

CRESCO LABS INC.

as the Purchaser

and

BLUMA WELLNESS INC.

as the Company

ARRANGEMENT AGREEMENT

January 13, 2021

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ARRANGEMENT AGREEMENT

THIS AGREEMENT is made as of the 13th day of January, 2021,

BETWEEN:

CRESCO LABS INC., a company existing under the laws of the Province of British Columbia (the "**Purchaser**")

- and -

BLUMA WELLNESS INC., a company existing under the laws of the Province of British Columbia

(the "**Company**").

WHEREAS the Company Board has, taking into account, among other things, the recommendation of a special committee of independent and disinterested directors of the Company Board and opinions from the financial advisors to the Company that the Consideration is fair, from a financial point of view, to the Company Shareholders, determined that the Arrangement is in the best interests of the Company;

AND WHEREAS the Company Board has approved the Arrangement and other transactions contemplated by this Agreement and determined to recommend approval of the Arrangement Resolution to the Company Shareholders;

AND WHEREAS the Company and the Purchaser intend that the proposed acquisition of the Company by the Purchaser be effected by way of an Arrangement under the provisions of the BCBCA and in furtherance of such proposed acquisition, the Company Board has agreed to submit the Arrangement Resolution to the Company Shareholders and the Court for approval;

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Defined Terms

As used in this Agreement (including the recitals hereto), the following terms have the following meanings:

"**Acquisition Proposal**" means, other than the transactions contemplated by this Agreement and other than any transaction involving only the Company and/or one or more of its wholly-owned Subsidiaries, any offer, proposal or inquiry (written or oral) from any Person or group of Persons other than the Purchaser (and/or any affiliate of the Purchaser), after the date of this Agreement relating to:

- (a) any sale, disposition, alliance or joint venture (or any lease, long-term supply agreement or other arrangement having the same economic effect as the foregoing), direct or indirect, in a single transaction or a series of related transactions, of assets representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of the Company and its Subsidiaries or of 20% or more of the voting or equity securities of the Company or any of its Subsidiaries (or rights or interests in such voting or equity securities);
- (b) any direct or indirect take-over bid, exchange offer, treasury issuance or other transaction that, if consummated, would result in such Person or group of Persons beneficially owning 20% or more of any class of voting, equity or other securities of the Company or any of its Subsidiaries (including securities convertible or exercisable or exchangeable for voting, equity or other securities of the Company or any of its Subsidiaries);
- (c) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding up or exclusive license involving the Company or any of its Subsidiaries; or
- (d) any other similar transaction or series of transactions involving the Company or any of its Subsidiaries.

"**AFC**" means AFC Warehouse, LLC d/b/a Advanced Flower Capital, being the lender under the AFC Facility Debt.

"**AFC Facility Debt**" means the five-year, non-revolving US\$15,000,000 secured loan facility provided by AFC as amended and/or extended from time to time.

"**affiliate**" has the meaning specified in National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators.

"**Agreement**" means this arrangement agreement, together with the Schedules attached hereto and the Company Disclosure Letter, as same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof.

"**Arrangement**" means an arrangement pursuant to the provisions of Division 5 of Part 9 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of this Agreement, the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

"**Arrangement Issued Securities**" means all securities to be issued by the Purchaser pursuant to the Arrangement, including the Consideration Shares.

"**Arrangement Resolution**" means the special resolution approving the Plan of Arrangement to be considered at the Company Meeting, substantially in the form of Schedule B.

"**associate**" has the meaning specified in the *Securities Act* (British Columbia).

"**Authorization**" means, with respect to any Person, any order, permit, approval, consent, waiver, licence or similar authorization of any Governmental Entity having jurisdiction over the Person, and includes the Company Licenses and the Purchaser Licenses.

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

"**Breaching Party**" has the meaning specified in Section 4.8(3).

"**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which major banks are generally closed for business in Vancouver, British Columbia, Toronto, Ontario or Chicago, Illinois.

"**Change in Recommendation**" has the meaning specified in Section 7.2(1)(d)(ii).

"**Closing Certificate**" has the meaning specified in the Plan of Arrangement.

"**Code**" has the meaning specified in Section 2.13.

"**Collective Agreement**" means a collective bargaining agreement or union agreement.

"**Company**" means Bluma Wellness Inc., a company existing under the laws of the Province of British Columbia.

"**Company Board**" means the board of directors of the Company as constituted from time to time.

"**Company Board Recommendation**" has the meaning specified in Section 2.4(2).

"**Company Business**" means the businesses carried on by the Company and its Subsidiaries, including the business of operating as a vertically integrated, licensed medical cannabis operator in the State of Florida.

"**Company Circular**" means the notice of the Company 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 Company Shareholders in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement.

"**Company Data**" means all confidential and proprietary data contained in the Company Systems and all other information and data compilations used by the Company or any of its Subsidiaries, whether or not in electronic form.

"**Company Data Room**" means the material contained in the virtual data room established by the Company as at 5:00 p.m. on January 13, 2021, the index of documents of which is appended to the Company Disclosure Letter.

"**Company Debentures**" means the outstanding 6.0% unsecured debentures of the Company.

"Company Disclosure Letter" means the disclosure letter dated the date of this Agreement and delivered by the Company to the Purchaser with this Agreement.

"Company Filings" means all documents of the Company publicly filed under the profile of the Company on SEDAR since January 1, 2020.

"Company Financial Statements" has the meaning specified in Schedule "C"(j).

"Company Intellectual Property Rights" has the meaning specified in Schedule "C"(aa)(i).

"Company Lease Documents" has the meaning specified in Schedule "C"(t)(iv).

"Company Leased Properties" has the meaning specified in Schedule "C"(t)(iv).

"Company Licenses" means all material permits, licenses, franchises, approvals, authorizations, registrations, certificates, variances and similar rights obtained, or required to be obtained, from Governmental Entities for the operation of the Company Business, including those set out in section 1.1 of the Company Disclosure Letter.

"Company Locked-up Shareholders" means each of those persons set out in section 1.1 of the Company Disclosure Letter.

"Company Material Adverse Effect" means any change, event, occurrence, effect, state of facts or circumstance that, individually or in the aggregate with other such changes, events, occurrences, effects, state of facts or circumstances, is or would reasonably be expected to be material and adverse to the current and future business, operations, results of operations, assets, properties, capitalization, condition (financial or otherwise) or liabilities (contingent or otherwise) of the Company and its Subsidiaries, taken as a whole, except any such change, event, occurrence, effect, state of facts or circumstance resulting from:

- (a) general conditions in the cannabis industry as a whole;
- (b) any change in global, national or regional political conditions of Canada, the United States or U.S. states in which the Company has material operations or globally (including the outbreak or escalation of war or acts of terrorism) or in general economic, business, regulatory, political or market conditions or in national or global financial, banking or capital markets of Canada, the United States or U.S. states in which the Company has material operations or globally;
- (c) any adoption, proposal, implementation or change in Law or any interpretation of Law by any Governmental Entity;
- (d) any change in GAAP applicable to the Company;
- (e) any natural disaster (including those arising from or out of climatic or other natural events or conditions such as drought and other weather conditions);
- (f) general outbreaks of illness (including the COVID-19 pandemic);

- (g) the failure by the Company to meet any internal, third party or public projections, forecasts, guidance or estimates of revenues or earnings or other financial or operating metrics (it being understood that the causes or facts underlying or contributing to any such failure may be taken into account in determining whether a Company Material Adverse Effect has occurred, to the extent not otherwise excepted by another clause of this definition);
- (h) the announcement or disclosure of this Agreement or the transactions contemplated hereby, including any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of the Company or its Subsidiaries with the Company's employees, customers, suppliers, partners and other Persons with which the Company or any of its Subsidiaries has business relations;
- (i) any action taken (or omitted to be taken) by the Company or its Subsidiaries that is consented to by the Purchaser expressly in writing or expressly required by this Agreement;
- (j) any actions taken (or omitted to be taken) by the Company upon the written request of the Purchaser; or
- (k) any change in the market price or trading volume of any securities of the Company (it being understood that the causes or facts underlying or contributing to such change in market price or trading volume may be taken into account in determining whether a Company Material Adverse Effect has occurred, to the extent not otherwise excepted by another clause of this definition);

provided, however, that with respect to clauses (a) through to and including (f), such matter does not have a materially disproportionate effect on the Company and its Subsidiaries, taken as a whole, relative to other comparable companies and entities operating in the industry in which the Company and/or its Subsidiaries operate, and unless expressly provided in any particular section of this Agreement, references in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretive for purposes of determining whether a "Company Material Adverse Effect" has occurred.

"Company Meeting" means the special meeting of Company Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of this Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution and for any other purpose as may be set out in the Company Circular and agreed to in writing by the Purchaser.

"Company Options" means options to purchase Company Shares issued pursuant to the Company's amended and restated stock option plan dated April 25, 2020, as approved and confirmed by the shareholders of the Company at the annual and special meeting held on April 9, 2020.

"Company Owned Real Property" has the meaning specified in Schedule "C"(t)(i).

"Company RSU Holders" means the holders of Company RSUs.

"Company RSU Plan" means the restricted share unit compensation plan of the Company dated April 25, 2020, as approved and confirmed by the shareholders of the Company at the annual and special meeting held on April 9, 2020.

"Company RSUs" means the outstanding restricted share units issued pursuant to the Company RSU Plan, as listed in section 1.1 of the Company Disclosure Letter.

"Company Securityholders" means, collectively, the Company Shareholders, the Company RSU Holders and the Company Warrantholders.

"Company Shareholders" means the registered or beneficial holders of the Company Shares, as the context requires.

"Company Shares" means the common shares in the authorized share structure of the Company.

"Company Systems" means all information technology and computer systems (including computer software, information technology and telecommunication hardware and other equipment) relating to the generation, transmission, storage, maintenance or processing of data and information, whether or not in electronic form, used in the conduct of the business of the Company or any of its Subsidiaries.

"Company Termination Fee" has the meaning specified in Section 8.2.

"Company Termination Fee Event" has the meaning specified in Section 8.2.

"Company Warrantholders" means the registered or beneficial holders of Company Warrants, as the context requires.

"Company Warrants" means the outstanding warrants to purchase Company Shares issued by the Company, as listed in section 1.1 of the Company Disclosure Letter.

"Confidentiality Agreement" means the confidentiality agreement between the Company and the Purchaser dated December 17, 2020.

"Consenting RSU Holders" has the meaning specified in Section 4.3(1)(c).

"Consideration" means the consideration to be received by Company Shareholders pursuant to the Plan of Arrangement as consideration for their Company Shares, consisting of 0.0859 Purchaser Shares for each Company Share; provided that: (A) if the volume weighted average price of the Purchaser Shares on the CSE for the five (5) trading days ending on the second (2nd) Business Day prior to the Effective Date is less than or equal to US\$9.99 per Purchaser Share but greater than US\$7.00 per Purchaser Share, then the Consideration in respect of each Company Share shall be such number (including a fraction) of Purchaser Shares equal to the quotient of (i) US\$0.86 divided by (ii) the volume weighted average price of the Purchaser Shares on the CSE for the five (5) trading days ending on the second (2nd) Business Day prior to the Effective Date; and (B) if the volume weighted average price of the Purchaser Shares on the CSE for the five (5) trading days ending on the second (2nd) Business Day prior to the Effective Date is less than or equal to US\$7.00 per Purchaser Share, the Consideration shall be 0.1229 Purchaser Shares for

each Company Share, in each case subject to adjustments in accordance with Section 2.12. The applicable volume weighted average price of the Purchaser Shares on the CSE on any particular day shall be expressed in U.S. dollars for the purposes of calculating the Consideration and shall be converted to U.S. dollars using the exchange rate published by the Bank of Canada at <https://www.bankofcanada.ca/rates/exchange/daily-exchange-rates/> on that day.

"Consideration Shares" means the Purchaser Shares to be issued in exchange for Company Shares pursuant to the Arrangement, including for greater certainty the Purchaser Shares to be issued upon the vesting of Company RSUs in accordance with the Plan of Arrangement.

"Constating Documents" means the notice of articles or articles of incorporation, amalgamation, or continuation, as applicable, and articles or by-laws, as applicable, and all amendments to such notice of articles, articles or by-laws.

"Contract" means any legally binding agreement, commitment, engagement, contract, franchise, licence, obligation or undertaking (written or oral) to which a Party or any of its respective Subsidiaries is a party or by which it or any of its respective Subsidiaries is bound or affected or to which any of their respective properties or assets is subject.

"Court" means the Supreme Court of British Columbia.

"CSE" means the Canadian Securities Exchange.

"Depository" means Odyssey Trust Company, or any other depository or trust company, bank or financial institution as the Purchaser may appoint to act as depository with the approval of the Company, acting reasonably, for the purpose of, among other things, exchanging certificates representing Company Shares for Consideration Shares in connection with the Arrangement.

"Dissent Rights" means the rights of dissent of the Company Shareholders in respect of the Arrangement Resolution as described in the Plan of Arrangement.

"DTC" means the Depository Trust Company.

"Effective Date" means the date upon which the Arrangement becomes effective pursuant to the Plan of Arrangement.

"Effective Time" means 12:01 a.m. (Vancouver time) on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

"Employee Plans" means all health, welfare, supplemental unemployment benefit, change of control, bonus, profit sharing, option, insurance, compensation, incentive, incentive compensation, deferred compensation, share purchase, share compensation, disability, pension, vacation, severance or termination pay, retirement or retirement savings plans, or other employee benefit plans, policies, trusts, funds, agreements, or arrangements for the benefit of employees, former employees, directors or former directors of the Company or any of its Subsidiaries, which are maintained by or binding upon the Company or any of its Subsidiaries or in respect of which the Company or any of its Subsidiaries has an actual or contingent liability excluding all obligations for severance and termination pursuant to a statute.

"Environmental Laws" means all Laws and agreements with Governmental Entities and all other statutory requirements relating to public health or the protection of the environment and all Authorizations issued pursuant to such Laws, agreements or other statutory requirements.

"Fairness Opinions" means the verbal and subsequent written opinions of INFOR Financial Inc. and Clarus Securities Inc. to the effect that, as of the date of such opinions, the Consideration to be received by the Company Shareholders is fair, from a financial point of view, to such holders.

"Final Order" means the final order of the Court made pursuant to Section 291 of the BCBCA, after a hearing upon the fairness of the terms and conditions of the Arrangement, in a form acceptable to the Company and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal.

