

**CANBUD DISTRIBUTION CORPORATION**

**-AND-**

**2847719 ONTARIO INC.**

**-AND-**

**MOLECULAR SCIENCE CORP.**

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**ACQUISITION AGREEMENT**

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**June 17, 2021**

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**SCHEDULES**

SCHEDULE A	Amalgamation Agreement
SCHEDULE B	Articles Amalgamation of Amalco

## ACQUISITION AGREEMENT

THIS ACQUISITION AGREEMENT dated as of the 17<sup>th</sup> day of June, 2021.

### BETWEEN:

**CANBUD DISTRIBUTION CORPORATION**, a body corporate incorporated under the federal laws of Canada ("**Canbud**")

**OF THE FIRST PART**

- AND -

**2847719 ONTARIO INC.**, a body corporate incorporated under the laws of Ontario ("**Canbud Subco**")

**OF THE SECOND PART**

- AND -

**MOLECULAR SCIENCE CORP.**, a body corporate incorporated under the laws of Ontario ("**MSC**")

**OF THE THIRD PART**

### WHEREAS:

- A. Canbud is a company with its common shares listed for trading on the Canadian Securities Exchange and wishes to complete a transaction with MSC;
- B. MSC is a company engaged in the business of testing cannabis and related pharmaceutical products for a range of purposes (the "**Business**"); and
- C. the Parties (as defined herein) propose to effect the acquisition of the outstanding securities of MSC by Canbud by way of a statutory amalgamation of MSC and Canbud Subco (the "**Transaction**") to create Amalco (as defined herein) pursuant to the terms set out in the Amalgamation Agreement attached as Schedule "A" hereto, and upon completion of the Transaction, Amalco shall be a wholly-owned subsidiary of Canbud; and
- D. at the Closing Time, among other things, the outstanding MSC Shares will be exchanged for Canbud Shares in accordance with the provisions of this Agreement and the Amalgamation Agreement.

**NOW THEREFORE THIS AGREEMENT WITNESSES THAT** in consideration of the mutual covenants and promises herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, the Parties covenant and agree as follows:

### **ARTICLE 1 INTERPRETATION**

#### **Section 1.1 Defined Terms**

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

- (1) **“Accounts Receivable”** means all accounts receivable, notes receivable and other debts due or accruing due to a Party on a consolidated basis;
- (2) **“Advisory Services Agreement”** means the advisory services agreement dated May 25, 2021, between Canbud and Terranova Capital Inc.;
- (3) **“Affiliate”** of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The terms **“control”** (including terms **“controlled by”** and **“under common control with”**) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise;
- (4) **“Agreement”, “this Agreement”, “herein”, “hereto”, “hereof” and “hereunder”** and similar expressions mean and refer to this acquisition agreement (including the schedules hereto), as the same may be amended, modified, or supplemented from time to time, and not to any particular Article, Section, Subsection, Schedule or other portion of this Agreement;
- (5) **“Amalco”** means the entity which will result from the completion of the Amalgamation;
- (6) **“Amalco Shares”** means the common shares in the capital of Amalco;
- (7) **“Amalgamating Parties”** means Canbud Subco and MSC;
- (8) **“Amalgamation”** means the amalgamation of the Amalgamating Parties under the provisions of the OBCA pursuant to the terms and conditions set forth in the Amalgamation Agreement;
- (9) **“Amalgamation Agreement”** means the amalgamation agreement between Canbud, MSC and Canbud Subco substantially in the form attached as Schedule “A”, including the recitals, schedules and exhibits thereto, as the same may be amended, modified or supplemented in accordance with its terms;
- (10) **“Amalgamation Resolution”** means the special resolution of MSC Shareholders entitled to vote thereon, approving the Amalgamation.
- (11) **“Applicable Law(s)”** means all laws, statutes, codes, ordinances, decrees, rules, regulations, by-laws, statutory rules, principles of law, published policies and guidelines, judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decision, rulings or awards, including general principles of common and civil law, and the terms and conditions of any grant of approval, permission, authority or licence of any Government Authority, that, in a context that refers to one or more persons apply to the person or persons, or its or their business, undertaking, property or shares, and emanate from a Government Authority having jurisdiction over the person or persons or its or their business, undertaking, property or shares;
- (12) **“Applicable Securities Laws”** means, collectively, and as the context may require, the applicable securities legislation of each of the provinces and territories of Canada, and the rules, regulations, instruments, orders and policies published and/or promulgated thereunder and the policies and rules of the CSE, as the foregoing may be amended or re-enacted from time to time prior;
- (13) **“Articles of Amalco”** means the articles of amalgamation of Amalco in the form attached as Schedule “B” hereto;
- (14) **“Authorization”** means, with respect to any Person, any order, permit, approval, consent, waiver, licence or similar authorization of any Government Authority having jurisdiction over the Person, including any

municipal or other approvals required to be granted before a Government Authority provides an authorization;

- (15) **“Books and Records”** means all books of account, tax records, sales and purchase records, customer and supplier lists, computer software, formulae, business reports, plans and projections and all other documents, files, correspondence and other information of MSC, any of the MSC Subsidiaries or Canbud, as the case may be, (whether in written, printed, electronic or computer printout form);
- (16) **“Bridge Loan”** has the meaning ascribed thereto in Section 4.10;
- (17) **“Business”** has the meaning ascribed thereto in the recitals to the Agreement;
- (18) **“Business Day”** means any day excepting a Saturday or Sunday or a day recognized as a statutory holiday in Toronto, Ontario;
- (19) **“Canbud”** means Canbud Distribution Corporation, a corporation incorporated pursuant to the CBCA;
- (20) **“Canbud Circular Information”** means all information in respect of Canbud and its Subsidiaries required to be included in the MSC Circular under Applicable Securities Laws;
- (21) **“Canbud Disclosure Record”** means the documents previously published or filed by Canbud with the Ontario Securities Commission and the British Columbia Securities Commission or available under Canbud’s profile at [www.sedar.com](http://www.sedar.com);
- (22) **“Canbud Financial Statements”** means any financial statements of Canbud, whether audited or unaudited, prepared as of the date of this Agreement or prior to the Closing Date;
- (23) **“Canbud Options”** means the outstanding options to acquire Canbud Shares granted under the Canbud Stock Option Plan;
- (24) **“Canbud Parties”** means Canbud and Canbud Subco;
- (25) **“Canbud Replacement Warrants”** means up to 3,975,707 common share purchase warrants of Canbud to be issued in exchange for and replacement of the MSC Warrants, each entitling the holder to purchase, such number of Canbud Shares (rounded to the next nearest whole Canbud Share), as is equal to the number of MSC Shares issuable pursuant to the MSC Warrants immediately prior to the Closing Time multiplied by the Exchange Ratio at an exercise price per share (rounded to the nearest whole cent) equal to the original exercise price per share of each such MSC Warrant divided by the Exchange Ratio;
- (26) **“Canbud Shareholder”** means a registered holder of Canbud Shares, from time to time, and **“Canbud Shareholders”** means all of such holders, collectively;
- (27) **“Canbud Shares”** means the common shares in the capital of Canbud;
- (28) **“Canbud Stock Option Plan”** means the current option plan of Canbud;
- (29) **“Canbud Subco”** means 2847719 Ontario Inc., a wholly-owned subsidiary of Canbud incorporated under the OBCA for the purposes of completing the Transaction;
- (30) **“Canbud Subco Shares”** means the common shares in the capital of Canbud Subco, all outstanding of which are owned by Canbud;

- (31) **“Canbud Warrants”** means the common share purchase warrants of Canbud, each entitling the holder to acquire one Canbud Share in accordance with the terms thereof;
- (32) **“CBCA”** means the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44, as may be amended or re-enacted from time to time, including all regulations promulgated thereunder;
- (33) **“Certificate of Amalgamation”** means the certificate or other confirmation of filing to be issued by the Director pursuant to the OBCA, giving effect to the Amalgamation;
- (34) **“Claim”** includes claims, demands, complaints, grievances, actions, applications, suits, causes of action, Orders, charges, indictments, prosecutions or other similar processes, fines, expenses, costs damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including fees and disbursements of legal counsel, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing;
- (35) **“Closing”** means the completion of the Transaction contemplated in this Agreement;
- (36) **“Closing Date”** means the effective date of the Amalgamation as set forth in the Certificate of Amalgamation;
- (37) **“Closing Time”** means the first moment in time on the Closing Date;
- (38) **“Confidential Information”** means, with respect to MSC, confidential or non-public information and trade secrets, including confidential or non-public: proprietary information, know how, technology, technical data, proprietary processes, specifications, formulations, formulae, materials or compositions of matter of any type or kind (patentable or otherwise), marketing reports, customer lists and supplier lists, study reports, regulatory submission summaries and regulatory submission documents, expertise, test data, analytical and quality control data, studies and procedures, schematics, test methodologies, simulation and development tools, prototypes and other devices;
- (39) **“Consent”** means the consent of a contracting party to a change in control of MSC if required by the terms of any Contract, or the consent or acceptance of any other Person who is not a Government Authority to the Transaction contemplated herein;
- (40) **“Contracts”** means any and all agreements, contracts, leases, deeds, mortgages, licences, instruments, notes, commitments, undertakings, indentures, joint ventures of any nature, or other right or obligation (written or oral) to which a Party is bound or affected or to which any of their respective assets are subject, including, without limitation: (i) unfilled purchase orders, (ii) forward commitments for supplies or materials entered into the Ordinary Course, and (iii) restrictive agreements, negative covenant agreements, confidentiality agreement and invention assignment agreements with any Employees, past or present;
- (41) **“CSE”** or the **“Exchange”** means the Canadian Securities Exchange;
- (42) **“CSE Policies”** means policies of the CSE, as may be amended or restated from time to time;
- (43) **“Current Assets”** means, with respect to a Party, the consolidated current assets of such Party including but not limited to cash and cash equivalents (calculated in accordance with IFRS), Accounts Receivable, Taxes receivable, cash or recoverable and prepaid expenses but specifically excludes amounts owing from related parties and inventory;
- (44) **“Current Liabilities”** means, with respect to a Party, the consolidated current liabilities of such Party including accounts payable, accrued liabilities, income taxes payable, government remittances payments,

Transaction expenses and all accrued remuneration and benefits, but shall not include any liabilities potentially payable in connection with the matters described in Section 3.1(28) of the MSC Disclosure Letter;

- (45) **“Debt Instrument”** has the meaning ascribed thereto in Section 3.1(23);
- (46) **“Demised Premises”** means the leased or use permit lands and premises of MSC;
- (47) **“Director”** means the Director appointed under Section 278 of the OBCA;
- (48) **“Disclosing Party”** has the meaning ascribed thereto in Section 4.4(2);
- (49) **“Dissenting Shareholder”** means a MSC Shareholder who, in connection with the Amalgamation Resolution, has validly exercised the right to dissent pursuant to section 185 of the OBCA in strict compliance with the provisions thereof and thereby becomes entitled to receive the fair value of his or her MSC Shares determined as of the close of business on the day before the adoption of the Amalgamation Resolution and has not withdrawn or been deemed to have withdrawn such exercise of dissent rights, but only in respect of MSC Shares in respect of which dissent rights are validly exercised by such holder.
- (50) **“Employees”** means individuals who are full-time, part-time or temporary employees or individuals engaged or otherwise contracted to provide employment or similar services in respect of MSC, any of the MSC Subsidiaries or Canbud, as the case may be; and **“Employee”** means any one of them;
- (51) **“Encumbrances”** means any charge, mortgage, lien, pledge, claim, embargo, security interest, legal or conventional, moveable or immovable, specific or floating, whether created or arising by agreement, statute or otherwise, attaching to property, interests or rights, and shall be construed in the widest possible terms and principles known under the law;
- (52) **“Environmental Laws”** means applicable Laws relating to the manufacturing, processing, distribution, use, treatment, storage, disposal, handling or transport of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes;
- (53) **“Exchange Ratio”** means 3.313 Canbud Shares for each one MSC Share;
- (54) **“Final Exchange Bulletin”** means the Exchange bulletin which is issued following completion of the Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Transaction as the Transaction of Canbud;
- (55) **“GAAP”** means generally accepted accounting principles as set-out in the *CPA Canada Handbook – Accounting* for an entity that prepares its financial statements in accordance with IFRS, at the relevant time, applied on a consistent basis;
- (56) **“Governing Documents”** means, in respect of each Party, its governing documents, including, as applicable, its certificate and articles of incorporation, as amended, and all similar articles, and its by-laws, as amended;
- (57) **“Government Authority”** means any foreign, national, provincial, local or state government, any political subdivision or any governmental, judicial, public or statutory instrumentality, court, tribunal, agency (including those pertaining to health, safety or the environment), authority, body or entity, or other regulatory bureau, authority, body or entity having legal jurisdiction over the activity or Person in question and, for greater certainty, includes the Exchange;
- (58) **“HST”** means the harmonized sales tax (if applicable) under the *Excise Tax Act* (Canada);



- (59) **“IFRS”** means International Financial Reporting Standards adopted by the International Accounting Standards Board as may be amended or re-stated from time to time;
- (60) **“Intellectual Property”** means: (i) all works, including literary, artistic and graphic works, databases, and compilations thereof, including computer software, source code, object code, firmware, development tools, files, records and data, (the **“Works”**); (ii) all inventions, arts, processes, machines, manufactures, compositions of matter and developments, whether or not patentable, patented or the subject of applications for patents (the **“Inventions”**); (iii) all trade names, logos, trade dress, trademarks and service marks (**“Marks”**); (iv) all industrial designs, whether or not patentable or registrable, patented or registered or the subject of applications for design patent or registration (**“Designs”**); (v) all Confidential Information; and (vi) all Internet domain name registrations, Internet and World Wide Web URLs or addresses (**“Domain Names”**);
- (61) **“Intellectual Property Rights”** means any and all industrial and intellectual property and proprietary rights in the Intellectual Property, including, without limitation, the following: (i) all patents and applications therefor and rights to file applications for the Inventions and all reissues, divisions, renewals, extensions, re-examinations, reissues, provisionals, continuations and continuations-in-part thereof and other derivative applications and patents; (ii) all rights in the Confidential Information; (iii) all design patents, design registrations, pending patent and design applications and rights to file applications for the Designs, including all rights of priority and rights in continuations, continuations-in-part, divisions, re-examinations, reissues and other derivative applications and patents; (iv) all trademark and service mark registrations for the Marks, trademark and service mark applications for the Marks, any rights arising from the use, application for or registration of the Marks, and any and all goodwill associated with and symbolized by the Marks; (v) all rights in the Domain Names; and (vi) all copyright and other rights and all registrations, pending applications for registration and rights to file applications for, and all moral rights and, where a Party is not the author, the benefits of such Party in all waivers of moral rights in, the Works;
- (62) **“in writing”** means written information including documents, files, software, records and books made available, delivered or produced to one Party by or on behalf of another Party;
- (63) **“ITA”** means the *Income Tax Act* (Canada), RSC 1985, c 1 (5<sup>th</sup> Supp), as may be amended or re-enacted from time to time, including the regulations promulgated thereunder;
- (64) **“Jamaica SPA”** means the share purchase agreement dated December 4, 2020 between Canbud and the shareholders of 2688453 Ontario Ltd. named therein;
- (65) **“Leases”** means any leases entered into by MSC;
- (66) **“Legal Proceeding”** means any Claim, action, suit, complaint, demand, litigation, arbitration, prosecution, contest, hearing, inquiry, investigation, inquest, audit or other proceeding of any nature, civil, criminal, regulatory or otherwise, in law or in equity, pending or threatened, by or before any court, tribunal, arbitrator or other Government Authority;
- (67) **“Liability”** means any liability or obligations of any kind or nature (whether known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due);
- (68) **“Losses”** shall mean, in respect of any matter, losses, damages, Legal Proceedings, Claims, prosecutions, judgments, costs, expenses (including all reasonable legal fees and disbursements), fines and penalties arising directly as a consequence of that matter, but excluding loss of profit and opportunity and indirect consequential and extraordinary damages;

- (69) **“Material Adverse Change” or “Material Adverse Effect”** means, when used in connection with Canbud or MSC, any change (including a decision to implement a change made by the directors or senior management of such Party), effect, event, occurrence or change in state of facts that is, or would reasonably be expected to be, material and adverse to the business, operations, financial condition or results, assets, rights, liabilities or prospects of such Party taken as a whole, on a consolidated basis, or prevent such Party from performing its obligations under this Agreement in any material respect, in each case, other than any change, effect, event, occurrence or change in state of facts (a) relating to the global economy or financial, securities or commodities markets in general; (b) relating to any generally applicable change in Applicable Laws (other than Orders, judgments or decrees made against the Party or any of its Subsidiaries; or (c) any natural disaster or the commencement, occurrence or continuation of any war, armed hostility or act of terrorism, provided, however that such matter referred to in clause (a), (b), or (c) above does not have a materially disproportionate effect to the Party or its Subsidiary compared to other companies of similar size operating in the same industry as that Party;
- (70) **“Material Contracts”** shall mean: (i) all Contracts under which, as of and from the Closing Date, MSC would be required to perform services, deliver products or make payments with a value of more than \$10,000 within any twelve month period under each such Contract (or group of related Contracts) or be required to fulfill any other obligation at a cost in excess of \$10,000 within any twelve month period; (ii) all continuing Contracts to which MSC is a party for the purchase of materials, supplies, equipment or services which requires payment under that Contract of more than \$10,000 as of and from the Closing Date, except for purchases of inventories or services in the Ordinary Course that do not exceed one year in length and are on terms and conditions not more onerous than those usual and customary to the industry relating to the Business; (iii) all Contracts pursuant to which material Intellectual Property is licensed by MSC or any predecessor in title; (iv) all Contracts pursuant to which loans, credit facilities, grants, subsidies and other forms of financial assistance in an amount in excess of \$10,000 are made available to either, and (v) all licensing Contracts which MSC estimates will generate revenues in excess of \$10,000 during the current fiscal year;
- (71) **“material fact”** has the meaning ascribed thereto in the *Securities Act* (Ontario), as the same may be amended or re-enacted from time to time, including all regulations promulgated thereunder;
- (72) **“Misrepresentation”** has the meaning ascribed thereto under Applicable Securities Laws;
- (73) **“MSC”** means Molecular Science Corp., a corporation incorporated under the OBCA;
- (74) **“MSC Assets”** means all of the right, title, estate and interest in and to its property and assets, real and personal, moveable and immovable of whatsoever nature and kind and wheresoever situate of MSC and any of the MSC Subsidiaries;
- (75) **“MSC Circular”** means the notice of the MSC Shareholder Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to the MSC Shareholders in connection with the MSC Shareholder Meeting, as amended, supplemented or otherwise modified from time to time;
- (76) **“MSC Disclosure Letter”** means the disclosure letter delivered by MSC to Canbud and Canbud Subco concurrently with this Agreement, in form and substance satisfactory to Canbud;
- (77) **“MSC Financial Statements”** means any financial statements of MSC, whether audited or unaudited, prepared as of the date of this Agreement or prior to the Closing Date;
- (78) **“MSC Options”** means the options to purchase MSC Shares issued pursuant to the MSC Stock Option Plan;
- (79) **“MSC Securityholders”** means collectively, the holders of MSC Shares, MSC Options and MSC Warrants;

