right or obligation of the Parties in this Agreement which, by its nature, should survive termination or expiration of this Agreement, will survive any such termination or expiration of this Agreement.

15. Insurance.

15.1 At all times during the Term of this Agreement and for a period of two (2) years thereafter, Service Provider shall procure and maintain, at its sole cost and expense, at least the following types and amounts of insurance coverage (i) commercial general liability insurance with limits no less than \$2,000,000 per occurrence and \$5,000,000 in the aggregate, including bodily injury and property damage and risks related to the Services provided for hereunder, which policy will include contractual liability coverage insuring the activities of Service Provider under this Agreement; and (ii) worker's compensation insurance for Service Provider Personnel, in accordance with Applicable Law. Upon Producer's request, Service Provider shall provide Producer with certificates of insurance attesting to the existence of such insurance.

15.2 Producer agrees to maintain commercial general liability insurance, or product liability insurance, consistent with its normal business practices, providing coverage for a limit of not less than \$2,000,000 per occurrence and \$2,000,000 in the aggregate, and, upon Service Provider's request, to provide Service Provider with certificates of insurance attesting to the existence of such insurance.

16. Non-solicitation.

16.1 During the Term of this Agreement and for a period of twelve (12) months thereafter, neither Party nor any of its Affiliates or Permitted Subcontractor (in the case of Service Provider) shall, directly or indirectly, in any manner solicit or induce for employment any person who is then in the employment of the other Party.

17. Force Majeure.

17.1 The Parties shall be excused from the consequences of any breach of this Agreement if and to the extent that such breach was caused in whole or in part by a Force Majeure event, provided that (a) the affected party shall not in any material way have caused or contributed to such Force Majeure event and (b) the Force Majeure event could not have been prevented by reasonable and ordinary precautions (as would be employed by a reasonably prudent person in the position of the affected party):

(a) the existence or occurrence of a Force Majeure event shall excuse a breach of this Agreement only for such period of time as the Force Majeure event remains in existence

and only to the extent that such Force Majeure event has caused in whole or in part the breach of this Agreement;

(b) a Party shall only be obligated to pay the amounts due to the other Party hereunder to the extent that the obligations of the other Party have been provided and the applicable performance criteria for such obligations have been met despite the existence or occurrence a Force Majeure event;

(c) if a Force Majeure event is continuing after ninety (90) days from the date on which a Party gives Notice to the other Party, such other Party may terminate this Agreement by written Notice having immediate effect, provided that the effects of the relevant Force Majeure event continue during such period to prevent the material performance of obligations of the Party having given the initial Notice under this sub-paragraph.

For the purposes of this Section 17.1, "**Force Majeure**" means any prevention, delay, stoppage or interruption in the performance of any obligation or the occurrence of any event due to an act of God, the occurrence of enemy or hostile actions, sabotage, war, blockades, terrorist attacks, insurrections, riots, epidemics, pandemics, nuclear and radiation activity or fall-out, civil disturbances, explosions, fire or other casualty, or any other similar causes beyond the control of the Party seeking relief from its obligations as a result of such event, but not including, for clarity, any financial inability of a Party or the failure of any subcontractor to perform obligations owed to a Party.

18. **Dispute Resolution.**

18.1 Any dispute, difference, controversy or claim arising out of or relating to this Agreement, including any question regarding its existence, negotiation, interpretation, application, performance, validity, breach or termination (each, a "**Dispute**"), shall be submitted for negotiation and resolution to the President of Producer (or to such other individual of equivalent or superior position designated by Producer in a written Notice to Service Provider) and the President of Service Provider (or to such other individual of equivalent or superior position designated by Service Provider in a written Notice to Producer, by delivery of written Notice (each, a "**Dispute Notice**") from either of the Parties to the other Party. Such individuals shall negotiate in good faith to resolve the Dispute.