"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 International Financial Reporting Standards, at the relevant time, applied on a consistent basis.

"Governmental Entity" means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision, agent or authority of any of the foregoing, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, or (iv) any stock exchange, including the CSE.

"HSR Act" means the *United States Hart-Scott-Rodino Antitrust Improvements Act of 1976*, as amended.

"Indemnified Persons" has the meaning specified in Section 8.7(1).

"Intellectual Property" means domestic and foreign: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (vii) Software; and (viii) any other intellectual property and industrial property.

"Interim Order" means the interim order of the Court contemplated by Section 2.2 and made pursuant to Section 291 of the BCBCA, in a form acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as such order may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably.

"Key Employees" means the employee(s) specified in section 6.2(6) of the Company Disclosure Letter.

"Key Regulatory Approvals" means (i) the Stock Exchange Approval, (ii) expiration of the waiting period and clearance under the HSR Act, and (iii) the consent of the State of Florida Department of Health Office of Medical Marijuana Use described in section 1.1 of the Company Disclosure Letter in connection with the consummation of the Arrangement.

"Law" means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended.

"Lien" means any mortgage, charge, pledge, hypothec, security interest, prior claim, encroachments, option, right of first refusal or first offer, occupancy right, covenant, assignment, lien (statutory or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute.

"Lock-up Agreements" means lock-up agreements to be entered into effective as of the Effective Date between the Purchaser and each of the Company Locked-up Shareholders that restrict the sale or other transfer of certain of the Consideration Shares received by each such Company Locked-up Shareholder pursuant to the Arrangement and providing for the release of such restricted Consideration Shares as further specified in section 1.1 of the Company Disclosure Letter.

"Material Contract" means any Contract:

- (a) that if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Company Material Adverse Effect;
- (b) relating directly or indirectly to the guarantee of any material liabilities or material obligations or to material indebtedness for borrowed money;
- (c) restricting the incurrence of indebtedness by the Company or any of its Subsidiaries (including by requiring the granting of an equal and rateable Lien) or the incurrence of any Liens on any properties or assets of the Company or any of its Subsidiaries, or restricting the payment of dividends by the Company in each case, in any material respect;

- (d) under which a Person made payments to the Company and its Subsidiaries in excess of \$100,000 during the calendar year ended December 31, 2020;
- (e) under which the Company and/or its Subsidiaries made payments to any Person in excess of \$100,000 during the calendar year ended December 31, 2020;
- (f) under which the Company or any of its Subsidiaries is obligated to make or expects to receive payments in excess of \$100,000 over the remaining term;
- (g) providing for the establishment, investment in, organization or formation of any joint venture, limited liability company, partnership or similar entity that is material to the Company and its Subsidiaries;
- (h) that creates an exclusive dealing arrangement or right of first offer or refusal that materially limits the Company's business;
- (i) with a Governmental Entity for a value in excess of \$100,000;
- (j) that contains any material exclusivity or non-solicitation obligations of the Company or any of its Subsidiaries;
- (k) providing for severance or change in control payments in excess of \$100,000;
- (l) providing for the purchase, sale or exchange of, or option to purchase, sell or exchange, any property or asset where the purchase or sale price or agreed value or fair market value of such property or asset exceeds \$100,000;
- (m) that limits or restricts in any material respect (A) the ability of the Company or any Subsidiary to engage in any line of business or carry on business in any geographic area, or (B) the scope of Persons to whom the Company or any of its Subsidiaries may sell products or deliver services; or
- (n) that is otherwise material to the Company and its Subsidiaries, taken as a whole.

"**MD&A**" means management's discussion and analysis.

"**MI 61-101**" means Multilateral Instrument 61-101 *Protection of Minority Shareholders in Special Transactions* of the Canadian Securities Administrators.

"**Misrepresentation**" means an untrue statement of a material fact or an omission to state a material fact required or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made.

"**Money Laundering Laws**" has the meaning specified in Schedule "C"(y)(iv).

"**officer**" has the meaning specified in the *Securities Act* (British Columbia).

"**Ordinary Course**" means, with respect to an action taken by a Party or any Subsidiary, that such action is consistent with the past practices of such Party or such Subsidiary and is taken in the

ordinary course of the normal day-to-day operations of the business of such Party or such Subsidiary.

"Outside Date" means April 1, 2021 or such later date as may be agreed to in writing by the Parties, subject to: (i) the right of any Party to extend the Outside Date for up to an additional 30 days if the Effective Date has not occurred by the Outside Date as a result of failure to satisfy any of the conditions set forth in Sections 6.1, 6.2 or 6.3 as a consequence, directly or indirectly, of any situation or circumstance arising as a result of, or in connection with, the COVID-19 pandemic; (ii) the right of any Party to extend the Outside Date for up to an additional 180 days if the condition in Section 6.1(3) has not been satisfied; and (iii) the right of any Party to extend the Outside Date to a date that is ten (10) Business Days following the Company Meeting if the Company Meeting is postponed or adjourned in accordance with the terms hereof; provided that (x) notwithstanding the foregoing, no Party shall be permitted to extend the Outside Date if the failure of the applicable condition to be satisfied is primarily the result of such Party's failure to comply with its covenants herein and (y) in no event shall the Outside Date be extended by more than 180 days in the aggregate without the written consent of both Parties.

"Parties" means the Company and the Purchaser and **"Party"** means any one of them.

"Payment Card Industry Data Security Standards" means the "Payment Card Industry Data Security Standards" maintained by the PCI Security Standards Council.

"Permitted Liens" means, in respect of a Party or any of its Subsidiaries, any one or more of the following:

- (a) Liens for Taxes which are not yet due or delinquent or that are being properly contested in good faith by appropriate proceedings and in respect of which reserves have been provided in such Party's most recent publicly filed financial statements;
- (b) inchoate or statutory Liens of contractors, subcontractors, mechanics, workers, suppliers, materialmen, carriers and others in respect of the construction, maintenance, repair or operation of assets, provided that such Liens are related to obligations not due or delinquent, are not registered against title to any assets and in respect of which adequate holdbacks are being maintained as required by applicable Law;
- (c) the right reserved to or vested in any Governmental Entity by any statutory provision or by the terms of any lease, licence, franchise, grant or permit of a Party or any of its Subsidiaries, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition of their continuance;
- (d) easements, servitudes, restrictions, restrictive covenants, rights of way, licenses, permits and other similar rights in real or immovable property that in each case do not materially detract from the value or materially interfere with the use of the real or immovable property subject thereto;

- (e) zoning and building by-laws and ordinances, regulations made by public authorities that in each case do not materially detract from the value or materially interfere with the use of the real or immovable property subject thereto;
- (f) such other imperfections or irregularities of title or Lien that, in each case, do not materially adversely affect the use of the properties or assets subject thereto or otherwise materially adversely impair business operations of such properties;
- (g) agreements with any Governmental Entity and any public utilities or private suppliers of services that in each case do not materially detract from the value or materially interfere with the use of the real or immovable property subject thereto; and
- (h) the Liens listed and described in section 1.1 of the Company Disclosure Letter.

"Person" includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

"Personal Data" means any information that, alone or in combination with other information, allows the identification of a natural person, including name, street address, telephone number, e-mail address, photograph, social security number, driver's license number, passport number or customer or account number, IP address, biometric information, and any persistent identifier or any other information that is otherwise considered personal information, personal data, protected health information, or other personally identifiable information under applicable Law.

"Plan of Arrangement" means the plan of arrangement of the Company under the BCBCA, substantially in the form of Schedule "A", subject to any amendments or variations to such plan made in accordance with Section 8.1 hereof, the Plan of Arrangement itself or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

"Pre-Acquisition Reorganization" has the meaning specified in Section 4.6.

"Privacy and Information Security Requirements" means (i) all Laws that govern Processing of Personal Data, data privacy or information security in the United States and Canada, including the Telephone Consumer Protection Act of 1991, as amended (United States), and the CAN-SPAM Act, as amended (United States); (ii) all Laws applicable to the information security of Company Systems; (iii) all Contracts that relate to the Processing of Personal Data and/or protecting the security or privacy of personally identifiable information or personal data as such terms, or similar terms, are defined under applicable Laws; (iv) all Privacy Notices; (v) all requirements of the Personal Information Protection and Electronic Documents Act (Canada); and (vi) the Payment Card Industry Data Security Standards.

"Privacy Notices" means any notices, policies, disclosures, or public representations by the Company or any of its Subsidiaries associated with or otherwise in respect of Personal Data, including the Processing thereof by the Company or any of its Subsidiaries.

"Process" or "Processing" shall mean the collection, use, storage, processing, distribution, transfer, import, export, protection (including security measures), disposal or disclosure or other activity regarding data, including Personal Data (whether electronically or in any other form or medium).

"Products" means any product or item manufactured, produced, distributed, and/or sold by the Company or by any Subsidiary.

"Purchaser" means Cresco Labs Inc., a company existing under the laws of the Province of British Columbia.

"Purchaser Filings" means all documents of the Purchaser publicly filed under the profile of the Purchaser on SEDAR since December 31, 2019.

"Purchaser Financial Statements" has the meaning specified in Schedule "D"(i).

"Purchaser Licenses" means all permits, licenses, franchises, approvals, authorizations, registrations, certificates, variances and similar rights obtained, or required to be obtained, from Governmental Entities for the operation of the business of the Purchaser and its Subsidiaries.

"Purchaser Matching Period" has the meaning specified in Section 5.4(1)(e).

"Purchaser Material Adverse Effect" means any change, event, occurrence, effect, state of facts or circumstance that, individually or in the aggregate with other such changes, events, occurrences, effects, state of facts or circumstances, is or would reasonably be expected to be material and adverse to the current and future business, operations, results of operations, assets, properties, capitalization, condition (financial or otherwise) or liabilities (contingent or otherwise) of the Purchaser and its Subsidiaries, taken as a whole, except any such change, event, occurrence, effect, state of facts or circumstance resulting from:

- (a) general conditions in the cannabis industry as a whole;
- (b) any change in global, national or regional political conditions of Canada, the United States or U.S. states in which the Purchaser has material operations or globally (including the outbreak or escalation of war or acts of terrorism) or in general economic, business, regulatory, political or market conditions or in national or global financial, banking or capital markets of Canada, the United States or U.S. states in which the Purchaser has material operations or globally;
- (c) any adoption, proposal, implementation or change in Law or any interpretation of Law by any Governmental Entity;
- (d) any change in GAAP applicable to the Purchaser;
- (e) any natural disaster (including those arising from or out of climatic or other natural events or conditions such as drought and other weather conditions);
- (f) general outbreaks of illness (including the COVID-19 pandemic);

- (g) the failure by the Purchaser to meet any internal, third party or public projections, forecasts, guidance or estimates of revenues or earnings or other financial or operating metrics (it being understood that the causes or facts underlying or contributing to any such failure may be taken into account in determining whether a Purchaser Material Adverse Effect has occurred, to the extent not otherwise excepted by another clause of this definition);
- (h) the announcement or disclosure of this Agreement or the transactions contemplated hereby, including any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of the Purchaser or its Subsidiaries with the Purchaser's employees, customers, suppliers partners and other Persons with which the Purchaser or any of its Subsidiaries has business relations;
- (i) any action taken (or omitted to be taken) by the Purchaser or its Subsidiaries that is consented to by the Company expressly in writing or expressly required by this Agreement;
- (j) any actions taken (or omitted to be taken) by the Purchaser upon the written request of the Company; or
- (k) any change in the market price or trading volume of any securities of the Purchaser (it being understood that the causes or facts underlying or contributing to such change in market price or trading volume may be taken into account in determining whether a Purchaser Material Adverse Effect has occurred, to the extent not otherwise excepted by another clause of this definition);

provided, however, that with respect to clauses (a) through to and including (f), such matter does not have a materially disproportionate effect on the Purchaser and its Subsidiaries, taken as a whole, relative to other comparable companies and entities operating in the industry in which the Purchaser and/or its Subsidiaries operate, and unless expressly provided in any particular section of this Agreement, references in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretive for purposes of determining whether a "Purchaser Material Adverse Effect" has occurred.

"Purchaser Shares" means the subordinate voting shares in the authorized share structure of the Purchaser.

"Regulatory Approval" means any consent, waiver, permit, exemption, review, order, decision or approval of, or any registration and filing with, any Governmental Entity, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Entity, in each case in connection with the Arrangement, and includes the Key Regulatory Approvals.

"Representative" has the meaning specified in Section 5.1(1).

"Required Approval" has the meaning specified in Section 2.2(1)(b).

"Sanctions" has the meaning specified in Schedule "C"(y)(iv).

"Section 3(a)(10) Exemption" means the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof.

"Securities Authorities" means the British Columbia Securities Commission and any other applicable securities commissions or securities regulatory authority of a province or territory of Canada.

"Securities Laws" means (a) the *Securities Act* (British Columbia), and any other applicable provincial securities Laws, (b) the U.S. Securities Act and the U.S. Exchange Act and the rules and regulations promulgated thereunder, in each case, to the extent applicable, and (c) the policies, rules and regulations of the CSE.

"SEDAR" means the System for Electronic Document Analysis and Retrieval.

"Share Exchange" has the meaning specified in Section 2.13.

"Software" means computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs.

"Stock Exchange Approval" means the conditional approval of the CSE to list the Purchaser Shares to be issued pursuant to the Arrangement and the Purchaser Shares to be issued upon the exercise of Company Warrants, subject only to customary conditions to be satisfied in connection with the completion of the Arrangement and/or following the completion of the Arrangement.

"Subject Securities" has the meaning specified in Section 2.2(2).

"Subsidiary" has the meaning specified in National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators.

"Superior Proposal" means any *bona fide* written Acquisition Proposal from Person(s) who are an arm's length third party or parties, made after the date of this Agreement, to acquire not less than all of the outstanding Company Shares or all or substantially all of the assets of the Company on a consolidated basis that:

- (a) complies with Securities Laws in all material respects and did not result from or involve a breach of Article 5 or any confidentiality or other agreement between the Person making the Acquisition Proposal and the Company or any of its Subsidiaries;
- (b) is reasonably capable of being completed without undue delay, taking into account, all financial, legal, regulatory and other aspects of such proposal and the Person making such proposal;
- (c) is not subject to any financing contingency and in respect of which adequate arrangements have been made to ensure that the required consideration will be available to effect payment in full for all of the Company Shares or assets, as the case may be;

- (d) is not subject to any due diligence or access condition;
- (e) the Company Board determines, in its good faith judgment, after receiving the advice of its outside legal and financial advisors and after taking into account all the terms and conditions of the Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal and the party making such Acquisition Proposal, would, if consummated in accordance with its terms, but without assuming away the risk of non-completion, result in a transaction which is more favourable, from a financial point of view, to the Company Shareholders, than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by the Purchaser pursuant to Section 5.4(2)); and
- (f) in the event that the Company does not have the financial resources to pay the Company Termination Fee, the terms of such Acquisition Proposal provide that the person making such Superior Proposal shall advance or otherwise provide the Company the cash required for the Company to pay the Company Termination Fee and such amount shall be advanced or provided on or before the date such Company Termination Fee becomes payable.

