

SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT is made effective the 1st day of February 2024.

AMONG:

LIFEIST WELLNESS INC.,

a corporation existing under the laws of the Province of British Columbia, having a registered office at *[Contact Information Redacted]*,

(hereinafter referred to as the “**Seller**”)

- and -

CANNMART INC.,

a corporation existing under the laws of the Province of Ontario having a registered office at *[Contact Information Redacted]*,

(hereinafter referred to as “**CannMart**”)

-and-

CANNMART LABS INC.,

a corporation existing under the laws of the Province of Ontario, having a registered office at *[Contact Information Redacted]*,

(hereinafter referred to as “**CannMart Labs**”)

-and-

CANNMART MARKETPLACE INC.,

a corporation existing under the laws of Canada, having a registered office at *[Contact Information Redacted]*,

(hereinafter referred to as “**CannMart Marketplace**”)

-and-

1000501971 ONTARIO INC.,

a corporation existing under the laws of the Province of Ontario, having a registered office at *[Contact Information Redacted]*,

(hereinafter referred to as “**Zest**”)

(CannMart, CannMart Labs, CannMart Marketplace and Zest collectively referred to as the “**CannMart Group**”)

-and-

1463663 B.C. LTD.

a corporation existing under the laws of British Columbia, having a registered office at *[Contact Information Redacted]*,

(hereinafter referred to as the “**Purchaser**”)

WHEREAS:

- A. The Seller is the legal and beneficial owner of all the issued and outstanding shares of each of CannMart, CannMart Labs, CannMart Marketplace and Zest (collectively, the “**CannMart Group Shares**”).
- B. The Purchaser has agreed to purchase from the Seller all of the issued and outstanding CannMart Group Shares upon the terms and conditions set forth in this Agreement (the “**Transaction**”), such that the Purchaser will, upon Closing (as defined herein), be the sole direct or indirect shareholder of the CannMart Group.
- C. The Seller has agreed to the Transaction, subject to the terms and conditions set forth.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the respective covenants and agreements herein contained, the parties covenant and agree as follows:

ARTICLE I**INTERPRETATION****1.01 Definitions**

In this Agreement, unless otherwise defined, capitalized words and terms shall have the following meanings:

- (1) “**Accounts Receivable**” means all accounts receivable and other amounts due, owing or accruing due to the CannMart Group in accordance with GAAP.
- (2) “**affiliate**” has the meaning ascribed to such term in the *Securities Act* (Ontario).
- (3) “**Agreement**” means this share purchase agreement dated February 1, 2024, together with the CannMart Group Disclosure Schedule, and all schedules, appendices, and exhibits attached hereto, as the same may be supplemented or amended from time to time.
- (4) “**Alternative Transaction**” means any of the following (and excludes the transactions contemplated by this Agreement): (a) any merger, amalgamation, arrangement, share exchange, take-over bid, tender offer, recapitalization, consolidation or other business combination directly or indirectly involving the CannMart Group or any analogous transaction, (b) any acquisition of all or substantially all of the assets of the CannMart Group (or any lease, long-term supply agreement, exchange, mortgage, pledge or other arrangement having a similar economic effect), (c) any acquisition of beneficial ownership of 50% or more of the voting securities in a single transaction or a series of related transactions in any of CannMart, CannMart Labs and/or CannMart Marketplace, (d) any acquisition by the CannMart Group, of any assets or capital stock of another Person, or (e) any *bona fide* proposal to, or public announcement of an intention to, do any of the foregoing on or before the Termination Date.
- (5) “**Applicable Laws**” means, in respect of any Person, property, transaction, event or other matter, as applicable, (i) any present or future law, statute, regulation, code, ordinance, principle of common law or equity, municipal by-law, treaty, order, directive, judgment, decree, injunction,

decision, ruling, award or writ, domestic or foreign, of any Governmental Authority having jurisdiction applicable to that Person, property, transaction, event or other matter and, (ii) whether or not having the force of law, all applicable requirements, requests, official directives, rules, consents, approvals, authorizations, guidelines and policies of any Governmental Authority having jurisdiction over that Person, property, transaction, event or other matter and regarded by such Governmental Authority as requiring compliance.

(6) “**Authorizations**” means, collectively, all consents, licenses, registrations, permits, authorizations, permissions, assignments, orders, approvals, clearances, waivers, certificates, and declarations issued, granted, given or otherwise made available by or under the authority of any Governmental Authority, whether domestic or foreign, or pursuant to any requirement under Applicable Laws.

(7) “**Balance Sheet Dispute**” is defined in Section 2.05;

(8) “**Books and Records**” means all technical, business and financial records, financial books and records of account, books, data, reports, files, lists, drawings, plans, logs, briefs, customer and supplier lists, deeds, certificates, Contracts, surveys, title opinions or any other documentation and information in any form whatsoever (including written, printed, electronic or computer printout form) relating to a corporation and its business.

(9) “**Business Day**” means a day which is not a Saturday, Sunday or a statutory holiday in the Province of Ontario.

(10) “**CannMart Group**” has the meaning set forth in the first page of this Agreement.

(11) “**CannMart Group Disclosure Schedule**” means the disclosure schedule delivered by the Seller to the Purchaser concurrently with the execution of this Agreement, as amended pursuant to this Agreement.

(12) “**CannMart Group Material Contracts**” means, collectively, all Contracts and other obligations or rights (and all amendments, modifications and supplements thereto) to which each entity in the CannMart Group is a party or by which its assets, rights and properties are bound that are material to the business or assets of the CannMart Group as set out in the CannMart Disclosure Letter.

(13) “**CannMart Group Shares**” has the meaning set forth in the recitals of this Agreement.

(14) “**Claim**” has the meaning set forth in Section 9.04.

(15) “**Closing Date**” means the date of Closing, which shall be the third (3rd) Business Day following the satisfaction or waiver of all conditions to the obligations of the parties to consummate the Transaction (other than conditions that are satisfied with respect to actions the respective parties will take at the Closing itself), or such other earlier or later date as the Purchaser and the Seller may mutually determine.

(16) “**Closing Date Balance Sheet**” has the meaning set forth in Section 2.05.

(17) “**Closing Date Estimated Balance Sheet**” has the meaning set forth in Section 2.05.

(18) “**Closing Date Estimated Net Working Capital**” has the meaning set forth in Section 2.05.

(19) “**Closing Date Net Working Capital**” has the meaning set forth in Section 2.05.

(20) “**Closing Date Payment**” has the meaning set forth is defined in Section 2.02

- (21) “**Closing**” means the completion of the Transaction in accordance with the terms and conditions of this Agreement.
- (22) “**Constituting Documents**” means, with respect to any Person, as applicable, its articles and/or certificate of incorporation, notice of articles, articles of amendment, articles of amalgamation or continuance, memorandum of association, charter, by-laws, declaration of trust and other constituting documents (in the case of a trust), partnership agreement, limited liability company agreement or other similar document, and all unanimous shareholder agreements, other shareholder agreements, voting trust agreements and similar arrangements applicable to the Person’s equity interests, all as in effect from time to time.
- (23) “**Contracts**” (individually, a “**Contract**”) means all written or oral outstanding contracts and agreements, leases (including the real property leases), third-party licenses, insurance policies, deeds, indentures, instruments, entitlements, commitments, undertakings and orders made by or to which a party is bound or under which a party has, or will have, any rights or obligations and includes rights to use, franchises, license and sub-licenses agreements and agreements for the purchase and sale of assets or shares.
- (24) “**Corporate Records**” means the corporate records of a corporation, including (i) its articles, notice of articles or other constituting documents, any unanimous shareholder agreement and any amendments thereto, (ii) all minutes of meetings and resolutions of each entity in the CannMart Group, directors and any committee thereof, (iii) the share certificate books, register of shareholders, register of transfers and registers of directors and officers, and (iv) all accounting records.
- (25) “**Current Assets**” means current assets of the CannMart Group as calculated in accordance with GAAP and as a stand alone business, including without limitation, the aggregate sum of the CannMart Group’s cash and cash equivalents plus the values of the Accounts Receivable and Inventories of the CannMart Group.
- (26) “**Current Liabilities**” means the current liabilities of the CannMart Group as calculated in accordance with GAAP and as a stand alone business, including without limitation, the aggregate sum of the trade accounts payable, owing or accruing due, all other amounts owed by the CannMart that are payable within one year of the Closing Date, and all of the liabilities for Taxes of the CannMart Group, including all Taxes that the CannMart Group was required to withhold and remit to an applicable Governmental Authority solely in respect of any period ending prior to the Closing Date which have not been remitted.
- (27) “**Direct Claim**” has the meaning set forth in Section 9.04.
- (28) “**disclosed**” means in the case of the Seller, reasonably disclosed in writing to the Purchaser prior to the date of this Agreement, including the CannMart Group Disclosure Schedule (with reasonable details to identify the nature and scope of the matter disclosed).
- (29) “**Environmental Laws**” means all Applicable Laws relating to the environment, including, but not limited to, those pertaining to (i) the reclamation or restoration of properties, (ii) the abatement of pollution, (iii) the protection of the environment or wildlife, including endangered species, (iv) public safety with respect to environmental hazards, (v) the protection of cultural or historic resources, (vi) the management, treatment, storage, disposal or control of, or exposure to, any substance or material that is prohibited, controlled or regulated by any Governmental Authority pursuant to Environmental Laws (such substances and materials collectively referred to in this definition as, “**Hazardous Substances**”), (vii) the release or threatened release of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances, including ambient air, surface water and groundwater, (viii) the manufacturing, processing, distribution, use, treatment, storage, disposal, handling or transport of Hazardous Substances.

- (30) **“Escrow Agreement”** means the escrow agreement with respect to the CannMart Group Shares, to be entered into at the Time of Closing by Ricketts Harris LLP, as escrow agent, the Purchaser, the Seller and each entity of the CannMart Group, as applicable.
- (31) **“Excess Net Working Capital”** means the Closing Date Net Working Capital less the Closing Date Estimated Net Working Capital.
- (32) **“Exchange”** means TSX Venture Exchange.
- (33) **“Financial Statements”** means, the unaudited financial statements of the CannMart Group as at and for the 12-month periods ending November 30, 2023, November 30, 2022 and November 30, 2021 as set forth in the CannMart Group Disclosure Schedule and as calculated in accordance with GAAP (other than note disclosure and non-material amendments) and as a stand alone business.
- (34) **“Finally Determined”** means, with respect to any claim for indemnification, payment, reimbursement or set off by any Indemnified Person pursuant to this Agreement, the amount of such claim the entitlement to which any Indemnified Person (i) has been consented to in writing by the Indemnifying Party (whether pursuant to a settlement agreement or otherwise), or (ii) has been determined pursuant to a final, non-appealable judgment or other similar determination of a court of competent jurisdiction.
- (35) **“Fundamental Representations and Warranties”** means the representations and warranties contained in Sections 5.01(1), (2), (3), (5), (9) (10) and (11) and Section 5.02(1), (2), (3), (5), (6), (7), (8) and (9) and Sections 5.03(1), (2), (3), (4), (5), (6), (8), (9), (10), (12), (17), (18), (26), (30), (31), (32), (33) and (37).
- (36) **“GAAP”** means International Financial Reporting Standards as applied in Canada as applied to CannMart Group on a stand alone business.
- (37) **“General Security Agreement”** means the general security agreement to be entered into at the Time of Closing by the Purchaser, the Seller and each of the entities of the CannMart Group, as applicable.
- (38) **“Governmental Authority”** means any (a) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, court, tribunal, commission, board or agency, whether domestic or foreign, or (b) regulatory authority, including any securities commission, or stock exchange, including the Exchange.
- (39) **“Indebtedness”** means all indebtedness and all financial liabilities and obligations of a Person, present or future, direct or indirect, absolute or contingent, matured or not, joint, several or joint and several, at any time owing or remaining unpaid by such Person in any currency, including all principal, interest, commissions, fees, including receiver’s fees and expenses, legal costs (on a solicitor and his own client basis) and other costs, charges and expenses.
- (40) **“Information Technology”** means computer hardware, software in source code and object code form (including documentation, interfaces and development tools), websites, databases, telecommunications equipment and facilities and other information technology systems owned, licensed, used or held by a Person.
- (41) **“Insolvency Proceedings”** means any formal insolvency proceedings, whether in or out of court, including proceedings or steps leading to any form of bankruptcy, liquidation, administration, receivership, arrangement or scheme with creditors, moratorium, stay or limitation of creditors’ rights, interim or provisional supervision by a court or court appointee, winding-up or striking-off, or any distress, execution, commercial rent arrears recovery or other process levied or exercised or any other analogous proceedings in any other jurisdiction.

(42) **“Intellectual Property”** means all intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to Applicable Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all (a) trademarks, service marks, trade names, brand names, logos, slogans, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use of, and symbolized by, and all registrations, applications and renewals for, any of the foregoing, (b) internet domain names, whether or not trademarks, web addresses, web pages, websites and related content and URLs, (c) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights, author, performer, moral and neighboring rights, and all registrations, applications for registration and renewals of such copyrights and (d) patents (including all reissues, divisionals, provisionals, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications, and other patent rights and any other Governmental Authority issued indicia of invention ownership (including inventor s certificates, petty patents and patent utility models).

(43) **“Inventories”** means only usable and saleable inventory of CannMart Group owned brands (such as Roilty and Zest) and any unbranded inventory and supplies including but not limited to excise stamps, hardware, packaging materials used for such inventory, as reflected in the Financial Statements of the CannMart Group.

(44) **“laws”** means all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, or any provisions of the foregoing, including general principles of common and civil law and equity, binding on or affecting the person referred to in the context in which such word is used; and **“law”** means any one of them.

(45) **“Leased Premises”** means all of the lands and premises which are leased by the CannMart Group.

(46) **“Leases”** means all of the leases relating to the CannMart Group other than the Real Property Leases.

(47) **“Lien”** means any mortgage, encumbrance, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), claim, mortgage, title retention agreement or arrangement, restrictive covenant, or other encumbrance of any nature, or any other arrangement or condition which, in substance, secures payment, or performance of an obligation.

(48) **“Material Adverse Effect”**, when used in connection with the a party, means (i) any change, effect, fact, circumstance or event which, individually or when taken together with any other changes, effects, facts, circumstances or events, would reasonably be expected to be material and adverse to the assets, liabilities, condition (financial or otherwise), business, properties or results of operation of the party and its affiliates (if applicable), taken as a whole, or (ii) a material impairment of or delay in the ability of the parties (or any one of them) to perform their obligations under this Agreement or consummate the Transaction, provided however that, a Material Adverse Effect shall not include (1) any change, effect, fact, circumstance or event (A) relating to the global economy or financial, securities or commodities markets in general in the world including, without limitation, changes in currency exchange rates or interest rates, or (B) generally affecting the industry within which the party and its subsidiaries (if applicable) are engaged in business, which does not have a materially disproportionate effect on such party and its subsidiaries (if applicable) relative to other comparable Persons operating in the industry in which the party and its subsidiaries (if applicable) are engaged in business, (C) relating to GAAP or in accounting standards; (2) the impact(s) or ongoing impact(s) of the COVID-19 pandemic or other health crisis or public health event, on the business, operations or financial condition of the party and its subsidiaries (if applicable) and (3) any acts of God, calamities, acts of war, terrorism or military action or the escalation thereof.

- (49) “**Material Contract**” means, with respect to a Person, any Contract to which such Person is a party and which is material to such Person, including any Contract: (i) the termination of which would have a Material Adverse Effect on such Person, (ii) which would result in payments to or from such Person or its subsidiaries (if any) in excess of [*commercially sensitive information redacted*], whether payable in one payment or in successive payments, (iii) relating to the borrowing of money or to capital expenditures, and (iv) not entered into in the Ordinary Course.
- (50) “**material fact**” shall have the meaning ascribed to it in the *Securities Act* (Ontario).
- (51) “**Net Working Capital**” means the net of Current Assets (excluding Inventories) minus Current Liabilities.
- (52) “**Non-Disclosure, Non-Competition and Non-Solicitation Agreement**” means the non-disclosure, non-competition and non-solicitation agreement to be entered into at the Time of Closing by the Purchaser and the Seller.
- (53) “**Ordinary Course**” means, with respect to an action taken by a Person, that such action is (i) consistent with the past practices of such Person and is taken in the ordinary course of the normal day-to-day operations of the business of such Person, and (ii) similar in nature to actions customarily taken in the normal day-to-day operations of the businesses of other Persons that are in the same line of business as such Person.
- (54) “**Purchaser**” has the meaning set forth in the first page of this Agreement.
- (55) “**Person**” includes an individual, sole proprietorship, partnership, limited partnership, unincorporated association or organization, unincorporated syndicate, body corporate, trust, trustee, executor, administrator, legal representative of the Crown or any agency or instrumentality thereof.
- (56) “**Real Property Leases**” means all of the leases between any entity in the CannMart Group, as tenant, and any Person, as landlord, and all amendments to those leases, relating to the leasing by the CannMart Group of the Leased Premises.
- (57) “**Securities Laws**” means the securities legislation having application, the regulations and rules thereunder and all administrative policy statements, instruments, blanket orders, notices, directions and rulings issued or adopted by the applicable securities regulatory authority, all as amended.
- (58) “**Securities Pledge Agreement**” means the securities pledge agreement(s) with respect to the CannMart Group Shares, to be entered into at the Time of Closing by the Purchaser, the Seller and each entity of the CannMart Group, as applicable.
- (59) “**Seller**” has the meaning set forth in the first page of this Agreement.
- (60) “**Tax Act**” means the *Income Tax Act* (Canada).
- (61) “**Tax Return**” means all returns, declarations, designations, forms, schedules, reports, elections, notices, filings, statements (including withholding tax returns and reports and information returns and reports) and other documents of every nature whatsoever filed or required to be filed with any Governmental Authority with respect to any Tax together with all amendments and supplements thereto.
- (62) “**Tax**” means any tax, impost, levy, withholding, duty, fee, premium, assessment and other charge of any kind, however denominated and any instalment or advance payment in respect thereof, including any interest, penalties, fines or other additions that have been, are or will become payable in respect thereof, imposed by any Governmental Authority, including for greater certainty any income,

gain or profit tax (including federal, state, provincial and territorial income tax), payroll and employee withholding tax, employment or payroll tax, unemployment insurance, disability tax, social insurance tax, social security contribution, sales and use tax, consumption tax, customs tax, ad valorem tax, excise tax, goods and services tax, harmonized sales tax, franchise tax, gross receipts tax, capital tax, business license tax, alternative minimum tax, estimated tax, abandoned or unclaimed (escheat) tax, occupation tax, real and personal property tax, stamp tax, environmental tax, transfer tax, severance tax, workers' compensation, Canada and other government pension plan premium or contribution and other governmental charge, and other obligations of the same or of a similar nature to any of the foregoing, together with any interest, penalties or other additions to tax that may become payable in respect of such tax, and any interest in respect of such interest, penalties and additions whether disputed or not, and "**Taxes**" has a corresponding meaning.