- (80) **"MSC Shareholder Meeting"** means the special meeting of MSC Shareholders to be held prior to the Closing Date;
- (81) **"MSC Shareholders"** means the holders of MSC Shares;
- (82) **"MSC Shares"** means the common shares in the capital of MSC;
- (83) **"MSC Stock Option Plan"** means the current option plan of MSC;
- (84) **"MSC Subsidiaries"** means, collectively, Molecular Science Product Corp., Molecular Science Labs Corp. and Molecular Science Genetics Corp., and **"MSC Subsidiary"** means each one of such MSC Subsidiaries, as the context requires;
- (85) **"MSC Warrants"** means 1,200,000 common share purchase warrants of MSC, each entitling the holder to purchase one MSC Share at a price of \$1:00 for a period of three (3) years following the Closing, subject to the acceleration of the expiry date in certain circumstances, as provided for in the subscription agreement related to the issuance thereof;
- (86) **"OBCA"** means the *Business Corporations Act* (Ontario), RSO 1990, c B.16, as may be amended or re-enacted from time to time, including all regulations promulgated thereunder;
- (87) **"Order"** means any order (including any judicial or administrative order and the terms of any administrative consent), judgment, injunction, decree, ruling or award of any court, arbitrator or Government Authority;
- (88) **"Ordinary Course"** means, with respect to an action taken by a Party, that such action is consistent with the past practice of such Party's business and is taken in the ordinary course of the normal day-to-day operation of its business and operations;
- (89) **"Outside Date"** means the date that is three Business Days following the date that is sixty (60) Business Days from the date of this Agreement;
- (90) **"Party"** means each of Canbud, MSC and Canbud Subco and **"Parties"** means all of them, collectively;
- (91) **"Permitted Encumbrances"** shall mean any form of security granted by MSC or any of the MSC Subsidiaries pursuant to the Security Documents;
- (92) **"Person"** includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Government Authority, syndicate or other entity, whether or not having legal status;
- (93) **"Personnel Obligations"** means any obligations or liabilities of a Party or any of its Subsidiaries to pay any amount to its or their officers, directors, employees and consultants, other than for salary, bonuses under its or their existing bonus arrangements and directors' fees in the Ordinary Course, in each case in amounts consistent with historic practices and obligations or liabilities in respect of insurance or indemnification contemplated by this Agreement or arising in the Ordinary Course of business and, without limiting the generality of the foregoing, Personnel Obligations shall include the obligations of such Party or any of its Subsidiaries to directors, officers, employees and consultants: (i) for payments on or in connection with any change in control of such Party pursuant to any change in control agreements, policies or arrangements, including the payments specified herein; and (ii) for any special incentive bonus payments and commitments;
- (94) **"Promissory Note"** has the meaning ascribed thereto in Section 4.10;

- (95) **“Receiving Party”** has the meaning ascribed thereto in Section 4.4(2);
- (96) **“Regulation D”** means Regulation D promulgated under the U.S. *Securities Act of 1933*;
- (97) **“Regulation S”** means Regulation S promulgated under the U.S. *Securities Act of 1933*;
- (98) **“Regulatory Approval”** means any approval, consent, waiver, permit, order or exemption from any Government Authority having jurisdiction or authority over any Party or the Subsidiary of any Party which is required or advisable to be obtained in order to permit the Transaction to be effected, including, without limitation, approval of the Exchange and **“Regulatory Approvals”** means all such approvals, consents, waivers, permits, orders or exemptions;
- (99) **“Reporting Jurisdictions”** means British Columbia and Ontario;
- (100) **“Securities Authorities”** means the British Columbia Securities Commission and the Ontario Securities Commission and other appropriate regulatory authorities, if applicable, and including the CSE;
- (101) **“Securities Exchange”** means the exchange of MSC Shares for Canbud Shares and other steps to be completed pursuant to Section 2.2(1) hereof;
- (102) **“Security Documents”** has the meaning ascribed thereto in Section 4.11;
- (103) **“SEDAR”** means the System for Electronic Document Analysis and Retrieval maintained by the Canadian Securities Administrators;
- (104) **“Stated Capital Resolution”** means the special resolution of the MSC Shareholders entitled to vote thereon, approving the reduction of stated capital of the MSC Shares;
- (105) **“Subsidiary”** has the meaning ascribed thereto in the CBCA;
- (106) **“Tax”** and **“Taxes”** means, with respect to any Person, all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all value added taxes, HST, capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, ad valorem taxes, value added taxes, transfer taxes, franchise taxes, license taxes, withholding taxes, payroll taxes, employment taxes, pension plan premiums for government administered pension plans; excise, severance, social security premiums, workers compensation premiums, unemployment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, customs duties or other taxes, fees, imports, assessments or charges of any kind whatsoever, together with any interest and any penalties or additional amounts imposed by any taxing authority (domestic or foreign) on such entity, and any interest, penalties, additional taxes and additions to tax imposed with respect to the foregoing;
- (107) **“Tax Laws”** means any Applicable Law that imposes Taxes or deals with the administration or enforcement of Liabilities for Taxes;
- (108) **“Tax Returns”** means all reports, estimates, elections, notices, filings, designations, forms, declarations of estimated tax, information statements and returns relating to, or required to be supplied to any Taxing Authority in connection with, any Taxes (including any attached schedules, estimated tax returns, withholding tax returns, and information returns and reports);
- (109) **“Taxing Authority”** means any Government Authority responsible for the imposition of any Tax (domestic or foreign) and includes the Canada Revenue Agency;

- (110) **“Technology”** has the meaning ascribed thereto in Section 3.1(36);
- (111) **“Transaction”** means the business combination of Canbud and MSC , whereby Canbud will acquire 100% of the issued and outstanding securities of MSC by way of the Amalgamation and pursuant to which the shareholders of MSC will become shareholders of Canbud;
- (112) **“United States”** means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;
- (113) **“U.S. Person”** includes a natural person resident in the United States, a partnership or corporation organized or incorporated under the laws of the United States, an estate of which any executor or administrator is a U.S. Person, a trust of which any trustee is a U.S. Person, an agency or branch of a foreign entity located in the United States; a non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person; any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and a partnership or corporation if (i) organized or incorporated under the laws of any foreign jurisdiction, and (ii) formed by a U.S. Person principally for the purpose of investing in securities not registered under the US Securities Act, unless it is organized or incorporated, and owned, by “Accredited Investors” who are not natural persons, estates or trusts;
- (114) **“US Securities Act”** means the United States *Securities Act of 1933*, as may be amended or re-enacted from time to time; and
- (115) **“Working Capital”** means, with respect to a Party, as of a specific date, the aggregate Current Assets of such Party less the Current Liabilities of such Party and all Accounts Receivable of such Party over 90 days past due.

**Section 1.2 Singular, Plural, etc.**

Words in this Agreement importing the singular number include the plural and vice versa and words importing gender include the masculine, feminine and neuter genders.

**Section 1.3 Deemed Currency**

In the absence of a specific designation of any currency, any undescribed dollar amount herein shall be deemed to refer to the lawful money of Canada. References to “US\$” shall mean United States dollars.

**Section 1.4 Headings, etc.**

The division of this Agreement into Articles and Sections, the provision of a table of contents hereto and the insertion of the recitals and headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement and, unless otherwise stated, all references in this Agreement to Articles and Sections refer to Articles and Sections of and to this Agreement in which such reference is made.

**Section 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 hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

**Section 1.6 Certain Phrases, Derivatives, etc.**

In this Agreement (i) the words “including” and “includes” mean “including (or includes) without limitation”, and (ii) the phrase “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of”, and (iii) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”.

**Section 1.7 Accounting Terms**

Wherever in this Agreement reference is made to a calculation to be made or an action to be taken in accordance with IFRS, such reference will be deemed to be to the IFRS from time to time approved by the Canadian Institute of Chartered Accountants, the Canadian Accounting Standards Board or any successor institute, and applicable as at the date on which such calculation or action is made or taken or required to be made or taken.

**Section 1.8 Statutory References**

Any reference in this Agreement to any statute or any Section thereof will, unless otherwise expressly stated, be deemed to be a reference to such statute or Section as amended, restated or re-enacted from time to time. References to any agreement or document will be to such agreement or document (together with all appendices, schedules and exhibits thereto), as it may have been or may hereafter be amended, supplemented, replaced or restated from time to time.

**Section 1.9 Knowledge**

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of MSC or words to like effect, it shall be deemed to refer to the actual knowledge of Dr. Mauro Aiello, Chief Executive Officer of MSC, and Ian Morton, Director of MSC, after due inquiry. Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of Canbud or words to like effect, it shall be deemed to refer to the actual knowledge of Mukesh (Steve) Singh, Chief Executive Officer of Canbud and Raj Ravindran, Chief Financial Officer of Canbud, after due inquiry.

**Section 1.10 MSC Disclosure Letters**

MSC has provided the MSC Disclosure Letter to the Canbud Parties. The purpose of the MSC Disclosure Letter is to set out qualifications, exceptions and other information called for in this Agreement. If a matter is said to be set out, disclosed, listed, described or reflected in a particular Schedule to a Disclosure Letter, it is deemed to have been sufficiently disclosed to the Parties if such matter is fully and plainly described in that particular Schedule.

**Section 1.11 Incorporation of Schedules**

The following schedule attached hereto is incorporated into and form an integral part of this Agreement:

Schedule A – Amalgamation Agreement  
Schedule B – Articles of Amalco

**ARTICLE 2  
THE AMALGAMATION**

**Section 2.1 Agreement to Amalgamate**

(1) Each Party hereby agrees, unless such steps have already been completed, that as soon as reasonably commercially practicable after the date hereof or at such other time as is specifically indicated below in this

Section 2.1, and subject to the terms and conditions of this Agreement and subject to the approval of the Exchange, it shall take the following steps indicated for it:

- (i) On the Closing Date at the Closing Time, MSC and Canbud Subco hereby agree to amalgamate by way of statutory amalgamation under the OBCA on the terms and subject to the conditions contained in the Amalgamation Agreement and the Canbud Parties hereby covenant and agree to issue the securities required to be issued in connection with the Transaction as set out in Section 2.2(1) below;
- (ii) on the Closing Date at the Closing Time, Canbud shall issue, or direct its transfer agent to issue, (other than to Dissenting Shareholders) certificates representing the appropriate number of securities required to be issued in connection with the Transaction as set out in Section 2.2(1) below; and
- (iii) the Parties shall take any other action and do anything, including the execution of any other agreements, documents or instruments, that are necessary or useful to give effect to the Transaction.

## **Section 2.2 Securities Exchange and Related Matters**

- (1) **Securities Exchange.** The Parties shall cause the Articles of Amalco to be filed with the Director to effect the Amalgamation. Pursuant to the Amalgamation:
  - (i) MSC and Canbud Subco will amalgamate and continue as Amalco;
  - (ii) at the Closing Time, each MSC Share (other than those held by Dissenting Shareholders, if any) outstanding immediately prior to the Closing Time shall be cancelled and each holder of MSC Shares shall receive in exchange for such MSC Shares such number of fully-paid and non-assessable Canbud Shares equal to the product of the number of such MSC Shares held by such holder multiplied by the Exchange Ratio;
  - (iii) at the Closing Time, each outstanding MSC Warrant will be exchanged for one Canbud Replacement Warrant, and each such MSC Warrant will be cancelled;
  - (iv) the Canbud Subco Shares will be cancelled and replaced by Amalco Shares on the basis of one Amalco Share for each Canbud Subco Share;
  - (v) as consideration for the issuance of the Canbud Shares to effect the Amalgamation, Amalco will issue to Canbud one Amalco Share for each Canbud Share issued to the previous holders of MSC Shares;
  - (vi) all of the property and assets of each of Canbud Subco and MSC will be the property and assets of Amalco, and Amalco will be liable for all of the liabilities and obligations of each of Canbud Subco and MSC; and
  - (vii) Amalco will be a wholly-owned subsidiary of Canbud.
- (2) **No Fractional Securities.** No fractional Canbud Shares will be issued pursuant to this Agreement. In the event that a MSC Securityholder would otherwise be entitled to a fractional security of Canbud hereunder, the number of Canbud Shares issued to such MSC Securityholder shall be rounded up to the next greater whole number of shares if the fractional entitlement is equal to or greater than 0.5 and shall, without any additional compensation, be rounded down to the next lesser whole number of shares if the fractional

entitlement is less than 0.5. In calculating such fractional interests, all MSC securities registered in the name of or beneficially held by such MSC Securityholder or their nominee shall be aggregated.

- (3) **Restrictions on Securities.** The Parties acknowledge and agree that the issuance of the foregoing securities of Canbud issued pursuant to the terms and conditions provided herein will be subject to compliance with Applicable Securities Laws.
- (4) **US Legends on Canbud Securities.** The Parties acknowledge and agree that, in addition to any other legends affixed to securities of the Canbud issued in connection with the Transaction upon the original issuance of securities of Canbud to any U.S. Person in connection with the Amalgamation (and including any Canbud Shares that may be issued upon exercise of convertible securities), and until such time as the same is no longer required under applicable requirements of the US Securities Act or applicable state securities laws, certificates representing such securities and all certificates issued in exchange therefor or in substitution thereof, shall bear the following legend: **“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF MSC THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO MSC, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (C) (1) IN ACCORDANCE WITH RULE 144A UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, OR (2) IN ACCORDANCE WITH RULE 144 UNDER THE U.S. SECURITIES ACT, IF AVAILABLE; OR (D) PURSUANT TO ANY OTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, PROVIDED THAT PRIOR TO ANY TRANSFER PURSUANT TO CLAUSES (C) OR (D) ABOVE, AN OPINION OF COUNSEL IN FORM AND SUBSTANCE REASONABLY ACCEPTABLE TO MSC SHALL FIRST BE PROVIDED TO THE EFFECT THAT SUCH TRANSFER DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY STATE SECURITIES LAW. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.”**,

provided, that if any such securities are being sold pursuant to Rule 904 of Regulation S at a time when Canbud is a “foreign issuer” within the meaning of Regulation S, the legend may be removed by the holder providing a declaration to the registrar and transfer agent for the applicable securities in a form prescribed by Canbud as to matters confirming that the sale is being made in compliance with Rule 904 of Regulation S, together with such additional documentation as Canbud or the transfer agent may require, including, if required by Canbud’s transfer agent, an opinion of counsel of recognized standing or other evidence reasonably satisfactory to Canbud, to the effect that such legend is no longer required under applicable requirements of the 1933 Act; and provided, further, that, if the securities are being sold pursuant to Rule 144 under the 1933 Act, if available, the legend may be removed by delivery to the registrar and transfer agent for the applicable securities of an opinion of counsel, of recognized standing reasonably satisfactory to Canbud, that such legend is no longer required under applicable requirements of the US Securities Act or state securities laws.

- (5) **Resale Restrictions.** The Canbud Shares to be issued to each former holder of MSC Shares in exchange for such former holder’s MSC Shares pursuant to the Amalgamation shall be subject to resale restrictions, and the certificates or other evidence of ownership representing such Canbud Shares shall contain restrictive legends, such that the former holder may not trade such Canbud Shares until:
- (i) as to 25% of such Canbud Shares, the date that is four (4) months after the Closing Date;
  - (ii) as to 25% of such Canbud Shares, the date that is seven (7) months after the Closing Date;
  - (iii) as to 25% of such Canbud Shares, the date that is ten (10) months after the Closing Date; and



- (iv) as to the remaining 25% of such Canbud Shares, the date that is thirteen (13) months after the Closing Date.

**Section 2.3 Statutory Amalgamation Requirements**

The Parties hereby agree as follows with respect to matters which the OBCA requires form part of this Agreement.

- (1) **Name.** The name of Amalco shall be “2847719 Ontario Inc.” or such other name as may be agreed upon by the Parties in writing.
- (2) **Registered and Records Office.** The mailing and delivery addresses of the registered office and records office of Amalco, until changed in accordance with the provisions of the OBCA, shall be 120 Adelaide St. West, Suite 2500, Toronto, Ontario M5H 1T1.
- (3) **Authorized Capital.** The authorized share structure of Amalco shall consist of an unlimited number of common shares without par value and an unlimited number of preferred shares as set out in the Articles of Amalco.
- (4) **Business.** There shall be no restrictions on the business which Amalco is authorized to carry on.
- (5) **Fiscal Year End.** The fiscal year end of Amalco shall be December 31 of each calendar year.
- (6) **Number of Directors.** The number of directors of Amalco shall, until changed in accordance with the Articles of Amalco, be a minimum of one and a maximum of 10.
- (7) **Initial Directors.** The director of Amalco shall be the individual whose name appears below:

<u>Name</u>	<u>Address</u>
Mukesh Singh	[REDACTED]

- (8) **Initial Officers.** The first officers of Amalco shall be the individual whose name and titles appear below:

<u>Name</u>	<u>Title</u>	<u>Address</u>
Mukesh Singh	President and Secretary	[REDACTED]

- (9) **Articles.** The Articles of Amalco, until repealed, amended or altered, shall be the Articles of Amalco substantially in the form attached as Schedule B hereto.
- (10) **Stated Capital.** Upon completion of the Transaction, the stated capital of Amalco will be equal to the aggregate sum of the stated capital of the shares of each of the Amalgamating Parties.
- (11) **Amendments to Structure.** Notwithstanding the foregoing, the Parties agree that the foregoing structure for the Amalgamation may be amended with the Consent of MSC and Canbud to accommodate certain tax planning and operational efficiencies of either Party provided that such amendments shall not have a detrimental effect on either Party and shall not negatively impact the business combination of MSC and Canbud evidenced hereby. The Parties intend that the MSC Shareholders shall be entitled to a rollover under the ITA such that the exchange of MSC Shares for Canbud Shares shall not constitute a taxable event for the MSC Shareholders, and the Parties will structure (or restructure) the Transaction to effect this intention. In no event shall the structure be amended unless such amendment is permitted by the CSE.
- (12) **Filing of Documents.** Upon the shareholders of each of the Amalgamating Parties approving this Agreement by special resolution in accordance with the OBCA, the Amalgamating Parties shall jointly file with the

Director under the OBCA, the Articles of Amalco in the form of Schedule "B" attached hereto and such other documents as may be required to effect the Amalgamation.