"Superior Proposal Notice" has the meaning specified in Section 5.4(1)(c).

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

"Tax Returns" means any and all returns, reports, declarations, elections, notices, forms, designations, filings, and statements (including estimated tax returns and reports, withholding tax returns and reports, and information returns and reports) filed or required to be filed in respect of Taxes.

"Taxes" means (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments in the nature of a tax imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, provincial sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, unclaimed property, escheat, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; and (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (i) above or this clause (ii).

"Terminating Party" has the meaning specified in Section 4.8(3).

"Termination Notice" has the meaning specified in Section 4.8(3).

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any State of the United States and the District of Colombia.

"**U.S. Exchange Act**" means the United States *Securities Exchange Act of 1934*, as the same has been, and hereafter from time to time may be, amended.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as the same has been, and hereafter from time to time may be, amended.

"**volume-weighted average price**" on a particular day is calculated by dividing the total value of the Purchaser Shares traded on the CSE on such day by the total volume of Purchaser Shares traded on such day.

"**Voting Support Agreements**" means, collectively, the voting support agreements dated on or before the date hereof between the Purchaser and each of the Company Locked-up Shareholders, substantially in the form of Schedule "E", which, *inter alia*, may not be terminated by the Company Locked-up Shareholders in the event of a Superior Proposal.

1.2 Certain Rules of Interpretation

In this Agreement, unless otherwise specified:

- (1) **Headings, etc.** The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Agreement.
- (2) **Currency.** All references to dollars or to \$ are references to Canadian dollars.
- (3) **Gender and Number.** Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (4) **Certain Phrases and References, etc.** The words "including", "includes" and "include" mean "including (or includes or include) without limitation," and "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." Unless stated otherwise, "Article", "Section", and "Schedule" followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Agreement. The term "Agreement" and any reference in this Agreement to this Agreement or any other agreement or document includes, and is a reference to, this Agreement or such other agreement or document as it may have been, or may from time to time be, amended, restated, replaced, supplemented or novated and includes all schedules to it. The term "made available to the Purchaser" means copies of the subject materials were included in the Company Data Room or otherwise provided in writing in the manner expressly set forth in the Company Disclosure Letter.
- (5) **Capitalized Terms.** All capitalized terms used in any Schedule or the Company Disclosure Letter have the meanings ascribed to them in this Agreement.

- (6) **Knowledge.** Where any representation or warranty is expressly qualified by reference to the knowledge of the Company, it is deemed to refer to the knowledge of *[REDACTED – personal identifying information]*, after due and diligent inquiry. Where any representation or warranty is expressly qualified by reference to the knowledge of the Purchaser, it is deemed to refer to the knowledge of *[REDACTED – personal identifying information]*, after due and diligent inquiry.
- (7) **Accounting Terms.** All accounting terms are to be interpreted in accordance with GAAP and all determinations of an accounting nature in respect of the Company required to be made shall be made in a manner consistent with GAAP.
- (8) **Statutes.** Any reference to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.
- (9) **Computation of Time.** A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day.
- (10) **Time References.** References to time are to local time, Toronto, Ontario.
- (11) **Subsidiaries.** To the extent any covenants or agreements relate, directly or indirectly, to a Subsidiary of the Company, each such provision shall be construed as a covenant by the Company to cause (to the fullest extent to which it is legally capable) such Subsidiary to perform the required action.

1.3 Schedules

- (1) The schedules attached to this Agreement and the Company Disclosure Letter form an integral part of this Agreement for all purposes of it.
- (2) The Company Disclosure Letter itself and all information contained in it is confidential information and may not be disclosed except in accordance with the terms of the Confidentiality Agreement.

ARTICLE 2 THE ARRANGEMENT

2.1 Arrangement

The Company and the Purchaser agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions of this Agreement and the Plan of Arrangement.

2.2 Interim Order

- (1) As soon as reasonably practicable after the date of this Agreement, but in any event at a time so as to permit the Company Meeting to be held on or before the date specified in Section 2.3(a), the Company shall apply to the Court in a manner reasonably acceptable to

the Purchaser pursuant to Section 291 of the BCBCA and, in cooperation with the Purchaser, prepare, file and diligently pursue a motion for the Interim Order, which must provide, among other things:

- (a) for the Persons and classes of Persons to whom notice is to be provided in respect of the Arrangement and the Company Meeting and for the manner in which such notice is to be provided, such notice to include, *inter alia*, that such Persons have the right to appear at the hearing before the Court at which the fairness of the Arrangement is to be adjudged;
- (b) that the required level of approval (the "**Required Approval**") for the Arrangement Resolution shall be not less than (i) 66 2/3% of the votes cast on the Arrangement Resolution by Company Shareholders voting as a single class present in person or represented by proxy and entitled to vote at the Company Meeting; (ii) if required under Securities Laws, a simple majority of the votes attached to Company Shares voting as a single class held by Company Shareholders present in person or represented by proxy and entitled to vote at the Company Meeting excluding for this purpose votes attached to Company Shares held by persons described in items (a) through (d) of section 8.1(2) of MI 61-101; and (iii) any other shareholder approvals required by the CSE;
- (c) that the terms, restrictions and conditions of the Company's Constatting Documents relating to the holding of a meeting of Company Shareholders, including quorum requirements and all other matters, shall, unless varied by the Interim Order, apply in respect of the Company Meeting;
- (d) for the grant of the Dissent Rights only to those Company Shareholders who are registered Company Shareholders as contemplated in the Plan of Arrangement;
- (e) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;
- (f) that the Company Meeting may be adjourned or postponed from time to time by the Company in accordance with the terms of this Agreement without the need for additional approval of the Court;
- (g) confirmation of the record date for the purposes of determining the Company Shareholders entitled to notice of and to vote at the Company Meeting in accordance with the Interim Order;
- (h) that the record date for the Company Shareholders entitled to notice of and to vote at the Company Meeting will not change in respect of any adjournment(s) of the Company Meeting, unless required by Securities Laws or with the prior written consent of the Purchaser; and
- (i) for such other matters as the Purchaser may reasonably require, subject to obtaining the prior consent of the Company, such consent not to be unreasonably withheld or delayed.

- (2) In seeking the Interim Order, the Company shall advise the Court that it is the Purchaser's intention to rely upon the Section 3(a)(10) Exemption with respect to the issuance of all Arrangement Issued Securities to be issued pursuant to the Arrangement, based and conditioned on the Court's approval of the Arrangement and its determination that the Arrangement is fair and reasonable to Company Securityholders whose rights are affected by the Arrangement (collectively, the "**Subject Securities**") to whom will be issued Arrangement Issued Securities pursuant to the Arrangement, following a hearing and after considering of the substantive and procedural terms and conditions thereof.

2.3 The Company Meeting

The Company shall:

- (a) convene and conduct the Company Meeting in accordance with the Interim Order, the Company's Constatng Documents and applicable Laws as soon as reasonably practicable and, in any event but subject to compliance by the Purchaser with its obligations in Section 2.4, on or before March 12, 2021 (or such later date as may be agreed to by the Parties in writing or as required as a result of a delay by the Purchaser in providing the information required pursuant to Section 2.4) for the purpose of considering the Arrangement Resolution, and not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Company Meeting without the prior written consent of the Purchaser, except:
 - (i) in the case of an adjournment, as required for quorum purposes (in which case the Company Meeting shall be adjourned and not cancelled);
 - (ii) as required by Law or by a Governmental Entity;
 - (iii) as required or permitted under, Section 4.8(3) or Section 5.4(5); or
 - (iv) for an adjournment for the purpose of attempting to obtain the Required Approval;
- (b) solicit proxies in favour of the approval of the Arrangement Resolution and against any resolution submitted by any Company Shareholder that is inconsistent with the Arrangement Resolution and the completion of any of the transactions contemplated by this Agreement, including, if so requested by the Purchaser, at the Purchaser's expense, using dealer and proxy solicitation services firms and cooperating with any Persons engaged, with the consent of the Company, by the Purchaser to solicit proxies in favour of the approval of the Arrangement Resolution;
- (c) provide the Purchaser with copies of or access to information regarding the Company Meeting generated by any transfer agent, dealer or proxy solicitation services firm which has been retained by the Company, as reasonably requested in writing from time to time by the Purchaser;

- (d) permit the Purchaser at its expense to, on behalf of the management of the Company, directly or through a soliciting dealer approved in writing by the Company, actively solicit proxies in favour of the Arrangement Resolution on behalf of management of the Company in compliance with Law and disclose in the Company Circular that the Purchaser may make such solicitations;
- (e) consult with the Purchaser in fixing the record date for the Company Meeting and the date of the Company Meeting and give notice to the Purchaser of the Company Meeting;
- (f) promptly advise the Purchaser, at such times as the Purchaser may reasonably request in writing and at least on a daily basis on each of the last seven (7) Business Days prior to the date of the Company Meeting, as to the aggregate tally of the proxies received by the Company in respect of the Arrangement Resolution;
- (g) promptly advise the Purchaser of any communication (written or oral) from any Person in opposition to the Arrangement, written notice of dissent, purported exercise or withdrawal of Dissent Rights, and provide the Purchaser with an opportunity to review and comment upon any written communications sent by or on behalf of the Company to any such Person and to participate in any discussions, negotiations or proceedings involving any such Person;
- (h) not make any payment or settlement offer, or agree to any payment or settlement prior to the Effective Time with respect to any claims regarding the Arrangement or Dissent Rights without the prior written consent of the Purchaser, acting reasonably;
- (i) not, except as set out in the Interim Order and only with the consent of the Purchaser, change the record date for the Company Shareholders entitled to vote at the Company Meeting in connection with any adjournment or postponement of the Company Meeting, unless required by Law;
- (j) at the reasonable written request of the Purchaser from time to time, provide the Purchaser with a list (in both written and electronic form) of (i) the registered Company Shareholders, together with their addresses and respective holdings of Company Shares, (ii) the names, addresses and holdings of all Persons having rights issued by the Company to acquire Company Shares (including holders of Company RSUs and Company Warrants), and (iii) to the extent available to the Company, participants and book-based nominee registrants such as CDS & Co., CEDE & Co. and DTC, and non-objecting beneficial owners of Company Shares, together with their addresses and respective holdings of Company Shares;
- (k) notwithstanding the receipt by the Company of a Superior Proposal in accordance with Article 5, unless otherwise agreed to in writing by the Purchaser, continue to take all reasonable steps necessary to hold the Company Meeting and to cause the Arrangement to be voted on at the Company Meeting and not propose to adjourn

or postpone the Company Meeting other than as permitted or required by Section 2.3(a); and

- (l) permit the Purchaser and Purchaser's Representatives to attend the Company Meeting.

2.4 The Company Circular

- (1) The Company shall promptly prepare and complete, in reasonable consultation with the Purchaser, the Company Circular together with any other documents required by Law and the Interim Order in connection with the Company Meeting and the Arrangement, and the Company shall, promptly after obtaining the Interim Order, cause the Company Circular and such other documents to be filed and sent to each Company Shareholder and other Person as required by the Interim Order and applicable Law, in each case so as to permit the Company Meeting to be held by the date specified in Section 2.3(a).
- (2) The Company shall ensure that the Company Circular complies in all material respects with applicable Law and the Interim Order, does not contain any Misrepresentation (other than in respect to any written information with respect to the Purchaser that is furnished in writing by or on behalf of the Purchaser for inclusion in the Company Circular) and provides the Company Shareholders with sufficient information to permit them to form a reasoned judgement concerning the matters to be placed before the Company Meeting. Without limiting the generality of the foregoing, the Company Circular must include: (i) a copy of the Fairness Opinions; (ii) a statement that the Company Board (or committee thereof, as applicable) has received the Fairness Opinions, and the Company Board has unanimously determined (with directors abstaining or recusing themselves as required by Law or the Company's Constating Documents), after receiving legal and financial advice: (A) that the Arrangement is fair to the Company Shareholders; (B) that the Arrangement and the entering into of this Agreement is in the best interests of the Company; and (C) that the Company Board (with directors abstaining or recusing themselves as required by Law or the Company's Constating Documents) recommends that the Company Shareholders vote in favour of the Arrangement Resolution (collectively, the "**Company Board Recommendation**"), and (iii) a statement that each of the Company Locked-up Shareholders have entered into Voting Support Agreements pursuant to which they intend to vote all of their Company Shares in favour of the Arrangement Resolution and against any resolution submitted by any Company Shareholder that is inconsistent therewith, and which cannot be terminated in the event of a Superior Proposal.
- (3) The Company shall indemnify and save harmless the Purchaser and each of its representatives from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which they may be subject or may suffer, in any way caused by, or arising, directly or indirectly, from or in consequence of:
 - (a) any Misrepresentation or alleged Misrepresentation in any information included in the Company Circular, other than the information relating to the Purchaser, its affiliates or the Consideration Shares furnished to the Company in writing by the Purchaser for inclusion in the Company Circular; and

- (b) any order made, or any inquiry, investigation or proceeding by any Securities Authority or other Governmental Entity, to the extent based on any Misrepresentation or any alleged Misrepresentation in the Company Circular other than the information relating to the Purchaser, its affiliates or the Consideration Shares furnished to the Company in writing by the Purchaser for inclusion in the Company Circular.
- (4) The Company shall not be responsible for any information in the Company Circular relating to the Purchaser, its affiliates or the Consideration Shares furnished to the Company in writing by the Purchaser for inclusion in the Company Circular.
- (5) The Company shall give the Purchaser and its legal counsel a reasonable opportunity to review and comment on drafts of the Company Circular and other related documents, including an Annual Information Form to be filed and incorporated by reference, if any, and shall give reasonable consideration to any comments made by the Purchaser and its counsel, and agrees that all information relating solely to the Purchaser, its affiliates and the Consideration Shares included in the Company Circular and any information describing the terms of the Arrangement and/or the Plan of Arrangement must be in a form and content satisfactory to the Purchaser, acting reasonably. The Company shall provide the Purchaser with a final copy of the Company Circular prior to its mailing to the Company Shareholders.
- (6) The Purchaser shall, in the form required by applicable Law, as soon as reasonably practicable after the date hereof, and in any event within seven (7) days of the date hereof, provide the Company with all information regarding the Purchaser, its affiliates and the Consideration Shares as required by Law (and in particular, Securities Law) for inclusion in the Company Circular or in any amendments or supplements to such Company Circular. The Purchaser and not the Company shall be responsible for such information and shall ensure that such information does not include any Misrepresentation concerning the Purchaser, its affiliates and the Consideration Shares.
- (7) The Purchaser shall indemnify and save harmless the Company and each of its representatives from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which they may be subject or may suffer, in any way caused by, or arising, directly or indirectly, from or in consequence of:
 - (a) any Misrepresentation or alleged Misrepresentation in any information included in the Company Circular relating to the Purchaser, its affiliates or the Consideration Shares furnished to the Company in writing by the Purchaser for inclusion in the Company Circular pursuant to Section 2.4(6); and
 - (b) any order made, or any inquiry, investigation or proceeding by any Securities Authority or other Governmental Entity, to the extent based on any Misrepresentation or any alleged Misrepresentation in any information included in the Company Circular relating to the Purchaser, its affiliates or the Consideration Shares furnished to the Company in writing by the Purchaser for inclusion in the Company Circular pursuant to Section 2.4(6).