(63) "**Target Inventories**" means [*commercially sensitive information redacted*] of usable and saleable Inventory;

(64) "**Target Net Working Capital**" means [*commercially sensitive information redacted*];

(65) "**Termination Date**" means May 31, 2024 or such later date as may be agreed in writing between the Purchaser and the Seller.

(66) "**Time of Closing**" means 10:00 a.m. (EST) on the Closing Date, or such other time as the Purchaser and the Seller may mutually determine.

(67) "**Transaction**" has the meaning set forth in the recitals of this Agreement.

(68) "**VTB Loan**" means the senior secured first priority vendor take back promissory note in substantially the form attached hereto as Schedule "A", to be entered into at the Time of Closing by the Purchaser and the Seller, as applicable.

(69) "**Warrants**" means the warrants issued by the Purchaser to the Seller to acquire up to a 9.9% equity interest in the Purchaser, exercisable for a period of two years after the Closing Date at an exercise price per share reflecting an enterprise value of \$7.5 million.

1.02 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of the Canadian Dollars unless otherwise specified.

1.03 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an Article, Section or a Schedule or Exhibit refers to the specified Article or Section of, or Schedule or Exhibit to this Agreement.

1.04 Number, etc.

Unless the subject matter or context requires the contrary, (i) words importing the singular number only shall include the plural and vice versa, (ii) words importing the use of any gender shall include all genders, and (iii) words importing Persons shall include natural persons, firms, trusts, partnerships and corporations.

1.05 Date for Any Action

In the event that any date on which any action is required or permitted to be taken hereunder by any Person is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.06 Statutory References

Any reference in this Agreement to a statute includes all regulations and rules made thereunder, all amendments to such statute in force from time to time, and any statute, regulation or rule that supplements or supersedes such statute, regulation or rule.

1.07 Accounting Principles

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be GAAP approved by the International Accounting Standards Board or the Canadian Institute of Chartered Accountants, as the case may be, or any successor thereto, applicable as at the date on which a calculation is made or required to be made in accordance with generally accepted accounting principles as applied to the CannMart Group as a stand alone business.

1.08 Knowledge

- (1) Any reference herein to “the knowledge of the Seller” (or similar expressions) will be deemed to mean the actual knowledge of any director or executive officer of the Seller and/or the CannMart Group, together with the knowledge such person would have after reasonable due inquiry into the relevant subject matter.
- (2) Any reference herein to “the knowledge of the CannMart Group” (or similar expressions) will be deemed to mean the actual knowledge of any director or executive officer of the CannMart Group, together with the knowledge such person would have after reasonable due inquiry into the relevant subject matter.
- (3) Any reference herein to “the knowledge of the Purchaser” (or similar expressions) will be deemed to mean the actual knowledge of any director or executive officer of the Purchaser, together with the knowledge such person would have after reasonable due inquiry into the relevant subject matter.

1.09 Schedules

The following schedules to this Agreement are an integral part of this Agreement:

<i>Schedule</i>	<i>Description</i>
Schedule “A”	Form of VTB Loan
Schedule “B”	Working Capital Methodology

ARTICLE II**PURCHASE AND SALE OF PURCHASED SHARES****2.01 Purchase and Sale**

Subject to the terms and conditions hereof, the Seller covenants and agrees to sell, assign and transfer to the Purchaser, and the Purchaser covenants and agrees to purchase from the Seller, the CannMart Group Shares, free and clear of any Liens, except as set forth herein, at the Time of Closing.

2.02 Purchase Consideration

- (1) In consideration for the acquisition of the CannMart Group Shares, the Purchaser shall pay to the Seller the purchase price (the “**Purchase Price**”), which shall be comprised of, and is payable upon the following terms:
- a. \$500,000 in immediately available funds on the Closing Date (the “**Closing Date Payment**”);
 - b. the VTB Loan on the Closing Date, as adjusted herein, consisting of an obligation of the Purchaser to pay \$4,500,000 to the Seller plus interest payable in accordance with the VTB Loan; and
 - c. the Warrants on the Closing Date issued to the Purchaser;

and the Closing Date Payment shall be reduced by the following;

- d. any Indebtedness of the CannMart Group, including without limitation Indebtedness of the CannMart Group owed to Non-Arms’ Length Parties;
- e. any unpaid Tax of the CannMart Group owing on or before the Closing Date;
- f. any unpaid expenses of the CannMart Group relating to the Transaction;
- g. the aggregate amount, if any, by which the Closing Date Estimated Net Working Capital of the CannMart Group is less than the Target Net Working Capital;

and the VTB Loan shall be adjusted in accordance with Section 2.08 of this Agreement.

2.03 Non-Disclosure, Non-Competition and Non-Solicitation Agreement

Subject to the terms and conditions of this Agreement, at the Time of Closing, the Seller shall deliver to the Purchaser an executed Non-Disclosure, Non-Competition and Non-Solicitation Agreement in substantially the form to be agreed by the applicable parties prior to the Closing Date.

2.04 Closing Date Estimated Balance Sheet

Not less than five days before the Closing Date, the Seller will deliver to the Purchaser a balance sheet of the CannMart Group as at the Closing Date which will reflect good faith estimates by the Seller of the Current Assets and Current Liabilities as at Closing (the “**Closing Date Estimated Balance Sheet**”) and, based on those estimates, an estimated statement of Net Working Capital (the “**Closing Date Estimated Net Working Capital**”). The Closing Date Estimated Balance Sheet will be prepared in accordance with GAAP and the methodology set forth in Schedule B and the calculation of the Closing Date Estimated Balance Sheet and the Closing Date Estimated Net Working Capital will be provided in reasonable detail based on the methodology in Schedule B.

2.05 Closing Date Balance Sheet and Adjustments to Purchase Price

Within one hundred and twenty (120) days after the Closing Date, the Purchaser will prepare and deliver to the Seller a balance sheet for the CannMart Group as at the Closing Date (the “**Closing Date Balance Sheet**”), which will be prepared in accordance with GAAP and the methodology set forth in Schedule F. The Closing Date Balance Sheet will include final calculations of the Current Assets and Current Liabilities, and Net Working Capital all in accordance with the methodology set forth in Schedule F (the “**Closing Date Net Working Capital**”). The Seller may notify the Purchaser that it accepts or disputes the Closing Date Balance Sheet at any time within 20 Business Days after receiving it, but the Seller will be deemed to accept it on the 21st Business Day after receipt unless it delivers a written notice (the “**Dispute Notice**”) to the Purchaser of a dispute (a “**Balance Sheet Dispute**”) on a Business Day

prior to that 21st Business Day. On the date of the Seller's deemed acceptance, or any earlier date upon which the Purchaser receives notice of the Seller's acceptance, the Closing Date Balance Sheet and the Closing Date Net Working Capital will be conclusive and binding on the Purchaser and the Seller.

2.06 Disputes

Any Dispute Notice must set out the reasons for the Balance Sheet Dispute, the amounts in dispute, and reasonable details of the calculation of those amounts. The Purchaser and the Seller will attempt, in good faith, to resolve the Balance Sheet Dispute within ten (10) Business Days after the Purchaser's receipt of the Dispute Notice, if any, from the Seller. Any amounts not in dispute or that are resolved within the aforementioned period will become the "Closing Date Balance Sheet" and will be final, conclusive and binding upon the Parties, absent manifest error. Only the amount(s) in dispute under any Balance Sheet Dispute not resolved by the Purchaser and the Seller within the aforementioned period will be submitted for determination to a cost-effective independent accountant (the "**Independent Accountant**"), and not an arbitrator. Any amounts not in dispute by the Parties will be paid in accordance with Section 2.07 below. The Independent Accountant will identify a member at its Toronto office to act in such mandate and will determine the procedures applicable to the resolution of the amounts in dispute with the primary purposes of minimizing expenses of the Parties and expediting the accurate resolution of the dispute. The determination by the Independent Accountant of the amount(s) in dispute and any corresponding changes flowing from the resolution of such amounts in dispute will be final and binding upon the Parties and will not be subject to appeal, absent manifest error. The Independent Accountant is deemed to be acting as experts and not as arbitrators. The fees, costs and expenses of such accounting firm will be allocated to and borne by the Purchaser, on the one hand, and the Seller, on the other hand, in inverse proportion as they may prevail on the items in dispute, which proportionate allocations will be calculated on an aggregate basis based on the relative dollar values of all items in dispute. For example, if the items in dispute total \$1,000 and the accounting firm awards \$600 in favour of the Purchaser's position and \$400 in favour of the Seller's position, 60% (i.e., $600 \div 1,000$) of the fees, costs and expenses of the accounting firm would be borne by the Seller and 40% (i.e., $400 \div 1,000$) would be borne by the Purchaser. Other than as set forth herein, the Seller and the Purchaser will each bear their own fees and expenses, including the fees and expenses of their respective accountants, in preparing or reviewing, as the case may be, the Closing Date Balance Sheet, the Closing Date Net Working Capital and any Dispute Notice. The Parties agree that the procedure set forth in this **Error! Reference source not found.06** for resolving any Dispute Notice is the sole and exclusive method of resolving such disputes, absent manifest error. This 2.06 will not prohibit any Party from instigating litigation to compel specific performance of this **Error! Reference source not found.06** or to enforce the determination of the Independent Accountant.

2.07 Determination of the Closing Date Payment of the Purchase Price

On the second Business Day following the date on which the Parties agree to the Closing Date Balance Sheet, or any portion thereof as set forth in Section 2.06, or, if there is a Balance Sheet Dispute, on the second Business Day following the date on which a determination of a Balance Sheet Dispute is made pursuant to Section 2.06, the Closing Date Payment of the Purchase Price will be adjusted as follows:

1. if the Excess Net Working Capital as calculated on the basis of the Closing Date Balance Sheet is greater than zero, the Closing Date Payment of the Purchase Price will be increased by 100% of the amount of that excess of which amount will be owed by the Purchaser to the Seller, subject to a maximum Closing Date Payment of \$550,000 in the aggregate;
2. if the Excess Net Working Capital as calculated on the basis of the Closing Date Balance Sheet is less than zero, the Closing Date Payment of the Purchase Price will be decreased by 100% of the amount below zero, which amount will be owed by the Seller to the Purchaser; and
3. if the Excess Net Working Capital as calculated on the basis of the Closing Date Balance Sheet is zero, the Closing Date Payment of the Purchase Price will not be adjusted,

and any such adjustment owed by the Seller or the Purchaser, as the case may be, will then immediately pay any amount owed to the other Party as a result of the adjustment shall be reflected in the Closing Date Payment of the Purchase Price.

2.08 Determination of the VTB of the Purchase Price

On the second Business Day following the date on which the Parties agree to the Closing Date Balance Sheet, or any portion thereof as set forth in Section 2.06, or, if there is a Balance Sheet Dispute, on the second Business Day following the date on which a determination of a Balance Sheet Dispute is made pursuant to Section 2.06, the Closing Date Payment of the Purchase Price will be adjusted as follows:

1. if the Closing Date Inventories of the CannMart Group is greater than the Target Inventories, the Purchaser will take such excess inventory on consignment and will use its commercially reasonable efforts to sell such inventory within (12) months after Closing and shall remit any proceeds of such sales to the Seller (less applicable excise taxes and other directly related sales costs of the Purchaser applicable to such sale). Any inventory remaining after such 12 month period will become the property of the Purchaser and will be added to the VTB Loan at cost, subject to the right of the Purchaser to purchase all or any part of the remaining inventory at a discounted cost price agreed upon between the Purchaser and the Seller;
2. if the Closing Date Inventories of the CannMart Group is less than the Target Inventories, the principal amount of the VTB Loan shall be decreased by such shortfall amount; and
3. if the Closing Date Inventories equals the Target Inventories, the VTB shall not be adjusted.

ARTICLE III

CONDITIONS OF CLOSING

3.01 Mutual Conditions of Closing

The obligations to complete the Transaction are subject to the fulfillment of each of the following conditions on or before the Time of Closing:

- (1) There shall be no action taken under any Applicable Laws by any Governmental Authority that (i) makes it illegal or restrains, enjoins or prohibits the Transaction, or (ii) results in a judgment or assessment of damages relating to the Transaction that has a Material Adverse Effect on the Purchaser or the Seller.
- (2) The parties shall have received all Authorizations and other required regulatory, corporate and third-party approvals including, in the case of the Seller, the approval of the Exchange and the approval of its shareholders by way of special resolution in accordance with the British Columbia Business Corporations Act and the policies and approvals of the Exchange to complete the Transaction and be in compliance with all applicable requirements and conditions under Applicable Laws necessary to complete the Transaction.
- (3) Neither the Purchaser nor the Seller shall be subject to any material, unresolved litigation or court proceedings that constitutes a Material Adverse Effect.
- (4) There shall not be any prohibition under Applicable Laws against the completion of the Transaction.
- (5) The Closing Date shall be on or before the Termination Date.
- (6) The Parties shall have mutually agreed to: (1) Sample Working Capital Calculation calculated as of November 30, 2023 on or before February 9, 2024 and (2) Inventories schedule as of November 30, 2023 on or before February 9, 2024, both acting reasonably.

The foregoing true conditions precedent are for the benefit of all parties, and any one or more of such conditions may be waived (without any obligation to do so) by the Seller or by the Purchaser, in whole or in part, without prejudice to any party's right to rely on any other condition in favor of any party.

3.02 Conditions of Closing in Favour of the Purchaser

The obligations of the Purchaser to complete the Transaction are subject to the fulfillment of each of the following conditions on or before the Time of Closing:

- (1) The Seller shall have tendered all closing deliveries set forth in Section 4.03, including delivery of the CannMart Group Shares, duly endorsed in blank for transfer or accompanied by duly executed stock transfer powers or other evidence of authorizing transfer of the CannMart Group Shares to the Purchaser, in a form acceptable to the Purchaser, acting reasonably.
- (2) The Seller shall not have violated Section 10.01.
- (3) The board of directors of the Seller (and to the extent necessary, the CannMart Group) has approved this Agreement, the Transaction and all other ancillary matters and agreements under this Agreement.
- (4) The representations and warranties of the Seller as set forth in this Agreement shall have been true and correct as of the date hereof in all material respects and shall be true and correct at the Time of Closing in all material respects, except as affected by the transactions contemplated by this Agreement, and a certificate of a senior officer of the Seller to this effect shall have been delivered to the Purchaser (and for the avoidance of doubt, the delivery by the Seller of the documents required to be delivered by the Seller pursuant to Section 4.03 shall constitute a reaffirmation and confirmation by the Seller of such representations and warranties in all material respects).
- (5) All of the terms, covenants and conditions of this Agreement to be complied with or performed by the Seller at or before the Time of Closing will have been complied with or performed in all material respects, and a certificate of a senior officer of the Seller to this effect shall have been delivered to the Purchaser.
- (6) All Authorizations and all consents, assignments, waivers, permits, orders and approvals of all other Persons, including the Exchange and the shareholders of the Seller, and all those party to the CannMart Group Material Contracts necessary to conduct the business of the CannMart Group or completion of the Transaction shall have been obtained.
- (7) There shall not have been, after the date of this Agreement, any Material Adverse Effect with respect to the Seller and/or the CannMart Group.
- (8) Except with the prior written consent of the Purchaser, the CannMart Group shall not have (i) completed, or agreed to complete, any acquisition or disposition other than in the Ordinary Course, or (ii) undertaken or completed, or agreed to undertake or complete, any financing of debt or equity securities of the CannMart Group, or any Non-Arms' Length Transaction.
- (9) The CannMart Group shall not have suffered a loss, impairment, termination of, or failure to renew, any material Authorization.
- (10) The Seller shall have taken all such actions as may be necessary to reconstitute the board of directors of each entity in the CannMart Group to be comprised of a total of one director as at the Closing, being Colin Samples.
- (11) The Purchaser shall have received resignations and releases in a form acceptable to the Purchaser, acting reasonably, in favour of the CannMart Group and such other Persons as may be

specified by the Purchaser, acting reasonably, duly executed by the directors and officers, as applicable, of each entity in the CannMart Group.

(12) The Seller shall have duly executed and delivered to the Purchaser, the Non-Disclosure, Non-Competition and Non-Solicitation Agreement.

The foregoing conditions precedent are for the benefit of the Purchaser and any one or more of such conditions may be waived by the Purchaser, in whole or in part, without prejudice to the Purchaser's right to rely on any other condition in favour of the Purchaser.

3.03 Conditions of Closing in Favour of the Seller

The obligation of the Seller to complete the Transaction are subject to the fulfillment of each of the following conditions on or before the Time of Closing:

- (1) The Purchaser shall have tendered all closing deliveries set forth in Section 4.02, including the payment of the Purchase Price in accordance with Section 2.02.
- (2) All Authorizations and all consents, waivers, permits, orders and approvals of all other Persons, including the Exchange and the shareholders of the Seller in accordance with the British Columbia Business Corporations Act and the policies and approvals of the Exchange, necessary to permit the completion of the Transaction shall have been obtained.
- (3) The board of directors of the Purchaser has approved this Agreement, the Transaction and all other ancillary matters under this Agreement.
- (4) The representations and warranties of the Purchaser set forth in this Agreement shall have been true and correct as of the date hereof in all material respects and shall be true and correct at the Time of Closing in all material respects, except as affected by the transactions contemplated by this Agreement, and a certificate of a senior officer of the Purchaser to this effect shall have been delivered to the Seller (and for the avoidance of doubt, the delivery by the Purchaser of the documents required to be delivered by the Purchaser pursuant to Section 4.02 shall constitute a reaffirmation and confirmation by the Purchaser of such representations and warranties in all material respects).
- (5) All of the terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser at or before the Time of Closing will have been complied with or performed in all material respects (and for the avoidance of doubt, the delivery by the Purchaser of the documents required to be delivered by the Purchaser pursuant to Section 4.02 shall constitute a reaffirmation and confirmation by the Purchaser of such compliance and performance in all material respects).
- (6) All Authorizations and all consents, assignments, waivers, permits, orders and approvals of all other Persons, including the Exchange and the shareholders of the Seller, and all those party to the CannMart Group Material Contracts necessary to conduct the business of the CannMart Group or completion of the Transaction shall have been obtained.
- (7) There shall not have been after the date of this Agreement, any Material Adverse Effect with respect to the Purchaser.
- (8) The holders of no more than 2.5% of all of the issued and outstanding common shares of the Seller shall have exercised their dissent rights pursuant to and in the manner set forth in the British Columbia Business Corporations Act.

