
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 1-U

Current Report Pursuant to Regulation A

Date of Report: June 4, 2020
(Date of earliest event reported)

HIGHTIMES HOLDING CORP.

(Exact name of issuer as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

81-4706993

(I.R.S. Employer
Identification No.)

**2110 Narcissus Ct.
Venice, California 90291**

(Full mailing address of principal executive offices)

(844) 933-3287

(Issuer's telephone number, including area code)

Title of each class of securities issued pursuant to Regulation A: Class A voting Common Stock, par value \$0.0001 per share

This Current Report on Form 1-U is issued in accordance with Rule 257(b)(4) of Regulation A, and is neither an offer to sell any securities, nor a solicitation of an offer to buy, nor shall there be any sale of any such securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

Item 1- Entry into a Material Definitive Agreement.

Effective as of June 1, 2020, Hightimes Holding Corp. (“Hightimes”), a wholly-owned subsidiary Tran-High Corporation (“Trans-High”), granted to HT Retail Licensing LLC, a newly formed subsidiary of Trans-High (the “License Holder”), the right to license or sublicense throughout the United States the *Hightimes*TM trademark, brand and logo to both retail cannabis dispensaries and in connection with the production, sale and distribution of cannabis products.

On June 4, 2020, 1251881 B.C. Ltd., a special purpose British Columbia, Canada corporation (“Newco”), sublicensed from the License Holder the right to use the *Hightimes*TM trademark, brand and logo for both retail cannabis dispensaries (the “Retail Sublicense”) and in connection with the production, sale and distribution of cannabis products (the “Product Sublicense”) in the State of Michigan and with corresponding rights, subject to regulatory approvals, in the States of Illinois and Florida. Newco also received the branding rights for High Times hemp derived CBD products nationally in the United States carrying the Culture® brand.

On June 4, 2020, the License Holder, Newco and 1252240 B.C. LTD. a newly formed British Columbia, Canada subsidiary of Hightimes that owns 100% of the outstanding shares of NewCo (the “Hightimes Seller”) entered into an acquisition agreement with Red White & Bloom Brands, Inc, a British Columbia, Canada corporation (“RW&B”) pursuant to which 100% of the shares of NewCo was acquired by RW&B pursuant to a three-cornered amalgamation in exchange for \$15,000,000 of RW&B securities represented by 13,500,000 common shares of RW&B, (the “RW&B Shares”).

RW&B is a publicly traded corporation whose shares recently commenced trading on the Canadian Securities Exchange (the “CSE”). The acquisition agreement provides that if the volume weighted average price of the RW&B Shares on the CSE or other recognized stock exchange or quotation system for the first 180 days following the closing of the transaction (such 180 day period, the “VWAP Period”) is less than CAD\$1.50 (the “Per Share Price”), then RW&B shall issue to the Hightimes Seller on the first business day following the completion of the VWAP Period an additional \$5,000,000 represented by 4,500,000 RW&B Shares (the “Top-Up Shares”) pursuant to a special warrant issued under the acquisition agreement. The acquisition agreement also provides that the Hightimes Seller may not sell more than 2/3 of the RW&B Shares for a period of sixty days.

As a result of the acquisition, Newco is the sub-licensee under the Retail Sublicense and Product Sublicense of the right to use the *Hightimes*TM trademark, brand and logo for both retail cannabis dispensaries and in connection with the production, sale and distribution of cannabis products in the State of Michigan with corresponding rights, subject to certain regulatory approvals, in the States of Illinois and Florida.

Pursuant to the terms of the Retail Sublicense and the Product Sublicense, in addition to the RW&B Shares issuable under the acquisition agreement, Hightimes or its License Holder will receive a minimum cash royalty payment under the Retail Sublicense and the Product Sublicense of \$10,750,000 in the first 18 months of the term of such licenses.

A copy of the press release announcing the RW&B transaction is attached as Exhibit 15.1 hereto.

The information contained herein, including Exhibit 15.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall the information be deemed incorporated by reference into any of our Securities and Exchange Commission filings, except as shall be expressly set forth by specific reference in such a filing. The furnishing of the information in this Current Report on Form 1-U and Exhibit 15.1 constitutes material investor information that is not otherwise publicly available.

SIGNATURES

Pursuant to the requirements of Regulation A, the issuer has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Hightimes Holding Corp.
a Delaware corporation

by: /s/ Adam E. Levin
Name: Adam E. Levin
Its: Executive Chairman of the Board
Date: June 5, 2020

Exhibits to Form 1-U

Index to Exhibits

Exhibit No.	Description
6.1	<u>Acquisition Agreement, dated June 4, 2020, between Hightimes Holding Corp., HT Retail Licensing LLC, 1252240 B.C. LTD., 1251881 B.C. LTD. and RedWhite & Bloom Brands, Inc., a British Columbia corporation</u>
6.2	<u>Retail License Agreement among Trans-High Corporation, TH Retail Licensing, LLC and Red White & Bloom Brands, Inc.</u>
6.3	<u>Product License Agreement among Trans-High Corporation, TH Retail Licensing, LLC and Red White & Bloom Brands, Inc.</u>
15.1	<u>Press release dated June 5, 2020</u>

ACQUISITION AGREEMENT

THIS ACQUISITION AGREEMENT (this “**Agreement**”) is entered into as of June 4, 2020.

BETWEEN

HT Retail Licensing, LLC (the “**Licensor**”),

- and -

1252240 B.C. LTD. (the “**Seller**”),

- and -

1251881 B.C. LTD. (“**NewCo**”),

- and -

Red White & Bloom Brands Inc (the “**Purchaser**”)

RECITALS:

- A. NewCo holds the NewCo Intellectual Property Rights (as defined herein) related to the sale and manufacture of cannabis products.
 - B. The Seller is the owner of record of all of the issued and outstanding common shares in the authorized share structure of NewCo (the “**NewCo Shares**”).
 - C. The Seller desires to sell the NewCo Shares to the Purchaser and the Purchaser desires to purchase the NewCo Shares from the Seller, upon and subject to the terms and conditions set forth in this Agreement (the “**Acquisition**”).
 - D. The Seller and the Purchaser intend that the Acquisition be effected by way of a three-cornered amalgamation (the “**Amalgamation**”) between NewCo, the Purchaser, 1252034 B.C. Ltd., being a newly incorporated wholly-owned subsidiary of the Purchaser, (“**AcquireCo**”) pursuant to Section 269 of the *Business Corporations Act* (British Columbia) on the terms set out in this Agreement and the Amalgamation Agreement (as defined herein), subject to any amendments or variations made in accordance with the provisions of this Agreement and the Amalgamation Agreement.
 - E. The sole director of NewCo (the “**NewCo Board**”) has determined that the Acquisition to be effected by way of the Amalgamation is advisable and in the best interests of NewCo.
 - F. Each of the NewCo Board and the Seller has approved the transactions contemplated by this Agreement.
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- G. The board of directors of the Purchaser (the “**RWB Board**”) has unanimously determined that the Acquisition to be effected by way of the Amalgamation is advisable and in the best interests of the Purchaser.
- H. The RWB Board has approved the transactions contemplated by this Agreement.
- I. Concurrently with the closing of the Amalgamation, the Seller and the Purchaser intend to enter into the Lock-Up Agreement (as defined below) to govern certain obligations and restrictions with respect to the disposition of the Consideration Shares (as defined below) by the Seller.

NOW THEREFORE, in consideration of the premises and the covenants and agreements contained in this Agreement (the receipt and sufficiency of which are hereby acknowledged), the parties to this Agreement (each, a “**Party**” and together, the “**Parties**”) agree as follows:

**ARTICLE 1
DEFINITIONS, INTERPRETATION AND EXHIBITS**

1.01 Definitions

In this Agreement, unless the context otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the meanings ascribed to them below:

“**AcquireCo**” has the meaning ascribed thereto in the recitals.

“**AcquireCo Shares**” means the common shares in the authorized share structure of AcquireCo.

“**Acquisition**” has the meaning ascribed thereto in the recitals.

“**Amalco**” means the company which will continue upon the Amalgamation.

“**Amalco Shares**” means common shares in the authorized share structure of Amalco, having the rights, privileges, conditions and restrictions described in the Articles of Amalgamation appended to the Amalgamation Agreement.

“**Amalgamation**” has the meaning ascribed thereto in the recitals.

“**Amalgamation Affidavits**” means the affidavits of a director or officer of each of AcquireCo and NewCo required under the provisions of Section 277 of the BCBCA.

“**Amalgamation Agreement**” means the agreement between the Purchaser, AcquireCo and NewCo in relation to the Amalgamation, dated the Effective Date, substantially in the form attached hereto as Exhibit “A”, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms and the terms hereof.

“**Amalgamation Application**” means the Form 13 - Amalgamation Application prescribed by the BCBCA to be completed and filed jointly by NewCo and AcquireCo with the Register of Companies under the BCBCA substantially in the form attached to the Amalgamation Agreement as Appendix II, giving effect to the Amalgamation upon and subject to the terms of this Agreement and the Amalgamation Agreement.

“**Applicable Securities Laws**” means, with respect to any Person, any and all applicable securities Laws of the province of British Columbia and the respective rules and regulations under such Laws together with applicable published instruments, notices and orders of the Securities Authorities, and, other than with respect to opinions required under Section 4.02(b)(vii), the applicable rules and policies of the CSE.

“**BCBCA**” means the *Business Corporations Act* (British Columbia).

“**Certificate of Amalgamation**” means the certificate of amalgamation to be issued by the Registrar of Companies under the BCBCA in respect of the Amalgamation in accordance with Section 281 of the BCBCA following the filing of the Amalgamation Application.

“**Closing**” means the completion of the Acquisition pursuant to this Agreement.

“**Closing Date**” has the meaning ascribed thereto in Section 4.01.

“**Completion Deadline**” means June 15, 2020 or such later date as may be mutually agreed by the Parties in writing.

“**Confidential Material**” means any documents, data or other information, whether communicated in writing or verbally which is confidential to a Party, and whether protected by the Licensor’s Intellectual Property Rights and the NewCo Intellectual Property Rights, in the case of the Licensor, including information that is disclosed by a Party and which is identified by a Party as “Confidential”, but does not include information in respect of which it can be established by the receiving Party (the “**Receiving Party**”) that the information (a) was already known to the Receiving Party at the time of disclosure, (b) was generally available to the public or otherwise part of the public domain at the time of its disclosure, (c) became generally available to the public or otherwise part of the public domain after its disclosure to the Receiving Party through no act or omission of the Receiving Party, (d) was disclosed to the Receiving Party by a third party who was not known to the Receiving Party (after reasonable inquiry) to have obligations restricting disclosure of such information, or (e) was independently developed by the Receiving Party without any use of Confidential Material of the Licensor. Confidential Material includes, but is not limited to, with respect to any of a Party or any affiliates of such Party, (i) identity or other details of customers, suppliers, services providers, vendors, and others; (ii) marketing methods, strategies, contract terms, pricing, margin or cost information; (iii) services, products, software, technology, developments, improvements and methods of operation; (iv) results of operations, financial condition, projected financial performance, sales performance, profit performance and financial requirements; (v) business plans, models or strategies and the information contained therein; (vi) sources, leads or methods of obtaining new business; (vii) cultivation relationships, varieties or strains of cannabis used, terpenoid formulations, recipes or other details related to cannabis inputs and ingredients used in cannabis products; (viii) methods, vendors, technology solutions and other details related to harvesting, drying, curing, grinding, rolling, extraction, formulation, filling, testing, packaging, labelling and any other aspects of manufacturing cannabis products; (ix) methods, vendors, technology solutions and other details related to distributions, tracking, stocking, storing, promoting, retailing and other aspects of the supply chain between manufacturing cannabis products and retail sale of cannabis products, and any documents or details related to any of the foregoing examples of Confidential Material or to other Confidential Material.

“**Consideration Shares**” means an aggregate of 13,500,000 RWB Shares.

“**CSE**” means the Canadian Securities Exchange.

“**Effective Date**” means the effective date of the Amalgamation shown on the Certificate of Amalgamation.

“**Effective Time**” means the Effective Time as defined in the Amalgamation Agreement.

“**Encumbrance**” includes any hypothec, mortgage, pledge, assignment, charge, lien, claim, security interest, right to possession, occupancy right, easement, servitude, encroachment, license, right of first refusal, covenant, voting trust or agreement, restriction, royalty, levy, adverse interest, adverse claim, other third person interest or encumbrance of any kind, whether contingent or absolute, direct or indirect, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing.

“**Governmental Entity**” means:

- (a) any international, multinational, supranational, national, federal, provincial, state, regional, municipal, local or other government, governmental, quasi-governmental, administrative body, authority or public department with competent jurisdiction exercising legislative, judicial, regulatory or administrative functions of or pertaining to international, multinational, supranational, national, federal, provincial, state, regional, municipal, local or other government, including any central bank, court, tribunal, arbitral body, commission, board, bureau, commissioner, minister, cabinet, governor-in council, ministry, agency or instrumentality, domestic or foreign;
- (b) any subdivision or authority of any of the above;
- (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or
- (d) any securities exchange.

“**Hightimes Licensing Agreements**” means the Product Licensing Agreement and the Retail Licensing Agreement.

“**Intellectual Property Rights**” means all industrial and other intellectual property rights comprising or relating to (a) trademarks, trade dress, trade and business names, brand names, logos, design rights, corporate names and domain names and other similar designations of source, sponsorship, association or origin, together with the goodwill symbolized by any of the foregoing; (b) internet domain names registered by any authorized private registrar or governmental authority, web addresses, web pages, website and URLs; (c) works of authorship, expressions, designs and industrial design registrations, whether or not copyrightable, including copyrights and copyrightable works, software and firmware, data, data files, and databases and other specifications and documentation; (d) inventions, discoveries, trade secrets, business and technical information, know-how, databases, data collections, patent disclosures and other confidential or proprietary information; (e) plant or fungal varieties, strains or cultivars; and (f) all industrial and other intellectual property rights, and all rights, interests and protections that are associated with, equivalent or similar to, or required for the exercise of, any of the foregoing, however arising, in each case whether registered or unregistered, such registered rights including patent, registered plant breeders’ rights, trademark, industrial design, copyright, *Plant Varieties Protection Act* registrations and including all registrations and applications for, and renewals or extensions of, such rights or forms of protection under the applicable Law of any jurisdiction in any part of the world.

“**Laws**” means any laws, including, without limitation, supranational, national, provincial, state, municipal and local civil, commercial, banking, tax, personal and real property, security, mining, environmental, water, energy, investment, property ownership, land use and zoning, sanitary, occupational health and safety laws, treaties, statutes, codes, ordinances, judgments, decrees, injunctions, writs, certificates and orders, bylaws, rules, regulations, ordinances, protocols, codes, guidelines, policies, notices, directions or other legal requirements of any Governmental Entity or arising under the common law or principles of law or equity, and the term “applicable” with respect to such Laws in the context that refers to any Person, means such Laws as are applicable at the relevant time or times to such person or its business, undertaking, property or securities and emanate from a Governmental Entity having jurisdiction over such person or its business, undertaking, property or securities.

“**Lock-Up Agreement**” means the lock-up agreement dated the Effective Date and made between the Purchaser and the Seller.

“**Lock-Up Restriction**” has the meaning ascribed thereto in Section 2.01(b).

“**Locked-Up Shares**” has the meaning ascribed thereto in Section 2.01(b).

“**NewCo Board**” has the meaning ascribed thereto in the recitals.

“**NewCo Intellectual Property Rights**” means the Intellectual Property Rights held by NewCo and that are licensed to NewCo by the Licensor pursuant to the Retail Licensing Agreement and the Product Licensing Agreement.

“**Party**” means each of the parties to this Agreement individually, and collectively, the “**Parties**”.

“**Person**” shall mean and include an individual, a partnership, a limited partnership, a limited liability partnership, a joint venture, a corporation, a limited liability company, an association, a trust, an unincorporated organization, a group and a Governmental Entity.

“**Product Licensing Agreement**” means the product licensing agreement between the Licensor and NewCo, attached hereto as Exhibit “C”.

“**Purchase Price**” means \$15,000,000.

“**Regulatory Approval**” means any approval, consent, waiver, permit, order or exemption from any Governmental Entity having jurisdiction or authority over any Party which is required or advisable to be obtained in order to permit the transactions set out herein to be effected and “**Regulatory Approvals**” means all such approvals, consents, waivers, permits, orders or exemptions.

“**Representatives**” of any Person shall mean such Person’s directors, managers, officers, employees, agents, attorneys, consultants, advisors or other Persons acting on behalf of such Person.

“**Retail Licensing Agreement**” means the retail licensing agreement between the Licensor, Trans-High Corporation and NewCo, attached hereto as Exhibit “B”.

“**RWB Board**” has the meaning ascribed thereto in the recitals.

“**RWB Public Documents**” has the meaning ascribed thereto in Section 3.03(d).

“**RWB Shares**” means common shares in the authorized share structure of the Purchaser.

“**Securities Authorities**” means, collectively, the applicable securities regulatory authorities in the provinces and territories of Canada, as the context requires.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval.

“**Top-Up Special Warrants**” means the top-up special warrants of the Purchaser that accompany the Consideration Shares upon completion of the Amalgamation and which are automatically exercisable into RWB Shares in the circumstances set forth in Section 5.01(b).

“**Top-Up Special Warrant Shares**” has the meaning ascribed thereto in Section 5.01(b).

“**VWAP Period**” has the meaning ascribed thereto in Section 5.01(b).

1.02 General

(i) Interpretation Not Affected by Headings

The division of this Agreement into articles, sections, subsections, paragraphs and subparagraphs and the insertion of headings herein are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions refer to this Agreement and the exhibits attached hereto and not to any particular article, section or other portion hereof and include any agreement, exhibit, schedule or instrument supplementary or ancillary hereto or thereto.

(ii) Number, Gender and Persons

In this Agreement, unless the context otherwise requires, words importing the singular only shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter, and the word Person and all words importing Persons shall include a natural person, firm, trust, partnership, association, corporation, joint venture or government (including any Governmental Entity, political subdivision or instrumentality thereof) and any other entity of any kind or nature whatsoever.

(iii) Date for any Action

If the date on which any action is required to be taken hereunder by any Party is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

(iv) Statutory References

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

(v) Currency

Unless otherwise stated, all references in this Agreement to amounts of money are expressed in lawful money of the United States, and "\$" refers to United States dollars.

(vi) Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable Law, the Parties waive any provision of Law that renders any provision of this Agreement or any part thereof invalid or unenforceable in any respect. The Parties will engage in good faith negotiations to replace any provision hereof or any part thereof that is declared invalid or unenforceable with a valid and enforceable provision or part thereof, so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

(vii) Knowledge

In this Agreement, any reference to the knowledge of any Party means to the best of the knowledge, information and belief of the Party after making reasonable investigation regarding the relevant matter.

(viii) *Exhibits*

The following exhibits are attached to, and are deemed to be incorporated into and form part of, this Agreement:

<u>Exhibit</u>	<u>Matter</u>
Exhibit "A"	Amalgamation Agreement
Exhibit "B"	Retail Licensing Agreement
Exhibit "C"	Product Licensing Agreement

ARTICLE 2
THE AMALGAMATION

2.01 Amalgamation

- (a) The Seller and the Purchaser agree that the Amalgamation will be implemented in accordance with and subject to the terms and conditions contained in this Agreement and as more fully set forth in the Amalgamation Agreement, including, without limitation, as follows:
- (i) At the Effective Time, AcquireCo and NewCo shall be amalgamated and shall continue as one company, being Amalco, pursuant to the provisions of Section 279 of the BCBCA.
 - (ii) At the Effective Time:
 - (A) each of the NewCo Shares issued and outstanding immediately prior to the Effective Time shall be exchanged by the Seller for one (1) fully paid and non-assessable Consideration Share and one (1) Top-Up Special Warrant;
 - (B) each issued and outstanding Newco Share held by the Purchaser as a result of the exchange of Newco Shares for Consideration Shares and Top-Up Special Warrants (as herein defined) pursuant to Section 2.01(ii)(A) will be immediately exchanged for one (1) fully paid and non-assessable Amalco Shares; and
 - (C) each issued and outstanding AcquireCo Share held by the Purchaser will be exchanged for one (1) fully paid and non-assessable Amalco Share.

- (b) The Seller agrees that 4,500,000 of the Consideration Shares issuable to the Seller on the Effective Date (the “**Locked-Up Shares**”) will be subject to a contractual restriction on resale (the “**Lock-Up Restriction**”), pursuant to which the Seller will agree not to sell, deal in, assign, transfer in any manner whatsoever, or agree to sell, deal in, assign or transfer in any manner whatsoever any of the Locked-Up Shares so issued for a period of 60 days from and including the Effective Date, except as may be required by reason of the dissolution or bankruptcy of the Seller, until released in accordance with the terms of the Lock-Up Agreement. The Seller further acknowledges and agrees that the Locked-Up Shares will bear legends reflecting the Lock-Up Restriction.
- (c) Fractional Consideration Shares will not be issued under the Amalgamation, and no cash payment or other form of consideration will be payable in lieu thereof. Where the aggregate number of Consideration Shares to be issued to the Seller under the Amalgamation would result in a fraction of a Consideration Share being issuable, the number of Consideration Shares to be issued to the Seller will be rounded down to the next whole number.

2.02 Effecting the Amalgamation

The Parties agree to effect the Amalgamation under the BCBCA pursuant to the terms and conditions set out in this Agreement and the Amalgamation Agreement. On or before the date immediately prior to the Effective Date, the Amalgamation Affidavits shall be deposited at the records office of AcquireCo and NewCo, respectively, and AcquireCo and NewCo shall jointly complete and file the Amalgamation Application with the Registrar of Companies and deliver such other documents as may be required to give effect to the Amalgamation.

2.03 Announcements and Shareholder Communications

No Party shall issue any press release or otherwise make public announcements with respect to this Agreement, the Amalgamation or the transactions contemplated hereby without the consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed); provided, however, that the foregoing shall be subject to the Purchaser’s overriding obligation to make any disclosure required under applicable Law.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.01 Representations and Warranties Relating to the Licensor

The Licensor represents and warrants to the Purchaser that:

- (a) the Licensor has been duly incorporated or formed under the applicable laws of its jurisdiction of incorporation or formation, is validly existing and has all necessary corporate power, authority, and capacity to own its property and assets and to carry on its business as currently owned and conducted;
- (b) the Licensor has full right, power and authority to enter into this Agreement;
- (c) the Licensor has full right, power and authority to enter into the Hightimes Licensing Agreements and to complete the transactions contemplated thereunder, in particular to grant the rights and licenses granted thereunder;

- (d) this Agreement constitutes a valid and legally binding obligation of the Licensor, enforceable against the Licensor in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court;
- (e) the Hightimes Licensing Agreements constitute valid and legally binding obligations of the Licensor, enforceable against the Licensor in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court; and
- (f) to the Licensor's knowledge, any practice or other use by NewCo of the NewCo Intellectual Property Rights as granted by Licensor under the Hightimes Licensing Agreements will not violate, misappropriate or otherwise infringe the Intellectual Property Rights or other rights of any third party.