### **ARTICLE 3 REPRESENTATIONS AND WARRANTIES**

#### **Section 3.1 Representations of MSC**

MSC represents and warrants to Canbud and Canbud Subco as follows, and acknowledges and confirms that Canbud and Canbud Subco are each relying upon the representations and warranties in connection with the transactions contemplated by this Agreement, which representations and warranties are made as of the date of this Agreement and as of the Closing Date:

#### ***Corporate Matters***

- (1) **Incorporation and Qualification.** MSC and each of the MSC Subsidiaries is a corporation duly incorporated and existing under the statutes of its applicable jurisdiction of incorporation, and MSC and each of the MSC Subsidiaries has the corporate power to own and operate its respective assets, and MSC has the corporate power to enter into and perform its obligations under this Agreement, and MSC and each of the MSC Subsidiaries is current and up-to-date with all corporate filings required to be made by it in each applicable jurisdiction.
- (2) **Qualification to Conduct the Business.** Other than as disclosed in the MSC Disclosure Letter, MSC and each of the MSC Subsidiaries have all requisite corporate capacity, power and authority, and is duly qualified, licensed or registered to or possesses all material certificates, authority, permits and licenses issued by the appropriate Government Authority to conduct the Business as now conducted by it in all jurisdictions in which the nature of the MSC Assets or the Business makes such qualification necessary, namely the province of Ontario in Canada and in England, and it conducts its business in compliance in all material respects with such certificates, authorities, permits or licenses and has not received any notice of proceedings relating to the revocation or modification of any such certificate, authority, permit or license which, singly or in the aggregate, if the subject of an unfavourable decision, order, finding or ruling, would materially and adversely affect the conduct of the business, operations, financial condition, or income of MSC.
- (3) **Validity and Enforceability of the Agreement.**
  - (i) MSC has full corporate power, capacity and authority to undertake all steps of the Transaction contemplated in this Agreement and to carry out its obligations under this Agreement.
  - (ii) The transactions under this Agreement do not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any of the terms or provisions of the Governing Documents of MSC or any Contracts or instruments to which MSC or any of each of the MSC Subsidiaries is a party or pursuant to which any of the MSC Assets or the Business may be affected.
  - (iii) The transactions under this Agreement do not and will not result in a breach of, or cause the termination or revocation of, any Authorization held by MSC or any of the MSC Subsidiaries or that is necessary for the operation of the Business.
  - (iv) The transactions under this Agreement do not and will not result in the violation of any Applicable Law or judgment, decree, order, or award of any Government Authority applicable to MSC or any of the MSC Subsidiaries.

- (4) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by MSC, and constitutes legal, valid and binding obligations of MSC, enforceable against MSC in accordance with its terms subject only to any limitation under Applicable Laws relating to: (i) bankruptcy, winding-up, insolvency, arrangement and other laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (5) **Authorized and Issued Securities.** The authorized and issued capital of MSC consist of an unlimited number of MSC Shares, of which 20,809,416 MSC Shares are issued and outstanding as of the date hereof. All MSC Shares have been duly issued and shall be outstanding as fully paid and non-assessable. All of the MSC Shares have been issued in compliance with all Applicable Laws including, without limitation, Applicable Securities Laws.
- (6) **Agreements to Acquire Securities.** Except as contemplated by this Agreement and as set out in the MSC Disclosure Letter, no Person has any written or oral agreement, option or warrant or any right or privilege (whether by Applicable Law, pre-emptive or contractual granted by MSC or any of the MSC Subsidiaries) capable of becoming such for the purchase, subscription, allotment or issuance of any MSC Shares or other securities of MSC or any of the MSC Subsidiaries, other than the holders of the MSC Options with respect to the MSC Options and MSC Warrants with respect to the MSC Warrants. On Closing, there will be no MSC Options or MSC Warrants issued and outstanding.
- (7) **Subsidiaries.** Except as disclosed in the MSC Disclosure Letter, other than the MSC Subsidiaries, MSC holds no shares or other ownership, equity or proprietary interests in any other Person, including any joint venture.
- (8) **Required Approvals.** The entering into and the performance by MSC of the transactions contemplated herein:
- (i) do not require any Regulatory Approval, except that which may be required under by the Exchange and under Applicable Securities Laws;
  - (ii) will not contravene any statute or regulation of any Government Authority which is binding on MSC or any of the MSC Subsidiaries, where such contravention would materially and adversely affect the business, operations, capital or condition (financial or otherwise) of MSC; and
  - (iii) will not result in the breach of, or be in conflict with, or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a default under any term or provision of the Governing Documents or resolutions of MSC or any of the MSC Subsidiaries or any mortgage, note, indenture, contract or agreement, instrument, lease or other document to which MSC or the MSC Subsidiaries are a party, or any judgment, decree or order or any term or provision thereof, which breach, conflict or default would materially and adversely affect the business, operations, capital or condition (financial or otherwise) of MSC.
- (9) **Corporate Records.** The Books and Records of MSC and the MSC Subsidiaries that have been provided to Canbud are complete and accurate and all corporate proceedings and actions reflected in such Books and Records have been conducted or taken in compliance with all Applicable Laws and with the Governing Documents of MSC or the MSC Subsidiaries, as applicable. Without limiting the generality of the foregoing: (i) the minute books contain complete and accurate minutes of all meetings of the directors and shareholders held since incorporation and all such meetings were properly called and held; (ii) the minute books contain all resolutions passed by the directors and shareholders (and committees, if any) and all such resolutions were properly passed; (iii) the share certificate books, register of shareholders and register of transfers are complete and accurate, all transfers have been properly completed and approved and any tax payable in connection with the transfer of any securities has been paid; and (iv) the registers of directors

and officers are complete and accurate and all former and present directors and officers were properly elected or appointed, as the case may be.

- (10) **Voting.** MSC is not a party to any agreement nor is MSC aware of any agreement which in any manner affects the voting control of any of the MSC Shares or other securities of MSC.
- (11) **Shareholders Agreements.** There are no shareholders' agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the MSC Shares.
- (12) **Accurate Disclosure.** No representation, warranty or statement of MSC in this Agreement contains or will contain at the Closing Time any untrue statement of a material fact or omits or will omit to state any material fact necessary to make the statements contained herein or therein, in light of the circumstances under which made, not misleading.

#### ***Financial Matters***

- (13) **Dividends and Distributions.** Since the date of its formation, MSC has not, directly or indirectly, declared or paid any dividend or declared or made any other distribution on any of its shares or securities of any class, or, directly or indirectly, redeemed, purchased or otherwise acquired any of its shares or securities or agreed to do any of the foregoing.
- (14) **Distribution Restrictions.** There is not, in its Governing Documents or in any agreement, mortgage, note, debenture, indenture or other instrument or document to which MSC is a party, any restriction upon or impediment to the declaration or payment of dividends by the directors of MSC or the payment of dividends by MSC to the holders of their respective securities.
- (15) **Financial Records.** All accounting and financial Books and Records of MSC have been fully, properly and accurately kept and completed in all material respects. All material financial transactions of MSC have been accurately recorded in the Books and Records of MSC for the periods noted therein and such Books and Records fairly present the financial position and the affairs of MSC for the periods noted therein. The Books and Records and other data and information are not recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which are not available to MSC in the Ordinary Course.
- (16) **Financial Statements.** The MSC Financial Statements, including the notes thereto, have been prepared in accordance with or will be prepared in accordance with GAAP, applied on a basis consistent with past practices, and present or will present fairly, in all material respects:
  - (i) the assets, liabilities, (whether accrued, absolute, contingent or otherwise) and financial position of MSC as at the dates thereof;
  - (ii) the income and expenses of MSC during the periods covered by the MSC Financial Statements; and
  - (iii) do not or will not omit to state any material fact that is required by GAAP or by Applicable Laws to be stated or reflected therein or which is necessary to make the statements contained therein not misleading.
- (17) **Working Capital.** The Working Capital of MSC as of June 16, 2021, was a negative number equal to (\$369,175.00).
- (18) **Bankruptcy.** Neither MSC nor any of the MSC Subsidiaries has made any assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has

been presented in respect of it. MSC and the MSC Subsidiaries have not initiated proceedings with respect to a compromise or arrangement with their respective creditors, or for winding-up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of MSC, the MSC Subsidiaries or the MSC Assets and no execution or distress has been levied on any of the MSC Assets, nor have proceedings been commenced in respect of any of the foregoing. MSC and the MSC Subsidiaries have not incurred any liability or not exceeded any assets necessary for the operation of the Business as a result of the dissolution or bankruptcy of any corporation that was controlled by MSC at any time.

- (19) **Absence of Undisclosed Liabilities.** Except to the extent as will be reflected or reserved against in the MSC Financial Statements, or incurred in the Ordinary Course since the most recent date of the MSC Financial Statements, MSC does not have any material outstanding indebtedness or any material Liabilities or obligations (whether accrued, accruing, absolute, contingent or otherwise) and, except for such Liabilities which may be contemplated hereunder or which Canbud approves before being incurred, any Liabilities or obligations incurred in the Ordinary Course since the most recent date of the MSC Financial Statements, will not have had a Material Adverse Effect on the financial condition of MSC as at the Closing Date.
- (20) **Absence of Changes.** Except for the acquisition of the interest of MSC in the MSC Subsidiaries, since the date of incorporation of MSC, there has not been:
- (i) any change in the condition or the operation of the Business, MSC Assets or financial affairs of MSC or any of the MSC Subsidiaries; or
  - (ii) any damage, destruction or loss, labour unrest or other event, development or condition, of any character (whether or not covered by insurance) which is not generally known or which has not been disclosed to Canbud,

which, individually or in the aggregate, may have a Material Adverse Effect on the Business or MSC Assets of MSC or the prospects thereof.

- (21) **No Liabilities Resulting in Encumbrances.** Other than as set out in the MSC Disclosure Letter, there is no indebtedness or Liability of MSC or any of the MSC Subsidiaries to any Person which might, by operation of law or otherwise, now or hereafter constitute or be capable of resulting in or forming an Encumbrance, except a Permitted Encumbrance, upon any of the MSC Assets.
- (22) **Finder's Fees.** There is no person, firm or corporation acting or purporting to act at the request of MSC, who is entitled to any brokerage or finder's fee in connection with the Amalgamation.
- (23) **Indebtedness.** Except as disclosed in the MSC Disclosure Letter, neither MSC nor any of the MSC Subsidiaries are a party to any loan, bond, debenture, promissory note or other instrument evidencing indebtedness (demand or otherwise) for borrowed money or any other liability ("**Debt Instrument**") or any agreement, contract or commitment to create a Debt Instrument.
- (24) **Non-Arm's Length Debt.** Except as disclosed in the MSC Disclosure Letter, neither MSC nor any of the MSC Subsidiaries has any loan or other indebtedness outstanding which has been made to any of its shareholders, officers, directors or employees, past or present, or any person not dealing at "arm's length" (as such term is defined in the ITA).

#### ***General Matters Relating to the Business***

- (25) **Restrictions.** Neither MSC nor any of the MSC Subsidiaries is a party to or bound by any agreement which would restrict or limit its right to carry on any business or activity or to solicit business from any Persons or in any geographical area or otherwise to conduct the Business as MSC may determine. Neither MSC nor any of the MSC Subsidiaries are subject to any legislation or any judgment, order or requirement of any court

or Government Authority which is not of general application to Persons carrying on a business similar to the Business. Neither MSC nor any of the MSC Subsidiaries are a party to or bound or affected by any commitment, agreement or document containing any covenant which expressly limits the freedom of such entity to compete in any line of business, or to transfer or move any of its assets or operations, or which materially or adversely affects the Business practices, operations or condition of MSC.

- (26) **Compliance with Applicable Laws.** MSC and each of the MSC Subsidiaries is conducting the Business in compliance with all Applicable Laws other than acts of non-compliance which, in the aggregate, are not material, and MSC has not received notice that it or any of the MSC Subsidiaries has not conducted the Business or any past businesses in compliance with Applicable Laws.
- (27) **Authorizations.** Other than as set out in the MSC Disclosure Letter, MSC and each of the MSC Subsidiaries owns, holds, possesses or lawfully uses in the operation of the Business, all material Authorizations (“**Material Authorizations**”) which are, in any manner, necessary to conduct the Business as presently or previously conducted or for the ownership and use of the MSC Assets in compliance with all Applicable Laws. Each Material Authorization is valid, subsisting and in good standing. Neither MSC nor any of the MSC Subsidiaries is in default or breach of any Material Authorization and, no proceeding is pending or to the knowledge of MSC, threatened to revoke or limit any Material Authorization. All Material Authorizations are renewable by their terms or in the Ordinary Course without the need for MSC or any of the MSC Subsidiaries to comply with any special rules or procedures, agree to any materially different terms or conditions or pay any amounts other than routine filing fees.
- (28) **Legal Proceedings.** Other than as set out in the MSC Disclosure Letter, there are no Legal Proceedings pending or, to the knowledge of MSC, contemplated or threatened, to which MSC, any of the MSC Subsidiaries or any directors or officers of MSC is a party or to which the MSC Assets are or may become subject. Neither MSC nor any of the MSC Subsidiaries is subject to any judgment, Order or decree entered in any lawsuit or proceeding, nor has MSC or any of the MSC Subsidiaries settled any claim prior to being prosecuted in respect of it. Neither MSC nor any of the MSC Subsidiaries is a plaintiff or complainant in any Legal Proceedings.

#### ***Matters Relating to the Assets***

- (29) **Sufficiency of Assets.** Upon completion of the Transaction, no other property rights are necessary for the proposed conduct of the Business after Closing in substantially the same manner as was conducted prior to Closing, other than those forming part of the MSC Assets being transferred to Amalco. There are no restrictions on the ability of MSC to use, transfer or otherwise exploit any such property rights, and MSC does not know of any claim or basis for a claim that may adversely affect such rights.
- (30) **Ownership and Title to the Assets.** MSC is the owner of and has good and marketable title to all of the MSC Assets that it purports to own (whether real, personal, or mixed or whether tangible or intangible), and has legal and beneficial ownership of the MSC Assets free and clear of all Encumbrances whatsoever other than Permitted Encumbrances except as would not have a Material Adverse Effect.
- (31) **Leases.** Except as disclosed in the MSC Disclosure Letter, neither MSC nor any of the MSC Subsidiaries is a party to, or under any agreement to become a party to, any Lease as of the date of this Agreement.
- (32) **Material Contracts.** Except as disclosed in the MSC Disclosure Letter, there are no material documents and Contracts currently in effect under and by virtue of which any third party is entitled to the MSC Assets or which otherwise related to or affect the interest of MSC or any of the MSC Subsidiaries in the MSC Assets.

(33) **No Breach of Contracts.** To the knowledge of MSC and except as set out in the MSC Disclosure Letter:

- (i) MSC and the MSC Subsidiaries have not received notice or advice alleging it or any of the MSC Subsidiaries to be in default of any Material Contract. Each of the Material Contracts is in full force and effect, unamended, and there exists no default or event of default or event, occurrence, condition or act (including the purchase of the MSC Shares and other securities of MSC to be acquired under this Agreement) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default or event of default under any Material Contract; and
- (ii) neither MSC nor any of the MSC Subsidiaries have violated or breached, in any material respect, any of the terms or conditions of any Contract, nor any contract previously entered into by any Affiliate, except for certain failures to perform which, would not have a Material Adverse Effect. MSC has not received notice of any such breach, and, to the knowledge of MSC, all the covenants to be performed by any other party to such Contract have been fully performed, in all material respects.

***Intellectual Property and Data Privacy and Security***

(34) **Intellectual Property.** MSC and/or the MSC Subsidiaries own all right, title and interest in and to, or have validly licensed (and are not in breach of such licenses) all material Intellectual Property Rights. All such Intellectual Property Rights that are owned by or licensed to MSC and/or any of the MSC Subsidiaries are sufficient, in all material respects, for conducting the business of MSC and the MSC Subsidiaries. All Intellectual Property Rights owned or leased by MSC and/or the MSC Subsidiaries are valid and enforceable, and to the knowledge of MSC, the carrying on of the business of MSC and the MSC Subsidiaries and the use by MSC and the MSC Subsidiaries of any of the Intellectual Property Rights or Technology (as defined below) owned by or licensed to them does not breach, violate, infringe or interfere with any rights of any other Person. To the knowledge of MSC, no third party is infringing upon the Intellectual Property Rights owned or licensed by MSC or the MSC Subsidiaries. All computer hardware and associated firmware and operating systems, application software, database engines and processed data, technology infrastructure and other computer systems used in connection with the conduct of the business of MSC and the MSC Subsidiaries (collectively, the “**Technology**”) are sufficient, in all material respects, for conducting the business, as presently conducted, of MSC and the MSC Subsidiaries and MSC and the MSC Subsidiaries own or have validly licensed or leased (and are not in breach of such licenses or leases) such Technology.

(35) **Environmental Matters.**

- (i) MSC, each of the MSC Subsidiaries and the Business have been and are, operated in compliance with all applicable material Environmental Laws;
- (ii) there is no Environmental Law Claim pending or, to the knowledge of MSC threatened against MSC or any of the MSC Subsidiaries;
- (iii) neither MSC nor any of the MSC Subsidiaries have released any hazardous substance at, on or near the Demised Premises as a result of the conduct of the Business or otherwise in any manner that will give rise to a material liability if such release is not permitted by Environmental Law;
- (iv) the current and past operations of MSC and each of the MSC Subsidiaries have been and are in material compliance with all Environmental Laws, and to the knowledge of MSC there are no facts that could give rise to a notice of non-compliance by MSC or any of the MSC Subsidiaries with any Environmental Law, except for, in respect of all of the above, such non-compliance as would not individually or in the aggregate be reasonably like to result in or give Canbud to any material Liability to MSC or materially impair the operations of the Business; and

- (v) neither MSC nor any of the MSC Subsidiaries have been convicted of an offence or been subject to any Legal Proceeding or been subject to any order or other sanction requiring investigation or remediation of any real property or been fined or otherwise sentenced for non-compliance with any Environmental Laws, and have not settled any prosecution or other proceeding in relation to any alleged non-compliance with any Environmental Laws short of conviction in connection therewith.