The foregoing conditions precedent are for the benefit of the Seller and any one or more of such conditions may be waived by the Seller, in whole or in part, without prejudice to the Seller's right to rely on any other condition in favor of the Seller.

3.04 Notice and Cure Provisions

Each party will give prompt notice to the other parties of the occurrence, or failure to occur, at any time from the date hereof until the Closing Date, of any event, change, or state of facts which occurrence or failure would be likely to:

- (1) cause any of the representations or warranties of such party contained herein to be untrue or inaccurate in any material respect on the date hereof or at the Closing Date; or
- (2) result in the failure by such party to comply with or satisfy any covenant, condition in any material respect or agreement to be complied with or satisfied by such party in any material respect hereunder prior to the Closing Date.

Subject to Article VIII, no party may elect not to complete the Transaction as contemplated herein as a result of the non-fulfillment of the conditions precedent contained in Sections 3.01, 3.02, or 3.03, as applicable, unless the party intending to rely thereon has delivered a written notice to the other parties prior to the Time of Closing specifying, in reasonable detail, all breaches of representations and warranties or covenants or other matters which the party delivering such notice is asserting as the basis for the non-fulfillment of the applicable condition precedent.

ARTICLE IV

CLOSING AND POST CLOSING ARRANGEMENTS

4.01 Time and Place of Closing

Closing of the Transaction shall take place remotely at the Time of Closing by exchange of counterparts and electronic documentation and deliveries and by wire transfer of funds.

4.02 Closing Deliveries of the Purchaser

At the Time of Closing, the Purchaser will deliver or cause to be delivered to the Seller each of the following:

- (1) wire transfer of the Closing Date Payment in the amount of \$500,000 in immediately available funds to the account specified by the Seller;
- (2) the VTB Loan executed by a duly authorized officer of the Purchaser;
- (3) the Securities Pledge Agreement executed by a duly authorized officer of the Purchaser;
- (4) The Escrow Agreement executed by a duly authorized officer of the Purchaser;
- (5) the General Security Agreement executed by a duly authorized officer of the Purchaser;
- (6) the Warrant Certificate executed by a duly authorized officer of the Purchaser.
- (7) A certificate of one of the Purchaser's senior officers, dated as of the Closing Date, certifying:
 - (i) that attached thereto are true and complete copies of the Constating Documents of the Purchaser (and all amendments thereto as in effect as on such date),
 - (ii) all resolutions of the board of directors of the Purchaser approving the entering into of this Agreement and all ancillary agreements contemplated herein and the completion of the Transaction, including the execution of the VTB Loan and Warrants and
 - (iii) as to the incumbency and genuineness of the signature of each officer of the Purchaser executing this Agreement or any of the other agreements or documents contemplated hereby.
- (8) The officer's certificates referred to in Sections 3.03(4).

(9) A certificate of status or good standing for the Purchaser, dated within two (2) days of the Closing Date.

(10) Such other certificates, instruments, agreements and documents required by this Agreement or ancillary agreement or as may be reasonably requested by Seller and agreed by Purchaser prior to the Closing Date to carry out the intent and purposes of this Agreement or ancillary agreement.

4.03 Closing Deliveries of the Seller

At the Time of Closing, the Seller will deliver or cause to be delivered to the Purchaser each of the following:

- (1) the VTB Loan executed by a duly authorized officer of the Seller;
- (2) the CannMart Group Shares registered in the name of the Purchaser;
- (3) the Securities Pledge Agreement executed by a duly authorized officer of the Seller;
- (4) the Escrow Agreement executed by a duly authorized officer of the Seller and counsel to the Seller as the Escrow Agent;
- (5) the General Security Agreement executed by a duly authorized officer of the Seller;
- (6) the Warrant Certificate executed by a duly authorized officer of the Purchaser.
- (7) A certificate of one of the Seller's senior officers, dated as of the Closing Date, certifying: (i) that attached thereto are true and complete copies of the Constatng Documents of the CannMart Group and the Seller (and all amendments thereto as in effect as on such date), (ii) all resolutions of the board of directors of the Seller and the CannMart Group approving the entering into of this Agreement and the completion of the Transaction, and (iii) as to the incumbency and genuineness of the signature of each officer of the Seller and the CannMart Group executing this Agreement or any of the other agreements or documents contemplated hereby.
- (8) The officer's certificates referred to in Sections 3.02(2).
- (9) The resignations and releases referred to in Section 3.02(11).
- (10) A certificate of status or good standing for the Seller and each entity of the CannMart Group, dated within two (2) days of the Closing Date.
- (11) Such other certificates, instruments, agreements and documents required by this Agreement or ancillary agreement or as may be reasonably requested by Purchaser and agreed by Seller prior to the Closing Date to carry out the intent and purposes of this Agreement or ancillary agreement.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to and in favor of the Seller as follows, and acknowledges that the Seller is relying upon such representations and warranties in connection with the Transaction contemplated herein:

- (1) **Organization and Qualification.** The Purchaser is a corporation validly existing under the laws of its jurisdiction of incorporation and is in good standing in each jurisdiction in which it holds any assets and properties (whether owned, leased, licensed or otherwise), or carries on any activities.

- (2) **Corporate Power and Authority.** The Purchaser has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement.
- (3) **Execution and Binding Obligation.** This Agreement has been, and each additional agreement or instrument to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed, and delivered by the Purchaser, and each is, and will be at the Time of Closing, a legal, valid and binding agreement of the Purchaser enforceable against it in accordance with its terms, subject only to any limitation under bankruptcy, insolvency or other law affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (4) **Governmental Authorization.** No Authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over the Purchaser is required to be obtained by the Purchaser in connection with the execution and delivery of this Agreement, except for those Authorizations which are contemplated by this Agreement or those Authorizations that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent or materially delay the Purchaser from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on the Purchaser.
- (5) **No Conflict or Contravention.** The execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of the Constatng Documents of the Purchaser or of any resolutions of the directors or shareholder of the Purchaser, (ii) conflict with, result in a breach of, constitute a default under, or accelerate the performance required by, or result in the suspension, cancellation, material alteration or creation of a Lien upon, any Material Contract, or license or permit to which the Purchaser is a party or by which the Purchaser is bound or to which any material assets or property of the Purchaser is subject, or (iii) to the knowledge of the Purchaser, violate any provision of any Applicable Law applicable to the Purchaser.
- (6) **Capitalization.** The authorized capital of Purchaser consists of an unlimited number of common shares, of which, as of the date of this Agreement, one common share is issued and outstanding.
- (7) **Third Party Consents, Waivers, Approvals.** There are no waivers, consents, notices or approvals required to be given to, or obtained from, any Person by the Purchaser under any Material Contract to which the Purchaser is a party in connection with (i) the execution, delivery and performance by Purchaser of this Agreement, or (ii) the consummation of the Transaction and the other transactions contemplated by this Agreement.
- (8) **Authorizations.** The Purchaser has all Authorizations of, and has made all filings, applications and registrations with, applicable Governmental Authorities that are required in order to permit it to carry on its business as presently conducted and own, operate or use the assets and property of the Purchaser, except for such Authorizations, the failure to have or make, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the Purchaser, and all such Authorizations are in good standing in all material respects.
- (9) **Insolvency, Bankruptcy, Etc.** No bankruptcy, insolvency or receivership proceedings have been instituted by the Purchaser or, to the knowledge of the Purchaser, are pending or threatened against the Purchaser.
- (10) **Investigations.** The Purchaser has not been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental Authority notified the Purchaser of such Governmental Authority's intention to commence or to conduct any investigation, that could be reasonably likely to have a Material Adverse Effect on the Purchaser.

(11) **Litigation, Judgements, Etc.** There is no claim, suit, action or proceeding in effect or ongoing or, to the knowledge of the Purchaser, pending or threatened, against or relating to the Purchaser that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on the Purchaser, and there is no writ, judgment, decree, award, injunction, rule or order of any Governmental Authority outstanding against the Purchaser causing, or which could reasonably be expected to cause, a Material Adverse Effect on the Purchaser.

5.02 **Representations and Warranties of the Seller**

The Seller represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying on these representations and warranties in connection with the Transaction contemplated herein and that the Purchaser would not purchase the CannMart Group Shares without these representations and warranties:

(1) **Organization and Status.** The Seller is a corporation validly existing under the laws of its jurisdiction of incorporation and is in good standing in each jurisdiction in which it holds any assets and properties (whether owned, leased, licensed or otherwise), or carries on any activities.

(2) **Corporate Power and Authority.** The Seller has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement.

(3) **Execution and Binding Obligation.** This Agreement has been, and each additional agreement or instrument to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed, and delivered by the Seller, and is, and will be at the Time of Closing, a legal, valid and binding agreement of the Seller enforceable against it in accordance with its terms, subject only to any limitation under bankruptcy, insolvency or other law affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

(4) **Governmental Authorization.** No Authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over the Seller is required to be obtained by the Seller in connection with the execution and delivery of this Agreement, except for those Authorizations which are contemplated by this Agreement, including Exchange approval and the approval of shareholders of the Seller to the Transaction, or those Authorizations that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent or materially delay the Seller from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on the Seller.

(5) **No Conflict or Contravention.** The execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of the Constatng Documents of the Seller or of any resolutions of the directors or shareholder of the Seller, (ii) conflict with, result in a breach of, constitute a default under, or accelerate the performance required by, or result in the suspension, cancellation, material alteration or creation of a Lien upon, any Material Contract, or license or permit to which the Seller is a party or by which the Seller is bound or to which any material assets or property of the Seller is subject, or (iii) to the knowledge of each Seller, violate any provision of any Applicable Law applicable to the Seller.

(6) **Bankruptcy.** The Seller is not an insolvent Person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or any other Applicable Law and has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has been presented in respect of it. The Seller has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of it or any of its undertakings, property or assets and no execution or distress has been levied on any of its undertakings, property or assets, nor have any proceedings been commenced in connection with any of the foregoing. The Seller is not otherwise the subject of Insolvency Proceedings.

(7) **Litigation, Judgements, Etc.** Except as set forth in Section 5.02(7) of the CannMart Group Disclosure Schedule, there is no claim, suit, action or proceeding in effect or ongoing or, to the knowledge of the Seller, pending or threatened, against or relating to the Seller that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on the Seller and the consummation of the Transaction, and there is no writ, judgment, decree, award, injunction, rule or order of any Governmental Authority outstanding against the Seller causing, or which could reasonably be expected to cause, a Material Adverse Effect on the Seller and the consummation of the Transaction.

(8) **Residence under Tax Act.** The Seller is not a “non-resident” of Canada within the meaning of the Tax Act.

(9) **Brokers and Finders.** The Seller has not engaged or authorized any Person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement, and no Person is, or will be entitled to, any brokerage or finder’s fee in connection with the transactions contemplated by this Agreement, other than Kronos Capital Partners Inc. which acted as financial advisor to the Seller, and whose fee will be paid at the Closing by the Seller.

5.03 Representations and Warranties of the Seller and the CannMart Group

The Seller and each entity in the CannMart Group, jointly and severally, represent and warrant to the Purchaser as follows and acknowledge that the Purchaser is relying on these representations and warranties in connection with the Transaction contemplated herein and its purchase of the CannMart Group Shares from the Seller and that the Purchaser would not enter into such Transaction nor purchase the CannMart Group Shares without these representations and warranties:

(1) **Organization and Qualification.** Each entity of the CannMart Group is a corporation validly existing under the laws of its jurisdiction of incorporation and is duly qualified, licensed or registered to carry on business and is in good standing in each jurisdiction in which the character of its assets and properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such qualification necessary. Each entity of the CannMart Group has all Authorizations required to own, lease and operate its properties and to carry on its business as now conducted.

(2) **Corporate Power and Authority.** Each entity of the CannMart Group has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, and to own and lease its properties, and carry on its businesses as now being conducted.

(3) **Execution and Binding Obligation.** This Agreement has been, and each additional agreement or instrument to be delivered pursuant to this Agreement will be at or prior to the Time of Closing, duly authorized, executed, and delivered by each entity of the CannMart Group, and each is, and will be at the Time of Closing, a legal, valid and binding agreement of each such entity enforceable against each such entity in accordance with its terms, subject only to any limitation under bankruptcy, insolvency or other law affecting the enforcement of creditors’ rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

(4) **Governmental Authorization.** No Authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over each entity of the CannMart Group is required to be obtained by any such entity in connection with the execution and delivery of this Agreement, except for those Authorizations which are contemplated by this Agreement or those Authorizations that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent or materially delay each such entity from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on each such entity.

(5) **No Conflict or Contravention.** The execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of the Constat

Documents of any entity of the CannMart Group or of any resolutions of the directors or shareholder of such entity, (ii) conflict with, result in a breach of, constitute a default under, or accelerate the performance required by, or result in the suspension, cancellation, material alteration or creation of a Lien upon, any Material Contract of the CannMart Group or material license or permit to which any entity of the CannMart Group is a party or by which any such entity is bound or to which any material assets or property of each such entity is subject, or (iii) violate any provision of any Applicable Law applicable to any such entity.

(6) **Capitalization.**

- (a) The authorized capital of each entity of the CannMart Group consists of, in the case of (i) CannMart, an unlimited number of Class A, B, C and D special shares and an unlimited number of Class A, B and C common shares, of which 10,000 Class A Special Shares, 879 Class B Special Shares and 108.79 Class B Common Shares are currently issued and outstanding; (ii) CannMart Labs, an unlimited number of Class A, B, C, D and E common shares and an unlimited number of Class and B preferred shares of which 200 Class A common shares are currently issued and outstanding; and (iii) in the case of CannMart Marketplace, an unlimited number of common shares of which 10 common shares are issued and outstanding.
- (b) All of the CannMart Group Shares have been duly authorized and validly issued and are fully paid and non-assessable.
- (c) There are not now, and at the Time of Closing there will not be, any options, warrants, conversion privileges or other rights, shareholder rights plans, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever, (i) requiring or which may require the issuance, sale or transfer by the Seller or any entity in the CannMart Group of any securities of any entity in the CannMart Group (including any CannMart Group Shares, or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of each such entity, including any CannMart Group Shares) (collectively referred to in this subsection as, the “**Subject CannMart Group Securities**”), or (ii) obliging the Seller or any entity in the CannMart Group to, directly or indirectly, issue or sell any Subject CannMart Group Securities, or give any Person a right to subscribe for or acquire from the Seller or any entity in the CannMart Group, any Subject CannMart Group Securities.
- (d) There are no outstanding contractual or other obligations of each entity in the CannMart Group to repurchase, redeem or otherwise acquire any of its securities. There are no outstanding bonds, debentures or other evidences of indebtedness of each entity in the CannMart Group having the right to vote with the Seller on any matter.

(7) **Third Party Consents, Waivers, Approvals.** Except as set forth in Section 5.03(7) of the CannMart Group Disclosure Schedule, there are no waivers, consents, notices or approvals required to be given to, or obtained from, any Person by any entity in the CannMart Group or the Seller under any Material Contract to which each entity in the CannMart Group or the Seller is a party (i) in connection with the execution, delivery and performance by each entity of the CannMart Group of this Agreement, or the consummation of the Transaction and the other transactions contemplated by this Agreement, or (ii) in order to maintain the Material Contracts of the CannMart Group in full force and effect immediately upon the consummation of the Transaction.

(8) **Residence under Tax Act.** Each entity in the CannMart Group is not a “non-resident” of Canada within the meaning of the Tax Act.

(9) **Shareholders’ and Similar Agreements.** Neither the Seller nor any entity in the CannMart Group are party to any shareholder, pooling, voting, or other similar arrangement or agreement relating to the ownership or voting of any of the securities of each entity in the CannMart Group or pursuant to which any Person may have any right or claim in connection with any existing or past equity interest in

each entity in the CannMart Group, and each such entity has not adopted a shareholder rights plan or any other similar plan or agreement.

(10) **Subsidiaries.** Except as set forth in Section 5.03(10) of the CannMart Group Disclosure Schedule, each entity in the CannMart Group has no subsidiaries and holds no shares or other ownership, equity or proprietary interest in any other Person.

(11) **No Undisclosed Liabilities.** There are no liabilities or obligations of each entity in the CannMart Group of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise other than as disclosed in the Financial Statements.

(12) **Non-Arms' Length Transactions.** Other than as disclosed in Section 5.03(12) of the CannMart Group Disclosure Schedule, each entity in the CannMart Group has not, since incorporation, (i) made or agreed to make any payment or loan to, or borrowed any moneys from or is otherwise indebted to, any current or former officer, director, employee or shareholder of the Seller or any entity in the CannMart Group, or any affiliate of the foregoing, or any other Person not dealing at arm's length with each entity in the CannMart Group, or any affiliate of any of the foregoing Persons (collectively referred to in this subsection as, the "**Non-Arm's Length Parties**").

(13) **Absence of Certain Changes of Events.** Since December 31, 2023, except as disclosed to the Purchaser:

- (a) Each entity in the CannMart Group has conducted its business only in the Ordinary Course.
- (b) Each entity in the CannMart Group has not (i) issued, sold, or agreed to issue, sell, pledge, hypothecate, lease, dispose of or encumber any securities of such entity or any right, option or warrant with respect thereto, or (ii) split, combined or reclassified any of its securities, or declared or made any distribution in respect thereof.
- (c) Each entity in the CannMart Group has not amended or proposed to amend its Constatng Documents.
- (d) Each entity in the CannMart Group as not incurred any liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) which has had, or is reasonably likely to have, a Material Adverse Effect on the CannMart Group.
- (e) Other than as disclosed in the CannMart Group Disclosure Schedule, each entity in the CannMart Group has neither approved nor entered into any agreement in respect of the purchase of any assets or properties or any interest therein, or the sale, transfer or other disposition of any portion of its assets or properties or any interest therein currently owned by such entity and/or its affiliates, whether by asset sale, transfer of shares or otherwise, or a change of control (by sale or transfer of shares or sale of all or substantially all such property and assets).
- (f) Each entity in the CannMart Group has not incurred or suffered a Material Adverse Effect.
- (g) Each entity in the CannMart Group has not redeemed, repurchased or otherwise acquired any of its securities, or declared, set aside, or paid or made any dividend or other distribution (whether in cash or otherwise) with respect to any of its securities.
- (h) Each entity in the CannMart Group has not entered into, or amended, any CannMart Group Material Contract.
- (i) Each entity in the CannMart Group has not entered into any Contract under which it has outstanding indebtedness for borrowed money or for the deferred purchase price of property or made any loan or advance to any Person.