- (8) The Purchaser shall not be responsible for any information in the Company Circular relating to the Company.
- (9) The Purchaser and the Company shall also use their commercially reasonable efforts to obtain any necessary consents from any of their respective auditors and any other advisors to the use of any financial, technical or other expert information required to be included in the Company Circular and to the identification in the Company Circular of each such advisor.
- (10) Each Party shall promptly notify the other Party if it becomes aware (in the case of the Company only with respect to the Company, and in the case of the Purchaser only with respect to the Purchaser, its affiliates and the Consideration Shares) that the Company Circular contains a Misrepresentation, or otherwise requires an amendment or supplement. The Parties shall, in a manner consistent with this Section 2.4, co-operate in the preparation of any such amendment or supplement as required or appropriate, and the Company shall, in a manner provided in the Interim Order or as required by Law, promptly mail, file or otherwise publicly disseminate any such amendment or supplement to the Company Circular to Company Shareholders and, if required by the Court or by applicable Law, file the same with the Securities Authorities or any other Governmental Entity as required.

2.5 Final Order

If (a) the Interim Order is obtained, and (b) the Arrangement Resolution is passed at the Company Meeting by the Company Shareholders as provided for in the Interim Order and as required by applicable Law, the Company shall take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to Section 291 of the BCBCA, as soon as reasonably practicable, but in any event not later than five (5) Business Days after the Arrangement Resolution is passed at the Company Meeting as provided for in the Interim Order, or such other date as may be agreed to by the Parties in writing, acting reasonably.

2.6 Court Proceedings

The Purchaser shall cooperate with and assist the Company in seeking the Interim Order and the Final Order, including by providing to the Company on a timely basis any information required by applicable Law to be supplied by the Purchaser in connection therewith as requested by the Company in writing. In connection with all Court proceedings relating to obtaining the Interim Order and the Final Order, the Company shall:

- (a) diligently pursue, and reasonably cooperate with the Purchaser in diligently pursuing, the Interim Order and, subject to the approval of the Arrangement Resolution at the Company Meeting, the Final Order;
- (b) provide legal counsel to the Purchaser with a reasonable opportunity to review and comment upon drafts of all materials to be filed with the Court in connection with the Arrangement, and give reasonable consideration to all such comments;
- (c) provide legal counsel to the Purchaser with copies of any notice of appearance, evidence or other documents served on the Company or its legal counsel in respect

of the motion for the Interim Order or application for the Final Order or any appeal from them, and any notice, written or oral, indicating the intention of any Person to appeal, or oppose the granting of, the Interim Order or the Final Order;

- (d) ensure that all material filed with the Court in connection with the Arrangement is consistent with this Agreement and the Plan of Arrangement;
- (e) not file any material with the Court in connection with the Arrangement or serve any such material, or agree to modify or amend any material so filed or served, except as contemplated by this Agreement or with the Purchaser's prior written consent, acting reasonably, provided the Purchaser may, in its sole discretion, withhold its consent with respect to any increase in the Consideration or other modification or amendment to such filed or served materials that expands or increases the Purchaser's obligations, or diminishes or limits the Purchaser's rights, set forth in any such filed or served materials or under this Agreement;
- (f) oppose any proposal from any Person that the Final Order contain any provision inconsistent with this Agreement, and if required by the terms of the Final Order or by Law to return to Court with respect to the Final Order do so only after notice to, and in reasonable consultation and cooperation with, the Purchaser; and
- (g) not object to legal counsel to the Purchaser making such submissions on the hearing of the motion for the Interim Order and the application for the Final Order as such counsel considers appropriate, provided the Purchaser advises the Company of the nature of any such submissions prior to the hearing and such submissions are consistent with this Agreement and the Plan of Arrangement.

2.7 Warrants and RSUs

- (1) The Parties acknowledge and agree that:
 - (a) each holder of a Company Warrant outstanding immediately prior to the Effective Time shall receive upon the subsequent exercise of such holder's Company Warrant on or after the Effective Time, in accordance with its terms, and shall accept in lieu of each Company Share to which such holder was theretofore entitled upon such exercise but for the same aggregate consideration payable therefor, the Consideration; and
 - (b) (i) the vesting of all outstanding Company RSUs (other than Company RSUs held by Consenting RSU Holders) will be accelerated in accordance with the terms of the Company RSU Plan; (ii) all Company RSUs (other than Company RSUs held by Consenting RSU Holders) will be exchanged for Company Shares and the former holders of such Company RSUs will, following such exchange, participate in the Arrangement as Company Shareholders, (iii) all Company RSUs held by Consenting RSU Holders will remain outstanding in accordance with their terms and upon vesting thereof on or after the Effective Time, such Consenting RSU Holder shall accept the Consideration in lieu of each Company Share to which such

holder was theretofore entitled upon such vesting, all on the basis set out in the Plan of Arrangement;

and the Company shall take all such actions as may be necessary or desirable to give effect to the foregoing.

- (2) The Purchaser agrees that for the period from the Effective Date until expiry of the Company Warrants (in accordance with their respective terms), the Purchaser will assume all of the covenants and obligations of the Company under the Company Warrants and in accordance with the terms and conditions of the applicable warrant certificates, do all things necessary to provide for the application of the provisions set forth in such warrant certificates, with respect to the rights and interest of the holders thereof, such that upon exercise a Company Warrant will entitle the holder thereof to receive the Consideration and the Company Warrants will otherwise be valid and binding obligations of the Purchaser entitling the holders thereof, as against the Purchaser, to all the rights of such holders as set out in their respective warrant certificates, as the case may be.

2.8 Plan of Arrangement and Effective Date

- (1) The Company shall amend the Plan of Arrangement from time to time at the reasonable request of the Purchaser, provided that no such amendment is inconsistent with the Interim Order or the Final Order, is prejudicial to the Company or the Company Securityholders or would reasonably be expected to delay, impair or impede the Arrangement.
- (2) Unless another time or date is agreed to in writing by the Parties, within two (2) Business Days of the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of the conditions set out in Article 6 (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those conditions as of the Effective Date), each of the Parties shall execute and deliver such closing documents and instruments and such other documents as may be required to give effect to the Arrangement and the Company shall proceed to file any documents as required pursuant to Section 292 of the BCBCA, and such other documents as may be required to give effect to the Arrangement pursuant to Division 5 of Part 9 of the BCBCA.
- (3) The Arrangement shall become effective at the Effective Time on the Effective Date, whereupon, the transactions comprising the Arrangement shall be deemed to occur in the order set out in the Plan of Arrangement without any further act or formality.
- (4) From and after the Effective Time, the Plan of Arrangement shall have all of the effects provided by applicable Law, including the BCBCA.

2.9 Payment of Consideration

The Purchaser will, as soon as possible following receipt of the Final Order and the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of the conditions set out in Article 6 (excluding conditions that, by their terms, cannot

be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those conditions as of the Effective Date) and in any case not later than one (1) Business Day prior to the Effective Date, deposit or cause to be deposited with the Depositary in escrow (the terms of such escrow to be satisfactory to the Company and the Purchaser, each acting reasonably) pending the Effective Time, sufficient Purchaser Shares (and any treasury directions addressed to the Purchaser's transfer agent as may be necessary) to satisfy the aggregate Consideration to be paid to Company Shareholders (other than Company Shareholders who have validly exercised their Dissent Rights and who have not withdrawn their notice of dissent) pursuant to the Plan of Arrangement.

2.10 Withholding Taxes

- (1) The Purchaser, the Depositary and the Company shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any Company Securityholder such amounts as the Purchaser, the Depositary and the Company (as applicable), acting reasonably, may be permitted or required to deduct and withhold therefrom under any provision of applicable Laws in respect of Taxes. To the extent that such amounts are so deducted, withheld and remitted, such amounts shall be treated for all purposes under this Agreement as having been paid to the Person to whom such amounts would otherwise have been paid.
- (2) Each of the Purchaser, the Company and the Depositary shall be permitted to sell or otherwise dispose of, on behalf of a Company Securityholder, such portion of the consideration deliverable under the Arrangement to such Company Securityholder as is necessary to provide sufficient funds to enable the Purchaser, the Company or the Depositary to deduct, withhold or remit any amount for the purposes of Section 2.10(1) and such party shall notify the applicable Company Securityholder of the details of such disposition, including the gross and net proceeds and any adjustments thereto, and remit any unapplied balance of the net proceeds of such sale to the Company Securityholder.

2.11 U.S. Securities Law Matters

- (1) The Parties agree that the Arrangement will be carried out with the intention that all Arrangement Issued Securities will be issued by the Purchaser in reliance on the Section 3(a)(10) Exemption. In order to ensure the availability of the Section 3(a)(10) Exemption and to facilitate the Purchaser's compliance with other United States securities Laws, the Parties agree that the Arrangement will be carried out on the following basis:
 - (a) pursuant to Section 2.2(2), prior to the issuance of the Interim Order, the Court will be advised as to the intention of the Parties to rely on the Section 3(a)(10) Exemption with respect to the issuance of all Arrangement Issued Securities pursuant to the Arrangement, based on the Court's approval of the Arrangement;
 - (b) prior to the issuance of the Interim Order, the Company will file with the Court a copy of the proposed text of the Company Circular together with any other documents required by Law in connection with the Company Meeting;

- (c) the Court will be required to satisfy itself as to the substantive and procedural fairness of the Arrangement to the holders of Subject Securities to whom will be issued Arrangement Issued Securities pursuant to the Arrangement;
- (d) the Interim Order approving the Company Meeting will specify that each Person entitled to receive Arrangement Issued Securities pursuant to the Arrangement will have the right to appear before the Court at the hearing of the Court to give approval of the Arrangement so long as they enter an appearance within a reasonable time;
- (e) the Company will ensure that each Company Securityholder entitled to receive Arrangement Issued Securities pursuant to the Arrangement will be given adequate and appropriate notice advising them of their right to attend the hearing of the Court to give approval to the Arrangement and providing them with sufficient information necessary for them to exercise that right;
- (f) all Persons entitled to receive Arrangement Issued Securities pursuant to the Arrangement will be advised that such Arrangement Issued Securities have not been registered under the U.S. Securities Act and will be issued by the Purchaser in reliance on the Section 3(a)(10) Exemption, and shall be without trading restrictions under the U.S. Securities Act (other than those that would apply under the U.S. Securities Act to Persons who are, have been within 90 days of the Effective Time, or, at the Effective Time, become affiliates (as defined by Rule 144 of the U.S. Securities Act) of the Purchaser);
- (g) the Final Order approving the terms and conditions of the Arrangement that is obtained from the Court will expressly state that the Arrangement is approved by the Court as fair and reasonable to all Persons entitled to receive Arrangement Issued Securities pursuant to the Arrangement;
- (h) each holder of Subject Securities will be advised that with respect to Arrangement Issued Securities issued to persons who are, have been within 90 days of the Effective Time, or, at the Effective Time become, affiliates (as defined by Rule 144 of the U.S. Securities Act) of the Purchaser, such securities will be subject to restrictions on resale under U.S. Securities Laws, including Rule 144 under the U.S. Securities Act;
- (i) the Court will hold a hearing before approving the fairness of the terms and conditions of the Arrangement and issuing the Final Order; and
- (j) the Company shall request that the Final Order shall include a statement to substantially the following effect:

"This Order will serve as a basis of a claim to an exemption, pursuant to section 3(a)(10) of the United States Securities Act of 1933, as amended, from the registration requirements otherwise imposed by that Act, regarding the issuance and distribution of securities of the Purchaser pursuant to the Plan of Arrangement."

2.12 Adjustment of Consideration

Notwithstanding any restriction or any other matter in this Agreement to the contrary, if, between the date of this Agreement and the Effective Time, the issued and outstanding Purchaser Shares shall have been changed into a different number of shares or a different class by reason of any split, consolidation, reclassification, redenomination or stock dividend of the issued and outstanding Purchaser Shares or similar event, provided such action is permitted by Section 4.2, then the Consideration to be paid per Company Share shall be appropriately adjusted to provide to Company Shareholders the same economic effect as contemplated by this Agreement and the Plan of Arrangement prior to such action and as so adjusted shall, from and after the date of such event, be the Consideration to be paid per Company Share, subject to further adjustment in accordance with this Section 2.12.