### ***Employment Matters***

- (36) **Employees.** All amounts due or accrued for all salary, wages, bonuses, commissions, vacation pay, and other Employee benefits in respect of any Employee, director, independent contractor, consultant and agent of MSC and each of the MSC Subsidiaries that are attributable to the period before the Closing Date will be paid at or prior to the Closing Time in the Ordinary Course and consistent with past practice and are or shall be accurately reflected in the Books and Records of MSC and each of the MSC Subsidiaries. The MSC Disclosure Letter contains a correct and complete list of each Employee, director, independent contractor, consultant and agent of MSC and each MSC Subsidiary, whether actively at work or not, their salaries, wage rates, commissions and consulting fees, bonus arrangements, benefits, positions, ages, status as full-time or part-time employees and length of service. Except as disclosed in the MSC Disclosure Letter, no Employee of MSC or any of the MSC Subsidiaries has any agreement as to length of notice or severance payment required to terminate his or her employment, other than such as results by Law from the employment of an employee without an agreement as to notice or severance.
- (37) **Compliance with Employment Laws.** The Business has been and is being operated in compliance, in all material respects, with Applicable Laws relating to employment, including employment standards, occupational health and safety, human rights, labour relations, workers compensation, pay equity and employment equity and neither MSC nor any of the MSC Subsidiaries have received notice of any outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing pursuant to any workers' compensation legislation and MSC has not been reassessed in any material respect under such legislation.
- (38) **Employee Plans.** Other than as set out in the MSC Disclosure Letter, MSC and the MSC Subsidiaries currently do not have any benefit plans for Employees, other than the MSC Stock Option Plan.

### ***Tax Matters***

- (39) **Taxes.**
  - (i) MSC and each of the MSC Subsidiaries has duly and timely filed all Tax Returns required to be filed with the appropriate Government Authority, and all such Tax Returns are correct and complete in all material respects and reflect accurately all liability for Taxes of MSC and each of the MSC Subsidiaries for the periods covered thereby.
  - (ii) MSC and each of the MSC Subsidiaries have paid all Taxes which are due and payable (including all instalments on account of Taxes) within the time required by Applicable Law, and have paid all assessments and reassessments they have received in respect of Taxes. MSC has made full and adequate provision in the Books and Records and the financial statements of MSC for all Taxes of MSC and each of the MSC Subsidiaries for the periods covered by such financial statements that have not been paid whether or not shown as being due on any Tax Returns. Since the publication date for such financial statements, no material liability in respect of Taxes not reflected in such financial statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued, other than in the Ordinary Course. MSC and each of the MSC Subsidiaries have not received any refund of Taxes to which it was not entitled.



- (iii) MSC and each of the MSC Subsidiaries have withheld and collected all amounts required by Applicable Law to be withheld or collected by them on account of Taxes and have remitted all such amounts to the appropriate Government Authority within the time prescribed under any Applicable Law.
- (iv) There are no claims, actions, suits, audits, proceedings, investigations or other actions pending, or to the knowledge of MSC threatened, against MSC or any of the MSC Subsidiaries in respect of Taxes and, to the knowledge of MSC, there is no reason to expect that any such claim, action, suit, audit, proceeding, investigation or other action may be asserted against MSC or any of any of the MSC Subsidiaries by a Government Authority. Neither MSC nor any of the MSC Subsidiaries is negotiating any final or draft assessment or reassessment in respect of Taxes with any Government Authority and neither MSC nor any of the MSC Subsidiaries has received any indication from any Government Authority that an assessment or reassessment is proposed or may be proposed in respect of any Taxes. There are no facts of which MSC is aware which would constitute grounds for the assessment or reassessment of Taxes payable by MSC or any of the MSC Subsidiaries.
- (v) There are no outstanding agreements, arrangements, waivers or objections extending the statutory period or providing for an extension of time with respect to the assessment or reassessment of Taxes or the filing of any Tax Return by, or any payment of Taxes by, MSC or any of the MSC Subsidiaries.
- (vi) To the knowledge of MSC, there are no liens for Taxes upon any property or asset of MSC or any of the MSC Subsidiaries (whether owned or leased), except liens for current Taxes not yet due.
- (vii) Neither MSC nor any of the MSC Subsidiaries is subject to any liability for Taxes of any other Person. Neither MSC nor any of the MSC Subsidiaries is subject to any joint venture, partnership or other arrangement or contract that is treated as a partnership for income tax purposes in any jurisdiction. Neither MSC nor any of the MSC Subsidiaries are a party to any agreement, understanding, or arrangement relating to allocating or sharing any amount of Taxes.
- (viii) MSC is a “taxable Canadian corporation” for the purposes of the ITA.
- (ix) No claim has ever been made by a Government Authority in respect of Taxes in a jurisdiction where MSC or any of the MSC Subsidiaries do not file Tax Returns that MSC or any of the MSC Subsidiaries is or may be subject to Tax by that jurisdiction.

#### ***Other Matters***

- (40) **Indebtedness to MSC Securityholders.** Except as disclosed in the MSC Disclosure Letter, neither MSC nor any of the MSC Subsidiaries is indebted to the MSC Securityholders (or any Affiliates or associates thereof), or any of their directors, officers or Employees (or any Affiliate or associate thereof).

#### **Section 3.2 Representations of Canbud and Canbud Subco**

Each of Canbud and Canbud Subco represents and warrants as follows to MSC and acknowledges and confirms that MSC is relying on such representations and warranties in connection with the transactions contemplated by this Agreement, which representations and warranties are made as of the date of this Agreement and as of the Closing Date.

#### ***Corporate Matters***

- (1) **Incorporation and Qualification.** Each of Canbud and Canbud Subco is a corporation duly incorporated and existing under the statutes of their applicable jurisdiction of incorporation, and each of Canbud and Canbud

Subco has the corporate power to own and operate their respective assets, carry on their respective business, and has the corporate power to enter into and perform its obligations under this Agreement, and Canbud and Canbud Subco are both current and up to date with all corporate filings required to be made by it in each applicable jurisdiction.

(2) **Validity and Enforceability of the Agreement.**

- (i) Each of Canbud and Canbud Subco has full corporate power, capacity and authority to undertake all steps of the Transaction contemplated in this Agreement and to carry out its obligations under this Agreement.
- (ii) The transactions under this Agreement do not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any of the terms or provisions of the Governing Documents of Canbud or Canbud Subco, or any contracts or instruments to which Canbud or Canbud Subco is a party.
- (iii) The transactions under this Agreement do not and will not result in a breach of, or cause the termination or revocation of, any Authorization held by Canbud or Canbud Subco.
- (iv) The transactions under this Agreement do not and will not result in the violation of any Applicable Law or judgment, decree, order, or award of any Government Authority applicable to Canbud or Canbud Subco.

(3) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by Canbud and Canbud Subco, as applicable, and constitute legal, valid and binding obligations of Canbud and Canbud Subco, as applicable, enforceable against Canbud and Canbud Subco in accordance with its terms subject only to any limitation under Applicable Laws relating to (i) bankruptcy, winding-up insolvency, arrangement and other laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

(4) **Authorized and Issued Capital.**

- (i) The authorized capital of Canbud consists of an unlimited number of common shares, of which 86,083,597 Canbud Shares are issued and outstanding as fully paid and non-assessable as of the date of this Agreement.
- (ii) The authorized capital of Canbud Subco consists of an unlimited number of common shares without par value, of which one common share is issued and outstanding as fully paid and non-assessable as of the date of this Agreement.

(5) **Agreements to Acquire Securities.** As of the date hereof neither Canbud nor Canbud Subco is a party to and/or has granted any agreement, warrant, option or right or privilege capable of becoming an agreement (whether by Applicable Law, pre-emptive or contractual), for the purchase, subscription or issuance of any shares or securities convertible into or exchangeable for shares of Canbud, other than pursuant to (i) 45,671,691 Canbud Warrants, (ii) 6,950,000 Canbud Options, and (iii) 7,600,000 Canbud Shares issuable in connection with the Jamaica SPA.

(6) **Subsidiaries.** Other than Empathy Plant Co. (100% owned); Canbud D580H124 Inc. (60% owned); Canbud D2385NR Inc. (88.89% owned); Canbud D1726KC Inc. (88.89% owned); Canbud DEPL Corp (94.75% owned); 2688453 Ontario Ltd. (100% owned); and Canbud Subco (100% owned), Canbud holds no shares or other ownership, equity or proprietary interests in any other Person, including any joint venture.

- (7) **Related Party Transactions.** Canbud is not a party to or bound by any agreement with, is not indebted to, and no amount is owing to Canbud by, any officers, former officers, directors, former directors, shareholders, former shareholders, employees or former employees of Canbud or any Persons not dealing at arm's length with any of the foregoing. Since the most recent date of the Canbud Financial Statements, Canbud has not made or authorized any payments to any officers, former officers, directors, former directors, shareholders, former shareholders, employees or former employees of Canbud or to any Persons not dealing at arm's length with any of the foregoing.
- (8) **Issuable Canbud Shares.** The Canbud Shares to be issued to the MSC Securityholders pursuant to this Agreement shall, upon issuance, be duly and validly issued as full paid and non-assessable shares in the capital of Canbud in compliance with Applicable Laws, and will, upon issuance, be duly listed for trading on the Exchange, subject to the satisfaction of conditions on issuance, if any, by the Exchange and the resale restrictions described in Section 2.2(5).
- (9) **Issuable Warrants.** Subject to Canbud and each holder of MSC Warrants entering into an agreement satisfactory to Canbud with respect to the MSC Warrants, the Canbud Shares issuable upon the exercise of the MSC Warrants will be duly and validly authorized, allotted and reserved for issuance and, upon exercise of such MSC Warrants in accordance with the terms of such agreements, and, upon receipt by Canbud of the consideration therefor, such Canbud Shares will be issued as fully paid and non-assessable in compliance with Applicable Laws.
- (10) **Ownership of Canbud Subco.** Canbud is the registered and beneficial owner of all of the issued and outstanding common shares of Canbud Subco and neither Canbud nor Canbud Subco is a party to or has granted any agreement, warrant, option or right or privilege capable of becoming an agreement, for the purchase, subscription or issuance of any securities of Canbud Subco or securities convertible into or exchangeable for any securities of Canbud Subco.
- (11) **Reporting Issuer Status.** Canbud is a reporting issuer, or the equivalent thereof, under the Applicable Securities Laws of the Reporting Jurisdictions and, to the knowledge of Canbud, is not currently in default of any requirement of the Applicable Laws and Applicable Securities Laws of each of the Reporting Jurisdictions and other regulatory instruments of the Securities Authorities in such provinces.
- (12) **Exchange Matters.** The issued and outstanding Canbud Shares are listed and posted for trading solely on the CSE. There is no order ceasing or suspending trading in any securities of Canbud currently outstanding and to the knowledge of Canbud, no proceedings for such purpose are pending or threatened by the Exchange or any Securities Authority.
- (13) **Corporate Records.** The Books and Records of Canbud and Canbud Subco are complete and accurate and all corporate proceedings and actions reflected in such Books and Records have been conducted or taken in compliance with all Applicable Laws and with the Governing Documents of Canbud or Canbud Subco, as applicable. Without limiting the generality of the foregoing: (i) the minute books contain complete and accurate minutes of all meetings of the directors and shareholders held since incorporation and all such meetings were properly called and held; (ii) the minute books contain all resolutions passed by the directors and shareholders (and committees, if any) and all such resolutions were properly passed; (iii) the share certificate books, register of shareholders and register of transfers are complete and accurate, all transfers have been properly completed and approved and any tax payable in connection with the transfer of any securities has been paid; and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers were properly elected or appointed, as the case may be.
- (14) **Voting.** Canbud is not a party to any agreement nor is Canbud aware of any agreement which in any manner affects the voting control of any of the Canbud Shares or other securities of Canbud.

- (15) **Shareholders Agreements.** There are no shareholders' agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the Canbud Shares.
- (16) **Filings.** All filings and fees required to be made by Canbud and Canbud Subco pursuant to Applicable Laws have been made and paid and such filings were true and accurate as at the respective dates thereof and Canbud has not filed any confidential material change reports.
- (17) **Options, etc.** Other than pursuant to (i) 45,671,691 Canbud Warrants, (ii) 6,950,000 Canbud Options, and (iii) the Jamaica SPA and (iv) this Agreement, Canbud or Canbud Subco is not party to and has not granted any agreement, warrant, option or right or privilege capable of becoming an agreement, for the purchase, subscription or issuance of any Canbud Shares or securities convertible into or exchangeable for Canbud Shares.
- (18) **Required Approvals.** The entering into and the performance by Canbud and Canbud Subco of the transactions contemplated herein:
- (i) does not require any Regulatory Approval, except that which may be required under by the Exchange and under Applicable Securities Laws;
  - (ii) will not contravene any statute or regulation of any Government Authority which is binding on Canbud or Canbud Subco, where such contravention would materially and adversely affect the business, operations, capital or condition (financial or otherwise) of Canbud and Canbud Subco, taken as a whole; and
  - (iii) will not result in the breach of, or be in conflict with, or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a default under any term or provision of the Governing Documents or resolutions of Canbud or Canbud Subco or any Debt Instrument, mortgage, note, indenture, contract or agreement, instrument, lease or other document to which Canbud is a party, or any judgment, decree or order or any term or provision thereof, which breach, conflict or default would materially and adversely affect the business, operations, capital or condition (financial or otherwise) of Canbud and Canbud Subco, taken as a whole.
- (19) **Business Restrictions.** Except to the extent that Canbud must comply with the CSE Policies, neither Canbud nor Canbud Subco is a party to or bound or affected by any commitment, agreement or document containing any covenant which expressly limits the freedom of Canbud or Canbud Subco to compete in any line of business, or to transfer or move any of its assets or operations or which materially or adversely affects the business practices, operations or condition of Canbud and Canbud Subco taken as a whole or which would prohibit or restrict Canbud or Canbud Subco from entering into and completing the Transaction.

### ***Financial Matters***

- (20) **Dividends and Distributions.** Since the date of its incorporation or formation, as applicable Canbud has not, directly or indirectly, declared or paid any dividend or declared or made any other distribution on any of its shares or securities of any class, or, directly or indirectly, redeemed, purchased or otherwise acquired any of its shares or securities or agreed to do any of the foregoing.
- (21) **Distribution Restrictions.** There is not, in its Governing Documents or in any agreement, mortgage, note, debenture, indenture or other instrument or document to which Canbud is a party, any restriction upon or impediment to the declaration or payment of dividends by the directors of Canbud or the payment of dividends by Canbud to the holders of their respective securities.

- (22) **Financial Statements.** The Canbud Financial Statements, including the notes thereto, have been or will be prepared in accordance with GAAP, applied on a basis consistent with past practices, and present or will present fairly, in all material respects:
- (i) the assets, liabilities, (whether accrued, absolute, contingent or otherwise) and financial position of Canbud as at the dates thereof;
  - (ii) the income and expenses of Canbud during the periods covered by the Canbud Financial Statements; and
  - (iii) do not or will not omit to state any material fact that is required by GAAP or by Applicable Laws to be stated or reflected therein or which is necessary to make the statements contained therein not misleading.
- (23) **Bankruptcy.** Neither Canbud nor Canbud Subco has made any assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has been presented in respect of it. Canbud and Canbud Subco have not initiated proceedings with respect to a compromise or arrangement with their respective creditors, or for winding-up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of Canbud, Canbud Subco or their respective assets and no execution or distress has been levied on any of such assets, nor have proceedings been commenced in respect of any of the foregoing. Canbud and Canbud Subco have not incurred any liability or not exceeded any assets necessary for the operation of their respective business as a result of the dissolution or bankruptcy of any corporation that was controlled by Canbud at any time.
- (24) **Absence of Changes.** Since the most recent date of the Canbud Financial Statements there has not been:
- (i) any change in the condition or the operation of the business, assets or financial affairs of Canbud which, individually or in the aggregate; or
  - (ii) any damage, destruction or loss, labour unrest or other event, development or condition, of any character (whether or not covered by insurance) which is not generally known or which has not been disclosed to MSC, which may have a Material Adverse Effect on the properties or assets of Canbud.
- (25) **No Liabilities Resulting in Encumbrances.** There is no indebtedness or Liability of Canbud or Canbud Subco to any Person which might, by operation of law or otherwise, now or hereafter constitute or be capable of resulting in or forming an Encumbrance upon any of the assets of Canbud, other than as set out in the Canbud Disclosure Record.
- (26) **Auditors.** There has never been a reportable disagreement (within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations*) with the present auditors of Canbud.
- (27) **Legal Proceedings.** There are no Legal Proceedings pending or, to the knowledge of Canbud, contemplated or threatened, to which Canbud or Canbud Subco is a party or to which their respective assets are or may become subject. Neither Canbud nor Canbud Subco is subject to any judgment, Order or decree entered in any lawsuit or proceeding, nor has Canbud or Canbud Subco settled any claim prior to being prosecuted in respect of it. Neither Canbud nor Canbud Subco is a plaintiff or complainant in any Legal Proceedings.
- (28) **Liabilities.** There are no material liabilities of Canbud or Canbud Subco whether direct, indirect, absolute, contingent or otherwise, which are not disclosed or reflected in the Canbud Disclosure Record, except those incurred in the ordinary course of business or pursuant to the Transaction.

- (29) **Finder's Fees.** There is no person, firm or corporation acting or purporting to act at the request of Canbud, who is entitled to any brokerage or finder's fee in connection with the transactions contemplated herein, other than Terranova Capital Inc, which is entitled to the fees and other amounts provided for in the Advisory Services Agreement.
- (30) **Indebtedness.** Except as disclosed in the Canbud Financial Statements, neither Canbud nor Canbud Subco is a party to any Debt Instrument nor any agreement, contract or commitment to create, assume or issue any Debt Instrument.
- (31) **Non-Arm's Length Debt.** Canbud does not have any loan or other indebtedness outstanding which has been made to any of its shareholders, officers, directors or employees, past or present, or any person not dealing at "arm's length" (as such term is defined in the ITA).

***General Matters Relating to the Business***

- (32) **Business; Assets.** Other than as disclosed in the Canbud Financial Statements, Canbud does not hold, possess or have any undertaking, property or assets of any material value.
- (33) **No Material Adverse Change.** Since the most recent date of the Canbud Financial Statements, there has not been any Material Adverse Change in the affairs, operations or condition of Canbud, its assets or its properties and no event has occurred or circumstance exists which may result in such a Material Adverse Change.
- (34) **Compliance with Applicable Laws.** To the knowledge of Canbud, Canbud has, at all times, conducted its operations in compliance with all Applicable Laws, including all CSE Policies, other than acts of non-compliance which, in the aggregate, are not material, and Canbud has not received notice that it has not operated in compliance with Applicable Laws.
- (35) **Material Contracts.** There are no Material Contracts or agreements to which Canbud is a party, or by which it is bound, other than as disclosed in the Canbud Disclosure Record.
- (36) **No Breach of Contracts.** To the knowledge of Canbud, Canbud has performed all of the obligations required to be performed by it and is entitled to all benefits under, and Canbud has not received notice or advice alleging it to be in default of any contract.