- (j) Each entity in the CannMart Group has not satisfied or settled any material claims or material liabilities, other than the settlement of claims or liabilities incurred in the Ordinary Course.
 - (k) Each entity in the CannMart Group has not entered into any agreement or understanding to do any of the foregoing.
- (14) **Compliance with Laws.** Each entity in the CannMart Group is not in default under, or in violation of, and has not violated (and failed to cure such violation under) any Applicable Law, including, without limitation, Applicable Laws relating to the issuance or sale of securities, privacy and Intellectual Property, or any Authorizations, franchises, or concessions granted by, or any judgment, decree, writ, injunction or order of, any Governmental Authority, applicable to its business or any of its properties or assets. Each entity in the CannMart Group has not received any notice or other written communication alleging any material violations and/or failure to comply with any Applicable Laws.
- (15) **Authorizations.** Each entity in the CannMart Group has all Authorizations, including those licences listed in Section 5.03(22) of the CannMart Group Disclosure Schedule, of, and has made all filings, applications and registrations with, applicable Governmental Authorities that are required in order to permit it to carry on its business as presently conducted and own, operate or use the assets and property of each such entity and all such Authorizations are in good standing in all material respects, .
- (16) **Investigations.** Except as set forth in Section 5.03(16) of the CannMart Group Disclosure Schedule, each entity in the CannMart Group has not been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental Authority notified any such entity of such Governmental Authority's intention to commence or to conduct any investigation.
- (17) **Bankruptcy.** Each entity in the CannMart Group is not an insolvent Person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or any other Applicable Law and has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has been presented in respect of it. Each entity in the CannMart Group has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of any entity in the CannMart Group or any of its undertakings, property or assets and no execution or distress has been levied on any of its undertakings, property or assets, nor have any proceedings been commenced in connection with any of the foregoing. Each entity in the CannMart Group is not otherwise the subject of Insolvency Proceedings.
- (18) **Insolvency.** Each entity in the CannMart Group is able to pay its debts as they fall due and has not stopped payment of its debts. The value of the assets held by Each entity in the CannMart Group exceeds the amount of the liabilities of such entity, taking into account contingent and prospective liabilities. Insolvency Proceedings have not commenced in relation to any entity in the CannMart Group or (if applicable) any part of its assets or undertaking. There are no circumstances which entitle or may entitle any Person to commence any Insolvency Proceedings in relation to any entity in the CannMart Group or (if applicable) any part of its assets or undertaking.
- (19) **Material Contracts.** The CannMart Group Material Contracts, together with this Agreement, and after the execution and delivery hereof, all ancillary agreements contemplated herein, constitute all the CannMart Group Material Contracts. True and complete copies of the CannMart Group Material Contracts have been disclosed to the Purchaser in the virtual data room of the Seller and as listed in Section 5.03(19) of the CannMart Group Disclosure Schedule. Each of the CannMart Group Material Contracts is in full force and effect, unamended, and there exists no default, warranty claim or other obligation or liability or event, occurrence, condition or act (including the Transaction contemplated hereunder) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default, or give rise to a warranty claim or other obligation or liability thereunder. Each entity in the CannMart Group has not violated or breached, in any material respect, any of the terms or conditions of any CannMart Group Material Contract and all the covenants to be

performed by any other party thereto have been fully and properly performed. Each entity in the CannMart Group has not received any notice (whether written or oral), that any party to a CannMart Group Material Contract intends to cancel, terminate or otherwise modify or not renew its relationship with such entity, and, to the knowledge of the Seller and the CannMart Group, no such action has been threatened.

(20) **Suppliers** Section 5.03(20) of the CannMart Group Disclosure Schedule lists each supplier of goods and services from which the CannMart Group has purchased goods or services since January 1, 2021. Except as disclosed in Section 5.03(20) of the CannMart Group Disclosure Schedule, no supplier sells goods and services to the CannMart Group that represents more than 10% of its annual purchases. None of the suppliers listed in Section 5.03(20) of the CannMart Group Disclosure Schedule has advised the CannMart Group, either orally or in writing, that it is terminating or considering terminating its relationship with the CannMart Group, or considering negotiating its relationship with the CannMart Group on terms materially different from and materially less favourable than those which the CannMart Group currently has, whether as a result of the completion of the Transaction contemplated by this Agreement or otherwise.

(21) **Customers** Section 5.03(21) of the CannMart Group Disclosure Schedule lists all of the customers of the CannMart Group (with respect to each customer, contains gross revenues for the CannMart Group) for each of the fiscal years ended December 31, 2022, December 31, 2021 and December 31, 2020 and for the 11 month period ended November 30, 2023. None of the customers listed in Section 5.03(21) of the CannMart Group Disclosure Schedule has advised the CannMart Group, orally or in writing, that it is terminating or considering terminating its relationship with the CannMart Group, or considering negotiating its relationship with the CannMart Group on terms materially different from and materially less favourable than those which the CannMart Group currently has, whether as a result of the completion of the Transaction contemplated by this Agreement or otherwise.

(22) **Intellectual Property.**

- (a) Section 5.03 (22) of the CannMart Group Disclosure Schedule sets out a true, correct and complete list, and, where appropriate, a description of (i) all of the registered and material unregistered Intellectual Property owned or used by each entity in the CannMart Group (collectively referred to in this subsection as, the “**CannMart Group IP**”) and (ii) all licenses or similar agreements or arrangements to which each entity in the CannMart Group is a party, either as licensee or licensor, with respect to registered and material unregistered Intellectual Property.
- (b) Each entity in the CannMart Group is the exclusive owner of all right, title and interest in and to, or possesses the right to use the CannMart Group IP (as set for the in CannMart Group Disclosure Schedule), free and clear of all Liens. No entity in the CannMart Group has assigned, licensed or otherwise conveyed any of the CannMart Group IP other than in the Ordinary Course.
- (c) The CannMart Group has maintained or caused to be maintained the rights to any of the registered CannMart Group IP in full force and effect and, all registered CannMart Group IP is valid, subsisting, in full force and effect (except with respect to applications) and has not expired or been cancelled or abandoned. All necessary registration, maintenance and renewal fees in connection with the registered CannMart Group IP have been paid, and all necessary documents and certificates in connection with the registered CannMart Group IP have been filed with the relevant patent, copyright, trademark or other equivalent authorities in the applicable jurisdictions, as the case may be, for the purposes of perfecting, prosecuting and maintaining such CannMart Group IP. Without limiting the generality of the foregoing, each entity in the CannMart Group has renewed or has made application for renewal of any registered CannMart Group IP (including applications therefor) subject to expiration on or prior to the date that is three (3) months following the Closing Date.

- (d) The CannMart Group IP has not been used, not used, enforced or not enforced in a manner that would reasonably be expected to result in the abandonment, cancellation or unenforceability of any of the CannMart Group IP. The Seller and each entity in the CannMart Group has not received notice from any Person of any claim or any intention to commence any legal proceeding with respect to infringement, adverse ownership, invalidity, lack of distinctiveness, misappropriation or misuse regarding any of the CannMart Group IP or challenging any of the CannMart Group IP or the right of the CannMart Group to use the CannMart Group IP. To the knowledge of the Seller and the CannMart Group, each entity in the CannMart Group has not infringed and is not currently infringing on the Intellectual Property of any other Person in a manner that would reasonably be expected to result in a Material Adverse Effect on the CannMart Group.
 - (e) The Seller and/or each entity in the CannMart Group has not commenced and does not intend to commence any claim or legal proceeding challenging the Intellectual Property rights of any other Person.
 - (f) The CannMart Group has the full right and authority to use, and the Purchaser will be entitled to continue to use after the Closing Date, the CannMart Group IP in the manner presently conducted in the twelve (12) months prior to Closing, and such use or continuing use does not to the knowledge of the Seller and the CannMart Group infringe upon or violate any rights of any other Person. The CannMart Group IP is sufficient to conduct the business of the CannMart Group as presently conducted in the twelve (12) months prior to Closing. All licenses to which each entity in the CannMart Group is a party relating to CannMart Group IP are in good standing, binding and enforceable in accordance with their respective terms and no material default exists on the part of any entity in the CannMart Group thereunder.
 - (g) To the knowledge of the Seller and the CannMart Group, no Person is infringing, or is threatening to infringe, upon or otherwise violate any of the CannMart Group IP.
 - (h) To the knowledge of the Seller and the CannMart Group, subject to and in compliance with Applicable Laws, no current or former officer, employee or independent contractor of the CannMart Group owns or has claimed an ownership interest in any of the CannMart Group IP, nor has any right to a royalty or other consideration as a result of its marketing, licensing or assignment.
 - (i) each entity in the CannMart Group has used commercially reasonable efforts (including measures to protect secrecy and confidentiality, where appropriate) to protect the CannMart Group IP and confidential information relating thereto. To the knowledge of the Seller and the CannMart Group, there has not been any material unauthorized disclosure of Intellectual Property such as to prevent any entity in the CannMart Group, or following the Closing Date, the Purchaser, from obtaining or enforcing any right that it could otherwise have obtained or enforced with respect to such Intellectual Property.
 - (j) The Seller and Each entity in the CannMart Group has not received notice that there are any Intellectual Property rights of any other Person that form part of the CannMart IP or that would constitute joint ownership by or with any other Person or that would constitute rights to market, distribute, license or convey the CannMart Group IP, and no funding or facilities of any Governmental Authority nor any personnel of any such Person in their capacity as personnel of such Person, were used, directly or indirectly, to develop or create, in whole or in part, any of the CannMart Group IP.
- (23) **Software and Privacy** The CannMart Group (i) maintains commercially reasonable back-up and data recovery, disaster recovery and business continuity plans, procedures and facilities; and (ii) acts and has acted in material compliance therewith.

- (i) All Personal Information in the possession of the CannMart Group has been collected, used and disclosed in material compliance with all applicable Privacy Laws in those jurisdictions in which the CannMart Group conducts, or is deemed by operation of law in those jurisdictions to conduct, the business of the CannMart Group.
 - (ii) The CannMart Group has disclosed to the Purchaser all Material Contracts and facts concerning the collection, use, retention, destruction and disclosure by the CannMart Group of Personal Information, and there are no other Material Contracts or facts that, on completion of the transactions contemplated by this Agreement, would materially restrict or interfere with the use of any Personal Information by the CannMart Group in the continued operation of the business of the CannMart Group as conducted before the Closing.
 - (iii) There are no Claims pending or, to the knowledge of the CannMart Group, threatened with respect to the collection, use or disclosure of Personal Information by the CannMart Group.
 - (iv) The CannMart Group is and has been in material compliance with all applicable provisions of CASL at all times. The CannMart Group has implemented policies and procedures in compliance with CASL, and has operated in material compliance with such policies and procedures at all times.
- (24) **Product Warranties** Section 5.03(24) of the CannMart Group Disclosure Schedule lists all warranties given to buyers of products or services supplied by the CannMart Group. Except as disclosed in Section 5.03(24) of the CannMart Group Disclosure Schedule, there are no Claims against the CannMart Group under warranties or with respect to the production or sale of products or the provision of services, and, to the knowledge of the CannMart Group, there is no basis for any material prospective Claim against, or Loss on the part of, the CannMart Group arising from, relating to, or in connection with the production or sale of products or the provision of services.
- (25) **Litigation.** Except as set forth in Section 5.03(25) of the CannMart Group Disclosure Schedule, there is no claim, action, inquiry, proceeding or investigation in effect or ongoing, pending or, to the knowledge of the Seller and the CannMart Group, threatened against or relating to each entity in the CannMart Group, the business of the CannMart Group, or affecting any of its properties or assets, and to the knowledge of Seller and the CannMart Group, there is no event or circumstance which could reasonably be expected to give rise to any such claim, action, inquiry, proceeding or investigation. There is no judgment, writ, decree, injunction, rule, award or order of any Governmental Authority outstanding against any entity in the CannMart Group in respect of its businesses, properties or assets.
- (26) **Environmental Matters.**
- (a) Each entity in the CannMart Group is in compliance with all applicable Environmental Laws, and has not used, except in material compliance with all Environmental Laws, any property or facility which it owns or leases, or previously owned or leased, to conduct any environmental activity.
 - (b) Each entity in the CannMart Group and none of its predecessor companies, have never received any notice of any material claim, judicial or administrative proceeding, order or direction, pending, instituted, threatened, concluded or issued against each such entity or any of its properties, assets or operations relating to, or alleging any violation of, any Environmental Laws, and the knowledge of the Seller and the CannMart Gour, there are no facts which would reasonably be expected to give rise to any such claim, judicial or administrative proceeding, order or direction, or any liabilities relating thereto (whether contingent or otherwise).

- (c) Each entity in the CannMart Group and none of its properties, assets or operations has been subject or is the subject of any investigation, evaluation, audit or review by any Governmental Authority to determine whether any violation of any Environmental Laws has occurred or is occurring or whether any remedial action is needed in connection with a release of any contaminant into the environment.
 - (d) Each entity in the CannMart Group is not required to hold or obtain any Authorization under any Environmental Laws in connection with the operation of its business as currently conducted and the ownership and use of its assets, and the Seller and/or the CannMart Group has not received any notification that (i) any such Authorization under any Environmental Laws is required in connection with the operation of its business as currently conducted and the ownership and use of its assets, or (ii) any work, repairs, constructions or capital expenditures are required to be made by any entity in the CannMart Group as a condition of continued compliance with any Environmental Laws.
- (27) **Employment Matters.**
- (i) Section 5.03 (27) of the CannMart Group Disclosure Schedule lists the names, titles and status (active or non-active, and if not active, the reason why and period of time not active) of all Employees and contractors of the CannMart Group, together with particulars of the material terms and conditions of their employment or engagement, including current rates of remuneration, perquisites, commissions, bonus or other incentive compensation (monetary or otherwise), most recent hire date, cumulative years of service, start and end dates of all previous periods of service, benefits, vacation or personal time off entitlements, current positions held and, if available, projected rates of remuneration.
 - (ii) No Employee, and no consultant with whom the CannMart Group has contracted, is in violation of any material term of any employment contract, contract of engagement, services agreement, proprietary information agreement or any other agreement relating to the right of that individual to be employed, engaged or retained by the CannMart Group, and the continued employment or engagement by the CannMart Group of the Employees and contractors will not result in any material violation of those contracts or agreements. The CannMart Group has not received any notice alleging that any violation of those contracts or agreements has occurred.
 - (iii) Except as disclosed in Section 5.03(27) of the CannMart Group Disclosure Schedule, all of the Employees are employed, engaged or retained for an indefinite term and none are subject to written employment agreements, contracts of engagement or services agreements. True and complete copies of any employment agreements, contracts of engagement or services agreements listed in Section 5.03(27) of the CannMart Group Disclosure Schedule have been provided to the Purchaser. No officer or Key Employee has given notice, oral or written, of an intention to cease being employed by the CannMart Group, and the CannMart Group does not intend to terminate the employment of any officer or Key Employee.
 - (iv) Except as disclosed in Section 5.03 (27) of the CannMart Group Disclosure Schedule, there are no change of control or similar agreements or arrangements with any Employees, and neither the execution and delivery of this Agreement nor the completion of the transactions contemplated by this Agreement will result in any cash or other compensation or benefits becoming payable to any Employees. There has been no increase promised to the Employees in the level or rates of wages, salaries, commissions, bonuses and other compensation for any of the Employees except in the ordinary course of the Business.
 - (v) Except as disclosed in Section 5.03 (27)**Error! Reference source not found.** of the CannMart Group Disclosure Schedule:

- A. There are no employment Law-related Claims pending, commenced or threatened, and there are no outstanding employment Law-related orders, awards or rulings, in each case against the CannMart Group, and there have not been any such Claims, orders, awards or rulings within the last year.
 - B. The CannMart Group has not been the subject of an audit, investigation, or examination by a Governmental Authority regarding an Employee.
 - C. The CannMart Group is in material compliance with all applicable Laws respecting Taxes, health, labour and employment.
 - D. The CannMart Group has not committed any material unfair labour practice during the past two years.
 - E. There have been no fatal or critical accidents which have occurred in the course of the operation of the CannMart Group which would reasonably be expected to lead to charges, assessments or complaints under the occupational health and safety or workers' compensation laws.
- (vi) No entity within the CannMart Group has an account with any workers compensation board and is not required to be registered with any workers compensation board pursuant to applicable Laws.
 - (vii) All salaries, wages, commissions, and other compensation owing for or in respect of the Employees have been paid or will be accrued and provided for in the Books and Records. All amounts due or accrued due for vacation pay and sick time have either been paid or are properly reflected in the Books and Records and the Financial Statements.
- (28) **Unions**
- (i) There are no current or, to the knowledge of the Seller and/or CannMart Group, threatened union organizing activities involving Employees and there have not been any union organizing activities. The CannMart Group does not have any labour issues that might have a Material Adverse Effect, or lead to any material interruption of operations at any location. The CannMart Group has not engaged in any lay-off or other activities since December 31, 2023 that would violate or in any way subject the CannMart Group to the group termination or lay-off requirements of the Laws of any jurisdictions where the CannMart Group operates or has operated. The CannMart Group is not bound by or a party to, either directly or by operation of law, any collective bargaining agreement (a "**Collective Agreement**") with any trade union or association that might qualify as a trade union, and no trade union, association, council of trade unions, employee bargaining agency or affiliated bargaining agent:
 - A. holds bargaining rights with respect to any of the Employees by way of certification, interim certification, voluntary recognition, designation or successor rights;
 - B. has applied to be certified or requested to be voluntarily recognized as the bargaining agent of any of the Employees;
 - C. has applied to have the Purchaser declared a related or successor employer under applicable provincial labour or employment Law; or
 - D. has filed a complaint or charge relating to the CannMart Group under applicable provincial labour or employment Law.