2.13 U.S. Tax Matters

The exchange of Company Shares for Consideration Shares under the Plan of Arrangement ("**Share Exchange**") is intended to qualify as a reorganization within the meaning of Section 368(a) of the U.S. Internal Revenue Code of 1986, as amended ("**Code**") and this Agreement and the Plan of Arrangement are intended to be a "plan of reorganization" within the meaning of the U.S. Treasury Regulations promulgated under Section 368 of the Code for purposes of Sections 354 and 361 of the Code. Each Party hereto shall treat the Share Exchange as a reorganization within the meaning of Section 368(a) of the Code for all U.S. federal income tax purposes, and shall treat this Agreement and the Plan of Arrangement as a "plan of reorganization" within the meaning of the U.S. Treasury Regulations promulgated under Section 368 of the Code, and shall not take any position on any Tax Return or otherwise take any Tax reporting position inconsistent with such treatment, unless otherwise required by a "determination" within the meaning of Section 1313 of the Code that such treatment is not correct. Each Party hereto shall act in a manner that is consistent with the Parties' intention that the Share Exchange be treated as a reorganization within the meaning of Section 368(a) of the Code for all U.S. federal income tax purposes, and shall not take any action, or knowingly fail to take any action, if such action or failure to act would reasonably be expected to prevent the Share Exchange from qualifying as a reorganization within the meaning of Section 368(a) of the Code.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Company

- (1) Except as set forth in the correspondingly numbered paragraph of the Company Disclosure Letter, the Company represents and warrants to the Purchaser as set forth in Schedule "C" and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the entering into of this Agreement.
- (2) The representations and warranties of the Company contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

3.2 Representations and Warranties of the Purchaser

- (1) The Purchaser represents and warrants to the Company as set forth in Schedule "D" and acknowledges and agrees that the Company is relying upon the representations and warranties in connection with the entering into of this Agreement.
- (2) The representations and warranties of the Purchaser contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 4 COVENANTS

4.1 Conduct of Business of the Company

- (1) The Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except: (i) with the prior written consent of the Purchaser not to be unreasonably withheld; (ii) as required or expressly permitted by this Agreement or the Plan of Arrangement; (iii) as required by applicable Law; or (iv) as expressly contemplated by the Company Disclosure Letter, the Company shall, and shall cause each of its Subsidiaries to, conduct its business in the Ordinary Course and in accordance with Laws, and the Company shall use commercially reasonable efforts to maintain and preserve its and its Subsidiaries' business organization, properties, employees, goodwill and business relationships with customers, suppliers, partners and other Persons with which the Company or any of its Subsidiaries has material business relations.
- (2) Without limiting the generality of Section 4.1(1), the Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except: (i) with the prior written consent of the Purchaser not to be unreasonably withheld; (ii) as required or expressly permitted by this Agreement or the Plan of Arrangement; (iii) as required by applicable Law; or (iv) as expressly contemplated in the correspondingly numbered paragraph in the Company Disclosure Letter, the Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly:
 - (a) amend its Constatng Documents, or, in the case of any Subsidiary which is not a corporation, its similar organizational documents, in any manner;
 - (b) split, combine or reclassify any shares of its authorized share structure or declare, set aside or pay any dividend or other distribution (whether in cash, securities or property or any combination thereof) or amend any term of any outstanding debt security;
 - (c) redeem, repurchase, or otherwise acquire or offer to redeem, repurchase or otherwise acquire any shares of its authorized share structure or the capital stock of its Subsidiaries;

- (d) issue, deliver, sell, pledge or otherwise encumber, or authorize the issuance, delivery, sale, pledge or other encumbrance of any shares of its authorized share structure or other equity or voting interests, including the capital stock of its Subsidiaries, or any options, warrants or similar rights exercisable or exchangeable for or convertible into such authorized share structure or other equity or voting interests, or other rights that are linked to the price or the value of Company Shares or other share capital of the Company or any Subsidiary except for (i) the issuance of Company Shares issuable in connection with the exercise of any of the outstanding Company Warrants; and (ii) the issuance of Company Shares in connection with the vesting of any of the outstanding Company RSUs;
- (e) amend, modify or waive the terms of any of its securities;
- (f) acquire or agree to acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, in one transaction or in a series of related transactions, assets, securities, properties, interests or businesses or make any investment either by the purchase of securities, contribution of capital, property transfer, or purchase of any other property or assets of any other Person, or acquire any license rights;
- (g) except as set out in the Company Disclosure Letter, sell, pledge, lease, transfer, license, mortgage, encumber or otherwise transfer or dispose of any of its assets which in the aggregate exceed US\$50,000 except for (i) assets which are obsolete and which individually or in the aggregate do not exceed US\$25,000, or (ii) inventory sold in the Ordinary Course;
- (h) enter into any joint venture or similar agreement, arrangement or relationship;
- (i) make any capital expenditure or commitment to do so in excess of \$75,000, subject to the restrictions set forth in section 4.1(2)(i) of the Company Disclosure Letter;
- (j) prepay any obligation outside of the Ordinary Course or prepay long-term indebtedness before its scheduled maturity or increase, create, incur, assume or otherwise become liable for any indebtedness for borrowed money or guarantees thereof;
- (k) make any loan or advance to, or any capital contribution or investment in, or assume, guarantee or otherwise become liable with respect to the liabilities or obligations of, any Person other than a wholly-owned Subsidiary of the Company in the Ordinary Course;
- (l) reduce the stated capital of any of its securities;
- (m) reorganize, amalgamate or merge the Company or any Subsidiary or adopt a plan of liquidation or resolution providing for the liquidation or dissolution of the Company or any of its Subsidiaries;

- (n) grant any Lien (other than Permitted Liens) on any assets of the Company or its Subsidiaries;
- (o) (A) make or rescind any material Tax election, amend, in any manner adverse to the Company, any Tax Return, settle or compromise any material liability for Taxes or change or revoke any of its methods of Tax accounting, or (B) take any action with respect to the computation of Taxes or the preparation of Tax Returns that is in any material respect inconsistent with past practice;
- (p) enter into any interest rate, currency, equity or commodity swaps, hedges, derivatives, forward sales contracts or similar financial instruments;
- (q) make any bonus or profit sharing distribution or similar payment of any kind;
- (r) make any change in the Company's accounting methods, principles or practices, except as required by concurrent changes in GAAP or as required by a Governmental Entity;
- (s) grant any general increase in the rate of wages, salaries, bonuses or other remuneration of any employees, or accelerate the vesting of any securities of the Company;
- (t) except as required by Law: (i) increase any severance, change of control or termination pay (or improvements to notice or pay in lieu of notice) to (or amend any existing arrangement with) any current or former employee of the Company or any current or former director of the Company or any of its Subsidiaries; (ii) increase the benefits payable under any existing severance or termination pay policies with any current or former employee of the Company or any current or former director of the Company or any of its Subsidiaries; (iii) increase the benefits payable under any employment agreements with any current or former employee of the Company or any current or former director of the Company or any of its Subsidiaries; (iv) enter into any employment, deferred compensation or other similar agreement (or amend any such existing agreement) with any current or former employee of the Company or any current or former director of the Company or any of its Subsidiaries; (v) increase compensation, bonus levels or other benefits payable to any current or former employee of the Company or any current or former director of the Company or any of its Subsidiaries; (vi) adopt any new Employee Plan or any amendment or modification of an existing Employee Plan; (vii) increase or agree to increase, any funding obligation or accelerate, or agree to accelerate, the timing of any funding contribution under any Employee Plan; (viii) grant any equity, equity-based or similar awards; or (ix) reduce the Company's or its Subsidiaries work force except in the case of this clause (ix) in the Ordinary Course;
- (u) enter into any agreement or arrangement that limits or otherwise restricts in any material respect the Company or any of its Subsidiaries or any successor thereto, or that would, after the Effective Time, limit or restrict in any material respect the Company or any of its affiliates from competing in any manner;

- (v) enter into or amend any Contract with any broker, finder or investment banker;
- (w) except as disclosed in section 4.1(2)(w) of the Company Disclosure Letter, cancel, waive, release, assign, settle or compromise any material claims or rights of the Company or its Subsidiaries;
- (x) compromise or settle any litigation, proceeding or governmental investigation relating to the assets or the business of the Company;
- (y) except in the Ordinary Course, amend or modify, or terminate or waive any right under, any Material Contract or enter into any contract or agreement that would be a Material Contract if in effect on the date hereof;
- (z) knowingly take any action or fail to take any action which action or failure to act would result in the material loss, expiration or surrender of, or the loss of any material benefit under, or reasonably be expected to cause any Governmental Entity to institute proceedings for the suspension, revocation or limitation of rights under, any material Authorizations necessary to conduct its businesses as now conducted or as proposed to be conducted, or fail to prosecute with commercially reasonable due diligence any pending applications to any Governmental Entities for material Authorizations;
- (aa) enter into, amend or modify any union recognition agreement, Collective Agreement or similar agreement with any trade union or representative body other than in the Ordinary Course and upon reasonable consultation with the Purchaser;
- (bb) except as contemplated in Section 4.9 [*Indemnification*] amend, modify or terminate any material insurance policy of the Company or any Subsidiary in effect on the date of this Agreement;
- (cc) abandon or fail to diligently pursue any ongoing application for any material licences, permits, Authorizations or registrations;
- (dd) grant or commit to grant an exclusive licence or otherwise transfer any Intellectual Property or exclusive rights in or in respect thereto that is material to the Company and its Subsidiaries taken as a whole, other than in the Ordinary Course or to wholly-owned Subsidiaries;
- (ee) materially change its business or regulatory strategy;
- (ff) knowingly take any action or knowingly enter into any transaction (other than a transaction undertaken in the ordinary course of business or a transaction contemplated by this Agreement (including the Pre-Acquisition Reorganization)) that could reasonably be expected to have the effect of materially reducing or eliminating the amount of the tax cost "bump" pursuant to paragraphs 88(1)(c) and 88(1)(d) of the Tax Act in respect of the securities of any affiliates or Subsidiaries and other non-depreciable capital property owned by the Company or any of its

Subsidiaries on the date hereof, upon an amalgamation or winding-up of the Company or any of its Subsidiaries (or any of their respective successors); or

- (gg) authorize, agree, resolve or otherwise commit, whether or not in writing, to do any of the foregoing.
- (3) The Company shall use all commercially reasonable efforts to cause its current insurance (or re-insurance) policies maintained by the Company or any of its Subsidiaries not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and reinsurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect; provided that, neither the Company nor any of its Subsidiaries shall obtain or renew any insurance (or re-insurance) policy for a term exceeding 12 months.

4.2 Conduct of Business of the Purchaser

The Purchaser covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, the Purchaser shall use commercially reasonable efforts to maintain and preserve its and its Subsidiaries' business organization, properties, employees, goodwill and business relationships with customers, suppliers, partners and other Persons with which the Purchaser or any of its Subsidiaries has material business relations, and shall not, directly or indirectly, except as required by Law:

- (a) amend its Constatng Documents in any manner adverse to the Company Shareholders;
- (b) split, combine or reclassify any shares of its authorized share structure or declare, set aside or pay any dividend or other distribution (whether in cash, securities or property or any combination thereof) in respect of any Purchaser Shares or amend or modify the terms of the Purchaser Shares in a manner adverse to the Company Shareholders;
- (c) redeem, repurchase, or otherwise acquire or offer to redeem, repurchase or otherwise acquire any shares of its authorized share structure, other than purchases of Purchaser Shares made in the public markets or off-market at then prevailing market prices and other than redemptions or repurchases of Purchaser Shares required in accordance with the terms of such securities or in connection with the administration of equity or employee incentive plans;
- (d) issue, deliver or sell, or authorize the issuance, delivery or sale, of any shares of its authorized share structure or other equity or voting interests, which exceed 20% of the Purchaser's existing voting securities, other than the issuance of awards under the Purchaser's equity incentive plans, and other than in connection with an arm's length acquisition by the Purchaser, a prospectus offering, an arm's length private

placement or the exercise or redemption of outstanding securities of the Purchaser or Cresco Labs, LLC in accordance with the terms thereof;

- (e) adopt a plan of liquidation or resolution providing for the liquidation or dissolution of the Purchaser;
- (f) make any change in the Purchaser's accounting methods, principles or practices, except as required by concurrent changes in GAAP or as required by a Governmental Entity;
- (g) materially change its business in any manner adverse to the Company Shareholders;
- (h) take any action that would result in the need for shareholder approval of the Purchaser of the transactions contemplated by this Agreement; or
- (i) authorize, agree, resolve or otherwise commit, whether or not in writing, to do any of the foregoing.

4.3 Covenants Regarding the Arrangement

- (1) Subject to Section 4.4, each of the Company and the Purchaser shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do or cause to be done all things required or advisable under Law to consummate and make effective, as soon as reasonably practicable, the transactions contemplated by this Agreement, including:
 - (a) using commercially reasonable efforts to satisfy, or cause the satisfaction of, all conditions precedent in this Agreement and take all steps set forth in the Interim Order and Final Order applicable to it and comply promptly with all requirements imposed by Law on it or its Subsidiaries with respect to this Agreement or the Arrangement;
 - (b) using commercially reasonable efforts to obtain, as soon as practicable following execution of this Agreement, and maintain all third party or other consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations that are (i) necessary to be obtained under the Material Contracts in connection with the Arrangement or this Agreement, (ii) required in order to maintain the Material Contracts in full force and effect following completion of the Arrangement, in each case, on terms that are reasonably satisfactory to the Purchaser, or (iii) otherwise contemplated by section 4.3(1)(b) of the Company Disclosure Letter;
 - (c) using commercially reasonable efforts to obtain, as soon as practicable following execution of this Agreement, and maintain, the consent of each of the holders of Company RSUs set forth in section 4.3(1)(c) of the Company Disclosure Letter (the "**Consenting RSU Holders**") to amend the vesting provisions contained in the Company RSU agreements between each Consenting RSU Holder and the Company so that their Company RSUs do not vest as a result of the change of control of the Company arising as a result of the Arrangement;

- (d) using commercially reasonable efforts to oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or delay or otherwise adversely affect the consummation of the Arrangement and defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or this Agreement; and
 - (e) not taking any action, or refrain from taking any commercially reasonable action, or permitting any action to be taken or not taken, which would reasonably be expected to prevent, materially delay or otherwise impede the consummation of the Arrangement or the transactions contemplated by this Agreement.
- (2) The Purchaser shall use its commercially reasonable efforts to obtain and maintain in force the Stock Exchange Approval.
- (3) The Purchaser shall on or before the Effective Date reserve a sufficient number of Consideration Shares to be issued upon completion of the Arrangement and Purchaser Shares for issuance upon the exercise of Company Warrants from time to time.
- (4) The Company shall promptly notify the Purchaser of:
 - (a) any Company Material Adverse Effect;
 - (b) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is required in connection with this Agreement or the Arrangement;
 - (c) any notice or other communication from any Person to the effect that such Person is terminating or otherwise materially adversely modifying its relationship with the Company or any of its Subsidiaries as a result of this Agreement or the Arrangement;
 - (d) any notice or other communication from any Governmental Entity in connection with this Agreement (and the Company shall contemporaneously provide a copy of any such written notice or communication to the Purchaser); or
 - (e) any filing, actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting the Company or any of its Subsidiaries.
- (5) The Company will, in all material respects, conduct itself so as to keep the Purchaser fully informed as to the material decisions required to be made or material actions required to be taken with respect to the operation of its business, provided that such disclosure is not otherwise prohibited by reason of confidentiality obligation owed to a third party for which the Company has used commercially reasonable efforts to obtain a waiver and such waiver could not be obtained.