***Taxes and Other Matters***

- (37) **Taxes.**
  - (i) As of the Closing Date, Canbud and Canbud Subco shall have duly and timely filed all Tax Returns required to be filed with the appropriate Government Authority and all such Tax Returns are correct and complete in all material respects and reflect accurately all liability for Taxes of Canbud and Canbud Subco for the periods covered thereby.
  - (ii) As of the Closing Date, Canbud and Canbud Subco shall have paid all Taxes which are due and payable (including all instalments on account of Taxes) within the time required by Applicable Law, and have paid all assessments and reassessments they have received in respect of Taxes. Canbud has made full and adequate provision in the Books and Records of Canbud and the financial statements of Canbud for all Taxes of Canbud and Canbud Subco for the periods covered by such financial statements that have not been paid whether or not shown as being due on any Tax Returns. Since the publication date for such financial statements, no material liability in respect of Taxes not reflected in such financial statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued, other than in the Ordinary Course.

- (iii) There are no claims, actions, suits, audits, proceedings, investigations or other actions pending, or to the knowledge of Canbud threatened, against Canbud or Canbud Subco in respect of Taxes and, to the knowledge of Canbud, there is no reason to expect that any such claim, action, suit, audit, proceeding, investigation or other action may be asserted against Canbud or Canbud Subco by a Government Authority. Neither Canbud nor Canbud Subco is negotiating any final or draft assessment or reassessment in respect of Taxes with any Government Authority and neither Canbud nor Canbud Subco has received any indication from any Government Authority that an assessment or reassessment is proposed or may be proposed in respect of any Taxes. There are no facts of which Canbud is aware which would constitute grounds for the assessment or reassessment of Taxes payable by Canbud or Canbud Subco.
  - (iv) There are no outstanding agreements, arrangements, waivers or objections extending the statutory period or providing for an extension of time with respect to the assessment or reassessment of Taxes or the filing of any Tax Return by, or any payment of Taxes by, Canbud or Canbud Subco.
  - (v) To the knowledge of Canbud, there are no liens for Taxes upon any property or asset of Canbud or Canbud Subco (whether owned or leased), except liens for current Taxes not yet due.
  - (vi) Neither Canbud nor Canbud Subco is subject to any liability for Taxes of any other Person. Neither Canbud nor Canbud Subco is subject to any joint venture, partnership or other arrangement or contract that is treated as a partnership for income tax purposes in any jurisdiction. Neither Canbud nor Canbud Subco is a party to any agreement, understanding, or arrangement relating to allocating or sharing any amount of Taxes.
  - (vii) Canbud is a “taxable Canadian corporation” for the purposes of the ITA.
  - (viii) No claim has ever been made by a Government Authority in respect of Taxes in a jurisdiction where Canbud or Canbud Subco do not file Tax Returns that Canbud or Canbud Subco is or may be subject to Tax by that jurisdiction.
- (38) **No Withholding Taxes.** To the extent there are withholding or other Taxes pursuant to any Applicable Laws that prevent, restrict or affect the delivery of the Canbud Shares to the former holders of MSC Shares in accordance with this Agreement, all proper amounts will be withheld by Canbud in respect of same.

***Other Matters***

- (39) **Indebtedness to Canbud securityholders.** Except as disclosed in the Canbud Financial Statements, and except for the payment of salaries and other compensation payable in the Ordinary Course and reimbursement for out-of-pocket expenses in the Ordinary Course, neither Canbud nor Canbud Subco is indebted to any securityholder of Canbud (or any Affiliates or associates thereof), or any of their directors, officers or Employees (or any Affiliate or associate thereof).
- (40) **Accurate Disclosure.** No representation, warranty or statement of Canbud in this Agreement contains or will contain at the Closing Time any untrue statement of a material fact or omits or will omit to state any material fact necessary to make the statements contained herein or therein, in light of the circumstances under which made, not misleading.

**ARTICLE 4  
PRE-CLOSING COVENANTS**

**Section 4.1            Conduct of Business Prior to Closing – MSC**

- (1)    **Negative Covenants.** Other than as contemplated or permitted by this Agreement, and without derogating from the covenant of MSC in Section 6.1(1)(ii), MSC will not, and will cause any of the MSC Subsidiaries not to, without the consent of Canbud:
- (i)        amend its Governing Documents, other than in connection with the Amalgamation;
  - (ii)        sell, transfer or otherwise dispose of any of its property or assets;
  - (iii)        acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof, or make any investment either by purchase of shares or securities, contributions of capital or property transfer;
  - (iv)        acquire any material assets;
  - (v)        incur any indebtedness for borrowed money, other than pursuant to existing facilities, or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other individual or entity, or make any loans or advances, other than pursuant to the Bridge Loan and fees payable to legal and accounting advisors in the Ordinary Course and reasonable fees payable to legal, accounting, engineering and financial advisors in connection with the Transaction and matters contemplated by this Agreement;
  - (vi)        authorize, recommend or propose any release or relinquishment of any material contractual right;
  - (vii)        enter into any agreements with its directors or officers or their respective associates;
  - (viii)        authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;
  - (ix)        make any capital expenditure or commitment;
  - (x)        discharge any secured or unsecured obligation or liability;
  - (xi)        remove the auditor or any director or terminate any officer or other Employee;
  - (xii)        cancel or waive any material claims or rights;
  - (xiii)        enter into any compromise or settlement of any Legal Proceeding or governmental investigation relating to the assets or properties or assets of MSC;
  - (xiv)        cancel or reduce any of its insurance coverage;
  - (xv)        declare or pay any dividend;
  - (xvi)        issue, grant, sell or pledge or agree to issue, grant, sell or pledge any shares, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire shares other than in accordance with the terms of currently outstanding securities;



- (xvii) otherwise than as agreed to in writing by Canbud, make any payment of any nature to or for the benefit of a Related Person (as defined in CSE Policies);
  - (xviii) other than as agreed to in writing by Canbud, pay any person, firm or corporation acting or purporting to act at the request of MSC, any brokerage or finder's fee in connection with the transactions contemplated herein;
  - (xix) use any amounts advanced to it pursuant to the Bridge Loan in any manner other than as provided for in Section 4.10; or
  - (xx) agree, whether or not in writing, to do any of the foregoing.
- (2) **Affirmative Covenants.** Without derogating from the obligation of MSC in Section 6.1(1)(ii), MSC will, and will cause any of the MSC Subsidiaries to:
- (i) maintain all Books and Records in the usual, regular and ordinary manner;
  - (ii) use reasonable commercial efforts to preserve intact the current business organization of MSC and any of the MSC Subsidiaries;
  - (iii) take all such actions as is within its power to control and to use its reasonable commercial efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 6.1 and Section 6.3 including, using reasonable commercial efforts ensuring that during the period from the date of this Agreement to Closing and at Closing, there is no breach of any of their representations and warranties in Section 3.1; and
  - (iv) using reasonable commercial efforts, conduct the Business in such a manner that on the Closing Date, the representations and warranties contained in this Agreement shall be true, correct and complete as if such representations and warranties were made on and as of such date.

#### **Section 4.2 Conduct of Business Prior to Closing - Canbud**

- (1) **Transaction.** During the period from the date of execution of this Agreement up to and including the Closing Date, Canbud will seek to complete the Transaction and shall otherwise conduct its operations in the Ordinary Course.
- (2) **Negative Covenants.** Other than as may contemplated or permitted by this Agreement and without limiting the generality of Section 4.2(1) and without derogating from the obligation of Canbud in Section 6.2(1)(ii), Canbud and Canbud Subco will not:
- (i) amend its Governing Documents, other than in connection with the Amalgamation in the case of Canbud Subco;
  - (ii) sell, transfer or otherwise dispose of any of its property or assets except in the Ordinary Course;
  - (iii) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof, or make any investment either by purchase of shares or securities, contributions of capital or property transfer;
  - (iv) acquire any material assets except in the Ordinary Course;

- (v) incur any indebtedness for borrowed money, other than pursuant to existing facilities, or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other individual or entity, or make any loans or advances, other than the Personnel Obligations and fees payable to legal and accounting advisors in the Ordinary Course and reasonable fees payable to legal, accounting, engineering and financial advisors in connection with the Transaction and matters contemplated by this Agreement;
  - (vi) authorize, recommend or propose any release or relinquishment of any material contractual right;
  - (vii) enter into any agreements with its directors or officers or their respective associates;
  - (viii) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;
  - (ix) make any capital expenditure or commitment except in the Ordinary Course;
  - (x) remove the auditor;
  - (xi) cancel or waive any material claims or rights;
  - (xii) enter into any compromise or settlement of any Legal Proceeding or governmental investigation relating to the assets or properties or assets of Canbud;
  - (xiii) cancel or reduce any of its insurance coverage;
  - (xiv) declare or pay any dividend;
  - (xv) issue, grant, sell or pledge or agree to issue, grant, sell or pledge any Canbud Shares, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire Canbud Shares other than in accordance with the terms of existing obligations of Canbud, the Canbud Warrants or Canbud Options;
  - (xvi) other than as agreed to in writing by MSC, pay any person, firm or corporation acting or purporting to act at the request of Canbud, any brokerage or finder's fee in connection with the transactions contemplated herein;
  - (xvii) subject to the trade halt previously or hereafter instituted by the CSE with respect to the Transaction, take any action which would be reasonably expected to result in the delisting or suspension of the Canbud Shares from the Exchange and shall comply, in all material respects, with the CSE Policies, and the rules and regulations thereof; or
  - (xviii) agree, whether or not in writing, to do any of the foregoing.
- (3) **Affirmative Covenants.** Without limiting the generality of Section 4.2(1) and without derogating from the obligation of Canbud in Section 6.2(1)(ii), Canbud and Canbud Subco will:
- (i) comply with all Authorizations and contractual obligations except as would not have a Material Adverse Effect;
  - (ii) maintain all Books and Records in the usual, regular and ordinary manner;

- (iii) using reasonable commercial efforts, conduct its operations in such a manner that on the Closing Date, the representations and warranties contained in this Agreement shall be true, correct and complete as if such representations and warranties were made on and as of such date; and
- (iv) take all such actions as are within their respective power to control and to use their reasonable commercial efforts to cause other actions to be taken which are not within their power to control, so as to ensure compliance with all of the conditions set forth in Section 6.2 and Section 6.3 including ensuring that during the period from the date of this Agreement to Closing and at Closing, there is no breach of any of its representations and warranties set forth in Section 3.2.

#### **Section 4.3 Mutual Covenants Prior to Closing**

- (1) Each of the Parties covenants that prior to Closing it shall not, directly or indirectly, do or permit to occur any of the following, except as otherwise contemplated herein:
  - (i) redeem, purchase or otherwise acquire any of its outstanding shares or other securities including, without limitation, under an issuer bid;
  - (ii) split, consolidate, combine or reclassify any of its shares;
  - (iii) reduce its stated capital other than pursuant to the Stated Capital Resolution; or
  - (iv) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing.

#### **Section 4.4 Access to Information**

- (1) **Provision for Access.** From the date hereof until the earlier of the Closing and the termination of this Agreement, subject to Applicable Law, each Party shall give the other Parties and its respective representatives (i) upon reasonable written notice, reasonable access during normal business hours to its and its Subsidiaries' (a) premises, (b) property and assets (including all books and records, whether retained internally or otherwise), (c) Contracts, leases and Authorizations, and (d) senior personnel, so long as the access does not unduly interfere with the Ordinary Course conduct of the business of the Party; and (ii) such financial and operating data or other information with respect to the assets or business of the Party as the other Party from time to time reasonably requests in order to permit MSC to be in a position to efficiently complete the Transaction.
- (2) **Confidentiality.** Until the Closing and in the event of termination of this Agreement without Closing, each Party (the "**Receiving Party**") shall keep confidential any Confidential Information obtained from the other Party (the "**Disclosing Party**") or its respective agents and representatives, unless such Confidential Information: (i) is or becomes generally available to the public other than as a result of a disclosure in violation of this Agreement, (ii) becomes available to the Receiving Party on a non-confidential basis from a source other than the Disclosing Party or its respective agents and representatives, unless the Receiving Party knows that such source is prohibited from disclosing the information to the Receiving Party by a contractual, fiduciary or other legal obligation to the Disclosing Party, or (iii) was known to the Receiving Party on a non-confidential basis before its disclosure to the Receiving Party by the Disclosing Party or its respective agents and representatives. In the event the Receiving Party is required by Applicable Law or by any by-law, rule or policy of any stock exchange to disclose any confidential information, the Receiving Party will, to the extent not prohibited by Applicable Law or by any by-law, rule or policy of any stock exchange, provide the Disclosing Party with prompt notice of such requirements so that the Disclosing Party may seek a protective order or other appropriate remedy or waive compliance with the provisions of this Section 4.4(2). Subject to the next sentence, if this Agreement is terminated, promptly after such termination the Receiving Party will return or cause to be returned or destroyed all documents, work papers

and other material (whether in written, printed, electronic or computer printout form and including all copies) obtained from the Disclosing Party or its respective agents and representatives in connection with this Agreement and not previously made public. The Receiving Party may retain one copy of all such documents, work papers and other materials in a sealed envelope left with its solicitors, which sealed envelope is not to be opened except in circumstances where this Agreement or the transaction contemplated herein are the subject of litigation or otherwise with the consent of the Disclosing Party.

#### **Section 4.5 MSC Shareholder Meeting**

Prior to Closing, MSC shall have called and held the MSC Shareholder Meeting and shall put forward to the MSC Shareholders resolutions approving the Amalgamation, the Stated Capital Resolution, the Transaction and related matters.

#### **Section 4.6 Filings and Authorizations**

- (1) **Approval for Securities Exchange.** MSC and Canbud shall, as promptly as practicable after the execution of this Agreement, will: (i) make, or cause to be made, all such filings and submissions under all Applicable Laws, as may be required to consummate the Securities Exchange in accordance with the terms of this Agreement, (ii) use all reasonable commercial efforts to obtain, or cause to be obtained, all Authorizations necessary or advisable to be obtained by it in order to consummate such exchange, and (iii) use all reasonable efforts to take, or cause to be taken, all other actions necessary, proper or advisable in order for it to fulfil its obligations under this Agreement. MSC and Canbud will coordinate and cooperate with one another in exchanging such information and supplying such assistance as may be reasonably requested by each in connection with the foregoing including, without limitation, providing each other with all notices and information supplied or filed with any Government Authority or the Exchange (except for notices and information which MSC or Canbud, in each case acting reasonably, considers highly confidential and sensitive which may be filed on a confidential basis), and all notices and correspondence received from any Government Authority or the Exchange.

#### **Section 4.7 Required Consents**

- (1) **MSC Consents.** MSC will use all reasonable commercial efforts to obtain, prior to Closing:
  - (i) consent for the change of control as required by any Lease or Material Contract to which MSC or an Affiliate is a party; and
  - (ii) Shareholder approval of the MSC Shareholders at the MSC Shareholder Meeting of the Amalgamation, Stated Capital Resolution and the Transaction.
- (2) **Canbud Consents.** Canbud will use all reasonable commercial efforts to obtain, prior to Closing, the written acceptance or approval from the Exchange and approval of the Canbud Shareholders of the Transaction, in each case, if required by the CSE.

#### **Section 4.8 News Releases and Required Exchange Disclosure**

- (1) Canbud shall file with the CSE, on a timely basis, all necessary documents required or requested by the CSE (in a form and content satisfactory to the CSE).
- (2) MSC covenants and agrees that, from the date of this Agreement until the Closing Date or termination of this Agreement, except with the prior written consent of Canbud (such consent not to be unreasonably withheld or delayed), and except as otherwise expressly permitted or specifically contemplated by this Agreement or required by Applicable Laws, it will:

- (i) indemnify and save harmless Canbud and its directors, officers, employees, advisors and agents from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Canbud or its directors, officers, employees advisors and agents may be subject or which Canbud or its directors, officers, employees, advisors or agents may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:
  - (i) any Misrepresentation contained solely in any MSC Information included in any document provided by MSC to Canbud for purposes of filing with the Securities Authorities or the CSE, other than in respect of information provided by or related to the Canbud Parties; and
  - (ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any Misrepresentation in any material filed by or on behalf of MSC in compliance or intended compliance with Applicable Securities Laws or filed with the CSE;
- (3) Canbud covenants and agrees that, from the date of this Agreement until the Closing Date or termination of this Agreement, except with the prior written consent of MSC (such consent not to be unreasonably withheld or delayed), and except as otherwise expressly permitted or specifically contemplated by this Agreement or required by Applicable Laws, it will:
  - (i) provide MSC with all Canbud Circular Information required for the MSC Circular in a timely manner and ensure that such information provided by it expressly for inclusion in the MSC Circular does not, at the time of the mailing of the MSC Circular, contain any Misrepresentation;
  - (ii) provide MSC and its legal counsel with the information required to prepare the MSC Circular and other documents to be filed with, or to be sent to the Exchange in connection with the Transaction, and will give reasonable consideration to any comments made by MSC and its legal counsel;
  - (iii) indemnify and save harmless MSC and its directors, officers, employees, advisors and agents from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which MSC or its directors, officers, employees, advisors and agents may be subject or which MSC or its directors, officers, employees, advisors and agents may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:
    - (i) any Misrepresentation contained solely in any Canbud Circular Information included in the MSC Circular that was provided to MSC expressly for inclusion in the MSC Circular; and
    - (ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any Misrepresentation in the Canbud Circular Information other than in respect of MSC Information or in any material filed by or on behalf of Canbud in compliance or intended compliance with Applicable Securities Laws.

#### **Section 4.9 Exclusive Dealing**

Except as provided by this Agreement, each Party agrees that, as and from the date hereof through the earlier of: (i) the Closing Date; and (ii) the termination of this Agreement, subject to the written consent of the other Parties, each Party shall not nor permit any of its or its Subsidiaries' officers, directors, Employees, consultants, advisors, representatives, agents or other parties acting on its behalf, to solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement,

arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Transaction, and without limiting the generality of the foregoing, not to sell any of its assets or its business or induce or attempt to induce any other person to initiate any shareholder proposal or "takeover bid," exempt or otherwise, within the meaning of the *Securities Act* (Ontario), for securities of the Party or the Parties' assets, nor to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Transaction from any Person (other than the Parties), and including, without limitation, allowing access to any third party to conduct due diligence, nor to permit any of its officers or directors to authorize such access, except as required by statutory obligations. In the event a Party, including any of its Subsidiaries officers or directors, receives any formal written form of offer or inquiry, such Party shall forthwith (in any event within one business day following receipt) notify the other Parties of such offer or inquiry and provide the other Parties with such details as it may request.

#### **Section 4.10 Bridge Loan**

On execution of this Agreement, Canbud will make available to MSC a bridge loan (the "**Bridge Loan**") of \$500,000. The Bridge Loan will be evidenced by a promissory note (the "**Promissory Note**"), and will bear interest at 5% per annum, mature sixty days from the date of the Bridge Loan, and be secured against the assets of MSC (including the shares of the MSC Subsidiaries held by MSC) and each of the MSC Subsidiaries. The Bridge Loan will rank on par with the Loan Agreement. In the event that the Bridge Loan is advanced, in whole or in part, and this Agreement is terminated (other than as a result of any breach of its terms by Canbud), then the principal amount advanced under the Bridge Loan and all accrued interest owing thereon shall immediately become due and payable. The advances under the Bridge Loan would be available to MSC for the following uses: (i) as to up to \$200,000, to pay outstanding legal fees owed by MSC to MSC's legal counsel; and (ii) as to all other amounts advanced, to pay for operating expenses of MSC then due and payable in the Ordinary Course of the Business.