(29) **Pension and Benefit Plans**

- (i) Other than as set out in Section 5.03 (29) of the CannMart Group Disclosure Schedule, no entity in CannMart Group is not party to, and does not have any liability with respect to, any Plans.
- (ii) True and complete copies of each written Plan, as amended to the date of this Agreement, have been made available to the Purchaser. In the case of each unwritten Plan, a written description that accurately describes all of its material provisions, as amended to the date of this Agreement, has been made available to the Purchaser. There have been no promised improvements, increases or changes to the benefits provided under any Plan, whether legally binding or not.
- (iii) All Plans have been established, registered (where desirable or required), administered, communicated, funded and invested in accordance with their terms and any applicable collective bargaining agreement, and in compliance with all applicable Laws. No fact or circumstance exists that could adversely affect the tax exempt, tax preferred or registered status of any Plan. No entity in the CannMart Group nor any of its agents or delegates has breached any fiduciary obligation with respect to the administration or investment of any Plan. . No entity in the CannMart Group or any of its agents has received, in the last five years, any notice from any Person questioning or challenging that compliance (other than in respect of any claim for benefit payments in the ordinary course related solely to any individual) and the CannMart Group has no knowledge of any notice from any Person questioning or challenging that compliance beyond the last five years.
- (iv) No Plan is a pension plan and n entity in the CannMart Group has never (i) sponsored or participated in a defined benefit pension plan, or (ii) participated in a multi-employer pension plan as that term is defined under the Pension Benefits Act (Ontario) or the Pension Benefits Standards Act, 1985 (Canada), or in any similar type of plan for purposes of any other applicable pension benefits standards legislation.
- (v) No Plan is a capital accumulation plan, as defined in the Capital Accumulation Plan Guidelines published by the Joint Forum of Financial Market Regulators.
- (vi) Each entity in the CannMart Group has made all contributions and paid all premiums in respect of each Plan in a timely fashion in accordance with the terms of each Plan, the terms of any applicable collective bargaining agreement and applicable Laws. Each entity in the CannMart Group has paid in full all contributions and premiums due for the period up to the Closing Date even though not otherwise required to be paid until a later date, or has made full and adequate disclosure of and provision for those contributions and premiums in the Books and Records. No Taxes, penalties or fees are owing or exigible under or in respect of any Plan.
- (vii) Other than routine claims for benefits, no Plan is subject to any pending action, investigation, examination, claim (including claims for Taxes) or other proceeding initiated by any Person, and there exists no state of facts that could reasonably be expected to give rise to any such action, investigation, examination, claim or other proceeding.
- (viii) None of the Plans promises or provides for post-employment or retiree health, medical, death or other benefits in respect of employees, former employees, independent contractors or former independent contractors or to the beneficiaries or dependants of any of those persons (other than benefits required by applicable Law) and no entity in the CannMart Group has never sponsored or participated in such a plan.

- (ix) No Plan or any other agreement affecting any Plan requires or permits a retroactive increase in, or acceleration of payment or vesting of, contributions, premiums, benefits or other payments due under that Plan or agreement.
 - (x) No provision of any Plan or of any agreement, and no act or omission of each entity in the CannMart Group, in any way limits, impairs, modifies or otherwise affects the rights of the such entity to unilaterally amend or terminate any Plan.
 - (xi) All liabilities of each entity in the CannMart Group that are contingent or otherwise, related to all Plans have been fully disclosed in accordance with GAAP in the Financial Statements.
 - (xii) The execution of this Agreement and the completion of the transactions contemplated by this Agreement will not (either alone or together with any additional or subsequent events) constitute an event under any Plan that will or may result in any payment (whether of severance pay or otherwise), acceleration of payment or vesting of benefits, forgiveness of indebtedness, vesting, distribution, restriction on funds, increase in benefits or obligation to fund benefits with respect to any Employee.
 - (xiii) All data necessary to administer each Plan in accordance with its terms, the terms of any applicable collective bargaining agreement and all applicable Laws has been provided to the Purchaser by the CannMart Group and that data is complete, correct, and in a form that is sufficient for the proper administration of each Plan.
 - (xiv) No amendments have been made to any Plan and no improvements to any Plan have been promised.
- (30) **No Limitations or Restrictions.**
- (a) Each entity in the CannMart Group is not a party to nor is otherwise bound by, and there is not in place, any non-competition, exclusivity or other similar agreement, commitment or understanding, whether written or oral, that would now or hereafter, in any material respect, restrict or limit the business and operations of such entity or the CannMart Group business or the use of the properties and assets of such entity, as now conducted or presently proposed to be conducted by the Purchaser following the consummation of the Transaction.
 - (b) There is no judgement, injunction, order or decree binding upon any entity in the CannMart Group that has or could reasonably be expected to have the effect of prohibiting, restricting or materially impairing any business practice of such entity, any acquisition of property by such entity, or the conduct of business by such entity as now conducted or presently proposed to be conducted by the Purchaser following the consummation of the Transaction.
- (31) **Assets, Properties and Title.**
- (a) Each entity in the CannMart Group does not own any real or immovable property. Section 5.03(31) of the CannMart Group Disclosure Schedule lists the particulars of the Leased Premises and Real Property Leases. The buildings and other structures located on the Leased Premises, and their operation and maintenance, comply with all applicable Laws in all material respects, and none of those buildings or structures encroaches upon any land not leased by each entity in the CannMart Group. There are no restrictive covenants or Laws that in any way restrict or prohibit any part of the present use of the Leased Premises, other than the Permitted Encumbrances and the Real Property Leases. There are no expropriation or similar proceedings, actual or threatened, of which the CannMart Group has received notice against any of the Leased Premises. All of the Real Property Leases are in full force and effect, unamended, and none of them are, to the knowledge of the CannMart Group, under any threat of termination.

- (b) Each entity in the CannMart Group owns, possesses and has good and marketable title to all of its undertakings, property and assets reflected in the most recent balance sheet included in the Financial Statements, free and clear of all Encumbrances other than Permitted Encumbrances. The undertakings, property and assets of the CannMart Group comprise all of the undertakings, property and assets necessary for the CannMart Group to carry on the Business as conducted in the twelve (12) months prior to Closing. All machinery, equipment, fixtures, vehicles and other tangible assets owned, leased or used by each entity in the CannMart Group are in good operating condition and repair, ordinary wear and tear excepted, and are adequate for the purposes for which they are being used subject to maintenance or repairs in the ordinary course of business as conducted in the twelve (12) months prior to Closing.
- (32) **Taxes.**
- (a) Each entity in the CannMart Group has duly and in a timely manner made or prepared all Tax Returns required to be made or prepared by it and has duly and in a timely manner filed (within the prescribed times) all Tax Returns required to be filed by it with the appropriate Governmental Authority. All such Tax Returns were complete and correct in all material respects.
- (b) Each entity in the CannMart Group has (i) duly and in a timely manner paid all Taxes, including installments on account of Taxes for the current year required by Applicable Laws, which are due and payable by it whether or not assessed by the appropriate Governmental Authority, (ii) duly and timely withheld all Taxes and other amounts required by Applicable Laws to be withheld by it (including Taxes and other amounts required to be withheld by it in respect of any amount paid or credited or deemed to be paid or credited by it to or for the benefit of any Person) and has duly and timely remitted to the appropriate Governmental Authority such Taxes or other amounts required by law to be remitted by it, and (iii) duly and timely collected all amounts on account of any sales, use or transfer Taxes, including goods and services, harmonized sales, provincial and territorial taxes and state and local taxes, required by Applicable Laws to be collected by it and has duly and timely remitted to the appropriate Governmental Authority such amounts required by law to be remitted by it.
- (c) No material liability in respect of Taxes has been assessed, proposed to be assessed, incurred or accrued or to the knowledge of the Seller and/or the CannMart Group, does any fact exist which would reasonably be expected for such material liability.
- (d) Except as set forth in the Disclosure Letter, each entity in the CannMart Group has not made, prepared and/or filed any elections, designations or similar filings relating to Taxes or entered into any agreement or other arrangement in respect of Taxes or Tax Returns in respect of any period. Each entity in the CannMart Group is not a party to any agreement, waiver or arrangement with any Governmental Authority which relates to any extension of time with respect to the filing of any Tax Return, any payment of Taxes or any action or assessment relating to Taxes.
- (e) There are no proceedings, investigations, audits, assessments, reassessments, or claims now pending or threatened against each entity in the CannMart Group in respect of any Taxes and there are no matters under discussion, audit or appeal with any Governmental Authority relating to Taxes.
- (f) There are no Liens for Taxes upon any properties or assets of each entity in the CannMart Group.
- (g) The Seller and the CannMart Group has made available to the Purchaser true and complete copies of all Tax Returns, examination reports and statements of deficiencies for taxable

periods, or transactions consummated, for which the applicable statutory periods of limitations have not expired.

(33) **Brokers and Finders.** The Seller and each entity in the CannMart Group has not engaged or authorized any Person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement, and no Person is, or will be entitled to, any brokerage or finder's fee in connection with the transactions contemplated by this Agreement, other than Kronos Capital Partners Inc. which acted as financial advisor to the Seller, and whose fee will be paid at the Closing by the Seller.

(34) **Financial Statements.** Copies of the Financial Statements have been provided to the Purchaser in the virtual data room of the Seller. The Financial Statements have been prepared in accordance with GAAP (other than note disclosure and non-material amendments) and with the CannMart Group as a stand alone business and present fairly:

- (a) the assets, liabilities (whether accrued, absolute, contingent or otherwise) and the financial condition of the CannMart Group as at the respective dates of the Financial Statements; and
- (b) the sales, earnings and results of the operations of the Corporation during the periods covered by the Financial Statements.

(35) **Accounts Receivable** All Accounts Receivable of the CannMart Group reflected in the Financial Statements, or that have come into existence since the date of the most recent Financial Statements, were created in the ordinary course of the Business in bona fide arm's length transactions, and, except to the extent that they have been paid in the ordinary course of the Business since the date of the Financial Statements, are valid and enforceable and payable in full, without any right of set-off or counterclaim or any reduction for any credit or allowance made or given, except

- (i) to the extent of the allowance for doubtful accounts reflected in the Financial Statements; and
- (ii) in the case of Accounts Receivable that have come into existence since the date of the most recent Financial Statements, for a reasonable allowance for doubtful accounts,
- (iii) which allowances are adequate and calculated in a manner consistent with GAAP.

(36) **Inventories** Section 5.03(36) of the CannMart Group Disclosure Schedule lists only usable and saleable inventory of CannMart Group owned brands (such as Roilty and Zest) and any unbranded inventory and supplies including but not limited to excise stamps, hardware, packaging materials used for such inventory, that are in good and marketable condition and are reflected in the Financial Statements.

(37) **Accounts and Powers of Attorney** Section 5.03 (37) of the CannMart Group Disclosure Schedule lists:

- (i) the name of each bank or other depository in which the CannMart Group maintains any bank account, trust account or safety deposit box and the names of all individuals authorized to draw on them or who have access to them; and
- (ii) the name of each Person holding a general or special power of attorney from any entity in the CannMart Group and a summary of its terms.

(38) **Corporate Records.**

The Corporate Records of the CannMart Group are complete and accurate in all material respects and all corporate proceedings and actions reflected therein have been conducted or taken in compliance with all Applicable Laws and with the Constatng Documents of each entity in the CannMart Group. The minute books of each entity in the CannMart Group contain (i) complete and accurate minutes of all meetings of the directors (and any committee thereof) and the shareholders of such entity, and (ii) all written resolutions passed by the directors (and any committee thereof) and the shareholders of such entity. The share certificate books, if any, the central securities, the register and register of transfers, and the branch registers of each entity in the CannMart Group are complete and accurate, and all transfers of shares of such entity reflected therein have been duly completed and approved. The registers of directors and officers are complete and accurate and all former and present directors and officers of each entity in the CannMart Group were duly elected or appointed, as the case may be.

(39) **Books and Records.** All Books and Records of the CannMart Group have been fully, properly and accurately kept and, where required, completed in accordance with GAAP, and there are no material inaccuracies or discrepancies of any kind contained or reflected therein. The financial books and records and accounts of each entity in the CannMart Group (i) have been maintained in accordance with good business practices and in accordance with GAAP and with the accounting principles generally accepted in Canada, on a basis consistent with prior years, (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and dispositions of assets of each entity in the CannMart Group, and (ii) accurately and fairly reflect the basis for the financial books.

5.04 Survival of Representations and Warranties

The representations and warranties made by the parties and contained in this Agreement, or any document or certificate given pursuant hereto shall survive the Closing of the Transaction subject to the limitations specified in Article VIII.

ARTICLE VI COVENANTS

6.01 Mutual Covenants

Each of the parties to this Agreement hereby covenants and agrees with each of the other parties as follows:

(1) It will use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder which are reasonably under its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Transaction in accordance with the terms of this Agreement. Without limiting the generality of the foregoing, in the event that any Person, including without limitation, any securities regulatory authority, seeks to prevent, delay or hinder implementation of all or any portion of the Transaction or seeks to invalidate all or any portion of this Agreement, the Purchaser and the Seller (acting on its own behalf, and on behalf of each entity in the CannMart Group) shall use commercially reasonable efforts to resist such proceedings and to lift or rescind any injunction or restraining order or other order or action seeking to stop or otherwise adversely affecting the ability of the parties to complete the Transaction, subject to the prior determination by the Purchaser and the Seller, acting reasonably, that they are likely to succeed in resisting any proceeding that would seek to restrain, stop or otherwise restrain the completion of the Transaction and would be able to complete the Transaction in a commercially reasonable manner.

(2) It will use commercially reasonable efforts to obtain, before the Time of Closing, all Authorizations, and all waivers, exemptions, consents, orders and other approvals from shareholders and third parties, as are necessary, for the consummation of the transactions contemplated herein.

(3) It will use commercially reasonable efforts to defend, or cause to be defended, any lawsuits or other legal proceedings brought against it challenging this Agreement or the completion of the Transaction. It will not settle or compromise any claim brought against it in connection with the transactions contemplated by this Agreement prior to the Closing Date without the prior written consent of each of the other parties, such consent not to be unreasonably withheld, delayed, or conditioned.

(4) It will promptly notify each of the other parties if any representation or warranty made by it in this Agreement ceases to be true and correct in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier) and of any failure to comply in any material respect with any of its obligations under this Agreement.

(5) It will co-operate with each of the other parties in good faith using commercially reasonable efforts in order to ensure the timely completion of the Transaction.

(6) It will use commercially reasonable efforts to co-operate with each of the other parties in connection with the performance by each of the other parties of its obligations under this Agreement.

6.02 Covenants of the Purchaser

The Purchaser covenants and agrees with the Seller as follows, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VIII:

(1) It will, in a timely and expeditious manner file and/or deliver any document or documents as may be required in order for the Transaction as contemplated herein to be effective.

(2) Except for non-substantive communications, and provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained (provided that in such circumstance the Purchaser will be required to disclose that information has been withheld on this basis), it will furnish promptly to the Seller a copy of each notice, report, schedule or other document or communication delivered, filed or received by the Purchaser in connection with or related to the Transaction, any filings under Applicable Laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein.

(3) It will use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to complete the Transaction as contemplated herein, including using commercially reasonable efforts to:

- (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases, licenses, agreements and other Contracts, as applicable;
- (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Transaction and participate and appear in any proceedings of either the Purchaser, the Seller or any entity of the CannMart Group before any Governmental Authority to the extent permitted by such authorities; and
- (iii) fulfill all conditions and satisfy all provisions of this Agreement and the Transaction.

(4) Subject to Applicable Laws or as authorized by this Agreement, it will not take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this

Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction.

(5) It will conduct and operate its business and affairs only in the Ordinary Course and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other Persons.

(6) Except as may be necessary or desirable in order to give effect the Transaction as contemplated hereunder, it will not alter or amend its Constatng Documents as the same exist at the date of this Agreement.

6.03 Covenants of the CannMart Group

Subject to Section 10.01, each entity in the CannMart Group covenants and agrees with the Purchaser as follows, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VIII:

(1) It will, in a timely and expeditious manner file and/or deliver any document or documents as may be required in order for the Transaction as contemplated herein to be effective.

(2) It will not solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Transaction. Without limiting the generality of the foregoing, it will neither (i) induce or attempt to induce any other Person to initiate any shareholder proposal or "takeover bid," exempt or otherwise, within the meaning of the *Securities Act* (Ontario), for any of its securities or assets (ii) undertake any transaction or negotiate any transaction which would be, or potentially could be, in conflict with the Transaction, including, without limitation, allowing access to any third party to conduct due diligence, nor (iii) permit any of its officers or directors to authorize such access, except as required by statutory obligations. In the event any entity in the CannMart Group Seller, including any of its officers or directors, receives any form of offer or inquiry, such entity shall forthwith (in any event within one Business Day following receipt) notify the Purchaser of such offer or inquiry and provide the Purchaser with such details as it may request.

(3) It will make available and afford the Purchaser and its authorized representatives and, if requested by the Purchaser, provide a copy of all title documents, Contracts, financial statements, minute books, share certificate books, if any, share registers, plans, reports, licences, orders, permits, books of account, accounting records, constating documents and all other documents, information and data relating to the CannMart Group. Each entity in the CannMart Group will afford the Purchaser and its authorized representatives every reasonable opportunity to have free and unrestricted access to the property, assets, undertaking, records and documents of such entity relating to the CannMart Group. At the request of the Purchaser, each entity in the CannMart Group will execute or cause to be executed such consents, Authorizations and directions as may be necessary to permit any inspection of the CannMart Group business and any of its property or to enable the Purchaser or its authorized representatives to obtain full access to all files and records relating to any of the assets of the CannMart Group maintained by Governmental Authorities. The obligations in this Section 6.03(3) are subject to any access or disclosure contemplated herein not being otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained, provided that in such circumstance the Seller will be required to disclose that information has been withheld on this basis. The exercise of any rights of inspection by or on behalf of the Purchaser under this Section 6.03(3) will not mitigate or otherwise affect the representations and warranties of the Seller hereunder.

(4) Except for non-substantive communications, and provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be

obtained (provided that in such circumstance the each entity in the CannMart Group will be required to disclose that information has been withheld on this basis), it will furnish promptly to the Purchaser a copy of each notice, report, schedule or other document or communication delivered, filed or received by such entity in connection with or related to the Transaction, any filings under Applicable Laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein.

(5) It will use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to complete the Transaction as contemplated herein, including using commercially reasonable efforts to:

- (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases, licenses, agreements and other Contracts, as applicable;
- (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Transaction and participate and appear in any proceedings of any of the Seller, any entity of the CannMart Group or the Purchaser before any Governmental Authority to the extent permitted by such authorities; and
- (iii) fulfill all conditions and satisfy all provisions of this Agreement and the Transaction.

(6) Subject to Applicable Laws or as authorized by this Agreement, it will not take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction.