- (6) The Purchaser shall promptly notify the Company in writing of:
- (a) any Purchaser Material Adverse Effect; or
 - (b) any notice or other communication from any Governmental Entity in connection with this Agreement (and the Purchaser shall contemporaneously provide a copy of any such written notice or communication to the Company).

4.4 Key Regulatory Approvals

- (1) As soon as reasonably practicable after the date hereof, each Party, or where appropriate, both Parties jointly, shall make all notifications, filings, applications and submissions with Governmental Entities required or advisable, and shall use commercially reasonable efforts to obtain and maintain, the Key Regulatory Approvals and such other Regulatory Approvals, if any, reasonably deemed by any of the Parties to be necessary to discharge their respective obligations under this Agreement or otherwise advisable under Laws in connection with the Arrangement and this Agreement, it being acknowledged and agreed that each of the Company and Purchaser shall each pay 50% of the filing fees in respect of the Key Regulatory Approvals.
- (2) The Parties shall cooperate with one another in connection with obtaining these Regulatory Approvals required or desirable in connection herewith including by providing or submitting on a timely basis all documentation and information that is required, or in the opinion of the Purchaser or Company, each acting reasonably, advisable, in connection with obtaining these Regulatory Approvals and using their commercially reasonable efforts to ensure that such information does not contain a Misrepresentation.
- (3) The Parties shall cooperate with and keep one another fully informed as to the status of and the processes and proceedings relating to obtaining these Regulatory Approvals, and shall promptly notify each other of any communication from any Governmental Entity in respect of the Arrangement or this Agreement, and shall not make any submissions or filings, participate in any meetings or any material conversations with any Governmental Entity in respect of any filings, investigations or other inquiries related to the Arrangement or this Agreement unless it consults with the other Party in advance and, to the extent not precluded by such Governmental Entity, gives the other Party the opportunity to review drafts of any submissions or filings, or attend and participate in any communications or meetings. Despite the foregoing, submissions, filings or other written communications with any Governmental Entity may be redacted as necessary before sharing with the other Party to address reasonable attorney-client or other privilege or confidentiality concerns, provided that a Party must provide external legal counsel to the other Party non-redacted versions of drafts or final submissions, filings or other written communications with any Governmental Entity on the basis that the redacted information will not be shared with its clients.
- (4) Each Party shall promptly notify the other Party if it becomes aware that any (i) application, filing, document or other submission for one of these Regulatory Approval contains a Misrepresentation, or (ii) any of these Regulatory Approval contains, reflects or was

obtained following the submission of any application, filing, document or other submission containing a Misrepresentation, such that an amendment or supplement may be necessary or advisable. In such case, the Party shall, in consultation with and subject to the prior approval of the other Party (such approval not to be unreasonably withheld), co-operate in the preparation, filing and dissemination, as applicable, of any such amendment or supplement.

- (5) The Parties shall request that these Regulatory Approvals be processed by the applicable Governmental Entity on an expedited basis and, to the extent that a public hearing is held, the Parties shall request the earliest possible hearing date for the consideration of these Regulatory Approvals.
- (6) If any objections are asserted with respect to the transactions contemplated by this Agreement under any Law, or if any proceeding is instituted or threatened by any Governmental Entity challenging or which could lead to a challenge of any of the transactions contemplated by this Agreement as not in compliance with Law, the Parties shall use their commercially reasonable efforts consistent with the terms of this Agreement to resolve such proceeding so as to allow the Effective Time to occur on or prior to the Outside Date.
- (7) Nothing in this Section 4.4 shall require Purchaser or any of their Affiliates to (i) agree to sell, divest, license, dispose of or hold separate any assets or businesses, or otherwise take or commit to take any action that could limit its freedom with respect to, or its ability to retain, one or more of its businesses, product lines or assets, (ii) agree to the requirement of expenditure of money by Purchaser or after the Effective Date, the Company to a third party in exchange for any consent, authorization, order or approval, or (iii) except with respect to any inquiries or requests for additional information from the United States Federal Trade Commission and/or the United States Department of Justice or similar requests from any other governmental authority with respect to any foreign antitrust Laws, litigate, pursue or defend against any Action (including any temporary restraining order or preliminary injunction) challenging the transactions contemplated by this Agreement as violative of the HSR Act and any other applicable antitrust laws.

4.5 Access to Information; Confidentiality

- (1) The Company shall give the Purchaser and its Representatives (a) upon reasonable notice, reasonable access during normal business hours to its and its Subsidiaries' (i) premises, (ii) property and assets (including all books and records, whether retained internally or otherwise), (iii) Contracts and Company Lease Documents, and (iv) senior personnel, so long as the access does not unduly interfere with the Ordinary Course conduct of the business of the Company; and (b) such financial and operating data or other information with respect to the assets or business of the Company as the Purchaser from time to time reasonably requests. The Company shall continue to afford the Purchaser and its Representatives access to the Company Data Room. Without limiting the foregoing, and subject to the terms of any existing Contracts, the Company shall, upon the Purchaser's request, facilitate discussions between the Purchaser and any third party from whom consent may be required. Notwithstanding this Section 4.5, the Company shall not be

obligated to provide access to, or to disclose, any information to the Purchaser if the Company reasonably determines, based on the opinion of outside legal counsel, that such access or disclosure would jeopardize any privilege claim by the Company or any of its Subsidiaries.

- (2) Investigations made by or on behalf of the Purchaser, whether under this Section 4.5 or otherwise, will not waive, diminish the scope of, or otherwise affect any representation or warranty made by the Company in this Agreement.
- (3) The Purchaser acknowledges that the Confidentiality Agreement continues to apply and that any information provided under Section 4.5(1) above that is non-public and/or proprietary in nature shall be subject to the terms of the Confidentiality Agreement. For greater certainty, if this Agreement is terminated in accordance with its terms, the obligations under the Confidentiality Agreement shall survive the termination of this Agreement in accordance with its terms.
- (4) The Company acknowledges that it has reviewed the terms of the Voting Support Agreements, and in particular the provisions in section 3.2 thereof. The Company further acknowledges and agrees that if this Agreement is terminated for any reason, then no provisions in the Confidentiality Agreement (including any "standstill" or "use" provisions) or any other agreement between the Parties will prohibit or restrict the Purchaser from directly or indirectly commencing a take-over bid for the Company Shares. The Company further agrees that in connection with any such take-over bid by the Purchaser, whether direct or indirect, the Company will issue a "deposit period news release" to shorten the initial deposit period to 35 days from the date of the take-over bid.

4.6 Pre-Acquisition Reorganization

- (1) The Company agrees that, upon request of the Purchaser and at the Purchaser's expense, the Company shall (i) perform such reorganizations of its corporate structure, capital structure, business, operations and assets or such other transactions as the Purchaser may request, acting reasonably (each a "**Pre-Acquisition Reorganization**"), and (ii) cooperate with the Purchaser and its advisors to determine the nature of the Pre-Acquisition Reorganizations that might be undertaken and the manner in which they would most effectively be undertaken.
- (2) Without limiting the generality of the foregoing, the Company acknowledges that the Purchaser may enter into transactions designed to step up the tax basis in certain capital property of the Company and/or its affiliates for purposes of the Tax Act and agrees to use commercially reasonable efforts to provide information reasonably requested and required by the Purchaser in this regard on a timely basis and to assist in the obtaining of any such information.
- (3) The Company will not be obligated to participate in any Pre-Acquisition Reorganization under Section 4.6(1) unless such Pre-Acquisition Reorganization:
 - (a) can be implemented immediately prior to the Effective Date;

- (b) is not prejudicial to the Company or the Company Shareholders, as a whole, in any material respect;
 - (c) does not unreasonably interfere with the ongoing operations of the Company and its Subsidiaries taken as a whole;
 - (d) does not result in (i) any breach by the Company of any Material Contract; or (ii) a breach of any Law;
 - (e) does not require the approval of the Company Shareholders;
 - (f) would not reasonably be expected to impede or delay the completion of the Arrangement in any material respect; and
 - (g) would not result in any Taxes being imposed on, or any adverse Tax or other consequences to, any securityholder of the Company incrementally greater than the Taxes or other consequences to such party in connection with the Arrangement in the absence of any Pre-Acquisition Reorganization.
- (4) The Purchaser must provide written notice to the Company of any proposed Pre-Acquisition Reorganization at least ten (10) Business Days prior to the Effective Date. Upon receipt of such notice, if the conditions in Section 4.6(2) are satisfied the Company and the Purchaser shall work cooperatively and use commercial reasonable efforts to prepare prior to the Effective Time all documentation necessary and do such other acts and things as are necessary to give effect to such Pre-Acquisition Reorganization, including any amendment to this Agreement or the Plan of Arrangement and shall seek to have any such Pre-Acquisition Reorganization made effective as of the last moment of the Business Day ending immediately prior to the Effective Date (but after the Purchaser has waived or confirmed in writing that all of the conditions set out in Section 6.1 and Section 6.2 have been satisfied and that it is prepared to promptly without condition proceed to effect the Arrangement).
- (5) The Purchaser agrees that it will be responsible for all costs and expenses (including professional fees and expenses) associated with any Pre-Acquisition Reorganization to be carried out at its request and that any Pre-Acquisition Reorganization will not be considered in determining whether a representation, warranty or covenant of the Company under this Agreement has been breached (including where any such Pre-Acquisition Reorganization requires the consent of any third party under a Contract) or if a condition for the benefit of the Purchaser has been satisfied.
- (6) The Purchaser shall indemnify the Company, its Subsidiaries and their respective officers, directors and employees (to the extent that such persons are assessed with statutory liability thereto) for all direct and indirect costs or losses, liabilities, damages, claims, costs, expenses, interest awards, judgments and penalties, including any adverse Tax consequences, out of-pocket costs and expenses, including out-of-pocket legal fees and disbursements, suffered or incurred in connection with or as a result of any proposed Pre-Acquisition Reorganization or the unwinding of any Pre-Acquisition Reorganization.

4.7 Public Communications

- (1) The Company and the Purchaser shall consult with each other in issuing any press release or otherwise making any public announcement or statement concerning the transactions contemplated hereby and shall agree on the text of joint press releases by which the Company and the Purchaser will announce (i) the execution of this Agreement and (ii) the completion of the Arrangement. The Parties shall co-operate in the preparation of presentations, if any, to Company Shareholders regarding the Arrangement. A Party must not issue any press release or make any other public statement or disclosure with respect to this Agreement or the Arrangement without the consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed), and a Party must not make any filing with any Governmental Entity (except as contemplated by this Article 4) with respect to this Agreement or the Arrangement without the consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed); provided that any Party that is required to make disclosure by Law shall use its commercially reasonable efforts to give the other Party prior oral or written notice and a reasonable opportunity to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing). The Party making such disclosure shall give reasonable consideration to any comments made by the other Party or its counsel, and if such prior notice is not possible, shall give such notice immediately following the making of such disclosure or filing.
- (2) Each of the Company and the Purchaser agrees that the Company will file the material change report required to be filed following the public announcement of this Agreement by the Company not later than the tenth (10th) day following such announcement and that the copy of this Agreement to be publicly filed in connection with such material change report will contain such redactions as each Party may reasonably request, provided such redactions are permitted by applicable Law.

4.8 Notice and Cure Provisions

- (1) Each Party shall promptly notify the other Party of the occurrence, or failure to occur, of any event or state of facts which occurrence or failure would, or would be reasonably likely to:
 - (a) cause any of the representations or warranties of such Party contained in this Agreement to be untrue or inaccurate in any material respect at any time from the date of this Agreement to the Effective Time;
 - (b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such Party under this Agreement; or
 - (c) result in the failure to satisfy any of the conditions precedent in favour of the other Party hereto contained in Section 6.1, Section 6.2 and Section 6.3, as the case may be.

- (2) Notification provided under this Section 4.8 will not affect the representations, warranties, covenants, agreements or obligations of the Parties (or remedies with respect thereto) or the conditions to the obligations of the Parties under this Agreement.
- (3) The Purchaser may not elect to exercise its right to terminate this Agreement pursuant to Section 7.2(1)(d)(i) or Section 7.2(1)(d)(iv) and the Company may not elect to exercise its right to terminate this Agreement pursuant to Section 7.2(1)(c)(i) or Section 7.2(1)(c)(ii), unless the Party seeking to terminate the Agreement (the "**Terminating Party**") has delivered a written notice ("**Termination Notice**") to the other Party (the "**Breaching Party**") specifying in reasonable detail all breaches of covenants, or incorrect representations and warranties or other matters which the Terminating Party asserts as the basis for termination. After delivering a Termination Notice, provided the Breaching Party is proceeding diligently to cure such matter and such matter is capable of being cured prior to the Outside Date (with any intentional breach being deemed to be incurable), the Terminating Party may not exercise such termination right until the earlier of (a) the Outside Date, and (b) if such matter has not been cured by the date that is ten (10) Business Days following receipt of such Termination Notice by the Breaching Party. If the Terminating Party delivers a Termination Notice prior to the date of the Company Meeting, unless the Parties agree otherwise, the Company shall, to the extent permitted by Law, postpone or adjourn the Company Meeting to the earlier of (a) ten (10) Business Days prior to the Outside Date and (b) the date that is ten (10) Business Days following receipt of such Termination Notice by the Breaching Party. If such notice has been delivered prior to the making of the application for the Final Order, such application shall be postponed until the expiry of such period.