3.02 Representations and Warranties Relating to the Seller

The Seller represents and warrants to the Purchaser that:

- (a) the Seller has been duly incorporated or formed under the applicable laws of its jurisdiction of incorporation or formation, is validly existing and has all necessary corporate power, authority, and capacity to own its property and assets and to carry on its business as currently owned and conducted;
- (b) the Seller is the legal and beneficial owner of the NewCo Shares free and clear of all Encumbrances;
- (c) the Seller has full right, power and authority to enter into this Agreement and to complete the transactions contemplated hereunder;
- (d) this Agreement constitutes a valid and legally binding obligation of the Seller, enforceable against the Seller in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court;
- (e) there is no contract, option or any other right of another party binding upon or which at any time in the future may become binding upon the Seller to sell, transfer, assign, pledge, charge, mortgage or in any other way dispose of or encumber any of the NewCo Shares other than pursuant to the provisions of this Agreement; and
- (f) to the Seller's knowledge, neither the entering into nor the delivery of this Agreement nor the completion of the transactions contemplated by this Agreement will result in the violation of:

- (i) any contract (written or oral) or other instrument to which the Seller is a party or by which the Seller is bound, or
- (ii) any Laws in respect of which the Seller must comply.

3.03 Representations and Warranties Relating to NewCo

The Seller and NewCo jointly and severally represent and warrant to the Purchaser that:

- (a) NewCo has been duly incorporated or formed under the applicable laws of its jurisdiction of incorporation or formation, is validly existing and has all necessary corporate power, authority, and capacity to own its property and assets and to carry on its business as currently owned and conducted;
- (b) NewCo has full right, power and authority to enter into this Agreement and to complete the transactions contemplated hereunder;
- (c) NewCo has full right, power and authority to enter into the Hightimes Licensing Agreements and to complete the transactions contemplated thereunder;
- (d) the execution and delivery of this Agreement and the consummation of the transactions contemplated hereunder and thereunder have been properly authorized by all necessary corporate action on the part of NewCo;
- (e) this Agreement constitutes a valid and legally binding obligation of NewCo, enforceable against NewCo in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court;
- (f) the Hightimes Licensing Agreements constitute valid and legally binding obligations of NewCo, enforceable against NewCo in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court;
- (g) there is no action or proceeding pending or threatened against it before any court, administrative body or other tribunal which would have an adverse material effect on its ability to perform its obligations hereunder or under the Hightimes Licensing Agreements;
- (h) as of the Effective Date, NewCo has not been and it is not currently subject to any bankruptcy event or insolvency, liquidation or dissolution for the benefit of its creditors or otherwise and NewCo is able to satisfy its liabilities as they become due;
- (i) to NewCo's knowledge, neither the entering into and the delivery of this Agreement or the Hightimes Licensing Agreements, nor the completion of the transactions contemplated by this Agreement or the Hightimes Licensing Agreements will result in the violation of:

- (i) any contract (written or oral) or other instrument to which NewCo is a party or by which NewCo is bound, or
- (ii) any Laws in respect of which NewCo must comply;
- (j) to NewCo's knowledge and belief, NewCo has all necessary rights in and to the NewCo Intellectual Property Rights to practice the NewCo Intellectual Property Rights; and
- (k) to NewCo's knowledge and belief, any practice or other use of the NewCo Intellectual Property Rights as contemplated by the Hightimes Licensing Agreements will not violate, misappropriate or otherwise infringe the Intellectual Property Rights or other rights of any third party.

OTHER THAN AS SPECIFICALLY EXPRESSED IN THIS AGREEMENT, NEWCO MAKES NO REPRESENTATIONS, CONDITIONS, OR WARRANTIES, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE NEWCO INTELELCTUAL PROPERTY RIGHTS. ALL NEWCO INTELLECTUAL PROPERTY RIGHTS WERE MADE AVAILABLE TO NEWCO BY THE PRODUCT LICENSING AGREEMENT AND THE RETAIL LICENSING AGREEMENT STRICTLY ON AN "AS IS" BASIS. NEWCO SPECIFICALLY DISCLAIMS, WITHOUT LIMITATION, ANY AND ALL IMPLIED WARRANTY, CONDITION, OR REPRESENTATION THAT THE SUBJECT MATTER OF THE NEWCO INTELLECTUAL PROPERTY RIGHTS RESPONDS TO A PARTICULAR DESCRIPTION, IS OF MERCHANTABLE QUALITY, IS FIT FOR A PARTICULAR PURPOSE OR IS DURABLE FOR A REASONABLE PERIOD OF TIME.

3.04 Representations and Warranties Relating to the Purchaser

The Purchaser represents and warrants to the Seller that:

- (a) each of the Purchaser and AcquireCo has been duly incorporated or formed under the applicable Laws of its jurisdiction of incorporation or formation, is validly existing and has all necessary corporate power and capacity to own its property and assets and to carry on its business as currently owned and conducted;
- (b) the authorized share structure of the Purchaser consists of an unlimited number of RWB Shares, of which there are 132,807,686 issued and outstanding on the date hereof; an unlimited number of preferred shares, of which there are nil issued and outstanding on the date hereof; an unlimited number of Series 1 convertible preferred shares, of which there are 3,181,250 issued and outstanding on the date hereof; and an unlimited number of Series 2 convertible preferred shares, of which there are 108,726,349 issued and outstanding on the date hereof.

- (c) The Consideration Shares to be issued pursuant to the Acquisition will be, upon issuance, validly issued as fully paid and non-assessable shares.
- (d) to the knowledge of the Purchaser, the Purchaser has filed all documents or information required to be filed by it under Applicable Securities Laws since January 1, 2019 (the “**RWB Public Documents**”). None of the RWB Public Documents, as of their respective dates, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. All of the RWB Public Documents, as of their respective dates (and as of the dates of any amendments thereto), complied as to both form and content in all material respects with the requirements of Applicable Securities Laws or were amended on a timely basis to correct deficiencies identified by Securities Authorities or similar securities regulatory authorities. All of the RWB Public Documents are publicly available on SEDAR. RWB has not filed any confidential material change report with any securities regulatory authority that at the date hereof remains confidential;
- (e) the Purchaser is in compliance in all material respects with the applicable listing and corporate governance rules and regulations of the CSE. The Purchaser is not subject to any cease trade or other order of the CSE, any Securities Authority, and, to the knowledge of the Purchaser, no investigation or other proceedings involving RWB that may operate to prevent or restrict trading of any securities of RWB are currently in progress or pending before the CSE or any Securities Authority;
- (f) the Purchaser is a reporting issuer not in default under the securities laws of the Provinces of Ontario and British Columbia;
- (g) except with respect to the Locked-Up Shares which shall be subject to the terms and restrictions on disposition set forth in the Lock-Up Agreement and following the resumption of trading of the RWB Shares on the CSE on June 5, 2020, the RWB Shares to be issued in connection with the transactions contemplated herein (which, for the avoidance of doubt, includes the Consideration Shares and the Top-Up Special Warrant Shares, if any) will be listed and posted for trading on the CSE and will not be subject to any escrow, statutory hold or restricted period under Applicable Securities Laws;
- (h) the Purchaser and AcquireCo and all current directors and officers of each in the course of their respective duties, is, and at all times has been, in compliance with all applicable Laws in all material respects, applicable to the Purchaser’s and AcquireCo’s business, affairs and operations other than the Controlled Substances Act (CSA) (21 U.S.C. 811) and other federal laws in the United States that make cannabis illegal;
- (i) the Purchaser has good and sufficient power and capacity to enter into and deliver this Agreement and to complete the transactions contemplated by this Agreement;

- (j) this Agreement constitutes a valid and legally binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court;
- (k) neither the Purchaser nor AcquireCo has committed an act of bankruptcy or sought protection from the creditors thereof before any court or pursuant to any legislation, proposed a compromise or arrangement to the creditors thereof generally, taken any proceeding with respect to a compromise or arrangement, taken any proceeding to be declared bankrupt or wound up, taken any proceeding to have a receiver appointed of any of the assets thereof, had any person holding any Encumbrance or receiver take possession of any of the property thereof, had an execution or distress become enforceable or levied upon any portion of the property thereof or had any petition for a receiving order in bankruptcy filed against it. Neither the Purchaser nor AcquireCo is an "insolvent person" within the meaning of the *Bankruptcy and Insolvency Act* (Canada); and
- (l) to the Purchaser's knowledge, neither the entering into nor the delivery of this Agreement nor the completion of the transactions contemplated hereby by the Purchaser, will result in a violation of:
 - (i) the Purchaser's or AcquireCo's notice of articles, articles or other charter documents;
 - (ii) any contract (written or oral) or other instrument to which the Purchaser or AcquireCo is a party or by which the Purchaser or AcquireCo is bound, or
 - (iii) any applicable Law in respect of which the Purchaser or AcquireCo must comply other than the Controlled Substances Act (CSA) (21 U.S.C. 811) and other federal laws in the United States that make cannabis illegal;
 - (iv) give rise to any right of termination, amendment, acceleration or cancellation of indebtedness of the Purchaser or AcquireCo, or cause any such indebtedness to come due before its stated maturity, or cause any available credit of the Purchaser or AcquireCo to cease to be available, or cause any security interest in any assets of the Purchaser or AcquireCo to become enforceable or realizable;
 - (v) give rise to any rights of first refusal or trigger any change in control provisions or any restriction or limitation under any such note, bond, mortgage, indenture, contract, agreement or government grant; or
 - (vi) result in the imposition of any Encumbrance upon any assets of the Purchaser or AcquireCo.

**ARTICLE 4
CLOSING & CLOSING DELIVERABLES**

4.01 Closing

Upon the terms and subject to the conditions set forth in this Agreement, the Closing shall take place on June 10, 2020 via electronic exchange or at the offices of Borden Ladner Gervais LLP, located at Bay Adelaide Centre, East Tower, 22 Adelaide Street West, Suite 3400, Toronto, Ontario M5H 4E3 at 12:01 a.m. (Vancouver time) or at such other time, date or place as the parties hereto shall agree in writing. Such date is herein referred to as the “Closing Date”.

4.02 Closing Conditions and Deliverables

- (a) At the Closing, the Seller shall deliver or cause to be delivered to the Purchaser:
- (i) an officer’s certificate of the Licensor certifying and attaching (i) a certified copy of the certificate of formation, as amended, of the Seller, dated no earlier than five (5) days prior to the date hereof, and stating that no amendments have been made to such certificate of incorporation since such date, (ii) resolutions of the Licensor approving the transactions contemplated by this Agreement or any other documents in connection therewith, and (iii) incumbency signatures of the officers signing this Agreement or any other documents in connection therewith on behalf of the Licensor;
 - (ii) an officer’s certificate of the Seller certifying and attaching (i) a certified copy of the certificate of formation, as amended, of the Seller, dated no earlier than five (5) days prior to the date hereof, and stating that no amendments have been made to such certificate of incorporation since such date, (ii) resolutions of the Seller approving the transactions contemplated by this Agreement or any other documents in connection therewith, and (iii) incumbency signatures of the officers signing this Agreement or any other documents in connection therewith on behalf of the Seller;
 - (iii) an officer’s certificate of NewCo certifying and attaching (i) a certified copy of the notice of articles and articles of NewCo, dated no earlier than five (5) days prior to the date hereof, and stating that no amendments have been made to such constating documents since such date, (ii) resolutions of NewCo approving the transactions contemplated by this Agreement or any other documents in connection therewith, and (iii) incumbency signatures of the officers signing this Agreement or any other documents in connection therewith on behalf of NewCo;
 - (iv) an officer’s certificate of each of the Licensor, the Seller and NewCo certifying that each of the Licensor, the Seller and NewCo have complied and performed, in all material respects, all of its covenants and other obligations under this Agreement which have not been waived by the Purchaser and that all representations and warranties of each of the Licensor, the Seller and NewCo contained in this Agreement are true and correct in all material respects as of the Closing;

- (v) certificates of good standing (or the equivalent thereof) for the Licensor, the Seller and Newco in each entity's jurisdiction of organization;
- (vi) an executed copy of the Lock-Up Agreement by the Seller;
- (vii) executed copies of the Amalgamation Affidavit, the Amalgamation Application and the Amalgamation Agreement by NewCo in form and substance satisfactory to the Purchaser, acting reasonably; and
- (viii) executed copies of the Hightimes Licensing Agreements.

If any of the above conditions shall not have been complied with or waived by the Purchaser, then the Purchaser may terminate this Agreement in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by the Purchaser or AcquireCo. In the event that the failure to satisfy any one or more of the above conditions precedent results from a material default by the Purchaser or AcquireCo of its obligations under this Agreement and if such condition(s) precedent would have been satisfied but for such default, the Purchaser may not rely on such failure as a basis for its own noncompliance with its obligations under this Agreement.

- (b) At the Closing, the Purchaser shall deliver or cause to be delivered to the Seller:
 - (i) an officer's certificate of the Purchaser certifying and attaching (i) a certified copy of the notice of articles and articles of the Purchaser, dated no earlier than five (5) days prior to the date hereof, and stating that no amendments have been made to such constating documents since such date, (ii) resolutions of the RWB Board approving the transactions contemplated by this Agreement or any other documents in connection therewith, and (iii) incumbency signatures of the officers signing this Agreement or any other documents in connection therewith on behalf of the Purchaser;
 - (ii) an officer's certificate of each of the Purchaser and AcquireCo certifying that each of the Purchaser and AcquireCo have complied and performed, in all material respects, all of its covenants and other obligations under this Agreement which have not been waived by the Purchaser and that all representations and warranties of each of the Purchaser and AcquireCo contained in this Agreement are true and correct in all material respects as of the Closing;
 - (iii) certificates of good standing for the Purchaser and AcquireCo issued by the Registrar of Companies under the BCBCA;

- (iv) evidence that the CSE shall have approved the listing thereon of the Consideration Shares to be issued pursuant to the Amalgamation as of the Effective Date and the Top-Up Special Warrant Shares after the exercise of the Top-Up Special Warrants in accordance with their terms, subject only to the satisfaction of customary listing conditions of the CSE, and the CSE shall have, if required, accepted notice for filing of all transactions of the Parties contemplated herein or necessary to complete the Amalgamation, subject only to compliance with the usual requirements of the CSE;
- (v) executed copies of the Amalgamation Affidavit, the Amalgamation Application and the Amalgamation Agreement by AcquireCo, in form and substance satisfactory to the Seller, acting reasonably;
- (vi) an executed copy of the certificate representing the Top-Up Special Warrants, in form and substance satisfactory to the Seller, acting reasonably; and
- (vii) a legal opinion of counsel to the Purchaser, in form and substance satisfactory to the Seller, acting reasonably (it being understood that such counsel may rely to the extent appropriate in the circumstance: (i) as to matters of fact, on certificates of the Purchaser executed on its behalf by a senior officer of the Purchaser; and (ii) on certificates of public officials), to the effect that (subject to usual and customary assumptions and qualifications) the first trade of the Consideration Shares and the Top-Up Special Warrant Shares upon exercise of the Top-Up Special Warrants in accordance with their terms will be exempt from the prospectus requirements under the Applicable Securities Laws, subject to the conditions set out in Section 2.6 of National Instrument 45-102 – *Resale of Securities*.

If any of the above conditions shall not have been complied with or waived by the Seller, then the Seller may terminate this Agreement in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by the Licensor, the Seller or NewCo. In the event that the failure to satisfy any one or more of the above conditions precedent results from a material default by the Licensor, the Seller or NewCo of its obligations under this Agreement and if such condition(s) precedent would have been satisfied but for such default, the Seller may not rely on such failure as a basis for its own noncompliance with its obligations under this Agreement.

- (c) The respective obligations of the Parties hereto shall be subject to the satisfaction, on or before the Effective Date, of the following conditions precedent, each of which may be waived only by the mutual consent of the parties:
- (i) there shall be no taken under any applicable Law or by any Governmental Entity and there shall not be in force any order or decree restraining or enjoining the consummation of the Amalgamation;
 - (ii) this Agreement shall not have been terminated pursuant to Article 7;
 - (iii) all Regulatory Approvals (including CSE approvals) and corporate approvals shall have been obtained; and
 - (iv) each Party shall not have entered into any transaction or contract which would have a material effect on the financial or operational condition, or the assets of each Party, excluding those transactions or contracts undertaken in the ordinary course of business without first discussing and obtaining the approval of the other Party.

If any of the above conditions shall not have been complied with or waived before the Closing Date or, if earlier, the date required for the performance thereof, then a Party may terminate this Agreement in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by the Party terminating the Agreement. In the event that the failure to satisfy any one or more of the above conditions precedent results from a material default by a Party of its obligations under this Agreement and if such condition(s) precedent would have been satisfied but for such default, such defaulting Party may shall not rely on such failure as a basis for its own noncompliance with its obligations under this Agreement.

ARTICLE 5 COVENANTS

5.01 Covenants of the Purchaser

- (a) In a timely and expeditious manner, the Purchaser shall take all such actions and do all such acts and things as are specified in the Amalgamation Agreement to be taken or done by the Purchaser and/or AcquireCo, as the case may be, both before and after Closing.
- (b) If the volume weighted average price of the RWB Shares on the CSE or other recognized stock exchange or quotation system for the first 180 days following the Effective Date (such 180 day period, the “**VWAP Period**”) is less than CAD\$1.50, then the Top-Up Special Warrants shall automatically be exercisable into an additional 4,500,000 RWB Shares in the aggregate (the “**Top-Up Special Warrant Shares**”) on the first business day following the completion of the VWAP Period.

- (c) RWB covenants and agrees that it shall use commercially reasonable efforts to maintain the listing of the RWB Shares on the CSE for a period of at least 12 months from the Effective Date.
- (d) Each of the Purchaser and AcquireCo acknowledge that it is in possession of Confidential Material concerning the Seller and its affiliates and their respective businesses and operations. Each of the Purchaser and AcquireCo shall, and shall cause their affiliates and Representatives to, treat confidentially and not disclose all or any portion of such Confidential Material and will use such Confidential Material solely for the purpose of consummating the transactions contemplated by this Agreement and for no other purpose; provided, that the Purchaser and AcquireCo may also use the Confidential Material for the purpose of operating their respective business in the ordinary course. Each of the Purchaser and AcquireCo acknowledge and agree that such Confidential Material is proprietary and confidential in nature and may be disclosed to their Representatives only to the extent necessary for the Purchaser to consummate the transactions contemplated by this Agreement (it being understood that Purchaser shall be responsible for any disclosure by any such Representative not permitted by this Agreement). If the Purchaser or AcquireCo or any of their affiliates or Representatives are requested or required to disclose (after the Purchaser has used its commercially reasonable efforts to avoid such disclosure and after promptly advising and consulting with the Seller about the Purchaser's intention to make, and the proposed contents of, such disclosure) any of the Confidential Material (whether by deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar process), the Purchaser shall, or shall cause such affiliate or Representative, to provide the Seller with prompt written notice of such request so that the Seller may seek an appropriate protective order or other appropriate remedy. At any time that such protective order or remedy has not been obtained, the Purchaser or such affiliate or Representative may disclose only that portion of the Confidential Material which such Person is legally required to disclose or of which disclosure is required to avoid sanction for contempt or any similar sanction, and the Purchaser shall exercise its commercially reasonable efforts to obtain assurance that confidential treatment will be accorded to such Confidential Material so disclosed.
- (e) Except as required by law or as otherwise expressly permitted or specifically contemplated by this Agreement, the Purchaser shall during the period from the date of this Agreement until the earlier of the Effective Time or the time that this Agreement is terminated by its terms, unless the Seller shall otherwise agree in writing, conduct business in, and not take any action except in, the usual and ordinary course of business, and it shall use all commercially reasonable efforts to maintain and preserve its business organization, assets, employees and advantageous business relationships and it shall not, without the prior written consent of the Seller, enter into any contract in respect of its business or assets, other than in the ordinary course of business, and without limitation but subject to the foregoing, shall maintain payables and other liabilities at levels consistent with past practice, shall not engage or commit to engage in any extraordinary material transactions and shall not make or commit to make distributions, dividends or special bonuses, without the prior written consent of the Seller.

5.02 Covenants of the Licensor, the Seller and NewCo

- (a) In a timely and expeditious manner, the Seller shall take all such actions and do all such acts and things as are specified in the Amalgamation Agreement to be taken or done by the Seller and/or NewCo, as the case may be, both before and after Closing.
- (b) Each of the Licensor, the Seller and NewCo acknowledge that it is in possession of Confidential Material concerning the Purchaser and its affiliates and their respective businesses and operations. Each of Licensor, the Seller and NewCo shall, and shall cause their affiliates and Representatives to, treat confidentially and not disclose all or any portion of such Confidential Material and will use such Confidential Material solely for the purpose of consummating the transactions contemplated by this Agreement and for no other purpose. Each of Licensor, the Seller and NewCo acknowledge and agree that such Confidential Material is proprietary and confidential in nature and may be disclosed to their Representatives only to the extent necessary for Licensor, the Seller and NewCo to consummate the transactions contemplated by this Agreement (it being understood that the Licensor, the Seller and NewCo shall be responsible for any disclosure by any such Representative not permitted by this Agreement). If the Licensor, the Seller and NewCo or any of their affiliates or Representatives are requested or required to disclose (after the Licensor, the Seller and NewCo has used its commercially reasonable efforts to avoid such disclosure and after promptly advising and consulting with the Purchaser about the Seller's intention to make, and the proposed contents of, such disclosure) any of the Confidential Material (whether by deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar process), the Seller shall, or shall cause such affiliate or Representative, to provide the Purchaser with prompt written notice of such request so that the Purchaser may seek an appropriate protective order or other appropriate remedy. At any time that such protective order or remedy has not been obtained, the Seller or such affiliate or Representative may disclose only that portion of the Confidential Material which such Person is legally required to disclose or of which disclosure is required to avoid sanction for contempt or any similar sanction, and the Seller shall exercise its commercially reasonable efforts to obtain assurance that confidential treatment will be accorded to such Confidential Material so disclosed.
- (c) Except as required by law or as otherwise expressly permitted or specifically contemplated by this Agreement, NewCo shall during the period from the date of this Agreement until the earlier of the Effective Time or the time that this Agreement is terminated by its terms, unless the Purchaser shall otherwise agree in writing, conduct business in, and not take any action except in, the usual and ordinary course of business, and it shall use all commercially reasonable efforts to maintain and preserve its business organization, assets, employees and advantageous business relationships and it shall not, without the prior written consent of the Purchaser, enter into any contract in respect of its business or assets, other than in the ordinary course of business, and without limitation but subject to the foregoing, shall maintain payables and other liabilities at levels consistent with past practice, shall not engage or commit to engage in any extraordinary material transactions and shall not make or commit to make distributions, dividends or special bonuses, without the prior written consent of the Purchaser.