(7) It will conduct and operate its business and affairs only in the Ordinary Course and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other Persons. For greater certainty, it will not enter into any material transaction out of the Ordinary Course without the prior written consent of the Purchaser, and each entity in the CannMart Group will keep the Purchaser fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business, provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver could not be obtained, and, without limiting the generality of the foregoing, it shall not do any of the following, without the prior written consent of the Purchaser:

- (i) issue, sell, or agree to issue, sell, pledge, hypothecate, lease, dispose of or encumber any securities of such entity or any right, option or warrant with respect the CannMart Group, or (ii) split, combine or reclassify any of the CannMart Group Shares, or declare or made any distribution in respect thereof;
- (ii) accelerate, beyond the normal collection cycle, the collection of accounts receivable or delay, beyond normal past practices, the payment of accounts payable (other than as notified to the Buyer), or waive any material rights in value or take any actions with respect to collection practices that would result in any losses or adverse changes in collections, whether or not in the Ordinary Course;
- (iii) accelerate, beyond normal past practices, the sale of goods or services (other than as notified to the Buyer), including via discounts, rebates, preferential terms, or otherwise, whether offered directly or indirectly, to existing or prospective customers, distributors, resellers, or end users;

- (iv) fail to pay or discharge any Liability or Indebtedness when due in accordance with its terms other than as disclosed in the CRA payment plan and as otherwise disclosed to the Purchaser with respect to certain accounts receivable;
- (v) incur any new Indebtedness other than incurred in the Ordinary Course;
- (vi) incur any liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) other than in the Ordinary Course unless such liability or obligation is reasonably likely to have, a Material Adverse Effect on the CannMart Group;
- (vii) make any material change in the business or operations of the CannMart Group;
- (viii) approve or enter into any agreement in respect of the purchase of any assets or properties or any interest therein, or the sale, transfer or other disposition of any portion of its assets or properties or any interest therein currently owned by the CannMart Group, whether by asset sale, transfer of shares or otherwise, or a change of control (by sale or transfer of shares or sale of all or substantially all such property and assets);
- (ix) enter into, cancel, terminate or amend, any CannMart Group Material Contract;
- (x) hire any new Employees and/or contractors, terminate or amend any terms of employment for existing Employees, including but not limited to benefits, for any Employees and/or contractors of the CannMart Group;
- (xi) grant or pay any severance or termination pay or benefits, or any retention bonus or change-in-control payment, to any director, officer, Employee or independent contractor;
- (xii) make or forgive any loan or advance to any director, officer or Employee;
- (xiii) satisfy or settle any material claims or material liabilities of the CannMart Group;
- (xiv) mortgage, pledge or subject to any Lien any portion of the assets of the CannMart Group;
- (xv) sell, transfer, assign, abandon, license or otherwise dispose of any assets, except in the Ordinary Course;
- (xvi) make or incur any capital expenditures that, individually or in the aggregate, are in excess of [*commercially sensitive information redacted*];
- (xvii) adopt, amend, or terminate any benefit plan or arrangement that would be a Plan were it in effect as of the date of this Agreement;
- (xviii) recognize any labor union, works council or other labor organization as the collective bargaining representative of any employees, or enter into, amend or terminate any collective bargaining agreement or other Contract with any labor union, works council or other labor organization;
- (xix) cancel, terminate or reduce the amount of any insurance coverage provided by existing insurance policies, or cause any of the insurance coverage in effect as of the date of this Agreement thereby to lapse (unless, in each case, such insurance coverage is otherwise adequately provided by an existing insurance policy or is being replaced by an insurance policy with substantially similar coverage);
- (xx) terminate or waive any right of substantial value (including any rights under any confidentiality or non-disclosure agreement), other than in the Ordinary Course;

- (xxi) make or change any material election with respect to Taxes, adopt or change any accounting method, enter into any closing agreement, settle any Tax liability, consent to any extension or waiver of the limitation period applicable to any Tax or Tax Returns, or surrender any right to a claim a refund of Tax;
 - (xxii) change any accounting policies or procedures, except as may be required by GAAP or Legal Requirement waive, release, assign, settle or compromise any material Action;
 - (xxiii) transfer to any Person any Intellectual Property of the CannMart Group, other than in the Ordinary Course, or abandon any application or registration filed by or on behalf of the CannMart Group relating to any Intellectual Property of the CannMart Group;
 - (xxiv) offer or otherwise provide any discounts to customers to induce sales or revenue recognition or any discounts, incentives or other price reductions on products or service plans (other than as notified to the Buyer);
 - (xxv) create any Subsidiaries;
 - (xxvi) enter into any agreement or understanding to do any of the foregoing.
- (8) Except as may be necessary or desirable in order to effect the Transaction as contemplated hereunder, it will not alter or amend its Constatng Documents as the same exist at the date of this Agreement.
- (9) It will not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization or arrangement with, or transfer its undertaking or assets as an entirety or substantially as an entirety to, any other Person or perform any act which would render inaccurate in any material way any of its representations and warranties set forth herein as if such representations and warranties were made at a date subsequent to such act and all references to the date of this Agreement were deemed to be such later date, except as contemplated in this Agreement. Without limiting the generality of the foregoing, it will not:
- (i) make any distribution by way of dividend, distribution of property or assets, return of capital or otherwise to or for the benefit of its shareholders;
 - (ii) increase or decrease its paid-up capital or purchase or redeem any of its outstanding shares as of the date hereof;
 - (iii) issue or enter into any commitment to issue any of its shares or securities convertible into, or rights, warrants or options to acquire, any such shares;
 - (iv) transfer, issue, pledge, encumber, assign, sell, accelerate, amend, change the terms of, dispose of, or grant options, warrants or other rights to purchase or otherwise acquire, any of its securities, exchangeable or exercisable therefor of the CannMart Group or other equity interests of any entity of the CannMart Group, or authorize or propose the foregoing;
 - (v) repurchase, redeem or otherwise acquire any outstanding securities of the CannMart Group.
- (10) It will take all necessary corporate action and proceedings to approve and authorize the valid and effective transfer of the CannMart Group Shares to the Purchaser.
- (11) It will not authorize, sell or issue, or negotiate or enter into an agreement to sell or issue, any debt, equity or other securities of itself (including those that are convertible or exchangeable into securities of itself), other than as contemplated under this Agreement.

(12) It will: (i) not enter into or amend any Non-Arms' Length Transactions other than as approved in writing by the Purchaser and; (ii) on or before Closing, terminate all Non-Arms' Length Transactions other than as approved in writing by the Purchaser.

6.04 Covenants of the Seller

Subject to Section 10.01, the Seller covenants and agrees with the Purchaser as follows, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VIII:

(1) It will, in a timely and expeditious manner file and/or deliver any document or documents as may be required in order for the Transaction as contemplated herein to be effective.

(2) It will not solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Transaction. Without limiting the generality of the foregoing, it will neither (i) induce or attempt to induce any other Person to initiate any shareholder proposal or "takeover bid," exempt or otherwise, within the meaning of the *Securities Act* (Ontario), for securities or assets of the CannMart Group, (ii) undertake any transaction or negotiate any transaction which would be, or potentially could be, in conflict with the Transaction, including, without limitation, allowing access to any third party to conduct due diligence, nor (iii) permit any of its officers or directors to authorize such access, except as required by statutory obligations. In the event the Seller, including any of its officers or directors, receives any form of offer or inquiry the Seller shall forthwith (in any event within one Business Day following receipt) notify the Purchaser of such offer or inquiry and provide the Purchaser with such details as it may request.

(3) It will make available and afford the Purchaser and its authorized representatives and, if requested by the Purchaser, provide a copy of all title documents, Contracts, financial statements, minute books, share certificate books, if any, share registers, plans, reports, licences, orders, permits, books of account, accounting records, constating documents and all other documents, information and data relating to the CannMart Group. The Seller will afford the Purchaser and its authorized representatives every reasonable opportunity to have free and unrestricted access to the property, assets, undertaking, records and documents of the CannMart Group. At the request of the Purchaser, the Seller will execute or cause to be executed such consents, Authorizations and directions as may be necessary to permit any inspection of the Seller's business and any of its property or to enable the Purchaser or its authorized representatives to obtain full access to all files and records relating to any of the assets of the CannMart Group maintained by Governmental Authorities. The obligations in this Section 6.04(3) are subject to any access or disclosure contemplated herein not being otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained, provided that in such circumstance, the Seller will be required to disclose that information has been withheld on this basis. The exercise of any rights of inspection by or on behalf of the Purchaser under this Section 6.04(3) will not mitigate or otherwise affect the representations and warranties of the Seller hereunder.

(4) Except for non-substantive communications, and provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained (provided that in such circumstance the Seller will be required to disclose that information has been withheld on this basis), it will furnish promptly to the Purchaser a copy of each notice, report, schedule or other document or communication delivered, filed or received by the Seller in connection with or related to the Transaction, any filings under Applicable Laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein.

(5) It will use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its

control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to complete the Transaction as contemplated herein, including using commercially reasonable efforts to:

- (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases, licenses, agreements and other Contracts, as applicable;
 - (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Transaction and participate and appear in any proceedings of any of the Seller, each entity in the CannMart Group or the Purchaser before any Governmental Authority to the extent permitted by such authorities; and
 - (iii) fulfill all conditions and satisfy all provisions of this Agreement and the Transaction.
- (6) Subject to Applicable Laws or as authorized by this Agreement, it will not take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction.
- (7) It will cause each entity in the CannMart Group to conduct and operate its business and affairs only in the Ordinary Course and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other Persons. For greater certainty, it will not permit any entity within the CannMart Group to enter into any material transaction out of the Ordinary Course without the prior written consent of the Purchaser, and it will keep the Purchaser fully informed as to the material decisions or actions required or required to be made with respect to the operation of the CannMart Group business, provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver could not be obtained, and, without limiting the generality of the foregoing, it shall not permit the CannMart Group to do any of the following, without the prior written consent of the Purchaser:
- (i) issue, sell, or agree to issue, sell, pledge, hypothecate, lease, dispose of or encumber any securities of such entity or any right, option or warrant with respect the CannMart Group, or (ii) split, combine or reclassify any of the CannMart Group Shares, or declare or made any distribution in respect thereof;
 - (ii) accelerate, beyond the normal collection cycle, the collection of accounts receivable or delay, beyond normal past practices, the payment of accounts payable (other than as notified to the Buyer), or waive any material rights in value or take any actions with respect to collection practices that would result in any losses or adverse changes in collections, whether or not in the Ordinary Course;
 - (iii) accelerate, beyond normal past practices, the sale of goods or services (other than as notified to the Buyer), including via discounts, rebates, preferential terms, or otherwise, whether offered directly or indirectly, to existing or prospective customers, distributors, resellers, or end users;
 - (iv) fail to pay or discharge any Liability or Indebtedness when due in accordance with its terms other than as disclosed in the CRA payment plan and as otherwise disclosed to the Purchaser with respect to certain accounts receivable;
 - (v) incur any new Indebtedness other than incurred in the Ordinary Course;

- (vi) incur any liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) other than in the Ordinary Course unless such liability or obligation is reasonably likely to have, a Material Adverse Effect on the CannMart Group;
- (vii) make any material change in the business or operations of the CannMart Group;
- (viii) approve or enter into any agreement in respect of the purchase of any assets or properties or any interest therein, or the sale, transfer or other disposition of any portion of its assets or properties or any interest therein currently owned by the CannMart Group, whether by asset sale, transfer of shares or otherwise, or a change of control (by sale or transfer of shares or sale of all or substantially all such property and assets);
- (ix) enter into, cancel, terminate or amend, any CannMart Group Material Contract;
- (x) hire any new Employees and/or contractors, terminate or amend any terms of employment for existing Employees, including but not limited to benefits, for any Employees and/or contractors of the CannMart Group;
- (xi) grant or pay any severance or termination pay or benefits, or any retention bonus or change-in-control payment, to any director, officer, Employee or independent contractor;
- (xii) make or forgive any loan or advance to any director, officer or Employee;
- (xiii) satisfy or settle any material claims or material liabilities of the CannMart Group;
- (xiv) mortgage, pledge or subject to any Lien any portion of the assets of the CannMart Group;
- (xv) sell, transfer, assign, abandon, license or otherwise dispose of any assets, except in the Ordinary Course;
- (xvi) make or incur any capital expenditures that, individually or in the aggregate, are in excess of *[commercially sensitive information redacted]*;
- (xvii) adopt, amend, or terminate any benefit plan or arrangement that would be a Plan were it in effect as of the date of this Agreement;
- (xviii) recognize any labor union, works council or other labor organization as the collective bargaining representative of any employees, or enter into, amend or terminate any collective bargaining agreement or other Contract with any labor union, works council or other labor organization;
- (xix) cancel, terminate or reduce the amount of any insurance coverage provided by existing insurance policies, or cause any of the insurance coverage in effect as of the date of this Agreement thereby to lapse (unless, in each case, such insurance coverage is otherwise adequately provided by an existing insurance policy or is being replaced by an insurance policy with substantially similar coverage);
- (xx) terminate or waive any right of substantial value (including any rights under any confidentiality or non-disclosure agreement), other than in the Ordinary Course;
- (xxi) make or change any material election with respect to Taxes, adopt or change any accounting method, enter into any closing agreement, settle any Tax liability, consent to any extension or waiver of the limitation period applicable to any Tax or Tax Returns, or surrender any right to a claim a refund of Tax;

- (xxii) change any accounting policies or procedures, except as may be required by GAAP or Legal Requirementwaive, release, assign, settle or compromise any material Action;
 - (xxiii) transfer to any Person any Intellectual Property of the CannMart Group, other than in the Ordinary Course, or abandon any application or registration filed by or on behalf of the CannMart Group relating to any Intellectual Property of the CannMart Group;
 - (xxiv) offer or otherwise provide any discounts to customers to induce sales or revenue recognition or any discounts, incentives or other price reductions on products or service plans (other than as notified to the Buyer);
 - (xxv) create any Subsidiaries;
 - (xxvi) enter into any agreement or understanding to do any of the foregoing.
- (8) It will cause each entity in the CannMart Group to not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization or arrangement with, or transfer its undertaking or assets as an entirety or substantially as an entirety to, any other Person or perform any act which would render inaccurate in any material way any of its representations and warranties set forth herein as if such representations and warranties were made at a date subsequent to such act and all references to the date of this Agreement were deemed to be such later date, except as contemplated in this Agreement. Without limiting the generality of the foregoing, it will not:
- (i) make any distribution by way of dividend, distribution of property or assets, return of capital or otherwise to or for the benefit of its shareholders;
 - (ii) increase or decrease its paid-up capital or purchase or redeem any shares;
 - (iii) issue or enter into any commitment to issue any of its shares or securities convertible into, or rights, warrants or options to acquire, any such shares;
 - (iv) transfer, issue, pledge, encumber, assign, sell, accelerate, amend, change the terms of, dispose of, or grant options, warrants or other rights to purchase or otherwise acquire, any of its securities, exchangeable or exercisable therefor of the CannMart Group or other equity interests of any entity of the CannMart Group, or authorize or propose the foregoing; or
 - (v) repurchase, redeem or otherwise acquire any outstanding securities of the CannMart Group.
- (9) It will take all necessary corporate action and proceedings to approve and authorize the valid and effective transfer of the CannMart Group Shares to the Purchaser.
- (10) Except as may be necessary or desirable in order to effect the Transaction as contemplated hereunder, it will not permit the CannMart Group to alter or amend its Constating Documents as the same exist at the date of this Agreement.
- (11) It will, in a timely and expeditious manner, provide such information with respect to the Seller (and all beneficial owners thereof) as the Purchaser may reasonably require in connection with the Transaction to comply with the provisions of this Agreement and/or Applicable Laws.
- (12) It will not encumber, in any manner, the CannMart Group Shares held or beneficially owned by it, and will ensure that at the Time of Closing, the said CannMart Group Shares are free and clear of all Liens.

(13) It will, and will cause its respective Non-Arms' Length Transactions Parties to: (1) terminate all Non-Arms' Length Transactions other than as approved in writing by the Purchaser (ii) not to, engage in any transactions involving the CannMart Group except other than as approved in writing by the Purchaser.

ARTICLE VII

POST-CLOSING COVENANTS OF PURCHASER

- 7.01 **Information Rights.** Beginning on the Closing Date and for so long as any indebtedness remains outstanding under the VTB Loan, the Purchaser shall notify the Seller of any proposed material changes to the Business as soon as reasonably practicable prior to the implementation of such a change and the Purchaser shall deliver to the Seller:
- (1) as soon as practicable, but in any event within forty-five (45) days after the end of each of calendar quarter of each fiscal year of the Purchaser, consolidated unaudited financial statements of the Purchaser (inclusive of the entities of the CannMart Group) for and as at the end of such fiscal quarter, prepared in the same manner that the Purchaser produces for its internal reporting;
 - (2) as soon as practicable, but in any event within fifteen (15) days after the end of each of month, the Purchaser's sales report, gross profit estimates, listings status, inventory status that the Purchaser produced for its internal reporting to carry on the Business.
- 7.02 **Inspection and Observer Rights.** Beginning on the Closing Date and for so long as any indebtedness remains outstanding under the VTB Loan, the Purchaser shall permit the Seller at the Seller's expense, and at a time acceptable to the Purchaser, to visit and inspect the Purchaser's properties; discuss the Purchaser's affairs, finances, and accounts with its officers, during normal business hours as may be reasonably requested by the Seller but not greater than once in any three (3) month period.
- 7.03 **Conduct of Business.** Unless otherwise specifically provided for in this Agreement, beginning on the Closing Date and for so long as any indebtedness remains outstanding under the VTB Loan, none of the following decisions or actions as they relate to any of the entities of the CannMart Group shall be taken without the written consent of the Seller, shall consent not to be unreasonably withheld or conditioned:
- (1) amending or restating the articles or by-laws of any of the entities of the CannMart Group;
 - (2) taking any action that could result in a loss, impairment, termination of , or failure to renew, any material Authorization of any of the entities of the CannMart Group or the Purchaser, including any current licences of any of the entities of the CannMart Group;
 - (3) the issuance of any authorized but unissued securities of any of the entities of the CannMart Group, including the undertaking or completing of any financing of debt or equity securities of any of the entities of the CannMart Group;
 - (4) creating any debts, liabilities or other obligations of any of the entities of the CannMart Group, however incurred ("**Indebtedness**"), or providing or assuming any mortgage, lien, charge, hypothec or encumbrance, whether fixed or floating, on, or any security interest in, any property, whether real, personal or mixed, tangible or intangible, any pledge or hypothecation thereof, any deposit arrangement, priority, conditional sale agreement, other title retention agreement, capital lease or other security arrangement of any kind and, in respect of any securities, and includes an adverse claim ("**Encumbrance**"), on any property of any of the entities of the CannMart Group;
 - (5) guaranteeing the Indebtedness of, or otherwise providing any direct or indirect financial assistance to any Person by the CannMart Group;

- (6) selling Inventory other than in the manner specified below in Section 7.04; and
- (7) a sale of all or substantially all of the assets of any of the entities of the CannMart Group or the Purchaser.