4.9 Indemnification

- (1) The Purchaser shall, from and after the Effective Time, honour all rights to indemnification or exculpation now existing in favour of present and former employees, officers and directors of the Company and its Subsidiaries to the extent that they are contained in the Constatting Documents of the Company or disclosed in the Company Disclosure Letter, and acknowledges that such rights, to the extent that they are disclosed in the Company Data Room, shall survive unamended the completion of the Plan of Arrangement and shall continue in full force and effect in accordance with their terms for a period of not less than six (6) years from the Effective Date.
- (2) This Section 4.9 shall survive the consummation of the Arrangement and is intended to be for the benefit of, and shall be enforceable by, the present and former employees, officers and directors of the Company, its Subsidiaries and their respective heirs, executors, administrators and personal representatives and shall be binding on the Purchaser, the Company, its Subsidiaries and their respective successors and assigns, and, for such purpose, the Company hereby confirms that it is acting as agent and trustee on behalf of the present and former employees, officers and directors of the Company, its Subsidiaries and their respective heirs, executors, administrators and personal representatives.

4.10 CSE Delisting

Subject to Laws, the Purchaser and the Company shall use their commercially reasonable efforts to cause the Company Shares to be de-listed from the CSE with effect promptly following the acquisition by Purchaser of the Company Shares pursuant to the Arrangement.

ARTICLE 5 ADDITIONAL COVENANTS REGARDING NON-SOLICITATION

5.1 Non-Solicitation

- (1) Except as expressly provided in this Article 5, the Company and its Subsidiaries shall not, directly or indirectly, through any officer, director, employee, representative (including any financial or other adviser) or agent of the Company or of any of its Subsidiaries (collectively "**Representatives**" which for greater certainty does not include a shareholder of the Company who is not otherwise an officer, director, employee, representative (including any financial or other adviser) or an agent of the Company or any of its Subsidiaries), and shall not permit any such Person to:
 - (a) solicit, assist, initiate, encourage or otherwise facilitate, (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or any Subsidiary or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;
 - (b) enter into or otherwise engage or participate in any discussions or negotiations with any Person (other than the Purchaser or any of its affiliates) regarding any inquiry, proposal or offer that constitutes or would reasonably be expected to constitute or lead to, an Acquisition Proposal, it being acknowledged and agreed that the Company may communicate with any Person for purposes of advising such Person of the restrictions in this Agreement and, also advising such Person that their Acquisition Proposal does not constitute a Superior Proposal or is not reasonably expected to constitute or lead to a Superior Proposal; or
 - (c) make a Change in Recommendation.
- (2) The Company shall, and shall cause its Subsidiaries and its Representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiations, or other activities commenced on or prior to the date of this Agreement with any Person (other than the Purchaser) with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal, and in connection therewith the Company shall:
 - (a) discontinue access to and disclosure of all information, including the Company Data Room and any confidential information, properties, facilities, books and records of the Company or any Subsidiary of the Company; and

- (b) within two (2) Business Days of the date hereof, to the extent it is permitted to do so, request, and exercise all rights it has to require (i) the return or destruction of all copies of any confidential information regarding the Company or any Subsidiary provided to any such Person other than the Purchaser; and (ii) the destruction of all material including or incorporating or otherwise reflecting such confidential information regarding the Company or any Subsidiary, to the extent that such information has not previously been returned or destroyed, using its commercially reasonable efforts to ensure that such requests are fully complied with in accordance with the terms of such rights or entitlements.
- (3) The Company represents and warrants that, in the 12 months prior to the date hereof, the Company has not waived any confidentiality, standstill, non-disclosure, use, business purposes or similar agreement or restriction to which the Company or any Subsidiary is a party relating to an Acquisition Proposal, and covenants and agrees that (i) the Company shall take all necessary action to enforce each confidentiality, standstill, non-disclosure, use, business purpose or similar agreement or restriction to which the Company or any Subsidiary is a party in connection with a potential or actual Acquisition Proposal, and (ii) neither the Company, nor any Subsidiary nor any of their respective Representatives will, without the prior written consent of the Purchaser (which may be withheld or delayed in the Purchaser's sole and absolute discretion), release any Person from, or waive, amend, suspend or otherwise modify such Person's obligations respecting the Company, or any of its Subsidiaries, under any confidentiality, standstill, non-disclosure, use, business purpose or similar agreement or restriction to which the Company or any Subsidiary is a party in connection with a potential or actual Acquisition Proposal, it being acknowledged and agreed that the automatic termination of any standstill provisions of any such agreement or restriction as a result of entering into and announcement of this Agreement by the Company pursuant to the express terms of any such agreement or restriction, shall not be a violation of this Section 5.1 and that the Company shall not be prohibited from considering a Superior Proposal from a party whose obligations so terminated automatically upon the entering into and announcement of this Agreement.

5.2 Notification of Acquisition Proposals

- (1) If after the date of this Agreement, the Company or any of its Subsidiaries or any of their respective Representatives, receives or otherwise becomes aware of any inquiry, proposal or offer that constitutes or could reasonably be expected to constitute or lead to an Acquisition Proposal, or any request for copies of, access to, or disclosure of, confidential information relating to the Company or any Subsidiary, including but not limited to information, access, or disclosure relating to the properties, facilities, books or records of the Company or any Subsidiary, the Company (a) shall promptly notify the Purchaser, at first orally, and then, and in any event within 24 hours in writing, of such Acquisition Proposal, inquiry, proposal, offer or request, including a description of its material terms and conditions, the identity of all Persons making the Acquisition Proposal, inquiry, proposal, offer or request, and shall provide the Purchaser with copies of all documents, correspondence or other material received in respect of, from or on behalf of any such Person and such other details of such Acquisition Proposal, inquiry, proposal, offer or request as the Purchaser may reasonably request in writing; and (b) may contact the Person

making such Acquisition Proposal, inquiry, proposal, offer or request and its Representatives solely for the purpose of clarifying the terms and conditions of such Acquisition Proposal, inquiry, proposal, offer or request so as to determine whether such Acquisition Proposal, inquiry, proposal, offer or request is, or would reasonably be expected to lead to, a Superior Proposal.

- (2) The Company shall keep the Purchaser reasonably informed on a current basis of the status of developments and negotiations with respect to any Acquisition Proposal, inquiry, proposal, offer or request, including any changes, modifications or other amendments to any such Acquisition Proposal, inquiry, proposal, offer or request and shall provide to the Purchaser copies of all material or substantive correspondence and documents if in writing or electronic form, and if not in writing or electronic form, a description of the material terms of such correspondence and documents sent or communicated to the Company by or on behalf of any Person making such Acquisition Proposal, inquiry, proposal, offer or request, including the providing the identity of the Person making such Acquisition Proposal, inquiry, proposal or offer and the material terms and conditions thereof and copies of all material or substantive documents received in respect of, from or on behalf of any such Person.

5.3 Responding to an Acquisition Proposal

- (1) Notwithstanding Section 5.1, if at any time, prior to obtaining the Required Approval, the Company receives an unsolicited written Acquisition Proposal, the Company may engage in or participate in discussions or negotiations with such Person regarding such Acquisition Proposal and may provide copies of, access to or disclosure of confidential information, properties, facilities, books or records of the Company or its Subsidiaries, if and only if:
 - (a) the Company Board first determines in good faith, after consultation with its financial advisors and its outside legal counsel, that such Acquisition Proposal constitutes or could reasonably be expected to constitute or lead to a Superior Proposal (disregarding for such determination any due diligence or access condition), and, after consultation with its outside legal counsel, that the failure to engage in such discussions or negotiations would be inconsistent with its fiduciary duties;
 - (b) such Person was not restricted from making such Acquisition Proposal pursuant to an existing confidentiality, standstill, non-disclosure, use, business purpose or similar agreement or restriction with the Company or its Subsidiaries;
 - (c) the Acquisition Proposal did not arise, directly or indirectly, as a result of a violation by the Company of this Article 5;
 - (d) the Company enters into a confidentiality and standstill agreement with such Person on customary terms, provided that such confidentiality and standstill agreement may allow such Person to make an Acquisition Proposal confidentially to the Company Board that constitutes, or could reasonably be expected to constitute or lead to, a Superior Proposal; and

- (e) the Company promptly provides the Purchaser with:
 - (i) prior written notice stating the Company's intention to participate in such discussions or negotiations and to provide such copies, access or disclosure;
 - (ii) prior to providing any such copies, access or disclosure, a true, complete and final executed copy of the confidentiality and standstill agreement referred to in Section 5.3(1)(d); and
 - (iii) any non-public information concerning the Company and its Subsidiaries provided to such other Person which was not previously provided to the Purchaser
- (2) Nothing contained in this Agreement shall prevent the Company from:
 - (i) complying with Section 2.17 of National Instrument 62-104 – *Takeover Bids and Issuer Bids* and similar provisions under Securities Laws relating to the provision of a directors' circular in respect of an Acquisition Proposal; or
 - (ii) calling and/or holding a meeting of shareholders requisitioned by Company Shareholders in accordance with applicable Laws or taking any other action with respect to an Acquisition Proposal to the extent ordered by a court of competent jurisdiction in accordance with applicable Laws.

5.4 Purchaser Right to Match

- (1) If the Company receives an Acquisition Proposal that constitutes a Superior Proposal prior to obtaining the Required Approval, the Company Board may make a Change in Recommendation and approve or recommend such Superior Proposal, if and only if:
 - (a) the Person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing confidentiality, standstill, non-disclosure, use, business purpose or similar agreement or restriction;
 - (b) the Acquisition Proposal, inquiry, proposal, offer or request did not arise, directly or indirectly, as a result of a violation by the Company of this Article 5;
 - (c) the Company has delivered to the Purchaser a written notice of the determination of the Company Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Company Board to enter into such definitive agreement, together with a written notice from the Company Board regarding the value and financial terms that the Company Board, in consultation with its financial advisors, has determined should be ascribed to any non-cash consideration offered under such Superior Proposal (the "**Superior Proposal Notice**") together with all documentation related to and detailing the Superior Proposal;

- (d) the Company or its Representatives has provided the Purchaser a copy of the proposed definitive agreement for the Superior Proposal;
 - (e) at least five (5) Business Days (the "**Purchaser Matching Period**") have elapsed from the date that is the later of the date on which the Purchaser received the Superior Proposal Notice and the date on which the Purchaser received a copy of the proposed definitive agreement for the Superior Proposal from the Company;
 - (f) during any Purchaser Matching Period, the Purchaser has had the opportunity (but not the obligation), in accordance with Section 5.4(2), to offer to amend this Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;
 - (g) after the Purchaser Matching Period, the Company Board has determined in good faith, after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal continues to constitute a Superior Proposal (and, if applicable, compared to the terms of the Arrangement as proposed to be amended by the Purchaser under Section 5.4(2));
 - (h) the Company Board has determined, in good faith, after consultation with the Company's outside legal counsel that it is necessary for the Company Board to enter into a definitive agreement with respect to such Superior Proposal in order to satisfy their fiduciary duties to the Company; and
 - (i) such Superior Proposal does not require the Company or any other Person to seek to interfere with the attempted successful completion of the Arrangement or any alternative transaction pursued by the Purchaser pursuant to the terms of the Voting Support Agreements (including requiring the Company to delay, adjourn, postpone or cancel the Company Meeting) or provide for the payment of any break, termination or other fees or expenses or confer any rights or options to acquire assets or securities of the Company or any of its Subsidiaries to any Person in the event that the Company or any of its Subsidiaries completes the Arrangement or any other similar transaction with the Purchaser agreed to prior to the termination of this Agreement or pursuant to the Voting Support Agreements.
- (2) During the Purchaser Matching Period, or such longer period as the Company may, if requested by the Purchaser, approve in writing (in its sole discretion) for such purpose: (a) the Company Board shall review any offer made by the Purchaser under Section 5.4(1)(f) to amend the terms of this Agreement and the Arrangement in good faith, in consultation with the Company's outside legal counsel and financial advisors, in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal; and (b) if the Company Board determines that such Acquisition Proposal would cease to be a Superior Proposal as a result of such amendment, the Company shall, and shall cause its Representatives to, negotiate in good faith with the Purchaser to make such amendments to the terms of this Agreement and the Arrangement as would enable the Purchaser to proceed with the transactions contemplated by this Agreement on such amended terms. If

the Company Board determines that such Acquisition Proposal would cease to be a Superior Proposal, the Company shall promptly so advise the Purchaser and the Company and the Purchaser shall amend this Agreement to reflect such offer made by the Purchaser, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing.

- (3) Each successive amendment or modification to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Company Shareholders or other material terms or conditions thereof shall constitute a new Acquisition Proposal for the purposes of this Section 5.4, and the Purchaser shall be afforded a new five (5) Business Day Purchaser Matching Period from the later of the date on which the Purchaser received the new Superior Proposal Notice from the Company and the date on which the Purchaser received a copy of the proposed definitive agreement for the new Superior Proposal from the Company.
- (4) At the Purchaser's request, the Company Board shall promptly reaffirm the Company Board Recommendation by press release after any Acquisition Proposal which is not determined to be a Superior Proposal is publicly announced or the Company Board determines that a proposed amendment to the terms of this Agreement as contemplated under Section 5.4(2) would result in an Acquisition Proposal no longer being a Superior Proposal. The Company shall provide the Purchaser and its outside legal counsel with a reasonable opportunity to review the form and content of any such press release and shall make all reasonable amendments to such press release as requested by the Purchaser and its outside legal counsel.
- (5) If the Company provides a Superior Proposal Notice to the Purchaser after a date that is less than ten (10) Business Days before the Company Meeting, the Company shall either proceed with or shall postpone or adjourn the Company Meeting to a date acceptable to both Parties (acting reasonably) that is not more than ten (10) Business Days after the scheduled date of the Company Meeting, but in any event to a date that is not less than five (5) Business Days prior to the Outside Date.
- (6) Nothing contained in this Section 5.4 shall limit in any way the obligation of the Company to convene and hold the Company Meeting in accordance with Section 2.3 of this Agreement.

5.5 Breach by Subsidiaries and Representatives

Without limiting the generality of the foregoing, the Company shall advise its Subsidiaries and their respective Representatives of the prohibitions set out in this Article 5 and any violation of the restrictions set forth in this Article 5 by the Company, its Subsidiaries or their respective Representatives is deemed to be a breach of this Article 5 by the Company.