5.03 Further Assurances

Each Party shall, from time to time, and at all times hereafter, at the request of the other of them, but without further consideration, do, or cause to be done, all such other acts and execute and deliver, or cause to be executed and delivered, all such further agreements, transfers, assurances, instruments or documents as shall be reasonably required in order to fully perform and carry out the terms and intent hereof including, without limitation, the Amalgamation Agreement.

**ARTICLE 6
INDEMNIFICATION**

6.01 Indemnification

- (a) The Purchaser shall indemnify, defend, and hold the Licensor, the Seller and NewCo, and their respective officers, directors, agents, contractors, employees, successors, and permitted assigns harmless from and against from and against any and all damages, costs, expenses, and losses arising from or relating to any claim arising from the Purchaser's breach of Section 5.01(d) or breach the representations and warranties of the Purchaser contained in Section 3.04. This provision shall survive the expiry or termination of this Agreement.
- (b) The Seller shall indemnify, defend, and hold the Purchaser and AcquireCo, and their respective officers, directors, agents, contractors, employees, successors, and permitted assigns harmless from and against from and against any and all damages, costs, expenses, and losses arising from or relating to any claim arising from the Seller's breach of Section 5.02(b) or breach of the representations and warranties of the Licensor, the Seller and NewCo contained in Sections 3.01, 3.02 and 3.03. This provision shall survive the expiry or termination of this Agreement.

**ARTICLE 7
TERMINATION**

7.01 Termination

This Agreement may be terminated by written notice promptly given to the other Party hereto at any time prior to the Effective Date:

- (a) by mutual agreement in writing by the Parties;

- (b) as set forth in Sections 4.02 (a), (b) and (c) of this Agreement; or
- (c) by any Party if the Effective Time shall not have occurred on or before the Completion Deadline, except that the right to terminate this Agreement under this Section 7.01(c) shall not be available to any Party whose failure to fulfill any of its obligations or whose breach of any of its representations and warranties under this Agreement has been the cause of, or resulted in, directly or indirectly, the failure of the Effective Time to occur by such Completion Deadline.

7.02 Effect of Termination

In the event of the termination of this Agreement as provided in Section 7.01 hereof, this Agreement shall forthwith have no further force or effect and there shall be no obligation on the part of the Parties hereunder except as set forth in this Section 7.02, in addition to sections 5.01(d) and 5.02(c) all of which shall survive the termination of this Agreement. For the avoidance of doubt, nothing contained in this Section 7.02 shall relieve or have the effect of relieving any Party in any way from liability for damages incurred or suffered by a Party as a result of any breach of this Agreement.

**ARTICLE 8
ENTIRE AGREEMENT**

This Agreement together with the Amalgamation Agreement sets forth the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes any and all prior discussions, negotiations, letters of intent or agreements in principle between the Parties.

**ARTICLE 9
BINDING EFFECT; NO THIRD PARTY BENEFICIARIES**

This Agreement shall be binding upon and shall enure to the exclusive benefit of the Parties and their respective heirs, executors, administrators, legal representatives, successors and permitted assigns and nothing in this Agreement, express or implied, is intended to, nor shall it, confer in any other person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

**ARTICLE 10
AMENDMENT**

No amendment to this Agreement may be made unless agreed to by the Parties in writing.

**ARTICLE 11
ASSIGNABILITY**

No Party shall sell, pledge, assign or otherwise transfer its rights under this Agreement without the prior written consent of the other Party and any attempt to do so shall be void.

**ARTICLE 12
WAIVER**

No failure or delay by the Purchaser or the Seller in exercising any right under this Agreement or any partial exercise of any right shall operate as a waiver of such right or preclude any other or further exercise of any right under this Agreement, nor shall any waiver constitute a continuing waiver unless otherwise expressly provided.

**ARTICLE 13
GOVERNING LAW**

This Agreement is and shall be deemed to be a contract entered into and made pursuant to the Laws of the Province of British Columbia and the federal Laws of Canada applicable therein and shall in all respects be governed, construed, applied and enforced in accordance with said Laws.

**ARTICLE 14
TIME OF THE ESSENCE**

Time is of the essence in this Agreement.

**ARTICLE 15
COUNTERPARTS AND DELIVERY**

This Agreement may be executed in counterparts, each of which will be deemed to be an original and both of which taken together will be deemed to constitute one and the same instrument. Delivery of an executed signature page to this Agreement by either Party by facsimile or by PDF via electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such Party.

**ARTICLE 16
EXPENSES**

All costs and expenses incurred in connection with this Agreement and each other agreement, document and instrument contemplated by this Agreement and the transactions contemplated by this Agreement and each other agreement, document or instrument contemplated by this Agreement shall be paid by the Party incurring such costs and expenses, whether or not the Closing shall have occurred.

[SIGNATURE PAGE FOLLOWS]

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

RED WHITE & BLOOM BRANDS INC.

Per: _____
Name: Brad Rogers
Title: Chief Executive Officer

HT RETAIL LICENSING, LLC

Per: _____
Name: _____
Title: _____

1252240 B.C. LTD.

Per: _____
Name: _____
Title: _____

1251881 B.C. LTD.

Per: _____
Name: _____
Title: _____

EXHIBIT "A"

AMALGAMATION AGREEMENT

AMALGAMATION AGREEMENT made as of the ____ day of June, 2020

AMONG: **RED WHITE & BLOOM BRANDS INC.** a company amalgamated under the laws of British Columbia having its registered office in the City of Vancouver, British Columbia (hereinafter referred to as **RWB**)

AND: **1252034 B.C. LTD.**, a company incorporated under the laws of British Columbia having its registered office in the City of Vancouver, British Columbia (hereinafter referred to as **SubCo**)

AND: **1251881 B.C. LTD.**, a company incorporated under the laws of the Province of British Columbia having its registered office in the City of Vancouver, British Columbia (hereinafter referred to as **NewCo**)

WHEREAS RWB was incorporated under the *Business Corporations Act* (British Columbia) on March 12, 1980;

AND WHEREAS SubCo was incorporated on June 2, 2020 pursuant to the *Business Corporations Act* (British Columbia);

AND WHEREAS SubCo is a wholly-owned subsidiary of RWB;

AND WHEREAS NewCo was incorporated on June 1, 2020 pursuant to the *Business Corporations Act* (British Columbia);

AND WHEREAS SubCo is a wholly-owned subsidiary of 1252240 B.C. Ltd. (the "**NewCo Shareholder**");

AND WHEREAS the authorized share structure of RWB consists of an (i) unlimited number of common shares without par value; (ii) an unlimited number of preferred shares; (iii) an unlimited number of Series 1 convertible preferred shares; and (iv) an unlimited number of Series 2 convertible preferred shares, of which 132,807,686 common shares, nil preferred shares, 3,181,250 Series 1 convertible preferred shares, and 198,726,349 Series 2 convertible preferred shares, are issued and outstanding as fully paid and non-assessable;

AND WHEREAS the authorized share structure of SubCo consists of an unlimited number of common shares, without par value, of which 100 common shares are issued and outstanding as fully paid and non-assessable;

AND WHEREAS the authorized share structure of NewCo consists of an unlimited number of common shares, of which ● common shares are issued and outstanding as fully paid and non-assessable;

AND WHEREAS NewCo, the NewCo Shareholder and RWB have entered into a Acquisition Agreement dated as of June ●, 2020 with respect to, among other things, the transactions contemplated herein (the “**Acquisition Agreement**”);

AND WHEREAS, as contemplated in the Acquisition Agreement and subject to the conditions contained therein, SubCo and NewCo, availing themselves of Section 279 of the *Business Corporations Act* (British Columbia), wish to amalgamate on the terms and conditions set forth herein;

AND WHEREAS there are reasonable grounds to believe that (i) Amalco (as defined below) will be able to pay its liabilities as they become due; and (ii) no creditor will be prejudiced by the Amalgamation;

NOW THEREFORE this Agreement witnesses that, in consideration of the respective covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the following meanings, respectively:

- 1.1.1 “**Acquisition**” has the meaning ascribed thereto in the Acquisition Agreement;
- 1.1.2 “**Acquisition Agreement**” has the meaning ascribed thereto in the preamble of this Agreement;
- 1.1.3 “**Amalco**” means the company which will continue upon the Amalgamation of the Amalgamating Corporations pursuant to the Amalgamation;
- 1.1.4 “**Amalco Common Shares**” (individually, an “**Amalco Common Share**”) means common shares in the authorized share structure of Amalco, having the rights, privileges, conditions and restrictions described in Appendix I hereto;
- 1.1.5 “**Amalgamating Corporations**” (individually, an Amalgamating Corporation) means SubCo and NewCo;
- 1.1.6 “**Amalgamation**” means the amalgamation of the Amalgamating Corporations under Section 279 of the BCBCA on the terms set forth in this Agreement;
- 1.1.7 “**Amalgamation Affidavits**” means the affidavits of a director or officer of each of SubCo and NewCo required under the provisions of Section 277 of the BCBCA;

- 1.1.8 “**Amalgamation Application**” means the Form 13 - Amalgamation Application prescribed by the BCBCA effecting the Amalgamation, in the form attached hereto as Appendix II, together with any changes to that application as permitted by this Agreement or as agreed to by the Amalgamating Corporations;
- 1.1.9 “**Amalgamation Consideration**” means • fully-paid and non-assessable RWB Shares;
- 1.1.10 “**BCBCA**” means the *Business Corporations Act* (British Columbia) as now in effect and as it may be amended from time to time prior to the Effective Time;
- 1.1.11 “**Business Day**” means any day on which commercial banks are generally open for business in Vancouver, British Columbia other than a Saturday, a Sunday or a day observed as a holiday in Vancouver, British Columbia under applicable laws;
- 1.1.12 “**Certificate of Amalgamation**” means the certificate of amalgamation to be issued by the Registrar of Companies in respect of the Amalgamation in accordance with Section 281 of the BCBCA;
- 1.1.13 “**Closing Date**” has the meaning ascribed thereto in the Acquisition Agreement;
- 1.1.14 “**Effective Date**” means the date shown on the Certificate of Amalgamation;
- 1.1.15 “**Effective Time**” means 12:01 a.m. (Pacific time) on the Effective Date;
- 1.1.16 “**Issued Share Capital**” means the issued share capital as determined under the BCBCA;
- 1.1.17 “**NewCo Shareholder**” has the meaning ascribed thereto in the preamble of this Agreement;
- 1.1.18 “**NewCo Shares**” (individually, a “**NewCo Share**”) means the issued and outstanding common shares in the authorized share structure of NewCo;
- 1.1.19 “**Registrar**” means the Registrar of Companies under the BCBCA;
- 1.1.20 “**RWB Shares**” (individually, an “**RWB Share**”) means common shares in the authorized share structure of RWB; and
- 1.1.21 “**Tax Act**” means the *Income Tax Act* (Canada).

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into Articles, Sections, Schedules, Appendices and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise indicated, all references to an “Article”, “Section”, “Schedule” or “Appendix” followed by a number and/or a letter refer to the specified Article, Section, Schedule or Appendix of this Agreement. The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement (including the Appendices hereto) and not to any particular Article, Section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

1.3 Currency

All sums of money referred to in this Agreement are expressed in United States dollars.

1.4 Number, etc.

Unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders.

1.5 Date For Any Action

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

**ARTICLE 2
AMALGAMATION**

2.1 Amalgamation

Upon the conditions set out in this Agreement being satisfied or waived in accordance with the provisions of this Agreement and the Acquisition Agreement, including the adoption and approval by the shareholders of the Amalgamating Corporations of this Agreement, subject to the BCBCA:

- (i) the amalgamation of the Amalgamating Corporations and their continuance as one company, Amalco, under the terms and conditions prescribed in this Agreement shall be effective and irrevocable;
- (ii) the property, rights and interests of each of the Amalgamating Corporations shall continue to be the property, rights and interests of Amalco;
- (iii) Amalco shall become capable immediately of exercising the functions of an incorporated company;
- (iv) the shareholders of Amalco have the powers and the liability provided in the BCBCA;
- (v) each shareholder of the Amalgamating Corporations is bound by this Agreement;
- (vi) Amalco will be a wholly-owned subsidiary of RWB;

- (vii) Amalco shall continue to be liable for the liabilities and obligations of each of the Amalgamating Corporations;
- (viii) any existing cause of action, claim or liability to prosecution with respect to either or both of the Amalgamating Corporations shall be unaffected;
- (ix) any legal proceeding being prosecuted or pending by or against any of the Amalgamating Corporations may be continued to be prosecuted, or its prosecution may be continued, as the case may be, by or against Amalco; and
- (x) any conviction against, or ruling, order or judgment in favour of or against, any of the Amalgamating Corporations may be enforced by or against Amalco.

SubCo and NewCo hereby agree to amalgamate and to continue as one corporation effective from the Effective Time pursuant to Section 269 of the BCBCA, on the terms and conditions set forth herein and in the Acquisition Agreement.

2.2 Effect of Amalgamation

At the Effective Time on the Effective Date the Amalgamating Corporations are amalgamated and continue as one corporation under the terms and conditions prescribed in this Agreement, and the provisions of Section 282(1) of the BCBCA shall apply. The articles of Amalco shall be as set out in Appendix I hereto.

2.3 Name

The name of Amalco shall be “[TBD before the Effective Date]”.

2.4 Registered Office

The mailing and delivery address of the registered office of Amalco shall be located at 789 West Pender Street, Suite 810, Vancouver, British Columbia V6C 1H2.

2.5 Records Office

The mailing and delivery address of the records office of Amalco shall be located at 789 West Pender Street, Suite 810, Vancouver, British Columbia V6C 1H2.

2.6 No Restrictions on Business

There shall be no restrictions on the business which Amalco is authorized to carry on or on the powers that Amalco may exercise.

2.7 Share Structure

The authorized share structure of Amalco shall consist of an unlimited number of Amalco Common Shares, without nominal or par value and without any special rights or restrictions.

2.8 Articles and Notice of Articles

The Notice of Articles shall be in the form of the notice of articles forming part of the Amalgamation Application and the Articles of Amalco shall be in the form attached as Appendix I until replaced or amended in the normal manner provided for in the BCBCA.

2.9 Completion of the Amalgamation/Filing of Documents

Subject to the other provisions of this Agreement, the Amalgamation Affidavits shall be deposited at the records office of NewCo and Subco, respectively, and NewCo and Subco shall jointly complete and file the Amalgamation Application with the Registrar of Companies on the Closing Date and deliver such other documents as may be required to give effect to the Amalgamation.

**ARTICLE 3
BOARD OF DIRECTORS AND OFFICERS**

3.2 First Director

The initial director of Amalco will be the persons whose names and addresses are set out below:

Name	Prescribed Address
Michael Marchese	8820 Jane Street, Concord, Ontario L4K2M9

Such director shall hold office until the first annual meeting of shareholders of Amalco or until his successor is duly elected or appointed.

3.1 Officer

Until changed by the director of Amalco, the initial officer of Amalco shall be as follows:

Name	Office
Michael Marchese	President

**ARTICLE 4
AMALGAMATING EVENTS**

4.1 Treatment of Issued Shares

The following will occur and will be deemed to occur in the order set out below at the Effective Time without any further authorization, act or formality:

- 4.1.1 Each issued and outstanding NewCo Share shall be exchanged by the holder thereof for one fully paid and non-assessable RWB Share, entries will be made in the central securities register of NewCo to reflect the transfer of such NewCo Share to RWB, and entries will be made in the central securities register of RWB to reflect the issuance of each such RWB Share;
- 4.1.2 Each issued and outstanding NewCo Share held by RWB as a result of the exchange of NewCo Shares for RWB Shares pursuant to Section 4.1.2 of this Agreement will be immediately exchanged for one (1) fully paid and non-assessable Amalco Common Share; and
- 4.1.3 Each issued and outstanding SubCo Share held by RWB will be exchanged for one (1) fully paid Amalco Common Share.

4.2 Amalco Capital

Pursuant to Section 73 of the BCBCA, at the Effective Time, the capital of Amalco in relation to the Amalco Common shares that are issued pursuant to Section 4.1 of this Agreement will be the total of (i) the capital, determined immediately before the Effective Time, of all of the issued and outstanding NewCo Shares which are exchanged for RWB Shares pursuant to Section 4.1.1, and (ii) the capital, determined immediately before the Effective Time, of the issued and outstanding SubCo Shares which are exchanged for Amalco Shares pursuant to Section 4.1.3.

4.3 RWB Capital

Pursuant to Section 73 of the Act, at the Effective Time, the capital of RWB in relation to the RWB Shares that are issued pursuant to Section 4.1 of this Agreement will be the total capital, determined immediately prior to the Effective Time, of the issued and outstanding NewCo Shares which are exchanged for RWB Shares pursuant to Section 4.1.1.

**ARTICLE 5
COVENANTS**

5.1 Covenants of NewCo

NewCo covenants and agrees with SubCo and RWB that it will:

- (i) use reasonable commercial efforts to obtain the approval of the holders of NewCo Shares authorizing the Amalgamation, this Agreement and the transactions contemplated hereby in accordance with the BCBCA;
- (ii) use reasonable efforts to cause each of the conditions precedent set forth in Sections 7.1 and 7.3 hereof to be complied with; and
- (iii) subject to the approval of the shareholders of NewCo and SubCo being obtained for the completion of the Amalgamation and subject to all applicable regulatory approvals being obtained, thereafter jointly file with SubCo the Amalgamation Application with the Registrar and such other documents as may be required to give effect to the Amalgamation upon and subject to the terms and conditions of this Agreement.

5.2 Covenants of RWB

RWB covenants and agrees with NewCo that it will:

- (i) sign a resolution as sole shareholder of SubCo in favour of the approval of the Amalgamation, this Agreement and the transactions contemplated hereby in accordance with the BCBCA;
- (ii) use reasonable efforts to cause each of the conditions precedent set forth in Sections 7.1 and 7.2 hereof to be complied with; and
- (iii) subject to the approval of the holders of NewCo Shares being obtained for the completion of the Amalgamation, and the obtaining of all applicable regulatory approvals and the issuance of the Certificate of Amalgamation, issue that number of RWB Shares as required by Section 4.1.1 hereof.

5.3 Covenants of Subco

Subco covenants and agrees with NewCo that it will not from the date of execution hereof to the Closing Date, except with the prior written consent of NewCo, conduct any business which would prevent SubCo or Amalco from performing any of their respective obligations hereunder.

5.4 Further Covenants of Subco

SubCo further covenants and agrees with NewCo that it will:

- (i) use its best efforts to cause each of the conditions precedent set forth in Section 7.1 hereof to be complied with; and
- (ii) subject to the approval of the holders of NewCo Shares and the sole shareholder of SubCo being obtained and subject to the obtaining of all applicable regulatory approvals, thereafter jointly file with NewCo the Amalgamation Application with the Registrar and such other documents as may be required to give effect to the Amalgamation upon and subject to the terms and conditions of this Agreement.

**ARTICLE 6
REPRESENTATIONS AND WARRANTIES**

6.1 Representation and Warranty of RWB

RWB hereby represents and warrants to and in favour of NewCo and acknowledges that NewCo is relying upon such representation and warranty, that RWB is duly authorized to execute and deliver this Agreement and this Agreement is a valid and binding agreement, enforceable against RWB in accordance with its terms.

6.2 Representation and Warranty of NewCo

NewCo hereby represents and warrants to and in favour of RWB and SubCo, and acknowledges that RWB and SubCo are relying upon such representation and warranty, that NewCo is duly authorized to execute and deliver this Agreement and this Agreement is a valid and binding agreement, enforceable against NewCo in accordance with its terms.

6.3 Representation and Warranty of SubCo

SubCo hereby represents and warrants to and in favour of NewCo, and acknowledges that NewCo is relying upon such representations and warranty, that SubCo is duly authorized to execute and deliver this Agreement and this Agreement is a valid and binding agreement, enforceable against SubCo in accordance with its terms.

**ARTICLE 7
CONDITIONS PRECEDENT**

7.1 General Conditions Precedent

The respective obligations of the parties hereto to consummate the transactions contemplated hereby, and in particular the Amalgamation, are subject to the satisfaction, on or before the Closing Date, of the following conditions, any of which may be waived by the consent of each of the parties without prejudice to their rights to rely on any other or others of such conditions:

- (i) this Agreement and the transactions contemplated hereby, including, in particular, the Amalgamation, shall be approved by the sole shareholder of SubCo and by the sole shareholder of NewCo in accordance with the BCBCA;
- (ii) all the conditions required to close the Amalgamation set out herein and in the Acquisition Agreement being met or waived; and

- (iii) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement, including, without limitation, the Amalgamation.

7.2 Conditions to Obligations of RWB and SubCo

The obligations of RWB and SubCo to consummate the transactions contemplated hereby and in particular the issue of the RWB Shares and the Amalgamation, as the case may be, are subject to the satisfaction, on or before the Closing Date, of the conditions for the benefit of RWB set forth in the Acquisition Agreement governing the terms and conditions of the Acquisition and of the following conditions:

- (i) the acts of NewCo to be performed on or before the Closing Date pursuant to the terms of this Agreement shall have been duly performed by it and there shall have been no material adverse change in the financial condition or business of NewCo, taken as a whole, from and after the date hereof; and
- (ii) RWB and SubCo shall have received a certificate from a senior officer of NewCo confirming that the conditions set forth in Section 7.2(i) hereof have been satisfied.

The conditions described above are for the exclusive benefit of RWB and SubCo and may be asserted by RWB and SubCo regardless of the circumstances or may be waived by RWB and SubCo in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which RWB and SubCo may have.