7.04 **Sale of Inventory.** For purposes of fulfilling the Seller's obligations under section 2.08 of this Agreement, beginning on the Closing Date and for a period of 12 months thereafter, the Purchaser will take such excess inventory on consignment and will use its commercially reasonable efforts to sell such inventory during such 12-month period and shall remit any proceeds of such sales to the Seller (less applicable excise taxes and other directly related sales costs of the Purchaser applicable to such sale). Any inventory remaining after such 12-month period will become the property of the Purchaser and will be added to the VTB Loan at cost, subject to the right of the Purchaser to purchase all or any part of the remaining inventory at a discounted cost price agreed upon between the Purchaser and the Seller

7.05 **Collection of Seller's Accounts Receivable.** Purchaser agrees that after the Closing Date it will use its best efforts to collect the Seller's accounts receivable relating to the CannMart Group and its business that have accrued prior to the Closing Date comparable to those efforts Seller currently uses to collect its accounts receivable arising out of the business of the CannMart Group; provided that Purchaser will not be required to retain or use legal counsel or any collection service, or to institute legal proceedings, as a part of its collection efforts, unless paid for by Seller. If Buyer receives any of Seller's accounts receivable during the period of 365 days immediately following the Closing Date, Purchaser shall pay to the Seller, or as directed by Seller, on the tenth day after collection in good funds the said accounts receivable collected by the Purchaser. At the end of the said 365 day period, the Purchaser shall assign to the Seller, without recourse, the Seller's accounts receivable which remain uncollected. Upon the Seller's request made within 90 days after the expiration of such 365-days day period, the Purchaser will provide the Seller's accountant with access during the Purchaser's normal business hours to the Purchaser's books and records related to the accounts receivable. The entire cost of such verification and report (whether there be one or more often) shall be borne by the Seller. The Purchaser may require as a condition to furnishing any information to such independent accountant that such independent accountant agree to confidentiality agreement reasonably satisfactory to the Purchaser. If an obligor on any of the accounts receivable of the Seller that have accrued prior to the Closing Date is also an obligor on one or more accounts receivable of the Purchaser at the time such obligor makes a payment to the Purchaser (a "Double Obligor"), such amount will first be applied to the accounts receivable of the Seller that have accrued prior to the Closing Date unless an obligor has clearly indicated an application of the amount paid by it either expressly by reference to a particular invoice or implicitly because the amount paid corresponds to one or more to the unpaid invoices owed to the Purchaser or comprising the account receivable.

ARTICLE VIII

TERMINATION

8.01 **Termination**

This Agreement may be terminated in writing at any time prior to the Closing:

- (1) by mutual written consent of the Purchaser and the Seller (on its own behalf and on behalf of each entity in the CannMart Group);
- (2) by either the Seller (on its own behalf and on behalf of each entity in the CannMart Group) or the Purchaser if the Closing shall not have been consummated on or prior to the Termination Date, without liability to the terminating party on account of such termination; provided that the right to terminate this Agreement pursuant to this Section 8.01(2) shall not be available to a party whose breach or violation of any representation, warranty, covenant, obligation or agreement under this Agreement has been the cause of or has resulted in the failure of the Closing to occur on or before such date;
- (3) by the Purchaser, if there has been a material breach by the Seller or any entity in the CannMart Group of any representation, warranty, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby which breach would result in the failure to satisfy one or more of the

conditions set forth in Sections 3.01 or 3.02 which the Seller or any entity in the CannMart Group, as applicable, fails to cure within 10 Business Days after written notice thereof is given by the Purchaser;

(4) by the Seller, if there has been a material breach by the Purchaser of any representation, warranty, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby which breach would result in the failure to satisfy one or more of the conditions set forth in Sections 3.01 or 3.03 which the Purchaser fails to cure within 10 Business Days after written notice thereof is given by the Seller;

(5) by the Seller, if it has not obtained the approval of its shareholders and/or the (conditional or final) approval of the Exchange to complete of the Transaction;

(6) by the Seller, if the holders of more than 2.5% of all of the issued and outstanding common shares of the Seller shall have exercised their dissent rights pursuant to and in the manner set forth in the British Columbia Business Corporations Act;

(7) by the Purchaser, if the Seller completes an Alternative Transaction or enters into a definitive and binding agreement to effect an Alternative Transaction; and

(8) by any party, if any permanent injunction or other order of a court or other competent authority preventing the Closing shall have become final and non-appealable, provided however, that no party shall be entitled to terminate this Agreement if such party's material breach of this Agreement or any of the documents contemplated hereby has resulted in such permanent injunction or order.

8.02 Effect of Termination

Upon termination of this Agreement in accordance with the terms hereof, the parties shall have no further obligations under this Agreement, other than the obligations contained in Sections 10.01, 10.03, and 10.08.

ARTICLE IX

INDEMNIFICATION

9.01 Indemnification by the Purchaser

Subject to this Article IX and provided that the Seller makes a written claim for indemnification within the applicable survival period set forth in Section 9.06, from and after Closing, the Purchaser shall indemnify and save the Seller harmless for and from any loss, damages or deficiencies suffered by the Seller, in each case, that have been Finally Determined, as a result of

(1) any breach of representation or warranty on the part of the Purchaser contained Section 5.01 of this Agreement; or

(2) any non-performance of any covenant or agreement of the Purchaser contained in Section 6.02 and Article VII of this Agreement or contained in the VTB Loan, the General Security Agreement the Securities Pledge Agreement or the Escrow Agreement;

and all claims, demands, costs and expenses, including reasonable legal fees, in respect of the foregoing that have been Finally Determined.

9.02 Indemnification by the Seller and the CannMart Group

Subject to this Article IX and provided that the Purchaser makes a written claim for indemnification within the applicable survival period set forth in Section 9.06, from and after Closing, the Seller shall, jointly and severally,

with each entity in the CannMart Group indemnify and save the Purchaser harmless for and from any loss, damages or deficiencies suffered by the Purchaser that have been Finally Determined as a result of:

- (1) any breach of representation or warranty on the part of the Seller and/or each entity in the CannMart Group contained in Section 5.03 of this Agreement;
- (2) any non-performance of any covenant or agreement of each entity in the CannMart Group and/or the Seller contained in Section 6.03 of this Agreement;
- (3) any Taxes owing or that may become owing by the CannMart Group (whether as a result of any assessment or reassessment for Taxes, audits, fines or otherwise) in respect of any period ending on or prior to the Closing Date;
- (4) any off-balance sheet liabilities of the CannMart Group accruing on or prior to the Closing Date;
- (5) any Non-Arms' Length Transactions;
- (6) any liability resulting from the litigation itemized in Sections 5.02(7) and 5.03(25) of the CannMart Group Disclosure Schedule (excluding item 2 in Sections 5.02(7) and 5.03(25) of the CannMart Group Disclosure Schedule), which Seller indemnity in this Section 9.02(6) shall terminate on the condition that indemnity provided under item 1 is transferred to the Purchaser;
- (7) any liability, in respect of any period ending on or prior to the Closing Date, resulting from the CRA audit itemized in Section 5.03(16) of the Disclosure Schedule

and for and from all claims, demands, costs and expenses, including reasonable legal fees, in respect of the foregoing that have been Finally Determined.

9.03 Indemnification by the Seller

Subject to this Article IX and provided that the Purchaser makes a written claim for indemnification within the applicable survival period set forth in Section 9.06, from and after Closing, the Seller shall indemnify and save the Purchaser harmless for and from any loss, damages or deficiencies suffered by the Purchaser that have been Finally Determined as a result of:

- (1) any breach of representation or warranty on the part of the Seller Group contained Section 5.02 of this Agreement;
- (2) any non-performance of any covenant or agreement of the Seller contained in Section 6.04 of this Agreement;

and all claims, demands, costs and expenses, including reasonable legal fees, in respect of the foregoing that have been Finally Determined.

9.04 Notice of Claim

A party entitled to and seeking indemnification pursuant to the terms of this Agreement (such party, the "**Indemnified Party**") shall promptly give written notice to the party or parties, as applicable, responsible for indemnifying the Indemnified Party (each such party or parties, as applicable, the "**Indemnifying Party**") of any claim for indemnification pursuant to Sections 9.01, 9.02 and 9.03 (a "**Claim**", which term shall include more than one Claim) in accordance with the applicable survival period in Section 9.06. Such notice shall specify whether the Claim arises as a result of a claim by a Person (other than the Seller of a Seller Indemnified Party) against the Indemnified Party (a "**Third Party Claim**") or whether the Claim does not so arise (a "**Direct Claim**"), and shall also specify with reasonable particularity (to the extent that the information is available) (i) the factual basis for the Claim,

and (ii) the amount of the Claim, or, if any amount is not then determinable, an approximate and reasonable estimate of the likely amount of the Claim.

9.05 Procedure for Indemnification

(1) Direct Claims. With respect to Direct Claims, following receipt of notice from the Indemnified Party of a Claim, the Indemnifying Party shall have thirty (30) days to make such investigation of the Claim as the Indemnifying Party considers necessary or desirable, acting reasonably. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Claim. If the Indemnified Party and Indemnifying Party agree at or prior to the expiration of such thirty (30) day period (or any mutually agreed upon extension thereof) to the validity and amount of such Claim, the Indemnifying Party shall immediately pay to the Indemnified Party the full agreed upon amount of the Claim.

(2) Third Party Claims. With respect to any Third Party Claim, the Indemnified Party shall promptly (and in any event within fifteen (15) Business Days after receiving notice of the Third-Party Claim) notify the Indemnifying Party thereof in writing; provided, however, that failure to give such notice shall not limit the right of an Indemnified Party to recover hereunder from any Indemnifying Party except to the extent that such Indemnifying Party suffers any material prejudice or material harm with respect to such claim as a result of such. After receiving such notice, the Indemnifying Party shall have the right, at its own expense, to participate in or assume control of the negotiation, settlement or defence of such Third Party Claim within thirty (30) days of receiving such notice and, in such event, the Indemnifying Party shall reimburse the Indemnified Party for all the Indemnified Party's commercially reasonable out-of-pocket expenses incurred prior to the assumption by the Indemnifying Party of the control of the negotiation, settlement or defence of such Third Party Claim. If the Indemnifying Party elects to assume such control, the Indemnified Party shall reasonably cooperate with the Indemnifying Party, shall have the right to participate in the negotiation, settlement or defence of such Third Party Claim at its own expense and shall have the right to disagree on reasonable grounds with the selection and retention of counsel, in which case counsel satisfactory to the Indemnifying Party and Indemnified Party, each acting reasonably, shall be retained by the Indemnifying Party. The Indemnifying Party shall have the right to settle any Third Party Claim on the condition that: (1) it pays the monetary amounts to settle such Third Party Claim and (ii) the Indemnified Party is released from any liability relating to the Third Party Claim. If the Indemnifying Party, having elected to assume such control, thereafter fails to defend any such Third Party Claim within a reasonable time, the Indemnified Party shall be entitled to assume such control and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim.

9.06 General Indemnification Rules

The obligations of the Indemnifying Party to indemnify the Indemnified Party in respect of Claims shall also be subject to the following:

- (1) without limiting the generality of Sections 9.01, 9.02 and 9.03, any Claim for breach of any representation, warranty, covenant or other obligation under this Agreement, the VTB Loan, the General Security Agreement, the Escrow Agreement and the Securities Pledge Agreement, as the case may be, shall be subject to the foregoing:
 - (i) if the Claim relates to any breach of any representation or warranty made by the Purchaser, Seller and/or each entity in the CannMart Group, other than a breach specified in the remainder of this Section 8.06, within 24 months after the Closing Date;
 - (ii) if the Claim relates to any breach of any covenant made by, or obligation of, the Purchaser, Seller and/or each entity in the CannMart Group, other than a breach specified in the remainder of this Section 8.06, until such time as the VTB Loan has been paid in full;

- (iii) if the Claim relates to any breach of the Fundamental Representations or if the Claim is made under Section 9.02 (2) to (7), for the longest period permitted by applicable Law; and
 - (iv) if the Claim relates to any breach of the representations and warranties made in Section 5.03 (32) Tax , or if the Indemnity Claim is made under Section 9.02(3) on or before 90 days after the last day upon which any of the relevant Governmental Authorities is entitled to assess or reassess each entity in the CannMart Group (or to raise Claims against the Purchaser or any entity in the CannMart Group relating to that assessment or reassessment) with respect to any Tax for any taxation year or stub period ending on or before the Closing Date, having regard to any entitlement of a Governmental Authority to assess or reassess in the event of fraud or fraudulent misrepresentation or wilful default.
- (2) Notwithstanding anything to the contrary contained herein, any Claim relating to the non-payment of any outstanding amount due by the Purchaser under and in accordance with the terms of the VTB Loan, the breach of any of the post-closing covenants of the Purchaser contained in the VTB Loan or the triggering of an event of default under the VTB Loan shall be satisfied first pursuant to the terms of the Securities Pledge Agreement, the Escrow Agreement, the VTB Loan and the General Security Agreement.
- (3) The notice periods set out in Section 9.06(1) will not apply to a Claim based on fraud or wilful misconduct of a Party.
- (4) if any Third Party Claim is of a nature such that the Indemnified Party is required by Applicable Laws to make a payment to any Person (a “**Third Party**”) with respect to such Third Party Claim before the completion of settlement negotiations or related legal proceedings and the Indemnified Party has complied with Section 9.04 and the Indemnifying Party has not assumed control of the negotiation, settlement or defence of such Third Party Claim in accordance with Section 9.05(2), the Indemnified Party may make such payment and thereafter seek reimbursement from the Indemnifying Party for any such payment. If the foregoing conditions have been satisfied and any Indemnifying Party pays, or reimburses an Indemnified Party in respect of any Third Party Claim before completion of settlement negotiations or related legal proceedings, and the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which such a payment was made, as finally determined, is less than the amount which was paid by the Indemnifying Party, the Indemnified Party shall, forthwith after receipt of the difference from the Third Party, pay the amount of such difference to the Indemnifying Party;
- (5) except in the circumstance contemplated by Section 9.05, and whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnified Party shall not negotiate, settle, compromise or pay any Third Party Claim except with the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld);
- (6) the Indemnified Party shall not permit any right of appeal in respect of any Third Party Claim to terminate without giving the Indemnifying Party notice and an opportunity to contest such Third Party Claim;
- (7) the Indemnified Party and Indemnifying Party shall cooperate fully with each other with respect to Third Party Claims and shall keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available);
- (8) Indemnified Parties hereunder have a duty to use commercially reasonable efforts to mitigate any damages that would otherwise be recoverable from an Indemnifying Party; and
- (9) the provisions of this Article IX shall constitute the sole remedy available to a party against another party, inclusive of Section 8.06(2), with respect to any and all breaches of any agreement,

covenant, representation or warranty made by such other party in this Agreement, the VTB Loan, the Securities Pledge Agreement, the Escrow Agreement and the General Security Agreement.

ARTICLE X

EXCLUSIVITY AND ACCESS

10.01 Obligations of the Seller and the CannMart Group

Prior to the Termination Date, or the earlier termination of this Agreement, neither the Seller nor entity in the CannMart Group nor any of their affiliates, directors, officers management, shareholders, affiliates or advisors, will, directly or indirectly: (i) seek, encourage, solicit, assist, consider, accept, or engage in any negotiations with respect to, any proposals of any other person relating to an Alternative Transaction or a sale of any portion of the assets, capital stock of, or a debt, equity or other investment in the CannMart Group whether through direct purchase, merger, consolidation, or other business combination other than with the Purchaser in accordance with this Agreement, or (ii) furnish any non-public information to any third party with respect to an Alternative Transaction and/or the CannMart Group other than with the Purchaser in accordance with this Agreement. The Seller and each entity in the CannMart Group represents and warrants that: (i) it and its affiliates, directors, officers, management, shareholders, affiliates, and advisors have ceased all previous negotiations with all other parties (other than the Purchaser as permitted in this Agreement) in connection with an Alternative Transaction or any substantially equivalent transaction with respect to CannMart and; (ii) neither it or any of its affiliates is party to or bound by any agreement with respect to an Alternative Transaction or other type of substantially equivalent transaction with a third party other than as contemplated with the Purchaser in this Agreement. The Seller and each entity in the CannMart Group shall notify the Purchaser promptly (but in no event later than 24 hours) after receipt by it or any of its affiliates, directors, officers management, shareholders, affiliates or advisors of any inquiry or proposal from any person or entity concerning an Alternative Transaction or substantially equivalent transaction involving the CannMart Group or any of its affiliates, or any inquiry or request for non-public information relating to, or for access to the properties, books or records of, the CannMart Group or any of its affiliates, and shall communicate to the Purchaser the terms and conditions of, and the identity of the person or entity making any such inquiry, proposal or request, and provide a copy of any written offer.

GENERAL

10.02 Notices

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement (each, a “**notice**”) shall be in writing shall be in writing addressed as follows:

If to the Purchaser: **1463663 B.C. LTD.**
[contact information redacted]

with a courtesy copy (which copy shall not constitute notice to the Purchaser) to:

CC Corporate Counsel Professional Corporation
[contact information redacted]

(a) If to the Seller:

Lifeist Wellness Inc.
[contact information redacted]

with a courtesy copy (which copy shall not constitute notice to the Seller) to:

Ricketts Harris LLP
[contact information redacted]

or such other address as may be designated by notice given by either the Seller or the Purchaser to the other in accordance with this Section 10.02. Each notice shall be personally delivered to the addressee or sent by e-mail to the addressee and a notice which is personally delivered or sent by email shall, if delivered or sent prior to 4:00 p.m. (local time of the recipient) on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the next Business Day. The previous sentence of this Section 10.02 shall not apply to a notice given as contemplated in Section 3.04 of the occurrence, or failure to occur, of any event or state of facts which would or would likely to cause any of the representations or warranties of the Seller to be untrue or inaccurate or result in the failure by the Seller to comply with or satisfy any covenant, condition or agreement, which notice shall not be deemed to have been received by the Seller. The Seller may, from time to time, by notice given in accordance with this Section 10.02, designate or provide an address of the Seller for notices to be given after the Time of Closing.

10.03 Confidentiality

Prior to Closing and, if the Transaction is not completed, at all times thereafter, each of the parties will keep confidential and refrain from using all information obtained by it in connection with the transactions contemplated by this Agreement relating to all other parties, provided however that such obligation shall not apply to any information which was in the public domain at the time of its disclosure to a party or which subsequently comes into the public domain other than as a result of a breach of such party's obligations under this Section 10.03. For greater certainty, nothing contained herein shall prevent any disclosure of information which may be required pursuant to Applicable Laws or pursuant to an order in judicial or administrative proceedings or any other order made by any Governmental Authority.