(a) If the Parties are unable to reach an agreement in respect of a Dispute within fifteen (15) Business Days after delivery of the Dispute Notice, the Dispute shall be mediated (the "**Mediation**") within fifteen (15) Business Days from the date a written request for mediation is made by any Party to such Dispute. The Mediation shall take place in Toronto, Ontario and shall be in English. The Mediation shall be conducted before a single mediator to be agreed upon by the Parties. If the Parties cannot agree on the mediator, each Party to such Mediation shall select a mediator and such mediators shall together unanimously select a neutral mediator who will conduct the mediation. Each Party to such Mediation shall bear the fees and expenses of its mediator and all the Parties shall equally bear the fees and expenses of the final mediator.

(b) If, in any case, the Parties are unable to reach an agreement in respect of a Dispute within forty-five (45) Business Days after delivery of the Dispute Notice such Dispute shall be submitted to and finally settled by arbitration and the decisions of the arbitrator shall be final and binding on the Parties and shall not be subject to any appeal or review procedure, regardless of whether such appeal is on a question of fact, law, or mixed fact and law. To the extent there is more than one dispute outstanding between the Parties, the Parties covenant and agree to consolidate any arbitration proceedings in accordance with this Section 18.1(b) into a single proceeding, to the extent that such consolidation is reasonably practicable.

(c) The arbitration shall be conducted by a single arbitrator agreed upon by the Parties to the matter. If, within five (5) Business Days after Notice of the matter has been given by one Party to the other, the Parties to the matter cannot agree upon a single arbitrator, then either Party may apply to the Ontario Superior Court of Justice for the appointment of the arbitrator in accordance with the provisions of the *Arbitration Act*, 1991 (Ontario). The law to be applied in connection with the arbitration shall be the law of Ontario, excluding its conflicts of law rules. Any arbitration hereunder shall be held in Toronto, Ontario, unless the Parties thereto otherwise agree.

(d) The arbitration shall be governed by the *Arbitration Act*, 1991 (Ontario). To the maximum extent permitted by Applicable Laws, the Parties hereby authorize and empower the arbitrators to grant interim measures, including but not limited to injunctions, specific performance, or other equitable relief (which, without limitation, may be part of the final arbitral decision or award), in appropriate circumstances. These interim measures and other remedies may be immediately enforced by court order.

(e) The fees and expenses of arbitration will be awarded to the winning party, on a partial indemnity basis, unless the winning party has had only a partial victory, in which case the arbitrator shall, in his or her sole discretion, allocate the fees and expenses amongst the Parties.

(f) The prevailing party or Parties shall be entitled to an award of arbitration costs determined by the arbitrator.

(g) The Parties undertake to keep strictly confidential the contents of and any documents prepared and/or produced for the arbitral proceedings. The Parties undertake as a general principle to keep confidential all information concerning the existence of the arbitration, all awards in the arbitration, all materials in the proceedings created or used for the purpose of the arbitration, and all materials and information produced during the arbitration (the “**Confidential Arbitration Information**”) and not in the public domain – save and to extent that disclosure may be required of a Party by legal duty, to protect or pursue a legal right or to enforce or set aside an award in bona fide legal proceedings before a competent court. Each Party shall obtain and deposit with the arbitrators a signed confidentiality undertaking form its legal counsel, independent experts and consultants regarding the Confidential Arbitration Information.

19. Miscellaneous.

19.1 Upon a party's reasonable request, the other party shall, at its sole cost and expense, execute and deliver all such further documents and instruments, and take all such further acts, necessary to give full effect to this Agreement.

19.2 The relationship between the Parties is that of independent contractors. Nothing contained in this Agreement shall be construed as creating any agency, partnership, joint venture or other form of joint enterprise, employment or fiduciary relationship between the Parties, and neither Party has any express or implied right or authority to assume or create any obligations on behalf of or in the name of the other Party or to bind the other Party to any contract, agreement or undertaking with any third party.

19.3 Neither Party shall issue or release any announcement, statement, press release or other publicity or marketing materials relating to this Agreement, or otherwise use the other Party's trademarks, service marks, trade names, logos, symbols or brand names, in each case, without the prior written consent of the other Party, which shall not be unreasonably withheld or delayed.