7.3 Conditions to Obligations of NewCo

The obligations of NewCo to consummate the transactions contemplated hereby and in particular the Amalgamation are subject to the satisfaction, on or before the Closing Date, of the conditions for the benefit of NewCo set forth in the Acquisition Agreement governing the terms and conditions of the Acquisition and of the following conditions:

- (i) each of the acts of RWB and SubCo to be performed on or before the Closing Date pursuant to the terms of this Agreement shall have been duly performed by them and there shall have been no material adverse change in the financial condition or business of RWB or SubCo, taken as a whole, from and after the date hereof; and
- (ii) NewCo shall have received a certificate from a senior officer of RWB and SubCo confirming that the conditions set forth in Section 7.3(a) hereof have been satisfied.

The conditions described above are for the exclusive benefit of NewCo and may be asserted by NewCo regardless of the circumstances or may be waived by NewCo in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which NewCo may have.

**ARTICLE 8
TERMINATION**

8.1 Termination

This Agreement may be terminated by the board of directors of either Amalgamating Corporation notwithstanding the approval of this Agreement by the shareholders of both or either of the Amalgamating Corporations, at any time before the endorsement of a Certificate of Amalgamation under the BCBCA.

**ARTICLE 9
GENERAL**

9.1 Cooperation / Further Assurances

Each of the parties hereto agrees to cooperate in good faith and to take all reasonable steps and actions after the date hereof, as are not adverse to the party requested to take any such step or action, to complete the Amalgamation and the other transactions contemplated hereby. Each party hereto shall, from time to time, and at all times hereafter, at the request of another party hereto, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform, carry out or better evidence the terms and intent hereof.

9.2 Governing Law

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

9.3 Forum; Jurisdiction

The parties hereby submit to the non-exclusive jurisdiction of the competent court in the judicial district of Vancouver, Province of British Columbia for any dispute, disagreement, controversy or claim arising out of or in connection with the transactions contemplated by this Agreement.

9.4 Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall be deemed to constitute one and the same instrument.

9.5 Time

Time shall be of the essence of this Agreement.

9.6 Amendments

This Agreement may not be modified, amended, altered or supplemented except in the manner contemplated herein and upon the execution and delivery of a written agreement executed by all parties.

9.7 Electronic Delivery

Delivery of this Agreement by email or other functionally equivalent electronic means of transmission constitutes valid and effective delivery.

[Signature Page Follows]

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

RED WHITE & BLOOM BRANDS INC.

Per: _____
Name: _____
Title: _____

1251881 B.C. LTD.

Per: _____
Name: _____
Title: _____

1252034 B.C. LTD.

Per: _____

Name: _____

Title: _____

APPENDIX I
TO THE AMALGAMATION AGREEMENT
ARTICLES OF AMALCO

Attached.

APPENDIX II
TO THE AMALGAMATION AGREEMENT
FORM 13 - AMALGAMATION APPLICATION

Attached.

EXHIBIT "B"
RETAIL LICENSING AGREEMENT

Attached.

EXHIBIT "C"
PRODUCT LICENSING AGREEMENT

Attached.

RETAIL LICENSE AGREEMENT

THIS RETAIL LICENSE AGREEMENT (“**Agreement**”) is made and entered into this 4th day of June 2020 by and among **HT Retail Licensing, LLC**, a Delaware limited liability company (“**Licensor**”); **Trans-High Corporation**, a New York corporation (“**Trans-High**”), and **1251881 BC Ltd.**, a corporation incorporated under the laws of British Columbia (“**Licensee**”), (together, the “**Parties**”).

BASIC TERMS

A. **Effective Date:** The date of execution of this Agreement by the Parties.

B. **Licensor:** **HT Retail Licensing, LLC**, a wholly-owned subsidiary of Trans-High, with offices at 2110 Narcissus Ct., Venice, CA 90291 (“**Licensor**”).

C. **Licensee:** 1251881 BC Ltd. (“**Licensee**”).

D. **Rights Granted** (Paragraph 1.1): To the Property (as defined below) in association with retail dispensary and local delivery services for cannabis products, cannabis accessories and merchandise as provided in Paragraph 1 (the “**Services**”).

E. **Territory** (Paragraph 1.3): Jurisdictions within the State of Michigan, the State of Illinois and the State of Florida where commercial distribution, sale and use of cannabis products and services for medical or adult use markets is lawful under state law (the “**Territory**”); **provided, that** if within twelve (12) months from the Effective Date, Licensee has been unable to obtain the required licenses and permits from the state and local regulatory authorities in the States of either or both of Illinois and Florida to enable Licensee, or one of its subsidiaries or affiliates, to open retail cannabis dispensaries for medical sale, adult use sale or both (individually a “**Licensed Dispensary**” and collectively, the “**Licensed Dispensaries**”) and otherwise engage in the commercial distribution, sale and use of cannabis products and services (the “**Additional Licenses**”), then and in such event, the Territory shall be limited only to Michigan, and if applicable, either of the States of Illinois or Florida in which at least one Additional License has been issued to Licensee or an affiliate of Licensee. In any event all Fees described in the License Agreement Terms and Conditions (**Appendix B**) prior to the reduction of the scope of the Territory shall nonetheless be due and payable as provided in Appendix B.

F. **Payments** (Paragraph 4.1): License Fees set forth in Paragraph 4.1.

G. **Marketing Fee** (Paragraph 4.4): One (1%) percent of Gross Receipts to be paid directly to Licensor.

H. **Term** (Paragraph 7.1): Five (5) years from the Effective Date (“**Initial Term**”). This Agreement shall continue for one additional five (5) year period (“**Renewal Term**”), as provided in Paragraph 7 provided that Licensee is in compliance with the terms and conditions of this Agreement and upon payment of a Renewal Fee equal to ten (10%) percent of the License Fees paid during the Initial Term. Any renewal after the Renewal Term shall be at the mutual agreement of Licensor and Licensee, and is deemed included in the Term. Licensee shall have the option to forego the Renewal Term by providing written notice to Licensor at least six (6) months prior to the end of the Initial Term. The Renewal Fee shall be due thirty (30) days from the end of the Initial Term.

I. **Property** (Paragraph 1): Trademarks identified in Appendix A (the “**Property**”). Trans-High represents, warrants and covenants to Licensee that it is the owner of the world-wide intellectual property rights to the Property and for purposes of this Agreement, Trans-High has licensed the Property to Licensor to enable Licensor to sublicense to Licensee the rights set forth in this Agreement during the Initial Term and the Renewal Term.

J. **Entire Agreement:** The foregoing Basic Terms, together with the License Agreement Terms and Conditions annexed as **Appendix B** hereto and **Appendix A** hereto, all of which are incorporated herein by reference, are referred to collectively as this “**Agreement**” and constitute the complete and entire agreement between the Parties with respect to the subject matter hereof, superseding and replacing any and all prior agreements, negotiations, communications and understandings (both written and oral) regarding such subject matter. This Agreement may only be modified, or any rights under it waived, by a written document executed by all Parties.

[remainder of this page intentionally left blank; signature page follows]

Each Party's signature below indicates its acceptance of this Agreement including the attached appendices and standard terms and conditions which are a part of this Agreement. All terms not otherwise defined shall have the meanings ascribed to them in the Standard Terms and Conditions attached hereto.

HT Retail Licensing, LLC

By: _____
Name: Adam E. Levin
Title: Executive Chairman

1251881 BC LTD

By: _____
Name: _____
Title: _____

Trans-High Corporation

By: _____
Name: Adam E. Levin
Title: Executive Chairman

APPENDIX A

PROPERTY

APPENDIX B

LICENSE AGREEMENT TERMS AND CONDITIONS

License

1.1 A first "Contract Year" will run for eighteen (18) months from the execution of this Agreement, with each subsequent Contract Year running for twelve (12) months from the end of the prior Contract Year. Licensor grants Licensee the exclusive, non-sublicensable right to use the Property on and in connection with the conversion, development, operation, advertisement and promotion of one or more Licensed Dispensaries and local delivery services for cannabis products, cannabis accessories and merchandise in the Territory during the Term upon the terms and conditions of this Agreement and in strict compliance with all applicable laws; provided, however, that if Licensing Fees paid to Licensor in one or more States of the Territory during any Contract Year fall below \$3,000,000 ("Exclusivity Minimum"), Licensee's rights thereafter will be non-exclusive in any such state or states, and such non-exclusivity will vest upon notice by Licensor..

1.2 **Reservation of Rights.** The rights granted pursuant to this Agreement are limited to the right to use the Property to develop and operate each Licensed Dispensary and local delivery service only within the Territory. Without limiting the foregoing, Licensee may not use the Property to (i) sell products through any alternative channels or methods of distribution, including, but not limited to, the internet (including mobile apps or any other existing or future form of electronic commerce) other than for the purposes of local delivery or instore pickup services operated from IP addresses that are geotagged to locations in the Territory that are within states in which exclusivity applies and within the same state where the delivery or instore pickup is occurring ("Permitted Online Services"), except as approved in writing by Licensor, (ii) market or sell products to any person or entity for resale or further distribution, except as Licensor may designate in writing, or (iii) except as explicitly set forth in this Agreement, exclude, control or impose conditions on the development by Licensor, its affiliates, designees and licensees of additional future retail cannabis stores that are branded and identified by the Property at any time or at any location outside the Territory and, if exclusive rights are forfeited pursuant to paragraph 1.1, within the Territory, regardless of the proximity to any location operated by Licensee hereunder.

1.3 **Sublicensing.** Licensee shall have no right to sublicense to any third party any right licensed to it under this Agreement unless and until Licensor has consented in writing, with such consent not to be unreasonably withheld, to such third party and such sublicense and such third party has executed a sublicense agreement in form and substance reasonably acceptable to Licensor. However, Licensee shall have the right to sublicense the rights granted under this Agreement to one or more of its subsidiaries or other affiliates that is engaged in providing cannabis products in the applicable Territory and that owns and/or operates license(s) to such cannabis products in compliance with all applicable laws (including Michigan, Illinois and Florida state and local licensing laws) as may be required by state and local law to effectuate the operation of each Licensed Dispensary.

2. Obligations.

2.1 **Commercially Reasonable Efforts.** Licensee undertakes to use its commercially reasonable efforts to establish and promote Licensed Dispensaries displaying or embodying the Property in all significant potential markets in the Territory and to perform the obligations established herein in compliance with the terms and conditions of this Agreement.

2.2. **Shelf Space and Merchandise Obligations** Licensee will devote twenty percent (20%) of the available shelf space in each Licensed Dispensary or any digital menu related to such Licensed Dispensary to cannabis and/or CBD products branded with the Property and cannabis products branded with brands selected by Licensor. Additionally, Licensee will devote no less than five (5%) percent of the total available retail space of any Licensed Dispensary to the sale of Licensor's merchandise carrying the Property or other branding selected by Licensor (the "Licensor Merchandise"), which Licensor Merchandise is general merchandise (e.g. clothing, stickers, etc.). No general merchandise other than Licensor Merchandise may be sold in the Licensed Dispensaries. For avoidance of doubt, cannabis accessories (e.g. pipes, rolling papers, flower vaporizers, batteries, lighters, grinders, containers for storing cannabis, etc.) that are not branded with the Property may be sold in the Licensed Dispensaries.

2.3 Licensed Dispensaries.

(a) **Site Under Control.** Licensee shall be solely responsible for purchasing or leasing the premises at which each Licensed Dispensary is located, including, but not limited to, evaluating, negotiating and entering into the purchase and sale agreement or the lease for each such Licensed Dispensary. Licensor does not make any guarantees concerning the success of any Licensed Dispensary.

(b) **Conversion.** Licensee shall be solely responsible for converting, equipping and maintaining each Licensed Dispensary in compliance with all applicable laws. All Licensed Dispensaries operated by Licensee shall be branded and operated with the Property.

(c) **Maintenance.** The building, equipment, fixtures, furnishing, signage and trade dress (including the interior and exterior appearance) employed in the operation of any Licensed Dispensary must be maintained solely by Licensee in a neat, clean, sanitary and safe condition and in compliance with all applicable laws, including, but not limited to, the Americans With Disabilities Act.

(d) **Staffing.** Licensee acknowledges Licensee is responsible for the control and management of each Licensed Dispensary, including, but not limited to, the hiring and discharging of employees, setting work schedules, maintaining all employment records and setting and paying wages and benefits of its employees in accordance with all applicable laws. Licensee acknowledges that Licensor has no power, responsibility or liability in respect to the hiring or discharging of employees, setting work schedules, maintaining all employment records or setting and paying of wages or related matters. Licensee agrees to employ a team of individuals whose services shall be dedicated to the operation of each Licensed Dispensary.

(e) **Delivery Services.** If Licensee or any Licensed Dispensary desires to offer local delivery service to customers of any Licensed Dispensary, such delivery services must comply with all applicable laws. Any sales from delivery services must be included in Gross Receipts for purposes of the License Fees.

(f) **Inventory.** Licensee shall use commercially reasonable efforts to maintain an inventory of products, merchandise, materials and supplies that will permit operation of each Licensed Dispensary at a commercially reasonable capacity and maintain the requirements of Section 2.2 of this Agreement.

(g) **POS System.** Licensee agrees to utilize a POS system (the "POS System"), approved by local regulatory authorities as applicable, for use in each Licensed Dispensary that includes all hardware and software necessary to accurately track, record and analyze sales, inventory, product usage and tax information in connection with the operation of each Licensed Dispensary. Licensee agrees to share data and information from the POS System concerning each Licensed Dispensary in order to assist Licensor and its affiliates with forecasting demand and verifying sales.

(h) **Store Opening Dates.** The first Licensed Dispensary to be operated hereunder will open to the public no later than August 31st, 2020.

(i) **Licensor Compliance.** Licensee shall use best commercial efforts to provide written notice as soon as possible to Licensor if Licensee becomes aware of any regulatory compliance obligation of Licensor with respect to operation of the Licensed Dispensary.

2.4 **Marketing Opportunities**

(a) **Naming and Sponsorship Opportunities.** Licensee will have a right of first refusal with respect to all naming and sponsorship opportunities directly connected with events hosted, staged, or produced by Licensor or its affiliates in the State of Michigan, the State of Illinois once at least one Licensed Dispensary is open and operating in the State of Illinois, the State of Florida once at least one Licensed Dispensary is open and operating in the State of Florida. Licensor will give Licensee written notice of such naming or sponsorship opportunities, and Licensee will have three (3) business days after receipt of such notice to elect to participate in such naming or sponsorship opportunities. Licensee thereafter will have the right to meet all material terms and conditions of any third party offer relating to such naming or sponsorship events by notifying Licensor of its intent to do so within three (3) business days after Licensor advises Licensee in writing of the terms and conditions of any such third party offer.

(b) **Marketing Support.** Licensor will use best efforts to create editorial content that features Licensed Dispensaries for inclusion in the *High Times* magazine. Licensor or its affiliates also will create and host dedicated information pages about each Licensed Dispensary which are linked to the Store Directory section of the *High Times* website, and will feature Licensed Dispensaries in 4:20 Live Instagram programs at least once each calendar quarter. If Licensee timely supplies Licensor with relevant information about its weekly specials, Licensor will assist Licensee in marketing those weekly specials by sending emails or texts to participants in Licensor's Cannabis Cup events who have supplied such contact information to Licensor or its affiliates and consented to receive such communications.

3. **Quality and Marking.**

3.1 **Quality of Services.** Licensee acknowledges that the Property enjoys a high reputation among consumers and that the provision of poor quality Services can adversely affect that reputation. Therefore, the Services provided by Licensee under this Agreement will be provided in accordance with quality standards and specifications as may be established by Licensor and communicated to Licensee in writing from time to time.. All Services will be provided and advertised in accordance with all applicable laws, regulations, and ordinances. Licensee shall be responsible for obtaining all necessary government approvals, consents, licenses and permits in connection with the provision and advertisement of the Services. Before opening any Licensed Dispensary, Licensee will provide the address and information regarding the layout of such location and submit photographs of such location to Licensor for its prior written approval. Licensee will permit or obtain permission for Licensor to inspect the physical premises where the Services are provided as part of the approval process and from time to time thereafter during the Term of this Agreement to ensure the location is suitable and that Licensee is in compliance with this Agreement.

3.2 **Required Markings.** Licensee will display the Property only in such form and manner as are specifically approved in advance in writing by Licensor. In all advertisements utilizing the Property, Licensee will include (a) an appropriate trademark notice as designated by Licensor; (b) any appropriate copyright or design protection notice as designated by Licensor; and (c) any other legends, markings or notices required by any law or regulation in the Territory or (d) any other legends, markings or notices which Licensor reasonably may request, provided such legends, markings or notices do not negatively impair the effectiveness of such advertisements. Licensee will submit representative samples of such advertisements displaying the Property for Licensor's prior written approval.

3.3 **Approvals.** Any Licensor approval required in this Agreement will not be withheld unreasonably. Any approval which has not been granted in writing within fifteen (15) business days after its receipt by Licensor will be deemed to have been approved. After any approval has been given, Licensee will not make any material change in such submission without Licensor's prior written approval. If any submission is disapproved by Licensor, Licensee will not proceed with such proposed use without Licensor's prior written approval. However, Licensor's approval will not relieve Licensee of its responsibility to see that all use conforms to applicable laws or regulations and will not mean that Licensor has determined that it does so.

3.4 **Prohibited Use of Property.** Licensee will not use the Property as all or a portion of a combination trademark or a corporate name, trade name or any other designation used by it to identify its business (other than as the name of a Licensed Dispensary), nor will Licensee use the Property other than as a trademark as licensed hereunder.

4. Fees and Accounting.

4.1 **License Fee.** Licensee will pay a license fee to Licensor at the rate of four percent (4%) of Gross Receipts (the "License Fees") and in accordance with the payment terms set forth below. Notwithstanding the foregoing, in any Contract Year during the Term of this Agreement: (a) for each of the States of Michigan, Illinois and Florida, until such time as the first Licensed Dispensary is opened in a State, the minimum License Fees payable to Licensor for each State shall be \$2,500,000, (b) when one or more Licensed Dispensaries are opened for business in the State of Michigan the minimum License Fees payable to Licensor shall be \$3,000,000 and (c) if and when one or more retail Licensed Dispensary is opened for business in either or both of the State of Illinois and Florida the minimum License Fees payable to Licensor shall be not less than \$3,000,000 for each such State (each such minimum License Fee, the "Minimum Contract Year License Fee"). For the avoidance of doubt, if the Territory shall include, in addition to Michigan with at least one Licensed Dispensary, the State of Illinois or the State of Florida with at least one Licensed Dispensary (but not both the State of Illinois and the State of Florida), the Minimum Contract Year License Fee shall be \$6,000,000 and if the Territory shall include, in addition to Michigan with at least one Licensed Dispensary, the State of Illinois and the State of Florida with at least one Licensed Dispensary each, the Minimum Contract Year License Fee shall be as much as \$9,000,000. The License Fees shall be paid on a quarterly basis and if the total annual License Fees are *less* than the applicable Minimum Contract Year License Fee, the short-fall shall be paid at the end of the fourth quarter of such Contract Year. The License Fees (including any Minimum Contract Year License Fee) shall be payable to Licensor in the manner set forth in Paragraph 4.5 below. For purposes of this Agreement, "Gross Receipts" will include all revenue derived from the sale of all products, whether or not bearing the Property, after reduction for any state or municipal taxes, sold by Licensee either at Licensed Dispensaries or through delivery services associated with such Licensed Dispensaries. Gross Receipts will not be reduced to reflect non-payment by customers. In the case of sales or other transfer to an affiliate of Licensee, excluding transfers of inventory between licensed locations, whether or not invoiced, Gross Receipts will be calculated on the basis of Licensee's quoted prices to non-affiliates unless otherwise agreed to by Licensor and Licensee in a separate agreement. Notwithstanding anything to the contrary contained herein, Licensee may at its option obtain an opinion from a tax expert on the effect of this provision under IRS Code 280E. If such tax expert determines that the License Fees are not deductible under IRS Code 280E, Licensor and Licensee shall renegotiate the terms of this Section in order to ensure that Licensee shall be able to deduct some or all of the License Fees to the extent possible as a "cost of good sold"; provided, however, that with respect to any amendments to this Section under such renegotiation, the economic terms of this Section shall not be renegotiated or amended.

4.2 **Reports and Payments.** Licensor and Licensee will agree upon the use of the METRC seed to sale tracking system, and a POS System integrated with METRC in the State of Michigan and a POS for use at all other retail locations in other States within the Territory and for all deliveries under this Agreement and may choose to the use of an alternative POS system, at a later date, from the approved list of POS systems in each State as applicable and as provided in paragraph 2.3(g) above. Licensee will provide weekly POS reports to Licensor and provide, upon reasonable notice, and subject to applicable privacy laws, real time viewing access, to such POS System for purposes of determining Gross Receipts due to Licensor. Within 10 days of the end of each calendar quarter, Licensor will have the right to transfer License Fees due to Licensor to its own account via an automated clearing house ("ACH") network mutually agreed upon by Licensor and Licensee. No Licensed Dispensary or delivery services bearing the Property will be operated by Licensee until such POS System access and ACH network withdrawal capability are established to Licensor's satisfaction. Notwithstanding any other provision of this Agreement, any change in such POS System or ACH network made without Licensor's written approval shall be a material default resulting in immediate termination of this Agreement, unless mandated by the regulatory authorities in any State within the territory or unless support is no longer being provided for the POS system.

4.3 Books and Records and Inspection. Licensee will maintain appropriate and accurate books of account concerning all transactions within the scope of this Agreement. Licensor will have the right, through any authorized representative of its choice, on reasonable advance notice to Licensee and at its own expense, to examine and photocopy these books of account and all other documents relating to this Agreement. If following any such examination, it is determined that additional License Fees or other amounts were due Licensor, Licensee will promptly pay such additional amounts, as well as interest accrued at the rate of ten percent (10%) per year from the date such payment was due to the date when paid, or if ten percent (10%) exceeds the amount that can be charged under the applicable state's usury laws the maximum rate of interest permitted under applicable law. If the additional payment due to Licensor is three percent (3%) or more of the amount actually paid for the applicable period, Licensee also will promptly pay Licensor's costs incurred in connection with the examination. All books of account and records will be kept available by Licensee for at least five (5) calendar years after the calendar year to which they relate.

4.4 Marketing Commitment. Licensee will pay a marketing fee to Licensor at the rate of one (1%) percent of Gross Receipts (the **Marketing Fee**”).

4.5 Methods of Payment. All amounts payable by Licensee to Licensor under this Paragraph 4, including any License Fee, Minimum Contract Year License Fee and Marketing Fee (collectively, the **“Fees”**) are expressed in the currency of the United States of American (USD) unless otherwise indicated, and regardless of whether expressed in USD or in other currency, shall be payable in USD, and shall be payable to Licensor in cash by wire transfer ACH transfer of immediately available funds to a bank account designated by Licensor.