#### **Section 4.11 Security Documents**

- (1) As security for the payment of the principal amount of the Bridge Loan outstanding from time to time and all interest thereon, as evidenced by the Promissory Note, MSC shall deliver or cause to be delivered to Canbud the following security documents (collectively, the "**Security Documents**"), in each case, in a form acceptable to Canbud:
  - (i) a securities pledge agreement given by MSC in favour of Canbud, pledging the securities held by MSC in the capital of Molecular Science Labs Corp.;
  - (ii) a general security agreement given by MSC in favour of Canbud;
  - (iii) a guarantee given by Molecular Science Labs Corp. in favour of Canbud;
  - (iv) a general security agreement given by Molecular Science Labs Corp. in favour of Canbud; and
  - (v) all share certificates, stock transfer powers of attorney, financing statements and other instruments required to be filed or recorded or notices required to be given in order to authenticate, attach and perfect the security interests created by the foregoing and all other instruments required by Canbud to be delivered by MSC or any of the MSC Subsidiaries to Canbud in connection with this Agreement, the Promissory Note or any transaction contemplated hereby or by any of the foregoing to secure the payment or performance of the obligations of MSC pursuant to the Bridge Loan.

- (2) In connection with the Bridge Loan, the Parties would use commercially reasonable efforts to enter into an agreement with the applicable parties to establish a *pari passu* ranking of the obligations and security under the Bridge Loan and the Loan Agreement.

## **ARTICLE 5 OTHER COVENANTS**

### **Section 5.1 Representations and Warranties**

- (1) MSC covenants and agrees that from the date hereof until the termination of this Agreement it shall not take any action, or fail to take any action, which would or may reasonably be expected to result in the representations and warranties set out in Section 3.1 being untrue or misleading in any material respect.
- (2) Each of Canbud and Canbud Subco covenants and agrees that, from the date hereof until the termination of this Agreement it shall not take any action, or fail to take any action, which would or may reasonably be expected to result in the representations and warranties set out in Section 3.2 being untrue or misleading in any material respect.
- (3) Upon completion of the Amalgamation, Canbud shall use commercially reasonable efforts to maintain:
- (i) its status as a “reporting issuer” (or the equivalent thereof) not in default of the requirements of applicable Securities Laws in the provinces of British Columbia and Ontario for a minimum period of 18 months from the Closing Date, provided that this covenant shall not prevent the Company from completing any transaction which would result in the Company ceasing to be a “reporting issuer” so long as the holders of Canbud Shares receive securities of an entity which is listed on a stock exchange in Canada or cash, or the holders of Canbud Shares have approved the transaction in accordance with the requirements of applicable corporate and securities laws and the rules and policies of the CSE or such other stock exchange on which the Canbud Shares are then listed; and
  - (ii) the listing of the Canbud Shares for trading on the CSE and comply with the rules and policies of the CSE for a minimum period of 18 months from the Closing Date, provided that this covenant shall not prevent the Company from completing any transaction which would result in the Canbud Shares ceasing to be so listed so long as the holders of Canbud Shares receive securities of an entity which is listed on a stock exchange in Canada or cash, or the holders of Canbud Shares have approved the transaction in accordance with the requirements of applicable corporate and securities laws and the rules and policies of the CSE or such other stock exchange on which the Canbud Shares are then listed.

### **Section 5.2 Notice of Material Change**

- (1) From the date hereof until the termination of this Agreement, each Party shall promptly notify the other Parties in writing of:
- (i) any material change (actual, anticipated, contemplated or, to the knowledge of such Party threatened, financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of such Party taken as whole;
  - (ii) any Material Adverse Change;
  - (iii) any change in the facts relating to any representation or warranty set out in Section 3.1 or Section 3.2 hereof, as applicable, which change is or may be of such a nature as to render any such representation or warranty misleading or untrue in a material respect; or

- (iv) any material fact which arises and which would have been required to be stated herein had the fact arisen on or prior to the date of this Agreement.
- (2) Each of Canbud and MSC shall in good faith discuss with the other any change in circumstances (actual, anticipated, contemplated or threatened, financial or otherwise) which is of such a nature that there may be a reasonable question as to whether notice need to be given to the other pursuant to this section.

### **Section 5.3 Other Filings**

The Parties shall, as promptly as practicable hereafter, prepare and file all filings required under Applicable Securities Laws, the rules of the Exchange or any other Applicable Laws relating to the Transaction contemplated hereby.

### **Section 5.4 Additional Agreements**

- (1) Subject to the terms and conditions of this Agreement and subject to fiduciary obligations under Applicable Laws, each of the Parties hereto agrees to use all commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the Transaction contemplated by this Agreement and to cooperate with each other in connection with the foregoing, including, as applicable, using commercially reasonable efforts:
  - (i) to obtain all necessary waivers, consents and approvals from other parties to material agreements and other Contracts or agreements;
  - (ii) to defend all lawsuits or other Legal Proceedings challenging this Agreement or the consummation of the Transaction contemplated hereby;
  - (iii) to cause to be lifted or rescinded any injunction or restraining Order or other Order adversely affecting the ability of the Parties to consummate the Transaction contemplated hereby;
  - (iv) to affect all necessary registrations and other filings and submissions of information requested by Government Authorities; and
  - (v) to fulfill all conditions and satisfy all provisions of this Agreement.
- (2) For purposes of the foregoing, the obligation to use “**commercially reasonable efforts**” to obtain waivers, consents and approvals to material agreements, leases and other contracts shall not include any obligation to agree to a materially adverse modification of the terms of such documents or to prepay or incur additional material obligations to such other parties.

## **ARTICLE 6 CLOSING CONDITIONS**

### **Section 6.1 Conditions Precedent to the obligations of the Canbud Parties**

- (1) The completion of the Transaction and the Securities Exchange is subject to the following conditions to be fulfilled or performed prior to Closing, which conditions are for the exclusive benefit of the Canbud Parties and may be respectively waived, in whole or in part, by the Canbud Parties in their sole discretion.
  - (i) **Truth of Representations and Warranties.** All of the representations and warranties of MSC contained in or made pursuant to this Agreement shall have been true and correct as of the date of this Agreement and shall be true and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such date, and a



senior officer of MSC shall have executed and delivered a certificate to that effect to the Canbud Parties at Closing. The receipt of such certificate and the Closing shall not constitute a waiver by Canbud of any of the representations and warranties of MSC which are contained in this Agreement. Upon the delivery of such certificate, the representations and warranties of the MSC made in Section 3.1 shall be deemed to have been made on and as of the Closing Date with the same force and effect as if made on and as of such date.

- (ii) **Performance of Covenants.** MSC shall have, in all material respects to the satisfaction of the Canbud Parties, fulfilled or complied with all of the obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by each of them at or prior to the Closing, and a senior officer of MSC shall have executed and delivered a certificate to that effect to the Canbud Parties at Closing. The receipt of such certificate and the Closing shall not constitute a waiver by the Canbud Parties of the covenants of MSC which are contained in this Agreement.
- (iii) **No Material Adverse Change.** Between the date hereof and the Closing Time, there will not have occurred any Material Adverse Change with respect MSC or any of the MSC Subsidiaries, and a senior officer of MSC shall have executed and delivered a certificate to that effect to the Canbud Parties at Closing.
- (iv) **MSC Shareholder Approval.** MSC shall have held the MSC Shareholder Meeting and obtained approval from the MSC Shareholders for the Amalgamation, Stated Capital Resolution and the Transaction.
- (v) **Approvals.** All third party consents, waivers, permits, orders and approvals required in connection with the consummation of the Transaction will have been provided or obtained on terms and conditions acceptable to the Parties, acting reasonably, at or before the Closing Time, except where the failure to provide or obtain such would not have a Material Adverse Effect, would not materially adversely affect the Canbud Parties or would not prevent or materially impede the completion of the Transaction contemplated hereby.
- (vi) **Working Capital.** The Working Capital of MSC at the Closing Time shall not be a greater negative number than (\$375,000) and a senior officer of MSC shall have executed and delivered a certificate to that effect to the Canbud Parties at Closing.
- (vii) **No Debt.** MSC and the MSC Subsidiaries will have no debt (other than pursuant to the (i) Bridge Loan, and (ii) the six month term financing loan agreement (the "**Loan Agreement**") dated February 22, 2021, between 9201513 Canada Inc. and Dr. Mauro Aiello, as lenders (the "**Lenders**"), MSC, as borrower, and Steep Hill, Inc., providing for a loan in the principal amount of \$400,000) or material liabilities and (iv) debt incurred in the Ordinary Course, and a senior officer of MSC shall have executed and delivered a certificate to that effect to the Canbud Parties at Closing.
- (viii) **No Default.** Neither MSC nor any of the MSC Subsidiaries has breached the terms of this Agreement and no default or event of default has occurred or is continuing under the Promissory Note or any of the Security Documents.
- (ix) **Due Diligence.** Canbud shall be satisfied in its sole and absolute discretion with the results of its due diligence investigations of MSC and the MSC Subsidiaries.
- (x) **No Dispositions, etc.** MSC shall not have disposed of a material interest in any of the MSC Assets or otherwise entered into any material transaction with, or incurred any material liability to, any other Person or performed any act or entered into any transaction or negotiation which interferes or is inconsistent with the completion of the transactions contemplated hereby, without the prior written consent of Canbud.

- (xi) **MSC Shareholder Approval.** MSC shall have held the MSC Shareholder Meeting and obtained approval from the MSC Shareholders for the Amalgamation, Stated Capital Resolution and the Transaction.
- (xii) **Dissenting Shareholders.** MSC Shareholders holding more than 5% of the MSC Shares shall not have exercised dissent rights under the OBCA with respect to the Amalgamation.
- (xiii) **Director and Officer Resignations.** Canbud shall have received written resignations and releases from each director and officer of MSC and the MSC Subsidiaries, in each case, with effect from the Closing Time, in a form satisfactory to Canbud, other than from Dr. Mauro Aiello and Sherry Farsami.
- (xiv) **No Action.** No act, action, suit, Legal Proceeding, objection or opposition shall have been commenced, pending, threatened, taken, entered or promulgated before or by any Government Authority or by any other Person, and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been proposed, enacted, promulgated, amended or applied, in any case: (a) to cease trade, enjoin, prohibit or impose material conditions on the Transaction or the transactions contemplated therein or herein; (b) to cease trade, enjoin, prohibit or impose material conditions on the rights of Canbud to own or exercise full rights of ownership of Amalco, including the rights to vote the Amalco Shares, upon the completion of the Transaction or conduct the Business conducted by MSC; (c) to prohibit or restrict the completion of the Transaction in accordance with the terms hereof or otherwise relating to the Transaction; or (d) that would have a Material Adverse Effect, or would materially adversely affect either of the Canbud Parties.
- (xv) **Convertible Securities.** (a) all MSC Options shall have been terminated on terms acceptable to Canbud, and (b) Canbud shall have issued the Canbud Replacement Warrants to the former holders of the MSC Warrants in exchange for the MSC Warrants and all MSC Warrants shall have been cancelled.
- (xvi) **Deliveries.** MSC shall have delivered all items contemplated by this Section 6.1 and by Section 7.2.

## **Section 6.2 Conditions Precedent to the Obligations of MSC**

- (1) The completion of the Transaction and the Securities Exchange is subject to the following conditions to be fulfilled or performed prior to Closing, which conditions are for the exclusive benefit of MSC and may be waived, in whole or in part, by MSC in its sole discretion:
  - (i) **Truth of Representations and Warranties.** All of the representations and warranties of the Canbud Parties contained in or made pursuant to this Agreement shall have been true and correct as of the date of this Agreement and shall be true and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such date and Canbud shall have executed and delivered a certificate of a senior officer to that effect at Closing. The receipt of such certificate and the Closing shall not constitute a waiver of any of the representations and warranties of the Canbud Parties which are contained in this Agreement. Upon delivery of such certificate, the representations and warranties of Canbud in or made pursuant to this Agreement shall be deemed to have been made on and as of the Closing Date with the same force and effect as if made on and as of such date.
  - (ii) **Performance of Covenants.** The Canbud Parties shall have, in all material respects to the satisfaction of MSC, fulfilled or complied with all of the obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by the Canbud Parties at or prior to the Closing and Canbud shall have executed and delivered a certificate of a senior officer to MSC

to that effect. The receipt of such certificate and the Closing shall not constitute a waiver by MSC of the covenants of the Canbud Parties which are contained in this Agreement.

- (iii) **No Material Adverse Change.** Between the date hereof and the Closing Time, there will not have occurred any Material Adverse Change with respect to the Canbud Parties, and a senior officer of Canbud shall have executed and delivered a certificate to that effect to MSC at Closing.
- (iv) **Approvals.** All third party consents, waivers, permits, orders and approvals required in connection with the consummation of the Transaction will have been provided or obtained on terms and conditions acceptable to the Parties, acting reasonably, at or before the Closing Time, except where the failure to provide or obtain such would not have a Material Adverse Effect, would not materially adversely affect MSC or would not prevent or materially impede the completion of the Transactions contemplated hereby.
- (v) **No Action.** No act, action, suit, Legal Proceeding, objection or opposition shall have been commenced, be pending, threatened, taken, entered or promulgated before or by any Government Authority or by any other Person, and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been proposed, enacted, promulgated, amended or applied, in any case: (a) to cease trade, enjoin, prohibit or impose material conditions on the Transaction or the transactions contemplated therein or herein; (b) to cease trade, enjoin, prohibit or impose material conditions on the rights of Canbud to own or exercise full rights of ownership of the Amalco Shares, including the rights to vote the Amalco Shares, upon the completion of the Transaction or conduct the Business conducted by MSC; (c) to prohibit or restrict the completion of the Transaction in accordance with the terms hereof or otherwise relating to the Transaction; or (d) that would have a Material Adverse Effect, or would materially adversely affect MSC.
- (vi) **MSC Shareholder Approval.** MSC shall have held the MSC Shareholder Meeting and obtained approval from the MSC Shareholders for the Amalgamation, the Stated Capital Resolution and the Transaction.
- (vii) **Due Diligence.** MSC shall be satisfied in its sole and absolute discretion with the results of its due diligence investigations of the Canbud Parties.
- (viii) **Director and Officer Release and Indemnification.** Each Director and senior officer of MSC shall have received a release and indemnity from Canbud, in each case, with effect from the Closing Time, in a form satisfactory to MSC;
- (ix) **Dissenting Shareholders.** MSC Shareholders holding more than 5% of the MSC Shares shall not have exercised dissent rights under the OBCA with respect to the Amalgamation.
- (x) **No Default.** None of the Canbud Parties shall have breached the terms of this Agreement.
- (xi) **Deliveries.** The Canbud Parties shall have delivered all items contemplated by this and by this Section 6.2 and by Section 7.3.
- (xii) **Convertible Securities.** Canbud shall have issued the Canbud Replacement Warrants to the holders of the MSC Warrants.
- (xiii) **Loan Agreement.** Canbud shall have guaranteed all obligations of MSC to the Lenders under the terms of an intercreditor agreement, which shall provide that the obligations of MSC to the Lenders and the obligations of MSC to Canbud under the Bridge Loan shall rank *pari passu*.

### **Section 6.3 Mutual Conditions Precedent**

- (1) The respective obligations of the Parties hereto to complete each step of the Transaction are subject the following conditions precedent to be fulfilled or performed prior to the Closing, each of which may be waived only by the mutual consent of the Parties:
  - (i) there shall not be in force any Order or decree restraining or enjoining the consummation of the Transaction;
  - (ii) this Agreement shall not have been terminated pursuant to Article 8; the Exchange shall have conditionally approved the Transaction, to the extent such approval is required, and the listing of the Canbud Shares issuable pursuant to the Transaction (including Canbud Shares issuable upon the exercise of the MSC Warrants);
  - (iii) Health Canada shall have provided any consents and/or approvals required pursuant to Licence No. LIC MHORXVWGUM-2020-1 (the “**Licence**”) held by Molecular Science Labs Corp. and the completion of the Amalgamation shall not result in any con-compliance of any of the terms of the Licence; and
  - (iv) all Regulatory Approvals shall have been obtained.

### **Section 6.4 Notice and Effect of Failure to Comply with Covenants or Conditions**

- (1) Each Party shall give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof to the Closing Date, of any event or state of facts that would, or would be likely to, (i) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect, or (ii) result in the failure to comply with or satisfy any covenant or condition to be complied with or satisfied by any Party hereunder; provided, however, that no such notification shall affect the representations or warranties of the Parties or the conditions to the obligations of the Parties hereunder.
- (2) If any of the conditions precedent set out in any of Section 6.1, Section 6.2 or Section 6.3 is not satisfied or waived by the Party for whose benefit such condition is provided on or before the date required for the satisfaction thereof, then the Party for whose benefit the condition precedent is provided may, in addition to any other remedies it may have at law or equity, terminate this Agreement as provided for in Section 8.1(1)(ii), provided that the Party intending to rely thereon has delivered a written notice to the other Party specifying in reasonable detail all breaches of covenants, representations and warranties or other matters that the Party delivering such notice is asserting as the basis for the non-fulfillment of the applicable condition or conditions precedent and shall provide in such notice that the other Party shall be entitled to cure any breach of a covenant or representation and warranty or other matters within five Business Days after receipt of such notice (except that no cure period shall be provided for a breach that, by its nature, cannot be cured and, in no event, shall any cure period extend beyond the Outside Date). More than one such notice may be delivered by a Party.

## **ARTICLE 7 CLOSING ARRANGEMENTS AND PUBLICITY**

### **Section 7.1 Closing of the Amalgamation and Closing Date**

Subject to the satisfaction or waiver by the applicable Party of the conditions in favour of each Party set out in Article 6, the Parties shall hold the Closing on the Closing Date, at such time as agreed to by MSC and Canbud (on behalf of itself and Canbud Subco) and to be conducted electronically via the exchange of applicable documents or at such other place as agreed to by MSC and Canbud (on behalf of itself and Canbud Subco) and shall immediately

thereafter deliver to the Director the Articles of Amalco and such other documents as may be required to give effect to the Amalgamation. The Amalgamation shall become effective at the Closing Time on the Closing Date.