10.04 Assignment

No party may assign this Agreement or its rights or obligations hereunder without the prior written consent of the other parties, such consent not to be unreasonably withheld, delayed, or conditioned.

10.05 Binding Effect

This Agreement shall be binding upon and shall enure to the benefit of the parties and their respective heirs, successors and permitted assigns.

10.06 Waiver

No waiver of any provision of this Agreement will constitute a waiver of any other provision, nor will any waiver constitute a continuing waiver unless otherwise expressly provided.

10.07 Governing Law

This Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

10.08 Expenses

Each party shall be responsible for and bear all of its own costs and expenses (including any legal, accounting, banking, broker's, finder's, consultant's or other fees or expenses) incurred in connection with the Transaction, including fees and expenses of its representatives incurred at any time in connection with pursuing or consummating the Transaction. Notwithstanding the foregoing, in the event the Seller: (i) fails to obtain the approval of its shareholders and the approval of the Exchange on or before the Termination Date; (ii) elects to terminate this Agreement pursuant to Section 8.01(6) if the holders of more than 2.5% of all of the issued and outstanding common shares of the Seller shall have exercised their dissent rights pursuant to and in the manner set forth in the British Columbia Business Corporations Act, and/or (iii) completes an Alternative Transaction or enters into a definitive and binding agreement to effect an Alternative Transaction, the Agreement shall automatically terminate and the Seller shall reimburse the Purchaser for its documented reasonable legal fees up to a maximum of *[commercially sensitive*

information redacted] which shall be the Purchaser's sole recourse for the termination of this Agreement, notwithstanding anything to the contrary contained herein.

10.09 No Personal Liability

- (a) No director, officer, employee or agent of the Purchaser (in such capacity) shall have any personal liability whatsoever to the Seller and/or the CannMart Group under this Agreement or any other document delivered in connection with the Transaction on behalf of the Purchaser.
- (b) No director, officer, employee or agent of the Seller (in such capacity) shall have any personal liability whatsoever to the Purchaser, or to the shareholders of the Purchaser under this Agreement or any other document delivered in connection with the Transaction on behalf of the Seller.
- (c) No director, officer, employee or agent of each entity in the CannMart Group (in such capacity) shall have any personal liability whatsoever to the Purchaser, or to the shareholders of the Purchaser under this Agreement or any other document delivered in connection with the Transaction on behalf of such entity in the CannMart Group.

10.10 Time of Essence

Time is of the essence of this Agreement and of each of its provisions.

10.11 Public Announcements

The Seller and the Purchaser shall co-operate with the other in releasing information concerning this Agreement and the transactions contemplated herein and shall furnish to and discuss with the other drafts of all press and other releases prior to publication. No press release or other public announcement concerning the proposed transactions contemplated by this Agreement will be made by any party without the prior consent of the other parties, such consent not to be unreasonably withheld, delayed, or conditioned, provided however that, nothing contained herein shall prevent any party at any time from furnishing any information to any Governmental Authority or to the public if so required by Applicable Law. Notwithstanding the foregoing, in accordance with the policies of the Exchange, the Purchaser and the Seller shall agree on the text of joint press releases by which the Purchaser will announce (i) the execution of this Agreement and (ii) the Closing.

10.12 Further Assurances

Each party will, upon request but without further consideration, from time to time promptly execute and deliver all further documents and take all further action as may be necessary or appropriate to give effect to and perform the provisions and intent of this Agreement and to complete the transactions contemplated herein.

10.13 Entire Agreement

This Agreement, together with the documents required to be delivered pursuant to this Agreement, constitute the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions, whether oral or written, between the parties with respect to the subject matter hereof. There are no representations, warranties, covenants or conditions with respect to the subject matter hereof except as contained in this Agreement and any document delivered pursuant to this Agreement and no rights of set off are granted under this Agreement or any other agreement made among the parties except for any matter that has been Finally Determined.

10.14 Amendments

No amendment of any provision of this Agreement will be binding on any party unless consented to in writing by such party.

10.15 Severability

In the event that any provision or part of this Agreement is determined by any court or other judicial or administrative body to be illegal, null, void, invalid or unenforceable, that provision shall be severed to the extent that it is so declared and the other provisions of this Agreement shall continue in full force and effect.

10.16 Remedies Cumulative

The rights and remedies of the parties under this Agreement are cumulative and in addition to, and not in substitution for, any rights or remedies provided by Applicable Laws. Any single or partial exercise by any party of any right or remedy for default or breach of any term, covenant or condition of this Agreement does not waive, alter, affect or prejudice any other right or remedy to which such party may be lawfully entitled for the same default or breach.

10.17 Counterparts

This Agreement may be executed and delivered in one or more counterparts and may be executed and delivered by facsimile or any other electronically communicated method, each of which when executed and delivered shall be deemed an original and all of which counterparts together shall be deemed to constitute one and the same instrument.

[Remainder of page intentionally left blank. Signature pages follow.]

IN WITNESS WHEREOF this Agreement has been executed by the parties on the date first above written.

1463663 B.C. LTD.

By: *Signed "Colin Samples"*

Name: Colin Samples

Title: Director

LIFEIST WELLNESS INC.

By: *Signed "Meni Morim"*

Name: Meni Morim

Title: CEO and Director

CANNMART INC.

By: *Signed "Meni Morim"*

Name: Meni Morim

Title: Director

CANNMART LABS INC.

By: *Signed "Meni Morim"*

Name: Meni Morim

Title: Director

CANNMART MARKETPLACE INC.

By: *Signed "Meni Morim"*

Name: Meni Morim

Title: Director

10005011971 ONTARIO INC.

By: Signed "Meni Morim"
Name: Meni Morim
Title: Director

SCHEDULE "A"

FORM OF VTB LOAN

Promissory Note

This Promissory Note ("**Note**") is made as of [DATE], 2024 by and between Lifeist Wellness Inc. (including its successors and assigns, the "**Lender**") and [NAME OF PURCHASER] (including its successors and assigns, the "**Borrower**").

WHEREAS, reference is made to the Share Purchase Agreement dated as of [___], 2024 (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time, the "**Purchase Agreement**") by and among the Lender, as vendor, and the Borrower, as purchaser, and each of CannMart Inc., CannMart Labs Inc., CannMart Marketplace Inc., and 1000501971 Ontario Inc. (the "**CannMart Group**") and under which the Borrower has agreed to purchase and the Lender has agreed to sell all the issued and outstanding shares owned by the Lender of each of the corporations of the CannMart Group (collectively, the "**Purchased Shares**");

AND WHEREAS, under the Purchase Agreement, the Borrower has agreed to issue in favour of the Lender a promissory note with a principal amount of \$4,500,000 representing the deferred portion of the purchase price payable to the Lender under the Purchase Agreement plus interest thereon as set forth in this Note;

AND WHEREAS, all of the Borrower's obligations to the Lender under this Note are secured by security interests in all of the now existing and hereafter acquired assets, property and undertaking of the Borrower

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Promise to Pay. Subject to the terms and conditions hereof, the Borrower hereby acknowledges itself indebted to the Lender and promises to pay to the order of the Lender the principal amount of four million five hundred thousand dollars (\$4,500,000) (the "**Principal Amount**"), plus interest on the unpaid Principal Amount, in accordance with this Note. All amounts hereunder are in the lawful currency of Canada.

2. Interest and Default Interest. The outstanding Principal Amount bears interest at the rate of seven per cent (7%) per annum beginning on the date that is ten (10) months after the date hereof, calculated daily and payable monthly in arrears on the first Business Day of each month commencing on the date that is ten (10) months after the date hereof until the Maturity Date (defined below) both before and after default, maturity and judgment, and payable in accordance with section 4 of this Note. Interest shall accrue daily and be calculated on the basis of a year of 365 or 366 days, as the case may be, and the actual number of days elapsed. Any payment which becomes due on a day which is not a Business Day shall be paid on the next following Business Day and such extension shall be taken into account for the calculation of interest and overdue interest. If any unpaid Principal Amount or interest payable hereunder is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, such overdue amount shall bear interest at the default rate of 9%, from the date of such non-payment until such amount is paid in full.

3. Method of Payment. The Principal Amount and interest due hereunder shall be paid to the Lender in lawful money of Canada in immediately available funds by wire transfer (in accordance with the wire transfer instructions noted below), or as otherwise directed by the Lender:

[INSERT WIRE TRANSFER INSTRUCTIONS]

[INSERT ADDRESS]

4. Term and Repayment. The term of this Note shall commence on the date of this Note and shall continue up to and including the sixty fifth (65th) monthly anniversary of the date of this Note (the "**Maturity Date**"), provided that no interest shall accrue until the ten (10) month anniversary of the date of this Note nor shall any Principal Amount be repayable by the Borrower except as otherwise set forth herein. The Borrower shall permanently repay the Principal Amount (and accrued interest) by way of monthly instalments of principal and interest beginning on the ten (10) month anniversary of the date of this note as follows: (i) \$50,000 (inclusive of interest) for each of month ten (10) to twelve (12); (ii) \$75,000 (inclusive of interest) for each of month thirteen (13) to fifteen (15); and thereafter \$100,000 (inclusive of interest) for each of month sixteen (16) and each month thereafter up to and including month sixty-five (65) which shall be payable on the first Business Day of each month commencing on the date that is ten (10) months after the date hereof.

5. Prepayment. The Borrower may at any time, and from time to time, prepay all or any portion of the unpaid balance of the amounts outstanding hereunder, without premium or penalty, provided that it has given the Lender not less than ten (10) days prior written notice. Each prepayment pursuant to this Section shall be applied pro rata in accordance with the remaining outstanding amount of such instalments.

6. Conclusive Evidence of Indebtedness. The recording by the Lender in its accounts of the amounts owing by the Borrower in accordance herewith, accrued interest and repayments shall, in the absence of manifest mathematical error, be prima facie evidence of the same; *provided that* the failure of the Lender to record the same shall not affect the obligation of the Borrower to pay such amounts to the Lender.

7. Security. As security for the obligations of the Borrower owing under this Note, the Borrower has executed and delivered a general security agreement and securities pledge agreement in favour of the Lender.

8. Adjustments. Notwithstanding anything to the contrary herein, the Principal Amount due under this Note is subject to adjustment in accordance with the Purchase Agreement.

9. Events of Default. The outstanding amounts due hereunder and other costs, expenses, and charges thereon shall immediately become due and payable without notice or demand upon the occurrence of any of the following events of default (each, an "**Event of Default**"):

- (a) If the Borrower fails to pay any installment amounts when due and payable hereunder.
- (b) If the Borrower fails to observe or perform any of its obligations hereunder or any security given by the Borrower to the Lender for its obligations hereunder and such failure continues for five (5) Business Days after written notice to the Borrower.
- (c) If the Borrower ceases to carry on business.
- (d) If the Borrower commences any application, proceeding or other action under any laws relating to bankruptcy, insolvency, reorganization, winding-up, dissolution or other analogous laws, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, proposal, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, including, without limitation, that the Borrower files a proposal or a notice of intention to make a proposal under the Bankruptcy and Insolvency Act (Canada) or a plan of arrangement under the Companies' Creditors Arrangement Act (Canada) or if the Borrower makes a general assignment for the benefit of its creditors.

(e) If there is commenced against the Borrower any application, proceeding or other action of a nature referred to in subsection (e) directly above which results in the entry of an order for any such relief which has not been vacated, dismissed, stayed or bonded pending appeal within three (3) days from the entry thereof.

(f) If a receiver, interim receiver, receiver and manager, trustee, custodian, conservator or other similar official is appointed over all or any part of the assets of the Borrower which has not been vacated, dismissed, stayed or bonded pending appeal within three (3) days from the entry thereof.

(g) If there is commenced against the Borrower any application, proceeding or other action seeking issuance of a writ of seizure and sale, execution, garnishment, or similar process against all or any part of its assets which results in the entry of an order for any such relief which has not been vacated, discharged, stayed or bonded pending appeal within three (3) days from the entry thereof.

(h) If any of the entities of the CannMart Group amends or restates its articles or by-laws without the prior written approval of the Lender.

(i) If any of the entities of the CannMart Group takes any action that could result in a loss, impairment, termination of, or failure to renew, any material licenses of any of the entities of the CannMart Group, including any current licences of any of the entities of the CannMart Group granted by Health Canada, without the prior written approval of the Lender;

(j) If any of the entities of the CannMart Group issues any authorized but unissued securities of any of the entities of the CannMart Group, including the undertaking or completing of any financing of debt or equity securities of any of the entities of the CannMart Group, without the prior written approval of the Lender;

(k) If any of the entities of the CannMart Group any incurs any material debts, liabilities or other obligations of any of the entities of the CannMart Group, however incurred ("**Indebtedness**"), or provides or assumes any mortgage, lien, charge, hypothec or encumbrance, whether fixed or floating, on, or any security interest in, any property, whether real, personal or mixed, tangible or intangible, any pledge or hypothecation thereof, any deposit arrangement, priority, conditional sale agreement, other title retention agreement, capital lease or other security arrangement of any kind and, in respect of any securities, and includes an adverse claim ("**Encumbrance**"), on any property of any of the entities of the CannMart Group, without the prior written approval of the Lender;

(l) If any of the entities of the CannMart Group guarantees the Indebtedness of, or otherwise providing any direct or indirect financial assistance to any person, without the prior written approval of the Lender;

(m) If the Borrower or any of the entities of the CannMart Group sells Inventory other than in the manner specified in the Purchase Agreement, without the prior written approval of the Lender;

(n) If any of the entities of the CannMart Group sells all or substantially all of the assets of any of the entities of the CannMart Group, without the prior written approval of the Lender; and

10. Waiver. The Borrower hereby waives presentment, protest, notice of protest, notice of non-payment, notice of dishonour and any and all other notices or demands relative to this Note.

11. Assignment. Neither the Borrower nor the Lender shall in any manner whatsoever assign this Note or any obligations or benefits hereunder, in whole or in part, without the prior written consent of the other party.

12. Amendments. This Note may only be amended, amended and restated or otherwise modified by an agreement in writing signed by the Lender and the Borrower.

13. Waiver. No waiver by the Lender of any of the provisions hereof is effective unless explicitly set forth in writing and signed by the Lender. No waiver by the Lender will operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Note will operate or be construed as a waiver thereof; nor will 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.

14. Successors and Assigns. This Note is binding upon the Borrower and its permitted successors and permitted assigns and shall enure to the benefit of the Lender and its permitted successors and permitted assigns.

15. Notices. All notices and other communications provided for hereunder (each, a "**Notice**") shall be in writing and be delivered by the method and to the addressees noted in the Purchase Agreement.

16. Further Assurances. The Borrower shall execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated hereby.

17. Severability. If any term or provision of this Note is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other term or provision of this Note or invalidate or render unenforceable such term or provision in any other jurisdiction.

18. Business Day. All references in this Note to "Business Day" means a day of the week other than a Saturday, Sunday or any other day which is a statutory holiday in the Province of Ontario. Should any interest or other amounts become due and payable on any day other than a Business Day, the payment shall be extended to the next Business Day and interest shall continue to accrue at the applicable rate until such payment is made.

19. Defined Terms. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Purchase Agreement.

20. Governing Law. All matters arising out of or relating to this Note are governed by and construed in accordance with the laws of the Province of Ontario, and the federal laws of Canada applicable in that Province without giving effect to any choice or conflict of law provision or rule (whether of the Province of Ontario or any other jurisdiction).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first above written.

[NAME OF BORROWER]

By_____

Name:

Title:

SCHEDULE "B"

WORKING CAPITAL METHODOLOGY

[Commercially sensitive information redacted]

SECTION 5.02(7) OF THE DISCLOSURE SCHEDULES

LITIGATION, JUDGEMENTS, ETC.

[Commercially sensitive information redacted.]

SECTION 5.03(7) OF THE DISCLOSURE SCHEDULES
THIRD PARTY CONSENTS, WAIVERS, APPROVALS

1. The Transaction will require shareholder and TSXV approval.
2. Health Canada will be required to approve the change of control for purposes of maintaining the CannMart Group's cannabis licenses.

SECTION 5.03(10) OF THE DISCLOSURE SCHEDULES
SUBSIDIARIES

[Commercially sensitive information redacted.]

SECTION 5.03(12) OF THE DISCLOSURE SCHEDULES
NON-ARMS' LENGTH TRANSACTIONS

None

SECTION 5.03(16) OF THE DISCLOSURE SCHEDULES
INVESTIGATIONS

[Commercially sensitive information redacted.]

SECTION 5.03(19) OF THE DISCLOSURE SCHEDULES
MATERIAL CONTRACTS

[Commercially sensitive information redacted.]

SECTION 5.03(20) OF THE DISCLOSURE SCHEDULES
SUPPLIERS

[Commercially sensitive information redacted.]

SECTION 5.03(21) OF THE DISCLOSURE SCHEDULES
CUSTOMERS

[Commercially sensitive information redacted.]

SECTION 5.03(22) OF THE DISCLOSURE SCHEDULES
INTELLECTUAL PROPERTY

[Commercially sensitive information redacted.]

CannMart Group – Licenses

CannMart Inc.

License issued in accordance with the Cannabis Act and Cannabis Regulations for the standard processing and sale of Cannabis.

Cannabis License under the Excise Act, 2001.

CannMart Labs Inc

License issued in accordance with the Cannabis Act and Cannabis Regulations for the standard processing and sale of Cannabis.

Cannabis License under the Excise Act, 2001.

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SECTION 5.03(24) OF THE DISCLOSURE SCHEDULES
PRODUCT WARRANTIES

No product warranties are offered by the Group.

SECTION 5.03(25) OF THE DISCLOSURE SCHEDULES
LITIGATION

[Commercially sensitive information redacted.]

SECTION 5.03(27) OF THE DISCLOSURE SCHEDULES
EMPLOYMENT MATTERS

[Commercially sensitive information redacted.]

SECTION 5.03(29) OF THE DISCLOSURE SCHEDULES

PENSION AND BENEFIT PLANS

The CannMart Group is not part of any pension or benefit plan. However, employees of the Group enjoy the benefits of the Seller's Benefit Plan.

A true and complete copy of the terms of this benefit plan has been provided to the Purchaser via the Due Diligence Data Room.

SECTION 5.03(31) OF THE DISCLOSURE SCHEDULES
ASSETS, PROPERTIES AND TITLE

[Commercially sensitive information redacted.]

SECTION 5.03(36) OF THE DISCLOSURE SCHEDULES
INVENTORY

[Commercially sensitive information redacted.]

SECTION 5.03(37) OF THE DISCLOSURE SCHEDULES

ACCOUNTS AND POWERS OF ATTORNEY

[Commercially sensitive information redacted.]