5. Ownership Rights.

5.1 Property Ownership. All use of the Property by Licensee will inure to the benefit of Licensor. All rights in the Property other than those specifically granted in this Agreement are reserved by Licensor for its own use and benefit. Licensee will not, during or after the Term of this Agreement, attack Licensor's title in and to the Property or attack the validity of this license. Licensee may not, during or after the Term of this Agreement, engage in any conduct directly or indirectly that would infringe upon, harm or contest Licensor's rights in any of the Property or the goodwill associated therewith, including any use of the Property in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media. All specially created designs and any and all copyrights and other intangible property rights in them and in any such designs displaying the Property, will be the property of Licensor. If not created by Licensor, they will be deemed “works made for hire” for Licensor within the meaning of the U.S. Copyright Law or any other applicable industrial or intellectual property law. If they do not so qualify, all such intangible property rights will be deemed transferred to Licensor.

5.2 **Registrations and Recordation.** Licensee will not seek to apply for any copyright or trademark registrations for the Property without Licensor's prior written consent. Licensee will cooperate fully with Licensor in the execution, filing and prosecution of any trademark or copyright applications for the Property that Licensor may choose to file. Licensee will execute and deliver to Licensor, at any time whether during or after the Term of this Agreement, any documents which Licensor reasonably requests to confirm Licensor's ownership rights. Licensee appoints Licensor as its attorney-in-fact to sign these documents in Licensee's name and to make appropriate disposition of them, in the exceptional circumstance where Licensor requests Licensee to sign the documents and no response is received within fifteen (15) days.

5.3 **Infringements.** If Licensee learns of any use by any person of a trademark similar to the Property, it will promptly notify Licensor. If requested by Licensor, Licensee will join with Licensor, at Licensor's expense, in any action that Licensor, in its reasonable discretion, may deem advisable for the protection of its rights. Licensee will have no right to take any action with respect to the Property without Licensor's prior written approval, which shall not be unreasonably withheld.

6. Representations and Warranties, Limitations of Liability, Indemnity and Insurance

6.1 **Licensor's and Trans-High's Representations, Warranties, and Covenants.** Licensor and Trans-High jointly and severally represent, warrant, and covenant to Licensee that at all times during the Term:

(a) Each has the full right, power and authority to enter into and to perform this Agreement, including to grant the rights and licenses granted under this Agreement;

(b) This Agreement constitutes a valid and legally binding obligation of the Licensor and Trans-High, enforceable against the Licensor and Trans-High in accordance with its terms;

(c) Each complies and will comply at all times with all applicable state and local laws;

(d) Each will take commercially reasonable steps to protect the Property from unauthorized use in the Territory; and

(e) No representation, warranty or other statement made by Licensor or Trans-High in connection with this Agreement, or in any report or other communication provided by Licensor or Trans-High to Licensee in contemplation of, pertaining to or otherwise in connection with this Agreement, contains any untrue statement or omits to state a material fact necessary to make any of them, in light of the circumstances in which it was made, not misleading.

6.2 Licensee's Representations, Warranties, and Covenants. Licensee represents, warrants, and covenants to Licensor and Trans-High that at all times during the Term:

(a) It has the full right, power and authority to enter into and to perform this Agreement;

(b) It will provide, promote and market each Licensed Dispensary in conformity in all material respects with all applicable laws, consistent with industry practices, and in such a manner that will reflect positively on the business reputation of Licensor, on the Property and the associated goodwill;

(c) This Agreement constitutes a valid and legally binding obligation of the Licensee, enforceable against the Licensee in accordance with its terms;

(d) It and all others authorized by it to act on its behalf under this Agreement will comply at all times with all applicable laws;

(e) It will not knowingly harm the Property or bring the Property into disrepute;

(f) (i) neither it nor any of its owners, directors, officers, members, partners, shareholders, affiliates or employees (each a "Licensee Party") is named, either directly or by an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U S Treasury Department's Office of Foreign Assets Control currently located at www.treas.gov/offices/enforcement/ofac/, (ii) it will not, and it will cause each Licensee Party not to, take any action that would constitute a violation of any applicable laws against corrupt business practices, against money laundering and/or against facilitating or supporting persons or entities who conspire to commit acts of terror against any person or entity, including as prohibited by the US Patriot Act (currently located at www.epic.org/pnvacv/terrorism/hr3162.html), US Executive Order 13244 (currently located at www.treas.gov/offices/enforcement/ofac/sanctions/terrorism.html) or any similar laws, and (iii) it shall immediately notify Licensor in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties in this subsection (e) false, inaccurate or misleading; and

(g) No representation, warranty or other statement made by Licensee in connection with this Agreement, or in any report or other communication provided by Licensee to Licensor in contemplation of, pertaining to or otherwise in connection with this Agreement, contains any untrue statement or omits to state a material fact necessary to make any of them, in light of the circumstances in which it was made, not misleading.

6.3 Defense and Indemnity. Each of the Parties shall defend, indemnify and hold each other and their officers, directors, stockholders, employees, agents, attorneys, representatives, affiliates, successors and assigns (collectively, an "Indemnified Party") harmless from and against any and all civil or criminal demands, claims, actions, causes of action, liabilities, suits, proceedings, judgments, investigations or inquiries (each such third-party action, claim or proceeding, a "Claim"), and any settlement thereof, and all related expenses, including, but not limited to, all litigation expenses, including reasonable attorneys' fees and court costs, and settlement amounts (collectively, "Losses"), that directly or indirectly arise out of an Indemnified Party's activities under this Agreement including but not limited to (A) any failure to comply with any applicable law, (B) Claims based on personal injury, death or property damage; (C) a Party's dealings or relationships with any third parties (including, without limitation, any contractors, sales agents, employees, etc.) and/or the termination of any such relationships; (D) any unauthorized use of the Property or use of the intellectual property of third parties by either party in a manner not authorized by this Agreement; (E) any breach of any Party's representations, warranties, covenants or agreements contained herein; (F) the gross negligence or willful misconduct of either Party and/or any of its contractors; and/or (G) any tax or federal penalty related to any Licensed Dispensary and/or any business of either Party. A Party's indemnification obligations under this section shall not be in any way limited to or restricted by their available insurance coverage (notwithstanding Licensor's participation in establishing the required levels of insurance coverage) or any approvals granted by Licensor. This section shall survive termination of this Agreement.

6.4 Indemnification Procedures. Except as otherwise provided in this Agreement, a Party or other person identified in Section 6.3 is entitled to indemnification hereunder (each, an "Indemnitee") from (or, where the Indemnified Party is the Licensee, the other Parties) (in such capacity, the "Indemnitor") pursuant to Section 6.3 with respect to a Claim shall (a) give written notice within a reasonable time to the Indemnitor of any such Claim with respect to which the Indemnitee seeks indemnification (provided, however, that failure of the Indemnitee to give such notice shall not relieve the Indemnitor from any liability which the Indemnitor may have on account of this indemnification, except to the extent that the Indemnitor is materially prejudiced thereby), and (b) permit the Indemnitor to assume the defense of such Claim with counsel reasonably satisfactory to the Indemnitee; provided, however, that any Indemnitee shall have the right to employ separate counsel and to participate in the defense of such Claim, but the fees and expenses of such counsel shall be at the expense of the Indemnitee unless (i) the Indemnitor has agreed to pay such fees or expenses, (ii) the Indemnitor shall have failed to assume the defense of such Claim and employ counsel reasonably satisfactory to the Indemnitee or (iii) in the reasonable judgment of the Indemnitee, based upon written advice of its counsel, a conflict of interest may exist between the Indemnitee and the Indemnitor with respect to such Claim which would prevent counsel from adequately representing the interests of both the Indemnitee and the Indemnitor (in which case, if the Indemnitee notifies the Indemnitor in writing that the Indemnitee elects to employ separate counsel at the expense of the Indemnitor, the Indemnitor shall not have the right to assume the defense of such Claim on behalf of the Indemnitee and the reasonable fees and expenses of counsel for the Indemnitee shall be paid by the Indemnitor). The Indemnitor shall not, except with the prior written consent of the Indemnitee, consent or enter into to any settlement of any such Claim which involves the admission of liability on the part of the Indemnitee. The Indemnitee shall reasonably cooperate with the Indemnitor in the defense of any such Claim.

6.5 Insurance

(a) **General.** Licensee, and each of its applicable operating subsidiaries, shall maintain adequate insurance at its own expense throughout the Term, and for such period as to cover the applicable statute of limitations, to cover any general liability, product liability and advertising injury liability such Party may incur in connection with or as a result of the performance of its obligations under this Agreement. Such insurance coverage level shall include, at a minimum:

(i) **Commercial General Liability.** Commercial General Liability of not less than one million dollars (\$1,000,000.00) for each occurrence and two million dollars (\$2,000,000.00) in the aggregate. Commercial General Liability coverage shall be on a coverage form customary and typical for the products Licensee sells and Licensee's operations. Waiver of subrogation shall be provided in favor of Licensor. Commercial General Liability insurance shall include additional insured protection in favor of Licensor.

(ii) **Product Liability.** Product/Completed Operations Liability limits not less than one million dollars (\$1,000,000.00) each occurrence and two million dollars (\$2,000,000.00) in the aggregate per product liability coverage in form customary and typical for the products Licensee sells and Licensee's operations.

(b) **Workers Compensation and Employers Liability.** Insurance in compliance with applicable state laws, with employer's liability limits of not less than the following: Accident - one million dollars (\$1,000,000.00) each accident; Disease - one million dollars (\$1,000,000.00) each employee;

(c) **Additional Insured.** Licensee, and each of its applicable operating subsidiaries, shall name Licensor as an additional insured under the policies referenced above and such coverage shall contain a waiver of subrogation. Upon request, Licensee shall provide Licensor with certificates of insurance showing the required coverages and additional insured status. If an insurance policy is to be cancelled or changes are to be made by insured or insurer that will affect the coverage required by this Agreement, such Party shall provide Licensor with at least ten (10) days prior written notice of such cancellation or change.

(d) **Compliance.** Licensee's compliance with this [Section 6.5](#) in no way affects Licensee's indemnity obligations under this Agreement, except to the extent that Licensee's insurance company actually pays Licensor amounts which Licensee would otherwise be obligated to pay to Licensor.

7. Term and Termination.

7.1 **Term.** The term of this Agreement will be as specified in Paragraph G, unless it is sooner terminated under this Article 7.

7.2 Termination.

(a) Immediate Right to Terminate Agreement.

(i) Each Party shall have the right in its sole discretion to terminate this Agreement immediately upon written notice to the other Parties in the event of an Event of Default, as defined in Paragraph 7.4 below, committed by one of the other Parties.

(ii) Licensee shall have the right in its sole discretion to terminate this Agreement immediately upon prior written notice to Licensor upon the occurrence of: (A) the commencement of any bankruptcy or insolvency proceeding by or against Licensor or Trans-High; (B) the filing of any articles of dissolution or its equivalent for Licensor or Trans-High; or (C) Licensor or Trans-High is convicted of (or pleads no contest to) any misdemeanor or felony that brings or tends to bring a Licensed Dispensary into disrepute.

(b) **Right to Terminate Subject to Cure.** Without limiting Paragraph 7.2(a) and Paragraph 7.4, Licensee will have the right to terminate this Agreement if the Licensor or Trans-High breaches any material term of this Agreement, and Licensor or Trans-High will have the right to terminate this Agreement if the Licensee breaches any material term of this Agreement; provided, that the breaching Party has failed to cure any such breach within sixty (60) days after written notice of breach from the non-breaching Party (unless a different cure period is specifically provided with respect to such breach elsewhere in this Agreement, in which event, the cure period, in any, specified for such breach elsewhere in this Agreement shall apply).

7.3 Effect of Termination.

(a) **Limited Sell-Off Rights.** Upon (a) expiration of this Agreement, Licensee shall have the right, for a period of six (6) months after expiration of this Agreement, or (b) upon termination of this Agreement, Licensee shall have the right, for a period of thirty (30) days after termination of this Agreement; to wind down its operation of Licensed Dispensaries solely if the following conditions are met: (i) Licensee has paid all monies owed to Licensor as of the expiration date; and (ii) Licensee shall continue to adhere during the such six month period to all of the provisions of this Agreement, including, without limitation, those relating to the payment of the License Fees.

(b) **Reversion of Rights.** Upon termination of this Agreement, subject to Section 7.3(a) above, all of Licensee's rights to the use of the Property pursuant to this Agreement or otherwise, all other rights and licenses granted hereunder, and the right and license to conduct business using the Property at any Licensed Dispensary shall revert to Licensor without further act or deed of any Party.

(c) **No Damages for Termination.** No Party shall be liable to any other Party for damages of any kind, including incidental or consequential damages, on account of the expiration or termination of this Agreement, and each Party waives any right it may have to receive any compensation or reparations on account thereof. Without limiting the generality of this paragraph 7.3(c), no Party will be liable to any other Party on account of such expiration or termination, for reimbursement of damages for the loss of goodwill, prospective profits or anticipated income, or on account of any expenditures, investments, leases or commitments made by a Party or for any reason whatsoever based upon or growing out of such expiration or termination for cause.

(d) **Non-Exclusive Remedy.** The exercise by any Party of any remedy under this Agreement will be without prejudice to its other remedies under this Agreement or otherwise.

(e) **Survival.** Notwithstanding anything else in this Agreement to the contrary, in the event of expiration or termination of this Agreement, each of Licensee and Licensor will remain liable for its respective obligations pursuant to this Agreement or any other agreement between Licensee and Licensor or any affiliate that expressly or by their nature survive the expiration or termination of this Agreement, including, without limitation, accounting and payment of License Fees accrued and owed to Licensor, the provisions relative to confidentiality, any restrictive covenant contained herein, the indemnification provisions herein and any damage or liability resulting from the breach of any representation and warranty made herein. Each party covenants and agrees that, after the Agreement is terminated for any reason, neither it nor any of its respective affiliates shall in any way, directly or indirectly, alone or in concert with other, cause, express or cause to be expressed, orally or in writing, any remarks, statements, comments, or criticisms that disparage, call into disrepute, defame, slander or which can reasonably be construed to be derogatory or critical of, or negative toward the other party or the Property.

(f) **Fees Owning.** Upon termination or expiration of this Agreement, any Fees that have accrued at the time of termination or expiration, remain owing to Licensor, including any Renewal Fee that has accrued in the event that Licensee fails to provide notice of exercise of its option to forego the Renewal Term within the time limit set by Paragraph H, and shall be paid to, or as directed by, Licensor on the effective date of such termination or expiration of this Agreement, as the case may be.

7.4 **Events of Default.** Each and any of the following shall be considered a default or breach under this Agreement (each, an "Event of Default"):

- (a) Licensee fails to pay any Fees when due under this Agreement and such failure has not been cured within thirty (30) days;
- (b) Licensee intentionally understates or underreports any Gross Receipts or License Fees required to be paid pursuant to this Agreement;

(c) Licensee, Licensor, or Trans-High has any license or permit associated with a Licensed Dispensary or its obligations as contemplated herein (i) revoked, suspended, or otherwise penalized and (ii) such license or permit is not restored and brought into full compliance with applicable law within sixty (60) days thereafter or another license or permit is associated with the Licensed Dispensary in substitution thereof;

(d) The occurrence of: (i) the commencement of any bankruptcy or insolvency proceeding by or against a Party; or (ii) the filing of any articles of dissolution or its equivalent for such Party, and proceeding or filing has not been dismissed or withdrawn within sixty (60) days;

(e) Licensee as applicable or any of its affiliates, or any director or officer of Licensee, or any affiliate, is convicted of (or pleads no contest to) any misdemeanor or felony that brings or tends to bring any of the Property into disrepute or impairs or tends to impair the reputation or the goodwill of any of the Property;

(f) If any owner of, or party with a financial interest in, any operating subsidiary of Licensee, Licensor, or Trans-High is disqualified for any reason under applicable law from owning or having a financial interest in such operating subsidiary under applicable law; provided, however, that Licensee or Licensor, as applicable shall have ninety (90) days after written notice thereof from the applicable governmental authority to purchase the interest of such party or cause such governmental authority to rescind such disqualification;

(g) If Licensee, Licensor, Trans-High or any operating subsidiary of any of them, as may be applicable, violates applicable law related to the Licensed Dispensary or otherwise to sale or transfer of cannabis, which violation is not cured within sixty (60) days of such violation; provided, however, if such violation is not reasonably capable of being cured within sixty (60) days, Licensee/Licensor shall have such additional period of time as is reasonably required to cure such violation provided that Licensee/Licensor commences to cure such violation with sixty (60) days and diligently prosecutes the same to completion; this provision results in an Event of Default, and associated termination rights, only in respect of the state in which the Event of Default occurred;

(h) Except for an acquisition of Licensee by Red White & Bloom Brands Inc. or an affiliate thereof, if Licensee undergoes a change of control without the prior written consent of Licensor, which consent shall not be unreasonably withheld, or if Licensor or Trans-High undergoes a change of control without the prior written consent of Licensee, which consent shall not be unreasonably withheld, where change of control means: (1) any "person" (as such term is used in Sections 13(d) and 14(d) of the United States Securities Exchange Act of 1934, as amended), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the applicable company representing fifty percent (50%) or more of the total voting power represented by the company's then outstanding voting securities, whether by tender offer, or otherwise, (2) the consummation of a merger or consolidation of the applicable company with any other entity, other than a merger or consolidation which would result in the voting securities of the company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than fifty percent (50%) of the total voting power represented by the voting securities of the company or such surviving entity outstanding immediately after such merger or consolidation;

(i) Any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the United States or any state, county, city or other political subdivision or similar governing entity within the Territory issues a formal recommendation against, denies or revokes the issuance to a Party of a medical or retail cannabis business license, which recommendation cites the participation of any of the owners, directors, officers, members, partners, shareholders, affiliates or employees of such Party as a factor in the decision, or the governmental authority conditions the issuance of a medical or retail cannabis business license on disassociation by a Party from any of its owners, directors, officers, members, partners, shareholders, affiliates or employees, and such Party fails to cure within ninety (90) days after written notice thereof; and

(j) Licensee, Licensor, or Trans-High materially breaches, Licensee learns that Licensor or Trans-High previously materially breached, or Licensor or Trans-High learns that Licensee previously materially breached, any representation or warranty of this Agreement, provided, that the breaching Party has failed to cure any such breach within sixty (60) days after written notice of breach from a non-breaching Party (unless a different cure period is specifically provided with respect to such breach elsewhere in this Agreement, in which event, the cure period, in any, specified for such breach elsewhere in this Agreement shall apply).

8. Miscellaneous.

8.1 Duty of Confidentiality. Except as specifically provided in this Agreement, each Party agrees to keep strictly confidential all Confidential Information (as defined below) and will not, without the express written authorization of the other Parties, disclose, copy, publish, distribute, transfer, market, use, misuse, alter or destroy any Confidential Information to any third person, firm, company, corporation or association for any purpose. Each Party will maintain adequate internal safeguards to protect the Confidential Information of the other Parties, and each Party warrants and covenants to the other Parties that any consultant of such Party who gains access to Confidential Information of the other Parties shall have executed a form of agreement pursuant to which he, she or it is bound by the non-use and non-disclosure obligations of this Paragraph 8.1. Each Party is responsible for a breach of this Paragraph 8.1 by any of its officers, directors, partners, employees, contractors, affiliated companies, subsidiaries, agents and consultants. Each Party further acknowledges and agrees that, if there is any question as to whether or not information obtained by such Party from one of the other Parties constitutes Confidential Information, such Party will confer with the applicable other Party regarding the status of the information prior to any disclosure and such Party will not disclose such information without the express written authorization of the applicable other Party. No Party will make use of the Confidential Information except to meet its obligations or exercise its rights under this Agreement. No Party will permit access to the Confidential Information of the other Parties to any person, company, agency, or other entity that is not authorized in writing by the applicable other Party to have access, observe, review, or receive the Confidential Information. The obligations imposed under this Paragraph 8.1 shall survive the termination of this Agreement. For purposes of this Agreement, "Confidential Information" shall include (i) the terms of this Agreement, and (ii) any and all confidential and/or proprietary knowledge, data, methodology or information constituting, arising in connection with or relating to a Party that is made available by such Party to the other Party (or Parties, as the case may be) either prior to or after the Effective Date. Except for personally identifiable information, which shall always remain Confidential Information, Confidential Information does not include: (i) information that has become generally known or available to the public through publication or otherwise through no violation of this paragraph 8.1; (ii) information independently developed by a Party without use of Confidential Information of the other Party (or Parties, as the case may be); (iii) information that a Party can demonstrate by written records was known or in the possession of such Party prior to disclosure by the other Party (or Parties, as the case may be); or (iv) information that a Party is required to disclose by court order provided that such Party uses all commercially reasonable efforts to limit such disclosure and to obtain confidential treatment.

The Parties acknowledge that any breach of Confidential Information shall result in immediate and irreparable damage to the discloser of such Confidential Information. The Parties acknowledge and admit that there is not an adequate remedy at law for such failure, and agree that in the event of such breach, the relevant Party shall be entitled to equitable relief by way of temporary and permanent injunction and such other and further relief as any court with jurisdiction may deem just and proper.

8.2 **Assignability.** No Party may assign any of its rights under this Agreement without the prior written approval of the other Parties. Any attempted assignment in violation of this provision will be void.

8.3 **General.** This Agreement contains a complete statement of all arrangements between the Parties with respect to its subject matter. This Agreement may not be changed or terminated orally and will benefit and be binding upon the Parties' respective permitted successors and assigns, if any. Each Party represents, warrants, and covenants that it is under no legal impediment preventing it from entering into and fully performing this Agreement. The failure of a Party to insist upon strict adherence to any term of this Agreement on any occasion will not be construed as a waiver or limit that Party's right thereafter to insist upon strict adherence to that term or any other term of this Agreement. All waivers must be in writing. If any provision of this Agreement is invalid or unenforceable as applied to any circumstance, the balance of this Agreement, including that provision as applied to other circumstances, will remain in effect. The Licensee will not be considered as, or hold itself out to be, an agent, partner or joint venturer of the Licensor or Trans-High, neither the Licensor nor Trans-High will be considered as, or hold itself out to be, an agent, partner or joint venturer of the Licensee. The Licensee may not bind the Licensor or Trans-High in any dealings with a third party, and neither the Licensor nor Trans-High may bind the Licensee in any dealings with a third party. The headings on this Agreement are solely for convenience of reference and will not affect its interpretation. This Agreement will be governed by and construed in accordance with laws of the state of Michigan applicable to agreements made and to be performed in that state. Each Party consents and agrees that state courts for Michigan will have jurisdiction over it with respect to any dispute or controversy relating to this Agreement, and that process may be served on it in accordance with this Paragraph 8.3. Each Party will be responsible for and bear all of its own costs and expenses (including attorneys' fees) incurred at any time in connection with pursuing, negotiating or completing this Agreement.