**Section 7.2 Closing Deliveries of MSC**

- (1) MSC shall deliver or cause to be delivered to Canbud the following in form and substance satisfactory to Canbud acting reasonably:
  - (i) the certificates referred to in Section 6.1(1)(i), Section 6.1(1)(ii), Section 6.1(1)(iii), Section 6.1(1)(vi) and Section 6.1(1)(vii);
  - (ii) certified true copies of (i) the Governing Documents of MSC, and (ii) all resolutions of the board of directors of MSC approving the Transaction, the Agreement and all other matters related to the Transaction;
  - (iii) a certificate of incumbency of the directors and officers of MSC delivered from a senior officer of MSC;
  - (iv) a certificate of status, compliance, good standing or like certificate with respect to MSC issued by the Director and the appropriate government officials of each jurisdiction in which MSC carries on its business dated within three days of the Closing Date;
  - (v) a certificate of status, compliance, good standing or like certificate with respect to each of the MSC Subsidiaries, issued by the appropriate government officials in its jurisdiction of incorporation and in each jurisdiction in which such MSC Subsidiary carries on its business dated within three days of the Closing Date;
  - (vi) a certificate of a senior officer of MSC confirming that dissent rights under the OBCA have not been exercised by more than 5% of the MSC Shareholders with respect to the Amalgamation;
  - (vii) certified copies of the minutes of the MSC Shareholder Meeting evidencing MSC Shareholder approval of the Transaction and related matters;
  - (viii) original share and securities registers, share transfer ledgers, minute books and corporate seals (if any) of MSC, any of the MSC Subsidiaries, and their respective Books and Records;
  - (ix) certificates from each MSC Shareholder that is a U.S. Person acknowledging and representing that such person qualifies for an exemption from the registration requirement under the US Securities Act pursuant to an exemption in Regulation D;
  - (x) a counterpart of the Amalgamation Agreement duly executed by MSC;
  - (xi) a counterpart of the Articles of Amalgamation duly executed by MSC;
  - (xii) evidence of the required consents pursuant to Section 4.7(1);
  - (xiii) the written resignations and releases of all directors and officers of MSC and each MSC Subsidiary dated effective as of the Closing Date; and
  - (xiv) such other documentation as Canbud reasonably requests on a timely basis in order to establish the completion of the Transaction and the taking of all corporate proceedings in connection with the Transaction (as to certification and otherwise), in each case in form and substance satisfactory to Canbud, acting reasonably.

### **Section 7.3 Closing Deliveries of Canbud and Canbud Subco**

- (1) Canbud shall deliver or cause to be delivered to MSC the following in form and substance satisfactory to Canbud, acting reasonably:
- (i) the certificates referred to in Section 6.2(1)(i), Section 6.2(1)(ii) and Section 6.2(1)(iii);
  - (ii) Canbud shall have issued and delivered the securities contemplated by the Securities Exchange;
  - (iii) a certificate of status, compliance, good standing or like certificate with respect to Canbud issued by the Director and the appropriate government officials of each jurisdiction in which Canbud carries on its business dated within three days of the Closing Date;
  - (iv) a certificate of status, compliance, good standing or like certificate for Canbud Subco issued by the Director under the OBCA and the appropriate government officials in each jurisdiction in which such Canbud Subco carries on its business dated within three days of the Closing Date;
  - (v) a certified copy of the Governing Documents of each of the Canbud Parties;
  - (vi) a certificate of incumbency for each of the Canbud Parties delivered from a senior officer of each of the Canbud Parties;
  - (vii) a certified copy of the resolutions of all of the directors of Canbud dated on or prior to the Closing Date, authorizing the approval of the Agreement, the Transaction and all related matters;
  - (viii) a certified copy of the shareholder resolution of the sole shareholder of Canbud Subco (being Canbud) approving the Amalgamation;
  - (ix) the releases and indemnities by Canbud of each officer and director providing the resignations and releases set out in section 7.2(1)(xiii);
  - (x) a counterpart of the Amalgamation Agreement duly executed by Canbud and Canbud Subco;
  - (xi) a counterpart of the Articles of Amalgamation duly executed by Canbud Subco;
  - (xii) the Canbud Replacement Warrants;
  - (xiii) an intercreditor agreement providing that the Bridge Loan and the Loan Agreement shall rank *pari passu* and that Canbud shall assume the obligations under the Loan Agreement; and
  - (xiv) such other documentation as MSC reasonably requests on a timely basis in order to establish the completion of the Transaction and the taking of all corporate proceedings in connection with the Transaction (as to certification and otherwise), in each case in form and substance satisfactory to MSC, acting reasonably.

### **Section 7.4 Publicity**

So long as this Agreement is in effect, Canbud and MSC shall advise, consult and cooperate with each other prior to issuing, or permitting any of their directors, officers, employees or agents to issue, any press release or other written public or private statement to the press with respect to this Agreement and the Transaction contemplated hereby from the date hereof until the Closing Date. Each such Party shall not issue any such press release or make any such written public or private statement prior to such consultation, except as may be required by Applicable Laws or by obligations pursuant to any listing agreement with the Exchange and only after using its reasonable efforts to consult

with the other Parties taking into account the time constraints to which it is subject as a result of such Applicable Law or obligation.

## **ARTICLE 8 TERMINATION AND AMENDMENT**

### **Section 8.1 Termination**

- (1) This Agreement may be terminated by written notice promptly given to the other Parties hereto, at any time prior to the Closing Date:
- (i) by mutual agreement in writing by the Parties;
  - (ii) by Canbud or MSC if a condition in its favour or a mutual condition is not satisfied by the Outside Date (or any earlier date by which such condition is required to be satisfied) except where such failure is the result of a breach of this Agreement by such Party;
  - (iii) by either Party as provided in Section 6.4(2) provided that the failure to satisfy the particular condition precedent being relied upon as a basis for termination of this Agreement did not occur as a result of a breach by the Party seeking to rely on the condition precedent of any of its covenants or obligations under the Agreement;
  - (iv) the Closing has not occurred on or before the Outside Date, except that the right to terminate this Agreement under this Section 8.1(1)(iv) shall not be available to any such Party whose failure to fulfill any of its obligations under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur by such date;
  - (v) by either Party if the Amalgamation has not completed by the Outside Date or such later date as may be agreed to by Canbud and MSC, provided that the Party then seeking to terminate this Agreement is not then in default of any of its obligations hereunder; or
  - (vi) by Canbud or MSC if the other Party has breached the provisions of Section 4.9 hereof in any material manner.

### **Section 8.2 Effect of Termination**

In the event of the termination of this Agreement as provided in Section 8.1 hereof, this Agreement shall forthwith have no further force or effect and there shall be no obligation on the part of MSC, Canbud or Canbud Subco hereunder except as set forth in Section 4.4(2), Section 7.4, and Section 9.2 hereof, and this Section 8.2, which provisions shall survive the termination of this Agreement. Nothing herein shall relieve any Party from liability for any breach of this Agreement.

### **Section 8.3 Amendment**

This Agreement may, at any time on or before the Closing Date, be amended by mutual agreement between the Parties hereto. This Agreement may not be amended except by an instrument in writing signed by the appropriate officers on behalf of each of the Parties hereto.

### **Section 8.4 Waiver**

A Party may (i) extend the time for the performance by any other Party of the obligations owed to it; (ii) waive compliance with any other Party's agreements or the fulfillment of any of its conditions contained herein; or (iii) waive inaccuracies in another Party's representations or warranties owed to it and contained herein or in any

document delivered by such other Party hereto; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Parties.

**ARTICLE 9  
GENERAL**

**Section 9.1 Notices**

All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally or sent by email or sent by prepaid overnight courier to the Parties at the following addresses (or at such other addresses as shall be specified by the Parties by like notice):

if to MSC:

**Molecular Science Corp.**

Molecular Science Corp.  
55 Town Centre Court, Suite 902,  
Scarborough, ON, M1P 4X4

**Attention: Mauro Aiello, Chief Executive Officer**

Telephone No.:

Email:

with a copy, which shall not constitute notice to:

**Wildeboer Dellelce LLP**

Suite 800 | Wildeboer Dellelce Place  
365 Bay Street, Toronto, ON M5H 2V1

**Attention: Perry Dellelce**

Telephone No.: (416) 361-5899

Email: perry@wildlaw.ca

if to Canbud or Canbud Subco:

**Canbud Distribution Corporation**

120 Adelaide St. West, Suite 2500  
Toronto, Ontario  
M5H 1T1

**Attention: Mukesh (Steve) Singh, Chief Executive Officer**

Telephone No.:

Email:

with a copy, which shall not constitute notice to:

**Irwin Lowy**

217 Queen Street West, Suite 401  
Toronto, ON  
M5V 0R2

**Attention: Eric Lowy**



Telephone No.: (416) 361-2512  
Email: elowy@irwinlowy.com

or to such other address as the Party to or upon whom notice is to be given or served has communicated to the other Parties by notice given or served in the manner provided for in this section. In the case of delivery or email transmission, notice shall be deemed to be given on the date of delivery and in the case of mailing, notice shall be deemed to be given on the third Business Day after such mailing.

**Section 9.2 Expenses**

The Parties hereto shall be responsible for the payment of their own professional fees (including but not limited to legal and accounting fees) and other expenses incurred by them in connection with this Agreement.

**Section 9.3 Assignment**

Except as expressly permitted by the terms hereof, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the Parties hereto without the prior written consent of the other Parties.

**Section 9.4 Further Assurances**

Each Party hereto shall, from time to time, and at all times hereafter, at the request of the other Parties 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 and carry out the terms and intent hereof.

**Section 9.5 Severability**

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law. Any provision of this Agreement that is invalid or unenforceable in any jurisdiction shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

**Section 9.6 Time of the Essence.**

For the purposes of this Agreement time will be of the essence.

**Section 9.7 Governing Law, Choice of Forum**

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each of the Parties attorns and submits to the exclusive jurisdiction of the Superior Court of Justice (Ontario) with respect to any matter arising under or related to the Agreement.

**Section 9.8 Non-Merger**

Except as otherwise expressly provided in this Agreement, the covenants, representations and warranties shall not merge on, and shall survive, the Closing and, notwithstanding such Closing or any investigation made by or on behalf of any Party, shall continue in full force and effect. Closing shall not prejudice any right of one Party against any other Party in respect of anything done or omitted under this Agreement or in respect of any right to damages or other remedies.

**Section 9.9            Entire Agreement**

This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior correspondence, agreements, negotiations, discussions and understandings, written or oral, including the letter of intent between MSC and Canbud dated May 22, 2021. Except as specifically set out in this Agreement, there are no representations, warranties, conditions or other agreements or acknowledgements, whether direct or collateral, express or implied, written or oral, statutory or otherwise, that form part of or affect this Agreement or which induced any Party to enter into this Agreement. No reliance is placed on any representation, warranty, opinion, advice or assertion of fact made either prior to, concurrently with, or after entering into, this Agreement, or any amendment or supplement hereto or thereto, by any Party to this Agreement or its representatives, to any other Party or its representatives, except to the extent the representation, warranty, opinion, advice or assertion of fact has been reduced to writing and included as a term in this Agreement, and none of the Parties has been induced to enter into this Agreement or any amendment or supplement by reason of any such representation, warranty, opinion, advice or assertion of fact. There is no liability, either in tort or in Contract, assessed in relation to the representation, warranty, opinion, advice or assertion of fact, except as contemplated in this Section.

**Section 9.10           Counterpart Execution and Electronic Delivery**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by facsimile or transmitted electronically in legible form, including in a tagged image format file (TIFF) or portable document format (PDF), shall be equally effective as delivery of a manually executed counterpart of this Agreement.

*[Remainder of page intentionally left blank – signature page follows]*

**IN WITNESS WHEREOF** the Parties have caused this Acquisition Agreement to be duly executed as of the date first written above.

**CANBUD DISTRIBUTION CORPORATION**

Per: "Raj Ravindran"

Name: Raj Ravindran  
Title: CFO/Director

**2847719 ONTARIO INC.**

Per: "Robert Tjandra"

Name: Robert Tjandra  
Title: Director

**MOLECULAR SCIENCE CORP.**

Per: "Mauro Aiello"

Name: Mauro Aiello  
Title: Chief Executive Officer

**SCHEDULE A**

**FORM OF AMALGAMATION AGREEMENT**

**THIS AGREEMENT** is made as of the [●] day of [●], 2021

**AMONG:**

**MOLECULAR SCIENCES CORP.**, a corporation incorporated under the laws of Ontario, Canada  
("MSC")

**AND:**

**CANBUD DISTRIBUTION CORPORATION**, a corporation incorporated under the federal laws of Canada  
("Canbud")

**AND:**

**2847719 ONTARIO INC.**, a corporation incorporated under the laws of Ontario, Canada  
("Canbud Subco")

**WHEREAS:**

- A. Each of the Parties hereto is also a party to an Acquisition Agreement (as defined herein) which contemplates the Amalgamation (as defined herein), subject to certain conditions.
- B. Canbud Subco and MSC wish, subject to the satisfaction or waiver of the conditions set forth in Article 6 of the Acquisition Agreement, to effect the Amalgamation and amalgamate and continue as one corporation under the provisions of the *Business Corporations Act* (Ontario) (the "**OBCA**") and in accordance with the terms hereof.
- C. The Parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to the Amalgamation.
- D. Capitalized terms used in this Agreement without definition have the meanings specified in the Acquisition Agreement.

**NOW THEREFORE**, in consideration of the foregoing and the representations, warranties, covenants, agreements and promises contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties to this Agreement, the Parties agree as follows:

1. **Definitions.** In this Agreement:

- (a) "**Agreement**" means this amalgamation agreement and includes any and every instrument supplemental or ancillary hereto.
- (b) "**Amalco**" means the corporation resulting from the Amalgamation.

- (c) **“Amalco Share”** means a common share of Amalco.
- (d) **“Amalgamating Companies”** means Canbud Subco and MSC.
- (e) **“Amalgamation”** means the amalgamation of the Amalgamating Companies under Section 174 of the OBCA and upon the terms and subject to the conditions set forth in this Agreement.
- (f) **“Articles of Amalgamation”** means the articles of amalgamation entered into as a result of this Agreement.
- (g) **“Authorized Share Capital”** has the meaning assigned to it in Section 10.
- (h) **“Certificate of Amalgamation”** means the certificate of amalgamation to be issued pursuant to the OBCA giving effect to the Articles of Amalgamation.
- (i) **“Depository”** means Capital Transfer Agency ULC.
- (j) **“Closing Date”** means the Closing Date of the Amalgamation as set forth in and indicated on the Certificate of Amalgamation.
- (k) **“Closing Time”** means the first moment in time on the Closing Date or such other time as MSC and Canbud, each acting reasonably, may agree to in writing.
- (l) **“Law”** means any federal, provincial, local, municipal, state, foreign or other administrative statute, law, order, constitution, ordinance, principle of common law, regulation, rule or treaty.
- (m) **“Acquisition Agreement”** means the Acquisition Agreement dated June •, 2021, between Canbud, Canbud Subco and MSC including the recitals, schedules and exhibits thereto, as the same may be amended, modified or supplemented in accordance with its terms.
- (n) **“Party”** means a party to this Agreement and **“Parties”** means all of them, collectively.

Any other capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Acquisition Agreement.

2. **Amalgamation.** Subject to the provisions of this Agreement, the Amalgamating Companies hereby agree to amalgamate effective as of the Closing Time under the provisions of the OBCA and to continue as one company on the terms and conditions hereinafter set out.
3. **Effect of Amalgamation.** As of the Closing Time, subject to the OBCA:
  - (a) the Amalgamation of the Amalgamating Companies and their continuance as one corporation will become effective;
  - (b) the property of each of the Amalgamating Companies will continue to be the property of Amalco;
  - (c) Amalco will continue to be liable for the obligations of each of the Amalgamating Companies;
  - (d) any existing cause of action, claim or liability to prosecution with respect to either or both of the Amalgamating Companies will be unaffected;

- (e) any civil, criminal or administrative action or proceeding pending by or against either of the Amalgamating Companies may be continued to be prosecuted by or against Amalco;
  - (f) any conviction against, or ruling, order or judgment in favour of or against, either of the Amalgamating Companies may be enforced by or against Amalco; and
  - (g) the Articles of Amalgamation will be deemed to be the articles of incorporation of Amalco and the Amalgamation Certificate will be deemed to be the certificate of incorporation of Amalco.
4. **Name.** The name of Amalco will be “2847719 Ontario Inc.”, or such other name as agreed upon between MSC and Canbud
5. **Termination.** The board of directors of either of the Amalgamating Companies may terminate the Amalgamation and this Agreement at any time prior to the issue of the Certificate of Amalgamation notwithstanding the approval by either, or both of, the MSC Shareholders and Canbud as sole shareholder of Canbud Subco.
6. **Modifications.** The Parties may, by resolution of their respective directors, assent to any alteration or modification of this Agreement that the director under the OBCA may require and this Agreement will be deemed to include such modification.
7. **Business.** There will be no restrictions on the business Amalco may carry on or on the powers it may exercise.
8. **Registered Office.** The mailing and the delivery address of the registered office of Amalco will be at 120 Adelaide St. West, Suite 2500, Toronto, Ontario M5H 1T1 until otherwise determined.
9. **Records Office.** The mailing and the delivery address of the records office of Amalco will be at 120 Adelaide St. West, Suite 2500, Toronto, Ontario M5H 1T1 until otherwise determined.
10. **Authorized Capital.** Amalco will be authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares (the “**Authorized Share Capital**”).
11. **Share Rights and Restrictions.** The rights and restrictions attached to the Authorized Share Capital will, subject to repeal, amendment, alteration or addition under the OBCA, be in the forms set forth in the Articles of Amalgamation.
12. **Board of Directors.** The number of directors of Amalco, until amended in accordance with the Articles of Amalgamation, will be one (1). The first director of Amalco is Mukesh Singh of 28 Normandale Cres, Toronto, Ontario, M2P 1M8.
13. **Officers.** The following persons will hold the office set opposite their respective names and will carry out their respective duties until they are relieved from such office by the directors of Amalco or until they sooner cease to hold such office:
- | <u>Name</u>  | <u>Position</u>         |
|--------------|-------------------------|
| Mukesh Singh | President and Secretary |
14. **Treatment of Share Capital.** Upon issuance of the Certificate of Amalgamation at the Closing Time, the issued and unissued shares of each of the Amalgamating Companies will be exchanged for Amalco Shares or Canbud Shares as follows:

- (a) all of the unissued shares of each of the Amalgamating Companies will be cancelled;
  - (b) each issued and outstanding Canbud Subco Share will be cancelled and replaced by Amalco Shares on the basis of one (1) fully paid and non-assessable Amalco Share for each Canbud Subco Share;
  - (c) subject to 18 and Section 23, each MSC Shareholder (other than Dissenting Shareholders) will receive 3.313 fully paid and non-assessable Canbud Shares for each MSC Share held and thereafter all MSC Shares will be cancelled; and
  - (d) as consideration for the issuance of the Canbud Shares, Amalco will issue to Canbud one fully paid and non-assessable Amalco Share for each Canbud Share issued to the previous holders of MSC Shares.
15. **Share Certificates.** At the Closing Time:
- (a) Canbud will be deemed to be the registered holder of all of the outstanding Amalco Shares to which it is entitled under Section 14((b) and 14((d) hereof and will be entitled to receive a share certificate representing such Amalco Shares;
  - (b) share certificates evidencing the MSC Shares will cease to represent any claim upon or interest in MSC or Amalco other than:
    - (i) in respect of a MSC Shareholder who is not a Dissenting Shareholder, the right to receive Canbud Shares in accordance with Section 15((c) hereof, and
    - (ii) in respect of Dissenting Shareholders, the right to receive the fair value, determined in accordance with the OBCA, of the MSC Shares held by them.
16. **Capital.** At the Closing Time:
- (a) to the extent permitted by law, Canbud shall add to the capital account maintained in respect of the Canbud Shares an amount equal to the aggregate paid-up capital (as defined in the ITA), determined immediately prior to the Closing Time, of the MSC Shares that are exchanged, or deemed to be exchanged, for Canbud Shares on the Amalgamation; and
  - (b) to the extent permitted by law, Amalco shall add to the capital account maintained in respect of the Amalco Shares an amount equal to the sum of (i) the aggregate paid-up capital (as defined in the ITA), determined immediately prior to the Closing Time, of the Canbud Subco Shares; and (ii) the aggregate paid-up capital (as defined in the ITA), determined immediately prior to the Closing Time, of the MSC Shares that are exchanged, or deemed to be exchanged, for Canbud Shares on the Amalgamation.
17. **By-Laws:** The by-laws of Amalco shall be the by-laws of Canbud Subco. A copy of the proposed by-laws of Amalco can be examined at 120 Adelaide St. West, Suite 2500, Toronto, Ontario M5H 1T1.
18. **Fractional Shares.** No fractional Amalco Shares will be issued by Amalco pursuant to this Agreement and no fractional Canbud Shares will be issued by Canbud. Any exchange or replacement contemplated in Section 14 that results in less than a whole number will be rounded up to the next greater whole number of shares if the fractional entitlement is equal to or greater than 0.5 and shall, without any additional compensation, be rounded down to the next lesser whole number of shares if the fractional entitlement is less than 0.5. In calculating such fractional interests, all MSC securities registered in the name of or beneficially held by such MSC Securityholder or their nominee shall be aggregated.