19.4 Notices. All notices, requests, consents, claims, demands, waivers and other communications (the "**Notice**") hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient (provided, in respect of any Notice sent via e-mail, that a copy of such Notice is also sent by the method described in clause (a) or (b) above within two (2) Business Days thereafter) or (d) on the fifth (5th) Business Day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective Parties at the addresses listed below:

in the case of a Notice to Service Provider:

Attention: Vianney Aubrecht, President
Velvet Management Inc.
1100 Atwater, Suite 2000
Westmount (Quebec)
H3Z 2Y4

E-mail: vaubrecht@velvetmgmt.com

in the case of a Notice to Producer:

Attention: Dave Faber, Vice President, Sales
FIGR Canada Holding ULC
2225 Sheppard Avenue East, Suite 903
North York, Ontario
M2J 5C2

E-mail: dfaber@figr.com

Any Party may at any time change its address for service from time to time by giving Notice to the other Parties in accordance with this Section 19.4.

19.5 For purposes of this Agreement: (a) the words “include,” “includes” and “including” is deemed to be followed by the words “without limitation”; (b) the word “or” is not exclusive; (c) the words “herein,” “hereof,” “hereby,” “hereto” and “hereunder” refer to this Agreement as a whole; (d) words denoting the singular have a comparable meaning when used in the plural, and vice-versa; and (e) words denoting any gender include all genders. Unless the context otherwise requires, references in this Agreement: (x) to sections, schedules, exhibits, attachments and appendices mean the sections of, and schedules, exhibits, attachments and appendices attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. The Parties drafted this Agreement without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be drafted. The schedules, exhibits, attachments and appendices referred to herein are an integral part of this Agreement to the same extent as if they were set forth verbatim herein. Except as otherwise expressly provided in this Agreement, all dollar amounts referred to in this Agreement are stated in Canadian currency.

19.6 This Agreement, together with all Schedules and any other documents incorporated herein by reference, constitute the sole and entire agreement of the Parties to this Agreement with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any conflict between the terms and provisions of this Agreement and those of any Schedule, the following order of precedence shall govern: (a) first, this Agreement, exclusive of its Schedules; and (b) second, any Schedules to this Agreement.

19.7 Either Party may assign, transfer or delegate any or all of its rights or obligations under this Agreement, without the prior written consent of the other Party.

19.8 This Agreement is for the sole benefit of the Parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever, under or by reason of this Agreement.

19.9 This Agreement (including any Schedule hereto) may only be amended, modified or supplemented by an agreement in writing signed by each Party hereto. No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. Except as otherwise set forth in this Agreement, no failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial

exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. Notwithstanding the foregoing or anything to the contrary herein, the Parties agree and acknowledge that, due to the uncertainty relating to the distribution of cannabis products in certain provinces in the Territory, should any amendment be reasonably required in order to address a change or amendment in any Applicable Laws, or a change in the method or manner of distribution by any Customer or Regulatory Authority, that has a non-trivial impact on this Agreement, that the Parties shall promptly negotiate in good faith any such amendment.

19.10 If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

19.11 This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the Parties shall be governed by, the laws of the Province of Quebec and the federal laws of Canada applicable in such province. Except as otherwise provided in Section 18 (Dispute Resolution), each Party hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of the Province of Quebec and all courts competent to hear appeals therefrom.

19.12 Each Party acknowledges and agrees that (a) a breach or threatened breach by such Party of any of its obligations under this Agreement would give rise to irreparable harm to the other Party for which monetary damages would not be an adequate remedy and (b) in the event of a breach or a threatened breach by such Party of any such obligations, the other Party shall, in addition to any and all other rights and remedies that may be available to such Party at law, at equity or otherwise in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court or tribunal of competent jurisdiction, without any requirement to post a bond or other security, and without any requirement to prove actual damages or that monetary damages will not afford an adequate remedy. Each Party agrees that such Party will not oppose or otherwise challenge the appropriateness of equitable relief or the entry by a court or tribunal of competent jurisdiction of an order granting equitable relief, in either case, consistent with the terms of this Section 19.12.