8.4 **Regulatory Approval.** The terms of this Agreement shall be subject to approval by Michigan Marijuana Regulatory Agency for Michigan, and subject to approval by the corresponding regulatory authorities in each of Illinois and Florida. In the event that this Agreement is not approved by the Michigan Marijuana Regulatory Agency or by the corresponding regulatory authorities in either of Illinois and Florida, the Parties will work together to modify the terms to satisfy the requirements of such state or states. The Parties shall provide best commercial efforts to support any appeal or other measures taken by a Party to obtain an approval from the Michigan Marijuana Regulatory Agency or by the corresponding regulatory authorities in either of Illinois and Florida, notwithstanding the previous failure to obtain approval. For the avoidance of doubt, in the event that the Michigan Marijuana Regulatory Agency or by the corresponding regulatory authorities in either of Illinois and Florida reject this Agreement and the Parties are unable to modify the Agreement for compliance, all consideration paid to Licensor shall remain with Licensor. In the event that the Licensor subsequently grants similar rights within six (6) months of failing to agree to amendments that would otherwise provide for Regulatory Approval, then Licensor shall reimburse all retained consideration that was paid by Licensee for that specific State as the case may be within fifteen (15) calendar days.

8.5 **Press Release.** Upon full execution of this Agreement by all Parties, the Parties shall agree upon the content of a press release announcing the existence of this agreement and future press release related to the planned opening of the Licensed Dispensaries.

9. **Notices.** All notices, accounting reports and other communications under this Agreement will be in writing and will be considered given when personally delivered or mailed by prepaid certified or registered mail or recognized overnight delivery service, return receipt requested, to the Parties addressed at the applicable address stated in Paragraph B (or at such other address as a Party may specify by notice given to the others).

10. **Agreement Only Upon Full Execution and Delivery.** This document will not be binding on a Party or constitute a note or memorandum of the material terms of an agreement until each Party has received a copy signed on behalf of all Parties. This Agreement may be executed in separate counterparts, including by electronic means, and the signing or execution by way of counterpart or by electronic means will have the same effect as the signing or execution of the original.

PRODUCT LICENSING AGREEMENT

THIS AGREEMENT is made and is effective as of the fourth (4th) day of June, 2020.

BETWEEN:

HT RETAIL LICENSING, LLC

(“**Licensor**”)

- and -

1251881 BC LTD

(“**Licensee**”)

WHEREAS:

- A. Licensor and Licensee are parties to a retail licence agreement relating to licensed cannabis dispensaries (the “**Retail License Agreement**”);
- B. Licensor holds certain Defined Intellectual Property Rights (as defined herein) related to Cannabis Products (as defined herein). Trans-High Corporation has licensed the Defined Intellectual Property Rights to Licensor to enable Licensor to sublicense to Licensee the Defined Intellectual Property Rights during the Initial Term (as defined herein) and the Extension Term (as defined herein);
- C. Licensee is in the business of Commercializing (as defined herein) the Cannabis Products under certain Regulatory Approvals (as defined herein);
- D. Licensor wishes to license the Defined Intellectual Property Rights to Licensee; and
- E. Licensee wishes to license the Defined Intellectual Property Rights from Licensor;

NOW THEREFORE in consideration of the mutual covenants and agreements herein contained, and subject to the terms and conditions hereinafter set out, the Parties agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Agreement, and in addition to the words and terms that are defined elsewhere in this Agreement, the following words and terms shall have the indicated meanings:

“**Affiliate**” means an entity or Person who controls, is controlled by or is under common control with either Party. For purposes of this definition, “control” and its derivatives shall mean: (a) in the case of corporate entities, the direct or indirect ownership of more than 50% of the stock or participating shares entitled to vote for the election of directors; and (b) in the case of a partnership, the power to direct the management and policies of such partnership.

“**Agreement**” means this intellectual property licensing agreement between the Parties and includes all attached schedules.

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“**Applicable Law**” means, in relation to any Person, agreement, property, transaction, event or other matter, all applicable laws, statutes, Regulatory Approvals, ordinances, decrees, rules, regulations, by-laws, legally enforceable policies, codes or guidelines, judicial, arbitral, administrative, ministerial, departmental or regulatory judgements, orders, decisions, directives, rulings, subpoenas, or awards, and conditions of any grant or maintenance of any approval, permission, certification, consent, registration, authority or licence, any applicable or state pricing policies, and any other requirements of any Governmental Authority, by which such Person is bound or having application to the matter in question, including (a) in the State of Michigan, the *Michigan Medical Marihuana Act*, the *Administrative Rules for the Michigan Medical Marihuana Program*, the *Michigan Regulation and Taxation of Marijuana Act* and all regulations promulgated thereunder, as the same may be amended from time to time (collectively, the “**Michigan Act**”), (b) in the State of Illinois, the *Compassionate Use of Medical Cannabis Pilot Program Act*, as amended, and all regulations promulgated thereunder, as the same may be amended from time to time (the “**Illinois Act**”), (c) in the state of Florida, the *Compassionate Medical Cannabis Act* of the, as amended and all regulations promulgated thereunder (the “**Florida Act**”) and (d) similar legislation in other states that may be added to the Territory, and any amendments or supplements to, or all replacements and substitutions of, any of the foregoing.

“**Branded Products**” means any Products that carry the HT Branding.

“**Branding**” means all trademarks, trade dress, trade and business names, brand names, logos, design rights, corporate names and domain names and other similar designations of source, sponsorship, association or origin, together with the goodwill symbolized by any of the foregoing, which are developed, licensed or otherwise accessed by Licensee for branding and promoting the Branded Products.

“**Business Day**” means any day except a Saturday, a Sunday or a statutory holiday in Michigan.

“**Cannabis Input**” means any cannabis flowers, leaves, extract, synthesized phytocannabinoids or other cannabis used with the Other Inputs in the manufacture of a Cannabis Product.

“**Cannabis Product**” means Cannabis Inputs and Other Inputs that have been prepared, packaged and labelled as a consumer packaged good for sale to a consumer at the retail level.

“**CBD Input**” means cannabidiol or cannabidiolic acid inputs that are from any flowers, leaves, extract or other sources of cannabidiol or cannabidiolic acid that are sourced from industrial hemp plants and that are not sourced from cannabis plants that are prohibited by federal law. The CBD Input is used with the Other Inputs in the manufacture of a CBD Product.

“**CBD Product**” means CBD Inputs and Other Inputs that have been prepared, packaged and labelled for as a consumer packaged good for sale to a consumer at the retail level.

“**Commercialization**” means manufacture and sale of the Branded Products, including through third party manufacturers and distributors.

“**Confidential Information**” means any documents, data or other information that is confidential to the other Party, including information that is disclosed by the other Party and which is identified by such disclosing Party as “Confidential”, but does not include information in respect of which it can be established by the Party receiving such information that the information (a) was already known to the receiving Party at the time of disclosure, (b) was generally available to the public or otherwise part of the public domain at the time of its disclosure, (c) became generally available to the public or otherwise part of the public domain after its disclosure to the receiving Party through no act or omission of the receiving Party, (d) was disclosed to the receiving Party by a third party who was not known to the receiving Party (after reasonable inquiry) to have obligations restricting disclosure of such information, or (e) was independently developed by the receiving Party without any use of Confidential Information of the disclosing Party.

“**Effective Date**” means the date of this Agreement as indicated on page one (1).

“**Governmental Authority**” means within the Territory any, state or local, and as applicable in the circumstances, any foreign: (a) government; (b) court, arbitral or other tribunal or governmental or quasi-governmental authority of any nature (including any governmental agency, political subdivision, instrumentality, branch, department, official, or entity); (c) body or other instrumentality exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature pertaining to government; or (d) any other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange.

“**HT Branding**” means Branding protected by HT Intellectual Property Rights, as listed and described in Schedule A.

“**HT Intellectual Property Rights**” means Intellectual Property Rights owned, licensed or otherwise held by Licensor.

“**HT Technology**” means know-how, methods, trade secrets and other Confidential Information held by Licensor and protected by HT Intellectual Property Rights, including formulations for manufacturing cannabis extracts, edible cannabis and other Cannabis Products and including methods cultivation, processing and other supply chain management.

“**Improvement**” means any technological development, advancement or other innovation, whether deliberately or unintentionally developed, created, conceived or otherwise innovated, that (a) is protectable under the Defined Intellectual Property Rights, (b) is based on subject matter protected by the Defined Intellectual Property Rights, (c) relates to a Cannabis Input, CBD Input, Cannabis Product or CBD Product related to the subject matter of the Defined Intellectual Property Rights, (d) is otherwise connected or related to the Defined Intellectual Property Rights, (e) relates to any Cannabis Input, CBD Input, Cannabis Product or CBD Product.

“**Intellectual Property Rights**” means all industrial and other intellectual property rights comprising or relating to (a) Branding; (b) internet domain names, whether or not Branding, registered by any authorized private registrar or Governmental Authority, web addresses, web pages, website and URLs; (c) works of authorship, expressions, designs and industrial design registrations, whether or not copyrightable, including copyrights and copyrightable works, software and firmware, data, data files, and databases and other specifications and documentation; (d) inventions, discoveries, trade secrets, business and technical information, know-how, databases, data collections, patent disclosures and other confidential or proprietary information; (e) plant varieties, strains or cultivars; and (f) all industrial and other intellectual property rights, and all rights, interests and protections that are associated with, equivalent or similar to, or required for the exercise of, any of the foregoing, however arising, in each case whether registered or unregistered, such registered rights including patent, registered plant breeders’ rights, trademark, industrial design, copyright, *Plant Varieties Protection Act* registrations and including all registrations and applications for, and renewals or extensions of, such rights or forms of protection under the Applicable Law of any jurisdiction in any part of the world.

“**Joint Improvement**” means any Improvement that both Parties contributed to developing, creating, conceiving or otherwise innovating.

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“**Other Input**” means hardware, rolling papers, packaging, labels, solvents, food ingredients, flavours, terpenoids formulations or any other components other than Cannabis Inputs, which are used with the Cannabis Inputs in manufacturing Cannabis Products, and any similar components other than CBD Inputs, which are used with the CBD Inputs in manufacturing CBD Products.

“**Parties**” means, collectively, Licensee and Licensor, and “**Party**” means either of them individually, as applicable.

“**Person**” is to be broadly interpreted and includes an individual, a corporation, a partnership, a joint venture, a trust, an association, an unincorporated organization, a Governmental Authority, an executor or administrator or other legal or personal representative, or any other juridical entity.

“**Products**” means Cannabis Products or CBD Products.

“**Regulatory Approval**” means any approval, consent, ruling, authorization, notice, permit or acknowledgement that may be required from any Governmental Authority pursuant to Applicable Law, for possession, distribution, marketing, promotion, use, offer for sale or sale of Cannabis Inputs, CBD Inputs, Cannabis Products or CBD Products, or which is otherwise required under Applicable Law for the Parties to perform their obligations under this Agreement.

“**Territory**” with respect to the Cannabis Products, any Defined Intellectual Property Rights related to Cannabis Products and any Commercialization of the Cannabis Products, means, and is limited to, (a) the State of Michigan, (b) subject to Regulatory Approvals issued pursuant to the Illinois Act to Commercialize the Branded Products, or commercial arrangements with holders of Regulatory Approvals issued under the Illinois Act, the State of Illinois, and (c) subject to Regulatory Approvals issued pursuant to the Florida Act, or commercial arrangements with holders of Regulatory Approvals under or the Florida Act to Commercialize the Branded Products, the State of Florida; with respect to the CBD Products, any Defined Intellectual Property Rights related to CBD Products and any Commercialization of the CBD Products, means, and is limited to, the United States of America and all jurisdictions within the United States of America.

1.2 Currency and Payment Methods

1.2.1 Unless otherwise indicated, all dollar amounts or “\$” referred to in this Agreement are stated in US Dollars.

1.3 Headings

1.3.1 The division of this Agreement into articles, sections, subsections, paragraphs and clauses and the insertion of the recitals and headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement.

1.4 Other Points of Interpretation

1.4.1 In this Agreement, unless there is something in the subject matter or context inconsistent therewith:

- (a) words in the singular number include the plural and such words will be construed as if the plural had been used;
- (b) words in the plural include the singular and such words will be construed as if the singular had been used; and
- (c) words importing the use of any gender include all genders where the context or party referred to so requires, and the rest of the affected sentence will be construed as if the necessary grammatical and terminological changes had been made.

- 1.4.2 The term “including” (or any conjugation thereof) means including (or any conjugation thereof) without any limitation.
- 1.4.3 The terms “this Agreement”, “hereof”, “herein”, “hereunder” and similar expressions refer to this Agreement and not to any particular article, section, subsection, paragraph, clause or other portion hereof and include any agreement or instrument supplementary or ancillary hereto. Unless otherwise stated, all references in this Agreement to articles, sections, subsections, paragraphs, clauses, recitals and schedules refer to articles, sections, subsections, paragraphs, clauses, recitals and schedules of and to this Agreement in which such reference is made.
- 1.4.4 Any reference to the “discretion” of a Party means the Party’s sole, unfettered and independent discretion.

1.5 Business Days

- 1.5.1 If any period of time expires or any day on which action is to be taken under this Agreement falls on a day which is not a Business Day, such day will be deemed to refer to the next Business Day.
- 1.5.2 Unless otherwise indicated, time periods within which a payment is to be made or any other action is to be taken hereunder shall be calculated excluding the Business Day on which the period commences and including the Business Day on which the period ends.

1.6 Schedules

- 1.6.1 The following schedule forms part of this Agreement:

Schedule A – Defined Intellectual Property Rights

**ARTICLE 2
INTELLECTUAL PROPERTY LICENSE**

2.1 License Grant

- 2.1.1 Subject to the terms and conditions of this Agreement, Licensor hereby grants Licensee an exclusive, sublicensable, non-transferable, non-assignable right and license to use and practice HT Intellectual Property Rights related to the Commercialization of the Cannabis Products and the CBD Products, and which are listed in Schedule A (the “**Defined Intellectual Property Rights**”) for Commercializing the Branded Products in the Territory (the “**License**”).
- 2.1.2 Licensee may sublicense the Defined Intellectual Property Rights to its Affiliates or third parties only for use in manufacturing of the Cannabis Inputs, CBD Inputs, Cannabis Products or CBD Products, or for any purpose beneficial to the Licensee that is related to Commercialization of the Cannabis Inputs, CBD Inputs, Cannabis Products or CBD Products. Licensee shall ensure that Confidential Information of Licensor, including the HT Technology, is protected by any sublicensee. Licensor may, in Licensor’s discretion and at Licensor’s sole cost, provide support staff and advisors to assist and support Licensee and any Affiliate or third party sublicensees in implementing the HT Technology or in effectively presenting the HT Branding.

2.1.3 Upon five (5) Business Days' prior written notice to Licensee, Licensor may, at Licensor's discretion and at Licensor's sole cost, inspect any facility or site under Licensee's control in which the HT Technology or the HT Branding is applied to the cultivation of any Cannabis Inputs, the manufacture of any Other Inputs or the manufacture of any Branded Product. While at such facility or site, Licensor shall comply with all policies and procedures, including health and safety policies and procedures of Licensee. Licensee shall ensure in any sublicense allowing Affiliate or third party manufacture or cultivation that Licensor is entitled to such access.

2.2 Manufacture and Sale of Branded Products

2.2.1 If Licensor requests that the Branded Products be manufactured using the HT Technology, and if Licensee deems the HT Technology to be commercially viable and compliant with Applicable Law including state lab quality standards and other state product requirements, Licensee will manufacture or arrange for the manufacture of some or all of the Branded Products using the HT Technology. The Branded Products shall be manufactured and packaged using Cannabis Inputs, CBD Inputs and Other Inputs selected by Licensor, with the Cannabis Inputs, CBD Inputs and Other Inputs being sourced from vendors selected by Licensor, in the event that Licensor identifies a preferred vendor.

2.2.2 Licensee may sell or arrange for the sale of the Branded Products through retail cannabis dispensaries operated by Licensee, an Affiliate of Licensee or a third party. Licensee may sell or arrange for the sale of the Branded Products into medical or adult use markets for Cannabis Products.

2.3 Promotion and Support

2.3.1 Licensor shall host and create dedicated information webpage about each Product with a link from the "Store Directory" page of Licensor's website. In addition, Licensor shall provide a minimum of one "4:20 Live" session per quarter to feature the Branded Products and licensed cannabis dispensaries carrying the HT Branding.

2.3.2 Licensor shall assist Licensee in marketing weekly specials using Licensor's opt-in email and text message lists.

2.4 Expanded Territory

2.4.1 The Territory may be expanded to include the State of Illinois upon issue of Regulatory Approvals to Licensee or an Affiliate of Licensee pursuant to the Illinois Act, or commercial arrangements with holders of Regulatory Approvals issued under the Illinois Act allowing Commercialization of the Branded Products in the State of Illinois. The current Royalty Period shall be prorated for the number of months remaining when Illinois is added to the Territory, beginning with the month after the date within which Illinois is added to the Territory, for the purposes of calculating the minimum Cannabis Royalty in Illinois.

2.4.2 The Territory may be expanded to include the State of Florida upon issue of Regulatory Approvals to Licensee or an Affiliate of Licensee pursuant to the Florida Act, or commercial arrangements with holders of Regulatory Approvals issued under the Florida Act allowing Commercialization of the Branded Products in the State of Florida. The current Royalty Period shall be prorated for the number of months remaining when Florida is added to the Territory, beginning with the month after the date within which Florida is added to the Territory, for the purposes of calculating the minimum Cannabis Royalty in Florida.

- 2.4.3 Licensee may only add additional states under Section 2.4.1 or Section 2.4.2 if no Breach Notice in respect of Michigan, other portions of the Territory or the CBD Products has been delivered to Licensee for which the Cure Period remains is pending.

ARTICLE 3 ROYALTIES

3.1 Royalties

- 3.1.1 Licensee shall pay to Licensor an amount equal to ten percent (10%) of the gross proceeds generated by the Licensee through Commercialization of Branded Products that are Cannabis Products (the “**Cannabis Royalty**”). For clarity, gross proceeds do not include Surcharges.
- 3.1.2 Licensee shall pay to Licensor an amount equal to five percent (5%) of the gross proceeds generated by the Licensee through Commercialization of Branded Products that are CBD Products (the “**CBD Royalty**”). For clarity, gross proceeds do not include Surcharges.
- 3.1.3 Where any Products are sold at wholesale to an Affiliate or other non-arm’s length entity by Licensee, the Cannabis Royalty and the CBD Royalty shall be calculated based on prevailing average wholesale price for the Products made to arm’s length third parties in the previous sixty (60) days. In the event that no wholesale of the Products has been made to arm’s length third parties in the previous sixty (60) days, the Cannabis Royalty and the CBD Royalty shall be calculated based on fifty percent (50%) of the retail sale price at which the Affiliate or other non-arm’s length entity sold the Products (for clarity, the retail sale price of those particular Products that were sold at wholesale to the Affiliate or other non-arm’s length entity). In the event that information about the retail sale price for the particular Products that were sold at wholesale to the Affiliate or other non-arm’s length entity is not available, then the Cannabis Royalty and the CBD Royalty will be calculated based on fifty percent (50%) of the highest retail price charged by Licensee for the applicable Products in the ordinary course (for clarity, the retail sale price of the Products generally when sold by Licensee at retail, and not those particular Products that were sold at wholesale to the Affiliate or other non-arm’s length entity).

3.2 Payments and Minimum Royalties

- 3.2.1 The obligation of Licensee to make all payments under this Agreement is absolute and unconditional and is not, except as expressly set out in this Agreement, affected by any circumstance, including without limitation any setoff, compensation, counterclaim, recoupment, defence or other right which Licensee may have against Licensor.
- 3.2.2 All payments made under this Agreement shall be made by way of wire transfer or other electronic funds transfer in immediately available funds in accordance with the account information provided for Licensor and Licensee.
- 3.2.3 The commencement of the first and all subsequent annual periods during which royalties are paid (each, a “**Royalty Period**”) shall be determined based on the Effective Date. The first Royalty Period shall begin on the first day of the calendar month following the calendar month of the Effective Date. The first Royalty Period shall end eighteen (18) months after the start of the first Royalty Period. Each subsequent Royalty Period shall run for twelve (12) months after the end of the preceding Royalty Period. For example, if the Effective Date is May 28, 2020, then the first Royalty Period begins on June 1, 2020 and ends on November 30, 2021, and all following Royalty Periods would run from December 1 to November 30, with quarters running from June to August, September to November, December to February and March to May, inclusive.

- 3.2.4 All payments of Royalties shall be made quarterly within thirty (30) days of the end of the previous quarter in each Royalty Period.
- 3.2.5 During each Royalty Period, Licensee shall pay a minimum Cannabis Royalty of \$2,500,000 in each state of the Territory. For clarity, the minimum Cannabis Royalty for multiple states in the Territory shall be calculated based on the revenue in each state. Amounts over \$2,500,000 for the Cannabis Royalty in one state may not be set off against deficits in other states.
- 3.2.6 During each Royalty Period, Licensee shall pay a minimum CBD Royalty of \$250,000 for all sales in the Territory as a whole. Amounts over \$2,500,000 for the Cannabis Royalty in one state or amounts over \$250,000 for the CBD Royalty in the Territory as a whole may not be set off against deficits in the other of the CBD Royalty or the Cannabis Royalty.
- 3.2.7 Beginning with the second Royalty Period, and no later than sixty (60) days from that date each year and each subsequent year, Licensee shall provide financial records relevant to all Royalties payable for the Royalty Period (the “**Annual Royalty Records**”). The Parties shall review the Annual Royalty Records and if, based on the Annual Royalty Records, the Parties determine that there was an overpayment or underpayment by Licensee to Licensor for the Cannabis Royalty, the CBD Royalty, or both, the Party to whom a payment is owed shall provide the other Party an invoice for the Royalties owing (the “**Royalty Invoice**”). The Party to whom a payment is owed shall pay the Royalty Invoice no later than thirty (30) days after receiving the Royalty Invoice.