19. **Lost Certificates.** In the event any certificate, which immediately prior to the Closing Time represented one or more outstanding MSC Shares that were exchanged pursuant to this Agreement, has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, the Depository will issue in exchange for such lost, stolen or destroyed certificate, the Canbud Shares deliverable in accordance with the terms herein.
20. **Withholding Rights.** Canbud, Amalco and the Depository will be entitled to deduct and withhold from any consideration otherwise payable to any MSC Shareholder such amounts as Canbud, Amalco or the Depository determines are required or permitted to be deducted and withheld with respect to such payment under the ITA, or any provision of any other applicable tax law. To the extent that amounts are so withheld, such withheld amounts will be treated for all purposes hereof as having been paid to the MSC Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.
21. **No Liens.** Any exchange or transfer of securities pursuant to this Agreement will be free and clear of all liens or other claims of third parties of any kind.
22. **Covenants.** Canbud Subco and MSC will, on or prior to the Closing Date, jointly file the Articles of Amalgamation and such other documents as may be required to give effect to the Amalgamation at the Closing Time upon and subject to the terms and conditions of this Agreement and the Acquisition Agreement.
23. **Dissenting Shareholders.** Dissenting MSC Shares will not be exchanged for Canbud Shares at the Closing Time in accordance with Section 15((c) hereof. Instead, on the Closing Date, each Dissenting Shareholder will cease to have any rights as a MSC Shareholder other than the right to be paid the fair value in respect of the Dissent Rights in accordance with the provisions of the OBCA. However, if a Dissenting Shareholder withdraws or is deemed to have withdrawn the exercise of its Dissent Rights or otherwise failed to comply with the requirements of the OBCA or if such Dissenting Shareholder's rights as a MSC Shareholder are otherwise reinstated, each Dissenting MSC Share held by that Dissenting Shareholder will thereupon be deemed to have been exchanged for an Canbud Share at the Closing Time in accordance with Section 15((c) hereof.
24. **Notice.** Any notice, request, consent, agreement or approval which may or is required to be given pursuant to this Agreement will be given or made in accordance with the terms of the Acquisition Agreement.
25. **Assignment.** No Party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of each of the Other Parties.
26. **Binding Effect.** This Agreement will be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns (including, for greater certainty, Amalco).
27. **Time of the Essence.** For the purposes of this Agreement time will be of the essence.
28. **Governing Law.** This Agreement will be governed by and construed in accordance with the Laws of the province of Ontario and the federal Laws of Canada applicable therein.
29. **Entire Agreement.** This Agreement including, for greater certainty, the Acquisition Agreement, constitutes the entire agreement and understanding between and among the Parties hereto with respect to the subject matter hereof and the Amalgamation and supersedes any prior agreement, representation or understanding with respect thereto.



30. **Amendment or Waiver.** Subject to any requirements imposed by Law or by any court having jurisdiction, this Agreement may be amended, modified or superseded, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, but only by written instrument executed by all the Parties hereto. No waiver of any nature, in any one or more instances, will be deemed or construed as a further or continued waiver of any condition or breach of any other term, representation or warranty in this Agreement.
31. **Severability.** Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is determined to be void or unenforceable in whole or in part, it will be deemed not to affect or impair the validity of any other provision of this Agreement and such void or unenforceable provision will be severable from this Agreement.
32. **Counterparts and Delivery.** This Agreement may be executed in any number of counterparts, each of which will be considered the original and all of which, together, will constitute one and the same instrument. This Agreement may also be executed in original or by signature sent and received by facsimile or other electronic transmission and the reproduction of such signature sent and received by way of facsimile or other electronic transmission will be deemed as though such reproduction was an executed original thereof.
33. **Further Assurances.** Each of the Parties hereto agrees that each will promptly furnish to the other such further documents and take or cause to be taken such further actions as may reasonably be required in order to effect this Agreement and the Amalgamation. Each Party hereto agrees to execute and deliver such instruments and documents as hereto may reasonably require in order to carry out the intent of this Agreement.

**IN WITNESS WHEREOF**, the Parties have duly executed this Agreement on the day and year first above written.

**MOLECULAR SCIENCES CORP.**

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*by its authorized signatory*

Name:

Title:

**CANBUD DISTRIBUTION CORPORATION**

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*by its authorized signatory*

Name:

Title:

**2847719 ONTARIO INC.**

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*by its authorized signatory*

Name:

Title:

**SCHEDULE "B"**

**ARTICLES OF AMALGAMATION**

THIS IS SCHEDULE A ATTACHED TO AND FORMING PART OF AN AMALGAMATION AGREEMENT BETWEEN CANBUD DISTRIBUTION CORPORATION, 2847719 ONTARIO INC. AND MOLECULAR SCIENCE CORP. DATED JUNE 17, 2021.

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5. Method of amalgamation, check A or B  
 Méthode choisie pour la fusion – Cocher A ou B :

A - **Amalgamation Agreement / Convention de fusion :**



The amalgamation agreement has been duly adopted by the shareholders of each of the amalgamating corporations as required by subsection 176 (4) of the *Business Corporations Act* on the date set out below.

Les actionnaires de chaque société qui fusionne ont dûment adopté la convention de fusion conformément au paragraphe 176(4) de la *Loi sur les sociétés par actions* à la date mentionnée ci-dessous.

or  
ou

B - **Amalgamation of a holding corporation and one or more of its subsidiaries or amalgamation of subsidiaries / Fusion d'une société mère avec une ou plusieurs de ses filiales ou fusion de filiales :**



The amalgamation has been approved by the directors of each amalgamating corporation by a resolution as required by section 177 of the *Business Corporations Act* on the date set out below.

Les administrateurs de chaque société qui fusionne ont approuvé la fusion par voie de résolution conformément à l'article 177 de la *Loi sur les sociétés par actions* à la date mentionnée ci-dessous.

The articles of amalgamation in substance contain the provisions of the articles of incorporation of  
 Les statuts de fusion reprennent essentiellement les dispositions des statuts constitutifs de

and are more particularly set out in these articles.  
 et sont énoncés textuellement aux présents statuts.

Names of amalgamating corporations Dénomination sociale des sociétés qui fusionnent	Ontario Corporation Number Numéro de la société en Ontario	Date of Adoption/Approval Date d'adoption ou d'approbation		
		Year année	Month mois	Day jour
2847719 Ontario Inc.	002847719			
Molecular Science Corp.	2557763			

6. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise.  
Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la société.

There are no restrictions.

7. The classes and any maximum number of shares that the corporation is authorized to issue:  
Catégories et nombre maximal, s'il y a lieu, d'actions que la société est autorisée à émettre :

The Company is authorized to issue:

1. an unlimited number of common shares.

8. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series:

Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions qui peut être émise en série :

#### Common Shares

(1) Each holder of common shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Company, except meetings at which only holders of other classes or series of shares are entitled to attend, and at all such meetings shall be entitled to one vote in respect of each common share held by such holder.

(2) The holders of common shares shall be entitled to receive dividends if and when declared by the board of directors.

(3) In the event of any liquidation, dissolution or winding-up of the Company or other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of common shares shall be entitled, subject to the rights of holders of shares of any class ranking prior to the common shares, to receive the remaining property or assets of the Company.

9. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows:  
L'émission, le transfert ou la propriété d'actions est/n'est pas restreint. Les restrictions, s'il y a lieu, sont les suivantes :

If the Company:

(a) is not a reporting issuer or investment fund within the meaning of applicable securities legislation; and

(b) has not distributed to the public (excluding accredited investors within the meaning of applicable securities legislation) any of its securities,

then no shares in the capital of the Company shall be transferred without either:

(i) the previous consent of the board of directors expressed by a resolution passed by the board of directors or by an instrument or instruments in writing signed by a majority of the directors; or

(ii) the previous consent of the holders of at least 51% of the shares of that class for the time being outstanding expressed by a resolution passed by the shareholders or by an instrument or instruments in writing signed by such shareholders.

10. Other provisions, (if any):  
Autres dispositions, s'il y a lieu :

None.

11. The statements required by subsection 178(2) of the *Business Corporations Act* are attached as Schedule "A".  
Les déclarations exigées aux termes du paragraphe 178(2) de la *Loi sur les sociétés par actions* constituent l'annexe A.

12. A copy of the amalgamation agreement or directors' resolutions (as the case may be) is/are attached as Schedule "B".  
Une copie de la convention de fusion ou les résolutions des administrateurs (selon le cas) constitue(nt) l'annexe B.



These articles are signed in duplicate.  
Les présents statuts sont signés en double exemplaire.

Name and **original signature** of a director or authorized signing officer of each of the amalgamating corporations. Include the name of each corporation, the signatories name and description of office (e.g. president, secretary). **Only a director or authorized signing officer can sign on behalf of the corporation.** / Nom et **signature originale** d'un administrateur ou d'un signataire autorisé de chaque société qui fusionne. Indiquer la dénomination sociale de chaque société, le nom du signataire et sa fonction (p. ex. : président, secrétaire). **Seul un administrateur ou un dirigeant habilité peut signer au nom de la société.**

2847719 Ontario Inc.

Names of Corporations / Dénomination sociale des sociétés

By / Par

Signature / Signature

Print name of signatory /  
Nom du signataire en lettres moulées

Description of Office / Fonction

Molecular Science Corp.

Names of Corporations / Dénomination sociale des sociétés

By / Par

Signature / Signature

Print name of signatory /  
Nom du signataire en lettres moulées

Description of Office / Fonction

Names of Corporations / Dénomination sociale des sociétés

By / Par

Signature / Signature

Print name of signatory /  
Nom du signataire en lettres moulées

Description of Office / Fonction

Names of Corporations / Dénomination sociale des sociétés

By / Par

Signature / Signature

Print name of signatory /  
Nom du signataire en lettres moulées

Description of Office / Fonction

Names of Corporations / Dénomination sociale des sociétés

By / Par

Signature / Signature

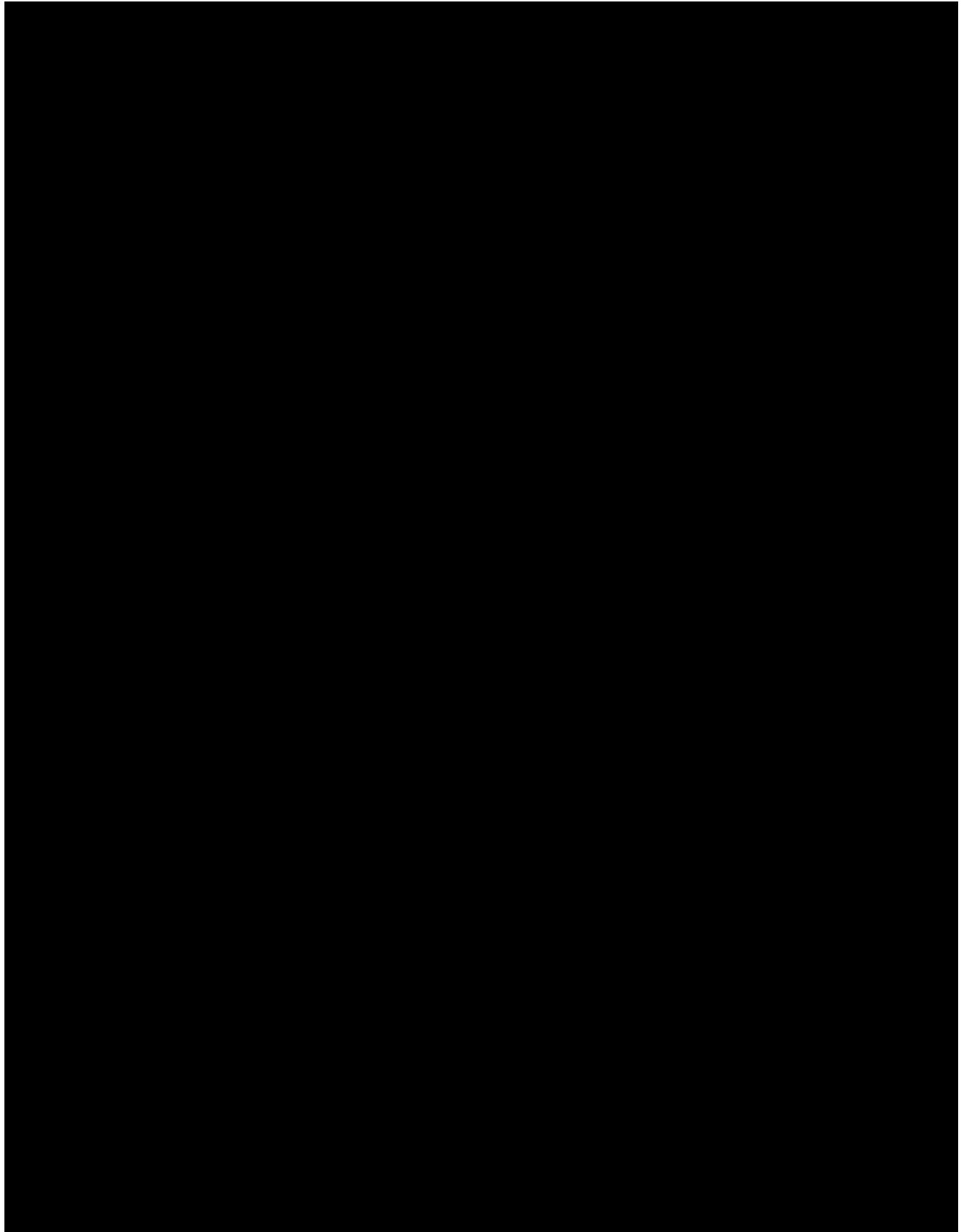
Print name of signatory /  
Nom du signataire en lettres moulées

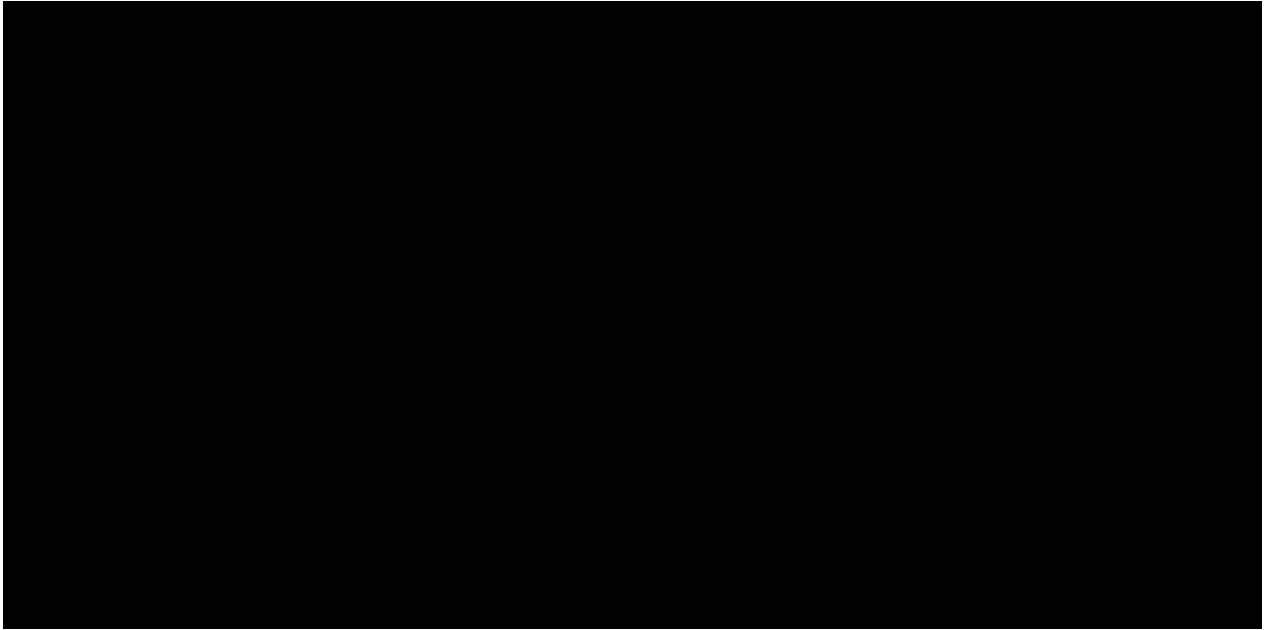
Description of Office / Fonction

**SCHEDULE "C"**

**MSC DISCLOSURE LETTER**

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[REDACTED]

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