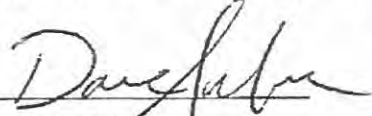
19.13 This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

19.14 The Parties have required that this Agreement and all documents and Notices resulting from it be drawn up in English. *Parties aux présents ont exigés que la présente convention ainsi que tous les documents et avis qui s'y rattachent ou qui en découleront soient rédigés en anglais.*

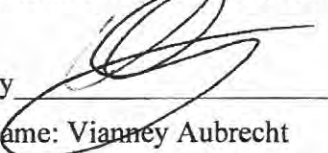
[SIGNATURE PAGE FOLLOWS]

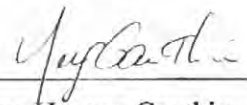
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

FIGR CANADA HOLDING ULC

By  01.11.21
Name: David Faber
Title: Vice President, Sales

VELVET MANAGEMENT INC.

By  01.11.21
Name: Vianney Aubrecht
Title: President

By  01.11.21
Name: Hugues Gauthier
Title: CEO

SCHEDULE A

Services

Service Provider shall provide the following Services:

- Service Provider shall assume primary responsibility for the development of the Annual Joint Sales & Marketing Plan. With reference to the Parties' shared objective of building enduring brand equity for the Products, current and projected market conditions, and such other factors as may be appropriate to establish reasonable goals consistent with maximizing long-term brand equity and growth, the Annual Joint Sales & Marketing Plan shall set out the arrangements for the promotion, marketing and commercialization of the Products in the Territory, to include the following:
 - - the Products to be promoted and commercialized;
 - specific trade marketing activities;
 - key activities;
 - Minimum Sales Target
 - sales team performance incentives;
 - Customer incentives (if permitted);
 - merchandising materials;
 - customer management practices, including provision of business intelligence, data analytics, and other similar metrics;
 - events, conferences, trade shows, educational sessions;
 - national and regional pricing architecture;
 - monthly forecasts of Fees to be paid by Producer to Service Provider;
 - monthly forecasts of Producer's gross revenue for non-medical cannabis Products; and
 - monthly forecasts of marketing costs to be incurred by Service Provider to form part of the Trade Marketing Budget.
- Provide sufficient contract sales representation throughout the Territory, including for the market penetration, promotion, commercialization and activation of the Products
- Perform trade and Customer marketing programs and/or initiatives
- Recruit, hire, employ, manage, administrate and maintain a sales & marketing team able to satisfy the progressive business needs of Producer (and Service Provider), as well as any agreed upon volume targets as set out in the Annual Joint Sales & Marketing Plan
- Customer relationship management
- Perform informational promotional activities with Customers
- Facilitate the performance of in-store sales execution
- Provide business intelligence services and sales & execution reporting services

- Provide monthly Service Reports to Producer
- Comply with all Applicable Laws related to the Services, including with regards to the promotion and commercialization of the Products in the Territory
- Ensure that Service Provider and/or Service Provider Personnel have all licenses and permits required under Applicable Laws with respect to the promotion and commercialization of the Products in the Territory
- Provide support to the Producer with the different provincial regulatory authorities to obtain the required licences and permits to sell in the Territory

SCHEDULE B

Fees

Definitions:

“**Annual Net Revenues**” means the total sales revenues earned, less discounts and returns, during a Contract Year, for Product sales to Customers in the Territory;

“**Minimum Sales Target**” – means the minimum sales volume to be achieved by Service Provider during each Contract Year.

Fees:

During the Term of the Agreement and for each Contract Year following the Effective Date of this Agreement, the annual Fees shall be equal to:

- 5% on the first \$40MM of Producer’s Annual Net Revenues;
- 2% on Producer’s Annual Net Revenues over \$40 MM, and up to \$80MM; and
- 1% on Producer’s Annual Net Revenues exceeding \$80MM;

for the Products sold in the Territory.

“**Annual Gross Revenues**” means the total revenues earned, during a Contract Year, for Product sales to Customers in the Territory.

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED AND
IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF FIGR BRANDS, INC., FIGR NORFOLK
INC. AND CANADA'S ISLAND GARDEN INC.***

Court File No.:CV-21-00655373-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

APPLICATION RECORD
(Volume 2 of 3)

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