3.3 Surcharges

- 3.3.1 Except as otherwise provided in this Agreement, the Royalties are exclusive of all taxes, fees, duties or charges, including goods and services tax, excise duty, sales tax or excise duty (the “**Surcharges**”). To the extent required by Applicable Law, all such Surcharges other than taxes on income, whether in existence at the date hereof or imposed thereafter, will be borne by and be the responsibility of Licensee. If Licensor is required by the relevant taxing authority to collect and remit any of such Surcharges that are the responsibility of Licensee hereunder, the Surcharges will be paid by Licensee to Licensor as an amount in addition to the Licensing Fee and the Royalty unless Licensee supplies Licensor with all documentation required to exempt Licensee from paying, and to exempt Licensor from collecting, any or all of such Surcharges. Each Party agrees to use commercially reasonable efforts to assist the other Party in claiming any legal exemptions from the respective obligations to deduct or withhold Surcharges.
- 3.3.2 Notwithstanding any other provision of this Agreement, in the event any amount becomes payable to or by a Party as a result of a breach, modification or termination of the Agreement, the amount payable will be increased or decreased, as the case may be, by the amount of any Surcharges applicable to such amount.

**ARTICLE 4
REGULATORY MATTERS AND RECORDS**

4.1 Record Keeping

4.1.1 The Parties shall comply with Applicable Law with respect to record keeping. The Licensee shall prepare and maintain up-to-date books and records for all cultivation, processing, supply, purchase and manufacture of the Cannabis Inputs, CBD Inputs, Cannabis Products or CBD Products (the “**Records**”). All Records shall be recorded, maintained and reported as required by Applicable Law. Where Applicable Law does not require maintaining the Records for at least six (6) years, the Parties shall maintain such Records for a minimum of six (6) years. Subject to the confidentiality obligations under this Agreement, each Party shall provide the other Party and any of its related third parties or Affiliates, including its accountants and other professional advisors, reasonable access to such Records for the purposes of carrying out obligations in this Agreement, upon request.

4.2 Audit Rights

4.2.1 Upon at least thirty (30) days’ written notice, Licensor shall have the right, through an independent law firm or accounting firm reasonably acceptable to Licensee (the “**Auditor**”), to examine such sublicense agreements, Records or other information obtained during the audit (the “**Audit Materials**”) as is necessary to verify and review all sublicenses entered into by Licensee, and to confirm the amounts of the Royalties paid under this Agreement. Such right may be exercised a maximum of two (2) times during any calendar year. Such examination may be performed during normal business hours at Licensee’s major place of business or at such other place as may be agreed upon by Licensor and Licensee. The Auditor may make summaries or copies of any sublicense agreements solely for its use in performing the examination, and may communicate any Audit Materials to Licensor, provided that any such Audit Materials are treated as Confidential Information of Licensee.

**ARTICLE 5
REPRESENTATIONS, WARRANTIES, AND COVENANTS**

5.1 Representations, Warranties, and Covenants of Licensor

5.1.1 Licensor represents, warrants, and covenants to the Licensee that the following statements are true and correct, and acknowledges and confirms that Licensee is relying on such representations and warranties in connection with its execution and delivery of this Agreement and in meeting the obligations set out in this Agreement:

- (a) Licensor is a corporation duly formed and validly existing under the laws of its jurisdiction of formation;
- (b) the execution and delivery of this Agreement and the consummation of the transactions contemplated hereunder have been properly authorized by all necessary corporate action on the part of Licensor;
- (c) this Agreement constitutes a legal, valid and binding obligation of Licensor, enforceable against Licensor in accordance with its terms and conditions;
- (d) Licensor has full right, power and authority to enter into this Agreement and to complete the transactions contemplated hereunder;
- (e) there is no action or proceeding pending or threatened against it before any court, administrative body or other tribunal which would have an adverse material effect on its ability to perform its obligations hereunder;

- (f) any obligations, contractual or otherwise, of Licensor to any Person that might conflict, interfere or be inconsistent with this Agreement, if any, have been waived or terminated;
- (g) no consent or approval of any Governmental Authority, or filing with or notice to, any Governmental Authority, court or other Person, is required in connection with the execution, delivery or performance of this Agreement by Licensor, except for any such consent, approval, filing or notice that would not have a materially adverse effect on either Party's ability to perform its obligations under this Agreement;
- (h) as of the Effective Date, Licensor has not been and it is not currently subject to any bankruptcy event or insolvency, liquidation or dissolution for the benefit of its creditors or otherwise and Licensee is able to satisfy its liabilities as they become due; and
- (i) Licensor will use commercially reasonable efforts to protect the Defined Intellectual Property Rights from unauthorized use in the Territory.

5.2 Representations, Warranties, and Covenants of Licensee

5.2.1 Licensee represents, warrants, and covenants to the Licensor that the following statements are true and correct, and acknowledges and confirms that Licensor is relying on such representations and warranties in connection with its execution and delivery of this Agreement and in meeting the obligations set out in this Agreement:

- (a) Licensee is a corporation duly formed and validly existing under the laws of its jurisdiction of formation;
- (b) the execution and delivery of this Agreement and the consummation of the transactions contemplated hereunder have been properly authorized by all necessary corporate action on the part of Licensee;
- (c) this Agreement constitutes a legal, valid and binding obligation of Licensee, enforceable against Licensee in accordance with its terms and conditions;
- (d) Licensee has full right, power and authority to enter into this Agreement and to complete the transactions contemplated hereunder;
- (e) there is no action or proceeding pending or threatened against it before any court, administrative body or other tribunal which would have an adverse material effect on its ability to perform its obligations hereunder;
- (f) to Licensee's knowledge and belief, its obligations set out herein do not infringe any Applicable Law or Intellectual Property Right held by any Person;
- (g) any obligations, contractual or otherwise, of Licensee to any Person that might conflict, interfere or be inconsistent with this Agreement, if any, have been waived or terminated;
- (h) no consent or approval of any Governmental Authority, or filing with or notice to, any Governmental Authority, court or other Person, is required in connection with the execution, delivery or performance of this Agreement by Licensee, except for any such consent, approval, filing or notice that would not have a materially adverse effect on either Party's ability to perform its obligations under this Agreement;

- (i) as of the Effective Date, Licensee has not been and it is not currently subject to any bankruptcy event or insolvency, liquidation or dissolution for the benefit of its creditors or otherwise and Licensee is able to satisfy its liabilities as they become due; and
- (j) Licensee shall comply with Applicable Law related to the Cannabis Inputs, CBD Inputs, Cannabis Products and CBD Products in Commercializing the Defined Intellectual Property Rights, and shall contractually require and otherwise take steps to ensure that any third party sub-licensee also complies with Applicable Law.

5.3 Disclaimer of Warranty

- 5.3.1 EXCEPT AS EXPRESSLY SET OUT IN THIS AGREEMENT, LICENSOR MAKES NO REPRESENTATIONS, CONDITIONS, OR WARRANTIES, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE DEFINED INTELLECTUAL PROPERTY RIGHTS. ALL DEFINED INTELLECTUAL PROPERTY RIGHTS ARE MADE AVAILABLE TO LICENSEE STRICTLY ON AN "AS IS" BASIS. LICENSOR DOES NOT WARRANT THAT THE EXERCISE BY LICENSEE OF THE DEFINED INTELLECTUAL PROPERTY RIGHTS GRANTED UNDER THIS AGREEMENT WILL NOT INFRINGE INTELLECTUAL PROPERTY RIGHTS OF A THIRD PARTY. LICENSOR SPECIFICALLY DISCLAIMS, WITHOUT LIMITATION, ANY AND ALL IMPLIED WARRANTY, CONDITION, OR REPRESENTATION THAT THE DEFINED INTELLECTUAL PROPERTY RIGHTS RESPOND TO A PARTICULAR DESCRIPTION, ARE OF MERCHANTABILITY QUALITY, ARE FIT FOR A PARTICULAR PURPOSE, WILL ACHIEVE A PARTICULAR RESULT OR ARE DURABLE FOR A REASONABLE PERIOD OF TIME.

ARTICLE 6 INDEMNITY AND LIMITATION OF LIABILITY

6.1 Indemnification of Licensee

- 6.1.1 Subject to the provisions of this Article 6 and Section 10.4.1, Licensor agrees to indemnify, defend and hold harmless Licensee and its Affiliates and their respective directors, officers, employees and agents (the "**Licensee Indemnified Persons**") from and against any claim, demand, action, cause of action, damage, loss, cost, liability or expense which may be made or brought against Licensee Indemnified Persons, or which it may suffer or incur directly or indirectly ("**Licensee Claims**"), resulting from any claims arising out of: (a) Licensor's Material Breach of any of its obligations, warranties or representations hereunder; (b) any negligent act or omission, or willful misconduct, or fraud of Licensor, its Affiliates, or their respective officers, directors, employees, agents, representatives, successors, and assigns; or (c) any failure of Licensor, its Affiliates, or their respective officers, directors, employees, agents, representatives, successors, and assigns to comply with Applicable Law in the performance of any obligations hereunder. Notwithstanding the foregoing, Licensor shall not be required to indemnify, defend and hold harmless Licensee Indemnified Persons from and against any Licensee Claims to the extent that such claims are directly caused by: (a) a material breach by Licensee of any of its obligations, warranties or representations hereunder; or (b) the grossly negligent acts or omissions, willful misconduct, or fraud of Licensor Indemnified Persons.

6.2 Indemnification of Licensor

6.2.1 Subject to the provisions of this Article 6 and Section 10.4.1, Licensee agrees to indemnify, defend and hold harmless Licensor and its Affiliates and their respective directors, officers, employees and agents (the “**Licensor Indemnified Persons**”) from and against any claim, demand, action, cause of action, damage, loss, cost, liability or expense which may be made or brought against Licensor Indemnified Persons, or which it may suffer or incur directly or indirectly (“**Licensor Claims**”), resulting from any claims arising out of: (a) Licensee’s Material Breach of any of its obligations, warranties or representations hereunder; (b) any negligent act or omission, willful misconduct, or fraud of Licensee, its Affiliates, any third party sublicensees or their respective officers, directors, employees, agents, representatives, successors, and assigns; or (c) any failure of Licensee, its Affiliates, any third party sublicensees or their respective officers, directors, employees, agents, representatives, successors, and assigns to comply with Applicable Law in the performance of any obligations hereunder. Notwithstanding the foregoing, Licensee shall not be required to indemnify, defend and hold harmless Licensor Indemnified Persons from and against any Licensor Claims to the extent that such claims are directly caused by: (a) a material breach by Licensor of any of its obligations, warranties or representations hereunder; or (b) the grossly negligent acts or omissions, willful misconduct, or fraud of Licensor Indemnified Persons.

6.3 Indemnification Procedures

6.3.1 Subject to Section 10.4.1, where a Party claims indemnification under this Agreement (the “**Indemnitee**”), it shall promptly notify the other Party (the “**Indemnitor**”) in writing of any action, claim or other matter in respect of which the Indemnitee or any of its directors, officers, employees or agents intend to claim such indemnification. The failure to provide such notice within a reasonable period of time shall not relieve the Indemnitor of any of its obligations hereunder except to the extent the Indemnitor is materially prejudiced by such failure. The Indemnitor shall be entitled to control the defense of or settle any such action, claim or other matter. The Indemnitee agrees to the complete control of such defense or settlement by the Indemnitor, provided, however, any settlement of such claims shall require the Indemnitee’s prior written consent unless such settlement includes a full release of the Indemnitee, in which case no consent shall be required. The Indemnitee and its directors, officers, employees and agents shall co-operate fully with the Indemnitor and its legal representatives in the investigation and defence of any action, claim or other matter covered by this indemnification. The Indemnitee shall have the right, but not the obligation, to be represented by counsel of its own selection and at its own expense.

6.4 Insurance Policies

6.4.1 Licensor and Licensee shall each be responsible for obtaining such comprehensive general liability insurance including errors and omissions insurance, product liability insurance and public liability insurance (the “**Insurance**”) as a reasonable and prudent person carrying on a similar type of business would acquire to carry out the terms of this Agreement, with minimum coverage to be determined between the parties acting reasonably, with the such product liability coverage to be at least two million dollars (\$2,000,000) per occurrence on a claims-made basis, and Licensee will maintain such product liability coverage with a third party commercial insurance carrier(s) rated A or better. The Insurance policy of Licensee shall name Licensor as a beneficiary for the indemnities defined in Section 6.2 of this Agreement.

6.4.2 Each Party shall take all reasonable steps to mitigate its Losses upon and after becoming aware of any event that would reasonably be expected to give rise to any Losses. Each Party agrees to promptly make a claim against any applicable insurance policies with respect to any Loss which is covered by such insurance policies and any such Losses shall be net of any insurance recoveries or payments received by the Party suffering the Loss.

6.5 Limitations of Liability

- 6.5.1 IN NO EVENT SHALL LICENSOR BE LIABLE TO LICENSEE FOR CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR ENHANCED DAMAGES, LOST PROFITS OR REVENUES OR DIMINUTION IN VALUE, ARISING OUT OF OR RELATING TO ANY BREACH OF THIS AGREEMENT, REGARDLESS OF (A) WHETHER SUCH DAMAGES WERE FORESEEABLE, (B) WHETHER OR NOT THE OTHER PARTY WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR (C) THE LEGAL OR EQUITABLE THEORY (CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE) UPON WHICH THE CLAIM IS BASED, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE.
- 6.5.2 IN NO EVENT SHALL LICENSOR'S AGGREGATE LIABILITY ARISING OUT OF THIS AGREEMENT, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, EXCEED THE TOTAL OF THE AMOUNTS PAID AND AMOUNTS ACCRUED BUT NOT YET PAID TO LICENSOR UNDER THIS AGREEMENT.

**ARTICLE 7
CONFIDENTIALITY**

7.1 Confidential Information of the Parties

- 7.1.1 The Parties may from time to time exchange Confidential Information relevant to the Defined Intellectual Property Rights, Commercialization or other information relevant to this Agreement.
- 7.1.2 Licensee acknowledges and confirms that this Agreement and any information provided by Licensor to Licensee relating to Commercialization or other activity in relation to the Defined Intellectual Property Rights, including any information relating to Intellectual Property Rights held by Licensor, are Confidential Information of Licensor.

7.2 Obligations of Confidentiality

- 7.2.1 Subject to Section 9.5, during the Initial Term and Extension Term and for a period of two (2) years following termination or expiration of this Agreement, each Party shall maintain in confidence any Confidential Information of the other Party and shall not use or disclose such Confidential Information to any third party for any purpose whatsoever, except as required by Applicable Law or as expressly authorized under this Agreement other than to its directors, officers, employees, agents, advisors or potential investors on a need to know basis to perform such Party's obligations under this Agreement or as may be necessary for Licensee to apply the Defined Intellectual Property Rights. Each Party agrees that it will take the same degree of care to protect the confidentiality of the other Party's Confidential Information as it takes to protect its own proprietary and Confidential Information. All Confidential Information supplied by one Party to the other to assist in carrying out the obligations hereunder, including the Written Materials, shall remain the property of such Party and shall be destroyed, or returned to the other Party upon the termination of this Agreement.

7.3 Agreement to Injunctive Relief

- 7.3.1 The Parties acknowledge that any breach of Confidential Information shall result in immediate and irreparable damage to the discloser of such Confidential Information. The Parties acknowledge and admit that there is not an adequate remedy at law for such failure, and agree that in the event of such breach, the relevant Party shall be entitled to equitable relief by way of temporary and permanent injunction and such other and further relief as any court with jurisdiction may deem just and proper.

**ARTICLE 8
DISCLOSURE OF INFORMATION**

8.1 Public Statements

- 8.1.1 No public announcement or statement concerning this Agreement and the matters contemplated by this Agreement shall be made by a Party, its Affiliates or their respective directors, officers, employees or shareholders without the prior written consent of the other Party unless such disclosure is required by Applicable Law or a Governmental Authority and, in such circumstances, subject to prior consultation with the other Party where possible.
- 8.1.2 Notwithstanding Section 8.1.1, each Party may disclose the existence of this Agreement for purposes of complying with requirements of Applicable Law or in respect of capital raising activities or any continuous disclosure obligations, provided however that none of the Parties shall disclose details about the terms of this Agreement, any Confidential Information hereunder or the identity of the other Parties to this Agreement without the express written consent of the other Parties.

8.2 Compelled Disclosure

- 8.2.1 Notwithstanding this Article 7, each Party may disclose Confidential Information to the extent such disclosure is reasonably necessary for prosecuting or defending litigation, or otherwise complying with Applicable Law, provided that if a Party is required by Applicable Law to make any such disclosure of the other Party's Confidential Information, the disclosing Party will promptly advise the other Party of the requirement to disclose and will furnish only that portion of the Confidential Information which is legally required and further, will exercise their commercially reasonable efforts to obtain reasonable assurances that confidential treatment will be accorded to such Confidential Information.

**ARTICLE 9
TERM AND TERMINATION**

9.1 Term

- 9.1.1 This Agreement shall have a term of sixty-six (66) months from the Effective Date (the "**Initial Term**") unless terminated by either Party in accordance with this Article 9, provided that the Initial Term shall continue to apply as necessary in respect of outstanding payments owed in accordance with this Agreement.
- 9.1.2 The Term shall be automatically extended for one additional period of five (5) years (the "**Extension Term**") unless Licensee provides notice in writing to Licensor that Licensee has elected not to extend the Initial Term at least six (6) months prior to the end of the Initial Term.
- 9.1.3 A renewal fee equal to ten (10%) percent of the Royalties paid during the Initial Term shall become due thirty (30) days after the end of the Initial Term unless Licensee provides notice that Licensee has elected not to extend the Initial Term in accordance with Section 9.1.2.

9.2 Termination due to Breach

- 9.2.1 This Agreement may be terminated by either Party in the event of a material breach by the other Party of any term, condition, obligation, warranty or representation hereunder (a “**Material Breach**”), provided that the non-breaching Party shall first give to the breaching Party written notice of the proposed termination of this Agreement (a “**Breach Notice**”), which Breach Notice shall outline the grounds of the breach.
- 9.2.2 Upon receipt of a Breach Notice, the breaching Party shall have twenty (20) Business Days (the “**Cure Period**”) to cure such breach to the satisfaction of the non-breaching Party acting reasonably. If the breaching Party does not cure the Material Breach within the Cure Period, the non-breaching Party may terminate this Agreement with immediate effect without prejudice to any other rights or remedies which may be available to the non-breaching Party.
- 9.2.3 Without limiting the generality of Section 9.2.1, any breach of Applicable Law related to sale of Cannabis Products in the Territory is a Material Breach subject to the Cure Period.
- 9.2.4 A non-breaching Party may terminate this Agreement without a Cure Period for a breach by the other Party of Article 7, or any other Material Breach hereunder that is not capable of being cured. The non-breaching Party has the option to terminate the Agreement as a whole or only in the state in which the action or absence of action resulted in a Material Breach.
- 9.2.5 Licensor may terminate this Agreement without a Cure Period in the event that Licensee causes an Event of Default (as defined in the Retail License Agreement) in the Retail License Agreement and does not correct the Event of Default within the time period defined in the Retail License Agreement.
- 9.2.6 To the extent that a Material Breach, or an Event of Default in the Retail License Agreement, applies only to one or more states but does not apply to this Agreement or to the Retail License Agreement as a whole, then the termination right in Sections 9.2.2, 9.2.3, 9.2.4 or 9.2.5 applies only in respect of the state or states to which the Material Breach or Event of Default applies.

9.3 Termination due to Underperformance

- 9.3.1 In the event that the amount of Cannabis Royalties paid in any Royalty Period is below the minimum Cannabis Royalty or the amount of CBD Royalties paid in any Royalty Period is below the minimum CBD Royalty, Licensor may terminate this Agreement, or in Licensor’s discretion, continue the Agreement on a non-exclusive basis with respect to some or all of the Defined Intellectual Property Rights and some or all of the Branded Products. Any such non-exclusive license shall, other than the absence of exclusivity, be in accordance with the terms of this Agreement. Once Licensor’s right of termination or of conversion to a non-exclusive license under this Section 9.3.1 is established, the right of termination or of conversion to a non-exclusive license shall continue indefinitely.
- 9.3.2 The termination right and non-exclusivity option for the Cannabis Royalty in Section 9.3.1 applies within each state. A termination right and non-exclusivity option for failure to meet the minimum Cannabis Royalty under Section 9.3.1 in one state will not result in termination rights related to Cannabis Products in other states or termination rights with respect to the CBD Products.
- 9.3.3 The termination right and non-exclusivity option for the CBD Royalty in Section 9.3.1 applies in the entire Territory with respect to the CBD Products but does not apply to the Cannabis Products.

9.4 Termination due to Insolvency

9.4.1 This Agreement may be terminated by either Party in the event the other Party files a petition in bankruptcy, is adjudicated as bankrupt, makes an assignment in bankruptcy for the benefit of its creditors, or otherwise seeks relief under or pursuant to any bankruptcy, insolvency or restructuring statute or proceeding, or if a petition in bankruptcy is filed against the Party which is not dismissed within ninety (90) days, or proceedings are taken to liquidate the assets of such Party.

9.5 Rights and Obligations Upon Termination

9.5.1 Subject to Section 9.5.2, upon the termination or expiration of this Agreement, each Party shall promptly return to the other Party all Confidential Information of the other Party in the possession or control of the Party or its Affiliates and their respective officers, directors, employees, agents, affiliates, representatives, successors or assigns and neither Party shall have any further obligation to the other Party under this Agreement except in respect of the obligations described in Article 4, Article 6, Article 7 and Article 10, and the performance of obligations to pay any amounts owed by Licensee to Licensor under Article 3 or as otherwise accrued under this Agreement.

9.5.2 Upon termination of this Agreement for any reason, the License will immediately terminate and be of no further force and effect and Licensee shall immediately return all Licensor Confidential Information and any other documentation or information related to the License, the Cannabis Inputs, CBD Inputs, Cannabis Products or CBD Products, provided that Licensee may retain a copy of this Agreement and all correspondence and Records related to this Agreement, but may not retain Licensor Confidential Information that is a trade secret, as determined by Licensor acting reasonably. Any Cannabis Inputs, CBD Inputs, Cannabis Products or CBD Products already synthesized, manufactured or otherwise created or Commercialized using the Defined Intellectual Property Rights may be further Commercialized by Licensee, subject to payment of the Royalties on any such Cannabis Inputs, CBD Inputs, Cannabis Products or CBD Products, or may in Licensor's discretion be destroyed or otherwise dealt with as determined by Licensor in its discretion and at Licensor's cost and in accordance with Regulatory Approvals held by Licensee.

**ARTICLE 10
INTELLECTUAL PROPERTY**

10.1 Ownership of Intellectual Property Rights

10.1.1 All Intellectual Property Rights owned by a Party prior to the execution of this Agreement shall remain the sole property of such Party.

10.1.2 All Intellectual Property Rights developed solely by a Party after the execution of this Agreement shall be the property of such Party.

10.2 Joint Improvements

10.2.1 Any Joint Improvements, whether arising through deliberate or unintentional efforts, and all Intellectual Property Rights in any such Joint Improvements shall be the property of Licensor. Licensee shall assign any Intellectual Property Rights in Joint Improvements to Licensor. Once assigned, any such Joint Improvements shall be included as Defined Intellectual Property Rights in the License. Licensee shall execute, and cause its employees, contractors, Affiliates and any employees or contractors of Affiliates, to execute any assignments, instruments or other documents, or take any other steps required to effect transfer of such Intellectual Property Rights to Licensor.

10.3 Prohibited Acts

10.3.1 Licensee shall not, during the Initial Term or the Extension Term:

- (a) take any action that may interfere with any Defined Intellectual Property Rights, Improvements or other assets held by Licensor, including Licensor ownership or exercise thereof;
- (b) challenge any right, title or interest of Licensor in the Defined Intellectual Property Rights or any Improvements;
- (c) make any claim or take any action adverse to Licensor's ownership of the Defined Intellectual Property Rights or any Improvements;
- (d) register or apply for registrations for, anywhere in the world, any trademark that is confusingly similar to Branding listed under Schedule A – Defined Intellectual Property Rights, or any other Intellectual Property Rights held by Licensor or any Affiliate of Licensor;
- (e) use any Branding in association with a Cannabis Inputs, CBD Inputs, Cannabis Products or CBD Products, or otherwise that is confusingly similar to any trademarks or any other brand elements listed under Schedule A – Defined Intellectual Property Rights without express written consent of Licensor, unless any such Branding is listed in Schedule A; or
- (f) engage in any action that tends to disparage, dilute the value of, or reflect negatively on Licensor, the Defined Intellectual Property Rights or any branding used by Licensor.

10.4 Patent Infringement, Misappropriation and Enforcement

10.4.1 Should any third party threaten make or commence a complaint, claim, court action, demand letter or other enforcement process to Licensee that the manufacture, use, import or sale of a Cannabis Input, CBD Input, Other Input, Cannabis Product or CBD Product, or other Commercialization incorporating the Defined Intellectual Property Rights infringes such third party's Intellectual Property Rights during the Initial Term or the Extension Term (a "Third Party IP Claim"), Licensee shall give Licensor prompt Notice detailing as many facts as possible concerning such Third Party IP Claim and the positions taken by the third party. In the event that Licensor elects to defend the Third Party IP Claim, Licensor shall have exclusive control of any litigation resulting from a Third Party IP Claim and Licensee shall fully cooperate in the defence or settlement of such Third Party IP Claim. In the event of a Third Party IP Claim, Licensor agrees to indemnify Licensee against damages suffered by Licensee up to the amount paid by Licensee as Royalties, that are imposed on Licensee as a result of a final decision of a Court of competent jurisdiction concluding to the infringement of a third party's Intellectual Property Rights by the Commercialization by Licensee in the Territory, other than to the extent any such damages from the Third Party IP Claim are not directly attributable to application of any Defined Intellectual Property Rights or HT Technology. If a Third Party IP Claim is caused by Licensor or its Affiliates, notwithstanding Article 6.5, Licensor shall indemnify, defend, and hold Licensee harmless from any and all damages and losses arising from such Third Party IP Claim. If a Third Party IP Claim is caused by Licensee or its Affiliates, notwithstanding Article 6.5, Licensee shall indemnify, defend, and hold Licensor harmless from any and all damages and losses arising from such Third Party IP Claim to the extent any such damages and losses from the Third Party IP Claim are not directly attributable to Licensee's use of any Defined Intellectual Property Rights or HT Technology. The indemnities in this Section 10.4.1 shall not apply to any legal fees, expert advice or other costs associated with Licensee's or Licensor's defence of any such Third Party IP Claim.

- 10.4.2 Should either Party become aware of any actual or potential infringement or wrongful use of the subject matter of the Defined Intellectual Property Rights in the Territory by a third party during the Initial Term or Extension Term, that Party will give the other Party prompt notice detailing as many facts as possible concerning such infringement or potential infringement or wrongful use. In the event of any such actual or potential infringement of the Defined Intellectual Property Rights, and in the event that Licensor elects to enforce the Defined Intellectual Property Rights, Licensor shall have exclusive control of any complaint, claim, court action, demand letter or other enforcement process (a “**Claim**”), including the settlement or compromise of any Claim. The decision whether to bring, defend, maintain or settle any such Claim shall be at the exclusive option and expense of Licensor and all recoveries from such enforcement, or any settlement arrangement shall belong exclusively to Licensor. Licensee will not initiate any such Claim in its own name but, at Licensor’s request and at Licensor’s expense, agrees to be joined as a person in any action taken by Licensor to enforce rights in the Defined Intellectual Property Rights. Notwithstanding the above, if Licensor decides not to pursue a Claim against a possible infringer and subject to Licensor’s prior written approval, which approval shall not be unreasonably withheld, Licensee, at its expense, may commence a Claim to enforce the Defined Intellectual Property Rights against infringement by third parties and shall be entitled to retain recovery from such Claim. However, once such a Claim is initiated, Licensee shall have no right to make any settlement with the third party without the prior written consent of Licensor, which consent shall not be unreasonably withheld.
- 10.4.3 Licensor shall exercise commercially reasonable discretion in deciding whether to enforce the Defined Intellectual Property Rights against any third party or to defend Third Party IP Claims, and shall use commercially reasonable efforts in any such enforcement or defence. Subject to exercise of Licensor’s commercially reasonable efforts, Licensee shall not have any recourse against Licensor for cost or damages as a result of Licensor’s failure to act or as a result of any action brought by or against Licensee or as a result of the Defined Intellectual Property Rights being held invalid or unenforceable.

ARTICLE 11
NOTICES

11.1 Designated Representative

- 11.1.1 Each Party shall appoint a representative that will have general oversight and management responsibility for the general administration of this Agreement and to whom the communications from the other Party shall be directed to in the first instance (each such individual a “**Designated Representative**”). For greater certainty, each Designated Representative shall have decision-making authority and the ability to bind his or her respective Party. As at the Effective Date, the Designated Representatives of each Party are as follows:

Licensor

HT Retail Licensing, LLC
c/o Trans-High Corporation and Hightimes Holding Corp.
2110 Narcissus Ct.,
Venice, CA 90291

Attn: Adam Levine
Email: adam@hightimes.com

Licensee

1251881 BC Ltd

Attn: Adam Levine
Email: adam@hightimes.com

Each Party may change its Designated Representative upon written notice of such change to the other Parties

11.2 Notices

- 11.2.1 Any notice required or authorized to be given by either Party to the other Party in accordance with the provisions of this Agreement shall, unless otherwise indicated, be in writing and sent by email by contacting the Designated Representative of the Party. Any hard copy correspondence must also be sent by email. Notice shall be deemed delivered upon receipt in an email inbox, regardless of acknowledgement of receipt.

**ARTICLE 12
GENERAL TERMS**

12.1 No Exclusivity

- 12.1.1 Other than as expressly indicated in this Agreement, nothing herein shall create or be deemed to create an exclusive relationship between Licensee and Licensor. Without limiting the generality of the foregoing, subject to Applicable Law, including this Agreement: (a) Licensee shall have the right to work with any Person other than Licensor for the manufacture of Cannabis Products other than the Branded Products; (b) Licensor shall have the right to license Intellectual Property Rights that are not the Defined Intellectual Property Rights to any Person other than Licensee, including for Licensor's own brand development, in the Territory; and (c) subject to Section 2.4, Licensor shall have the right to license the Defined Intellectual Property Rights to any Person other than Licensee, including for Licensor's own brand development, outside the Territory.

12.2 No Representations or Disparagement

- 12.2.1 Notwithstanding anything to the contrary in this Agreement, the Parties shall not knowingly:
- (a) make any representations, conditions, warranties, guarantees, indemnities, similar claims or other commitments actually, apparently or ostensibly on behalf of the other Party; or
 - (b) engage in any unfair, competitive, misleading or deceptive practices respecting, or disparagement of, the other Party, the other Party's branding (in the case of Licensee, the Branding), or any Cannabis Product Commercialized by either Party.

12.3 Assignment

- 12.3.1 This Agreement shall enure to the benefit of and shall be binding upon the heirs, executors, administrators, successors and permitted assigns of the Parties.

12.3.2 Neither Party may assign this Agreement or any portion thereof without the prior written approval of the other Party, with such approval, if requested, not to be unreasonably withheld, conditioned or delayed by the other Party.

12.3.3 If by operation of law or by the sale, bequest, or other disposition of its shares or securities the control or beneficial ownership of either Party is changed during the Initial Term or the Extension Term, such change will not be deemed an assignment.

12.4 Compliance

12.4.1 The Parties acknowledge that the business arrangement contemplated by this Agreement is subject to restrictions, requirements and prohibitions under Applicable Law in force as of the Effective Date, including state, local and municipal laws relating to cannabis, which may change from time to time. Each Party will comply with Applicable Law, and will perform the Party's obligations and exercise the Party's rights under this Agreement in accordance with Applicable Law. For greater certainty, a Party is not obligated to perform any obligation under this Agreement if and to the extent, but only to the extent, that the lawful performance of the obligation is prohibited by Applicable Law, and if such Applicable Law is amended to permit the lawful performance of the obligation then promptly after the amendment is effective the Party will commence performance of the obligation in accordance with this Agreement and Applicable Law.

12.4.2 In each of Michigan, Illinois, Florida, the terms of this Agreement shall be subject to approval by the Governmental Authority with state-level jurisdiction. In the event that this Agreement is not approved by the a Governmental Authority, then in the state where the Agreement was not approved, Licensor shall have the option to terminate this agreement without a cure period, and in the event that Licensor does not exercise this option to terminate, Licensee shall provide best commercial efforts to support any appeal or other measures taken by Licensor to obtain an approval by the relevant Government Authority notwithstanding the previous failure to obtain approval.

12.4.3 For avoidance of doubt, Licensee is solely and entirely responsible for ensuring compliance of all Branded Products and sale thereof, including CBD Products, in all jurisdictions in which the Branded Products are sold within the Territory.

12.5 Non-Waiver

12.5.1 Failure by either Party to enforce at any time any of the provisions of this Agreement shall not be construed as a waiver of its rights hereunder. Any waiver of a breach of any provision hereof shall not be effective unless in writing and shall not affect either Party's rights in the event of any additional breach.

12.6 Force Majeure

12.6.1 Neither Party shall be liable to the other Party for failure to perform or delay in performing its obligations under this Agreement by virtue of the occurrence of an event of Force Majeure. In the event such Force Majeure affecting either Party continues for more than ninety (90) days, the Party not subject of the Force Majeure may, upon thirty (30) days written notice terminate this Agreement. In the event such Force Majeure affecting either Party continues for more than one hundred twenty (120) days, either Party may, upon thirty (30) days written notice, terminate this Agreement. "**Force Majeure**" shall mean an event arising from unforeseen circumstances, or if it could have been foreseen, was unavoidable, beyond either Party's reasonable control, and not attributable to a Party's fault or negligence, which reasonably prevents, delays or interferes with the performance by such Party of its obligations hereunder, including an event that occurs by reason of any act of God, flood, power failure, fire, explosion, crop failure, casualty or accident, earthquake, destruction of facilities, declared war, revolution, civil commotion, acts of public enemies, acts of terrorism, blockage or embargo, interruption of delay in transportation, strike or labor disruption; provided, however, that Force Majeure shall not include the inability of a Party to obtain financing or the failure of a Party to have sufficient financial or economic resources available to it in order to complete its obligations herein, and that the impacts of the ongoing COVID-19 pandemic known as of the Effective Date shall not constitute a Force Majeure.

12.6.2 In the event of Force Majeure, the Party affected shall promptly notify the other Party in writing and shall exert commercially reasonable efforts to eliminate, cure or overcome such event and to resume performance of its obligations (“**Force Majeure Event Notice**”).

12.6.3 Promptly after receipt of a Force Majeure Event Notice, the Designated Representatives shall meet (in person or by telephone) to discuss the Force Majeure event and consider possible workarounds to the Force Majeure.

12.7 Independent Contractor

12.7.1 The Parties agree that with respect to the transactions contemplated herein that they shall both be acting as independent contractors and nothing herein shall constitute the Parties as entering into a joint venture or partnership, nor shall anything herein constitute either Party as an agent of the other for any purpose whatsoever. Neither Party, by virtue of this Agreement, will have any right, power or authority to act or create an obligation, express or implied, on behalf of the other Party.

12.8 Severability

12.8.1 If any provision or term of this Agreement is found unenforceable under any Applicable Law, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement to effect the original intent of the Parties as closely as possible in a mutually acceptable manner, in order that the transaction contemplated in this Agreement be consummated as originally contemplated to the greatest extent possible.

12.9 Entire Agreement

12.9.1 This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes all proposals, oral or written, and all negotiations, conversations, or discussions. This Agreement may not be modified, amended, rescinded, cancelled or waived, in whole or in part, except by written amendment signed by both Parties.

12.10 Further Assurances

12.10.1 The Parties covenant and agree that, at any time and from time to time after the execution hereof by both Parties, they will, upon the request of any other Party, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, assignments, transfers, conveyances and assurances as may be reasonably required for the better carrying out and performance of all the terms of this Agreement.

12.11 Time of the Essence

12.11.1 Time shall be of the essence of this Agreement.

12.12 Amendments in Writing

12.12.1 Except as otherwise provided for herein, and without prejudice to any of the rights set forth in this Agreement enabling the Parties to modify certain provisions hereof on an ongoing basis during the term of this Agreement, no addition, amendment to or modification of this Agreement shall be effective unless it is in writing and signed by and on behalf of both Parties.

12.13 Applicable Law and Attornment

12.13.1 This Agreement, the rights and obligations of the Parties under this Agreement, and any claim or controversy directly or indirectly based upon or arising out of this Agreement, the transactions contemplated by this Agreement (whether based in contract, tort or any other theory), including all matters of construction, validity and performance, shall in all respects be governed by, interpreted, construed and determined in accordance with, the laws of the State of Michigan, without regard to the conflicts of law principles thereof.

12.13.2 The Parties attorn to the Courts of the State of Michigan for resolution of any dispute, controversy or claim arising out of or in connection with this Agreement, including any question regarding its existence, validity, interpretation, breach or termination (a “**Dispute**”) shall be resolved in the Courts of the State of Michigan.

12.13.3 Except where reasonably prevented by the nature of the Dispute, the Parties shall continue to perform their respective duties, obligations and responsibilities under this Agreement while the Dispute is being resolved, unless and until such obligations are lawfully terminated or expire in accordance with the provisions thereof.

12.14 Cumulative Remedies

12.14.1 All rights and remedies provided in this Agreement are cumulative and not exclusive, and the exercise by either Party of any right or remedy does not preclude the exercise of any other rights or remedies that may now or subsequently be available at law, in equity, by statute, in any other agreement between the Parties or otherwise. Notwithstanding the previous sentence, the Parties intend that their respective rights under Article 6 are such Party’s exclusive remedies for the events specified therein.

12.15 Costs

12.15.1 Each of the Parties shall be responsible for and bear its own costs, including any legal fees, incurred with negotiating and entering into this Agreement.

12.16 Acknowledgment

12.16.1 The Parties to this Agreement agree and acknowledge that they have each been independently advised by counsel in respect of the provisions of this Agreement, or have had an opportunity to be so advised, and have voluntarily waived their right to have such independent advice; and the Parties have negotiated the provisions hereof on an equal footing based on equal bargaining power.

12.17 Execution in Counterparts

12.17.1 This Agreement may be executed in separate counterparts, including by electronic means, and the signing or execution by way of counterpart or by electronic means will have the same effect as the signing or execution of the original.

[remainder of this page intentionally left blank – signature page follows]

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

HT RETAIL LICENSING, LLC

1251881 BC LTD.

Per: _____
Adam Levine, Executive Chairman

Per: _____

Date

Date

Strictly Confidential – Confidential Information of HT Retail Licensing, LLC

**SCHEDULE A
DEFINED INTELLECTUAL PROPERTY RIGHTS**

All Intellectual Property Rights related to the trademarks HIGH TIMES and CULTURE.

HIGH TIMES may be applied to Cannabis Products.

CULTURE, or upon Parties' agreement, a new mark in substitution or in addition to CULTURE, may be applied to CBD Products.

Trademark No.	Serial No.	Issue Date	Filing Date	Priority Date

All know-how, methods, trade secrets and other Confidential Information held by Licensor and protected by HT Intellectual Property.

All proprietary formulations for manufacturing cannabis extracts, edible cannabis and other Cannabis Products held by Licensor and protected by HT Intellectual Property.

All proprietary methods of cultivation, processing and other aspects of supply chain management owned by Licensor held by Licensor and protected by HT Intellectual Property.

Strictly Confidential – Confidential Information of HT Retail Licensing, LLC

High Times enters into Strategic Agreement with Red White & Bloom, Inc.
Agreement with Red, White & Bloom Creates Pathway to Enter Three Key States

LOS ANGELES —June 05, 2020 — Hightimes Holding Corp., the owner of High Times®, the most well-known brand in cannabis, today announces that it has entered into a series of agreements with Red, White & Bloom, Inc. (CSE:RWB) (“RWB”) with the goal of the branding of High Times dispensaries and development of cannabis based CBD and THC products in the States of Michigan, Illinois and Florida.

RWB and its investee will use the *Hightimes*TM trademark, logo and brand to rebrand its 18 planned and operational dispensaries as High Times stores. Together, such stores represent more than 20% of the cannabis market share across the state. RWB’S Investee is the leading cannabis company in Michigan, with dispensaries, indoor/outdoor cultivation and product manufacturing established over the last two years. In addition, as a result of the acquisition of Newco, RWB will also acquire the rights to brand retail and medical dispensaries and products, in the states of Illinois and Florida, and may utilize RWB’s massive 3.6 million square foot facility in Illinois for the production of proprietary branded CBD products and whole hemp flower strains for distribution nationally.

In addition to transforming the dispensaries to become High Times branded destinations and launching delivery capabilities in select locations, High Times branded products including vapes, tinctures, topicals, and edibles will be available within both owned dispensaries and other 3rd party outlets. The company has aggressive growth plans and is entering the market at a time when the retail landscape has been significantly changed.

“High Times is a 46-year-old brand with an immense amount of recognition and credibility across the world,” said Peter Horvath, Chief Executive Officer of Hightimes Holding Corp. “Licensing the High Times name, advising on dispensary operations, and providing input on product development allows the company to drive significant revenue from licensing fees without assuming the complexity associated with owning and operating dispensaries and scaled cultivation with manufacturing facilities nationwide. RWB has built an incredible and expansive retail footprint in a quick time frame that we can strengthen through applying the High Times Brand.”

The Hightimes subsidiary holding the *Hightimes*TM trademark, logo and brand worldwide (the “Hightimes Licensing Company”), sublicensed such intellectual property to a newly formed special purpose Hightimes subsidiary (“Newco”) for the purpose of using and branding retail and medical dispensaries and products in the State of Michigan and, subject certain regulatory approvals, in the States of Illinois and Florida as well. Under the terms of the agreement, a newly formed Canadian subsidiary of Hightimes that owns Newco sold to RWB 100% of the equity of Newco. In consideration for the sale, the Hightimes Licensing Company will receive \$15,000,000 of RWB common shares which are expected to trade on the Canadian Securities Exchange and, subject to certain conditions, may receive an additional \$5,000,000 of RWB common shares in the future. In addition to the share consideration, the Hightimes Licensing Company expects certain Minimum Guarantee payments during the term of the agreement and any renewal period.

Hightimes Holding Corp. has recently made several announcements ahead of the closing of its Regulation A+ IPO, including the appointment of CEO Peter Horvath and its proposed entry into retail cannabis dispensaries with the planned acquisition of 13 California dispensaries from Harvest Health & Recreation, one of the largest multi-state operators in cannabis. Through these and other strategic transactions, High Times intends to become one of the largest cannabis companies in California, and is working quickly to do the same in Michigan, Illinois and Florida.

The announcement comes on the heels of an extension to the High Times Regulation A + IPO campaign. Investors interested in becoming a shareholder are encouraged to visit hightimesinvestor.com to view the High Times offering circular and all related filings with the SEC, including the numerous Current Report Form 1-U disclosures. You can also email invest@hightimes.com or call with the brand's investment hotline at 1 (833) BUY-HTHC (833-289-4842). View our latest Regulation A+ offering circular and our SEC filings, including the numerous Current Report Form 1-U disclosures at <https://www.sec.gov/Archives/edgar/data/1714420/000149315219008495/partii.htm> and <https://www.sec.gov/cgi-bin/browse-edgar?company=hightimes&owner=exclude&action=getcompany>.

About High Times:

For more than 45 years, High Times has been the world's most well-known cannabis brand - championing the lifestyle and educating the masses on the benefits of this natural flower. From humble beginnings as a counterculture lifestyle publication, High Times has evolved into hosting industry-leading events like the Cannabis Cup and the High Times Business Summit, while providing digital TV and social networks, globally distributed merchandise, international licensing deals and providing content for its millions of fans and supporters across the globe. In the world of Cannabis, High Times is the arbiter of quality. For more information on High Times visit <http://www.hightimes.com>.

About Red White & Bloom:

Red White & Bloom, building on its first mover advantage (through its investments and pending acquisitions in the states of Michigan, Florida, Massachusetts and Illinois) is a multi-state operator that enters markets at scale. The Company's portfolio (following completion of the pending acquisitions) will include superior brands and proprietary product development capabilities, focused on a "house of brands" strategy in both cannabis as well as hemp-derived products.

Forward Looking Statements

This press release contains information about Hightimes Holding Corp.'s view of its future expectations, plans and prospects that constitute forward-looking statements. In addition, consumptions of the transactions contemplated with Harvest Health or any other dispensaries remain subject to certain closing conditions, including the receipt of certain regulatory and third-party consents. Subject to meeting such closing conditions, Hightimes is aiming to close the Harvest Health transaction as soon as is reasonably practicable.

Actual results may differ materially from historical results or those indicated by these forward-looking statements as a result of a variety of factors including, but not limited to, risks and uncertainties associated with its ability to maintain and grow its business, variability of operating results, its development and introduction of new products and services, marketing and other business development initiatives, among other things. For further information about Hightimes, Hightimes encourages you to review its filings with the Securities and Exchange Commission, including its Form 1-A Offering Circular dated July 27, 2018, its Offering Circular supplement dated May 31, 2019, and all subsequent filings, including its Current Reports on Form 1-U, dated June 05, 2020.

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