ARTICLE 6 CONDITIONS

6.1 Mutual Conditions Precedent

The Parties are not required to complete the Arrangement unless each of the following conditions is satisfied, which conditions may only be waived, in whole or in part, by the mutual consent of each of the Parties:

- (1) **Arrangement Resolution.** The Required Approval of Company Shareholders of the Arrangement Resolution at the Company Meeting has been obtained in accordance with the Interim Order and applicable Law.
- (2) **Interim and Final Order.** The Interim Order and the Final Order have each been obtained on terms consistent with this Agreement, and have not been set aside or modified in a manner unacceptable to either the Company or the Purchaser, each acting reasonably, on appeal or otherwise.
- (3) **Key Regulatory Approvals.** Each of the Key Regulatory Approvals has been made, given or obtained on terms acceptable to the Purchaser and the Company, each acting reasonably, and each such Key Regulatory Approval is in force and has not been modified or rescinded.
- (4) **Illegality.** No Law is in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company or the Purchaser from consummating the Arrangement, with the exception of the Controlled Substances Act, 21 USC 801 et seq., as it applies to marijuana.
- (5) **Securities Laws.** The distribution of the Consideration Shares pursuant to the Arrangement shall be exempt from the prospectus requirements of applicable Securities Laws in Canada either by virtue of exemptive relief from the securities regulatory authorities of each of the provinces of Canada or by virtue of exemptions under applicable Securities Laws and shall not be subject to resale restrictions under applicable Securities Laws (other than as applicable to control persons or pursuant to Section 2.6 of National Instrument 45-102 – *Resale of Securities*).
- (6) **U.S. Securities Exemption.** The issuance of the Consideration Shares to the Company Shareholders and Company RSU Holders and the issuance of Purchaser Shares upon the exercise of Company Warrants from time to time shall be exempt from the registration requirements of the U.S. Securities Act pursuant to the Section 3(a)(10) Exemption.

6.2 Additional Conditions Precedent to the Obligations of the Purchaser

The Purchaser is not required to complete the Arrangement unless each of the following conditions is satisfied, which conditions are for the exclusive benefit of the Purchaser and may only be waived, in whole or in part, by the Purchaser in its sole discretion:

- (1) **Representations and Warranties.** The representations and warranties of the Company set forth in Section (b) [*Organization and Qualification*], Section (c) [*Authority Relative to*

this Agreement], Section (f) [*Capitalization*], Section (w) [*Authorizations*], and Section (cc) [*Brokers*] of Schedule "C" were true and correct as of the date of this Agreement and are true and correct as of the Effective Time other than for *de minimis* inaccuracies, and all other representations and warranties of the Company set forth in this Agreement were true and correct as of the date of this Agreement and are true and correct as of the Effective Time in all respects, except where any failure or failures of such representations and warranties to be so true and correct would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect (disregarding any materiality or "Company Material Adverse Effect" qualification contained in any such representation and warranty for the purpose of determining whether any such failure or failures would not, individually or in the aggregate, reasonably be expected to result in such a Company Material Adverse Effect), in each case except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date, and the Company has delivered a certificate confirming same to the Purchaser, executed by two (2) senior officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date.

- (2) **Performance of Covenants.** The Company has fulfilled or complied in all material respects with each of the covenants of the Company contained in this Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and has delivered a certificate confirming same to the Purchaser, executed by two (2) senior officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date.
- (3) **No Legal Action.** There is no action or proceeding (whether, for greater certainty, by a Governmental Entity or any other Person other than the Purchaser or its Subsidiaries) pending or threatened in any jurisdiction to:
 - (a) cease trade, enjoin, prohibit, or impose any limitations, damages or conditions on, the Purchaser's ability to acquire, hold, or exercise full rights of ownership over, any Company Shares, including the right to vote the Company Shares;
 - (b) prohibit or restrict the Arrangement, or the ownership or operation by the Purchaser or its Subsidiaries of a material portion of the business or assets of the Purchaser and its Subsidiaries, the Company or any of its Subsidiaries, or compel the Purchaser or its Subsidiaries to dispose of or hold separate any material portion of the business or assets of the Purchaser and its Subsidiaries, the Company or any of its Subsidiaries as a result of the Arrangement or the transactions contemplated by this Agreement; or
 - (c) prevent or materially delay the consummation of the Arrangement, or if the Arrangement is consummated, have a Company Material Adverse Effect or a material and adverse effect on the Purchaser.
- (4) **Dissent Rights.** Dissent Rights have not been exercised (excluding any dissent rights that have been exercised and subsequently withdrawn) with respect to more than 5% of the issued and outstanding Company Shares.

- (5) **Company Material Adverse Effect.** Since the date of this Agreement, there shall have not occurred or have been disclosed to the public (if previously undisclosed to the public) a Company Material Adverse Effect.
- (6) **Employment Agreements.** The Key Employees shall have entered into employment agreements or shall have amended their existing employment agreements in form and substance satisfactory to the Purchaser, acting reasonably.
- (7) **Lock-up Agreements.** Each of the Company Locked-up Shareholders shall have entered into the Lock-up Agreements, in form and substance satisfactory to the Purchaser, acting reasonably.
- (8) **AFC Facility Debt Consent.** Such consent, waiver or amendment under the AFC Facility Debt as may be necessary, proper or advisable to consummate the transactions contemplated by this Agreement shall have been obtained or received on terms that are acceptable to the Purchaser, acting reasonably.
- (9) **Regulatory Opinion.** Delivery of a State of Florida regulatory legal opinion addressed to the Purchaser, in form and substance satisfactory to the Purchaser, acting reasonably, dated on or before the Effective Date, from counsel in the State of Florida, which counsel in turn may rely, as to matters of fact, on certificates of public officials and officers of the Company, as appropriate.
- (10) **Debt Consent.** Such consent, waiver or amendment under the Purchaser's senior secured term loan agreement required as a result of the transactions contemplated by this Agreement shall have been obtained or received on terms that are acceptable to the Purchaser, acting reasonably.

6.3 Additional Conditions Precedent to the Obligations of the Company

The Company is not required to complete the Arrangement unless each of the following conditions is satisfied, which conditions are for the exclusive benefit of the Company and may only be waived, in whole or in part, by the Company in its sole discretion:

- (1) **Representations and Warranties.** The representations and warranties of the Purchaser set forth in this Agreement were true and correct as of the date of this Agreement and are true and correct as of the Effective Time in all respects, except where any failure or failures of such representations and warranties to be so true and correct would not, individually or in the aggregate, reasonably be expected to have a Purchaser Material Adverse Effect (disregarding any materiality or "Purchaser Material Adverse Effect" qualification contained in any such representation and warranty for the purpose of determining whether any such failure or failures would not, individually or in the aggregate, reasonably be expected to result in such a Purchaser Material Adverse Effect), in each case except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date, and the Purchaser has delivered a certificate confirming same to the Company, executed by two (2) senior officers of the Purchaser (in each case without personal liability) addressed to the Company and dated the Effective Date.

- (2) **Performance of Covenants.** The Purchaser has fulfilled or complied in all material respects with each of the covenants of the Purchaser contained in this Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and has delivered a certificate confirming same to the Company, executed by two (2) senior officers of the Purchaser (in each case without personal liability) addressed to the Company and dated the Effective Date.
- (3) **No Legal Action.** There is no action or proceeding pending by a Governmental Entity in any jurisdiction that is reasonably likely to:
 - (a) cease trade, enjoin, prohibit, or impose any limitations, damages or conditions on, the Purchaser's ability to issue the Consideration Shares or the Purchaser Shares to be issued upon the exercise from time to time of the Company Warrants; or
 - (b) if the Arrangement is consummated, have or be reasonably expected to have a Purchaser Material Adverse Effect.
- (4) **Purchaser Material Adverse Effect.** Since the date of this Agreement, there shall have not occurred or have been disclosed to the public (if previously undisclosed to the public) a Purchaser Material Adverse Effect.
- (5) **Deposit of Consideration.** Subject to obtaining the Final Order and the satisfaction or waiver of the other conditions precedent contained herein in its favour (other than conditions which, by their nature, are only capable of being satisfied as of the Effective Time), the Purchaser has deposited or caused to be deposited with the Depositary in escrow, the aggregate Consideration to be paid pursuant to the Arrangement.

6.4 Satisfaction of Conditions

The conditions precedent set out in Section 6.1, Section 6.2 and Section 6.3 will be conclusively deemed to have been satisfied, waived or released when the Closing Certificate is executed by the Parties.

6.5 Frustration of Conditions

Neither the Purchaser nor the Company may rely on the failure of any condition set forth in Section 6.1, Section 6.2 or Section 6.3, as applicable, to be satisfied if such failure was caused by such Party's breach in any material respect of any provision of this Agreement or failure in any material respect to use the standard of efforts required from such Party to consummate the transactions contemplated hereby.

ARTICLE 7 TERM AND TERMINATION

7.1 Term

This Agreement shall be effective from the date hereof until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms.

7.2 Termination

- (1) This Agreement may be terminated prior to the Effective Time (notwithstanding any approval of this Agreement or the Arrangement Resolution by Company Shareholders or the approval of the Arrangement by the Court) by:
- (a) the mutual written agreement of the Parties; or
 - (b) either the Company or the Purchaser:
 - (i) if the Required Approval is not obtained at the Company Meeting in accordance with the Interim Order; provided that a Party may not terminate this Agreement pursuant to this Section 7.2(1)(b)(i) if the failure to obtain the Required Approval has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement;
 - (ii) if, after the date of this Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement illegal or otherwise permanently prohibits or enjoins the Company or the Purchaser from consummating the Arrangement, and such Law has, if applicable, become final and non-appealable, provided the Party seeking to terminate this Agreement pursuant to this Section 7.2(1)(b)(ii) has used its commercially reasonable efforts to, as applicable, appeal or overturn such Law or otherwise have it lifted or rendered non-applicable in respect of the Arrangement; or
 - (iii) if the Effective Time does not occur on or prior to the Outside Date, provided that a Party may not terminate this Agreement pursuant to this Section 7.2(1)(b)(iii) if the failure of the Effective Time to so occur has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement; or
 - (c) the Company if:
 - (i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser under this Agreement occurs that would cause any condition in Section 6.3(1) [*Purchaser Reps and Warranties Condition*] or Section 6.3(2) [*Purchaser Covenants Condition*] not to be satisfied, and such breach or failure is incapable of being cured or is not cured on or prior to the Outside Date in accordance with the terms of Section 4.8(3); provided that the Company is not then in breach of this Agreement so as to directly or indirectly cause any condition in Section 6.2(1) [*Company Reps and Warranties Condition*] or Section 6.2(2) [*Company Covenants Condition*] not to be satisfied; or

- (ii) since the date of this Agreement, there has occurred and is continuing a Purchaser Material Adverse Effect, which is incapable of being cured on or prior to the Outside Date;
 - (d) the Purchaser if:
 - (i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company under this Agreement occurs that would cause any condition in Section 6.2(1) [*Company Reps and Warranties Condition*] or Section 6.2(2) [*Company Covenants Condition*] not to be satisfied, and such breach or failure is incapable of being cured on or prior to the Outside Date or is not cured in accordance with the terms of Section 4.8(3); provided that the Purchaser is not then in breach of this Agreement so as to directly or indirectly cause any condition in Section 6.3(1) [*Purchaser Reps and Warranties Condition*] or Section 6.3(2) [*Purchaser Covenants Condition*] not to be satisfied;
 - (ii) the Company Board or any committee of the Company Board (A) fails to unanimously recommend or withdraws, amends, modifies or qualifies, or publicly proposes to withdraw, amend, modify or qualify, the Company Board Recommendation, (B) accepts, approves, endorses or recommends, or publicly proposes to accept, approve, endorse or recommend or takes no position or a neutral position, in each case with respect to a publicly announced, or otherwise publicly disclosed, Acquisition Proposal for more than five Business Days (or beyond the third Business Day prior to the date of the Company Meeting, if sooner), (C) accepts, approves, endorses, recommends or executes or enters into (other than a confidentiality agreement permitted by and in accordance with Section 5.3) or publicly proposes to accept, approve, endorse, recommend or execute or enter into, any agreement, letter of intent, understanding or arrangement relating to an Acquisition Proposal or any proposal or offer that could reasonably be expected to lead to an Acquisition Proposal; (D) fails to publicly reaffirm the Company Board Recommendation (without qualification) within five Business Days after having been requested in writing by the Purchaser to do so (collectively, a "**Change in Recommendation**"), or (E) the Company breaches Article 5 in any material respect;
 - (iii) any event occurs as a result of which the condition set forth in Section 6.2(4) [*Dissent Rights Condition*] is not capable of being satisfied by the Outside Date; or
 - (iv) since the date of this Agreement, there has occurred and is continuing a Company Material Adverse Effect, which is incapable of being cured on or prior to the Outside Date.
- (2) The Party desiring to terminate this Agreement pursuant to this Section 7.2 (other than pursuant to Section 7.2(1)(a)) shall give written notice of such termination to the other

Party, specifying in reasonable detail the basis for such Party's exercise of its termination right.

7.3 Effect of Termination/Survival

If this Agreement is terminated pursuant to Section 7.1 or Section 7.2, this Agreement shall become void and of no further force or effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party) to any other Party to this Agreement, except that: (a) in the event of termination under Section 7.1 as a result of the Effective Time occurring, Section 4.9 shall survive for a period of six (6) years following such termination; and (b) in the event of termination under Section 7.2, this Section 7.3, Section 8.2 through to and including Section 8.16, Section 2.4(3), Section 2.4(7), Section 2.7(2), Section 4.5(4), Section 4.6(6) and the provisions of the Confidentiality Agreement shall survive, and provided further that no Party shall be relieved of any liability for any wilful and material breach by it of this Agreement. As used in this Section 7.3, "wilful" breach means a breach that is a consequence of an act undertaken by the breaching party with the actual knowledge that the taking of such act would, or would be reasonably expected to, cause a breach of this Agreement.

ARTICLE 8 GENERAL PROVISIONS

8.1 Amendments

This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Company Meeting but not later than the Effective Time, be amended, subject to the Plan of Arrangement, the Interim Order, the Final Order and applicable Law, by mutual written agreement of the Parties, and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) modify any representation or warranty contained in this Agreement or in any document delivered pursuant to this Agreement;
- (c) waive compliance with or modify any of the covenants contained in this Agreement and waive or modify performance of any of the obligations of the Parties; and/or
- (d) waive compliance with or modify any mutual conditions contained in this Agreement.

8.2 Company Termination Fees

- (1) Despite any other provision in this Agreement relating to the payment of fees and expenses, including the payment of brokerage fees, if a Company Termination Fee Event occurs, the Company shall pay the Purchaser the Company Termination Fee in accordance with Section 8.2(3).

- (2) For the purposes of this Agreement, "**Company Termination Fee**" means US\$7.5 million and "**Company Termination Fee Event**" means the termination of this Agreement:
- (a) by the Purchaser, pursuant to Section 7.2(1)(d)(ii) [*Change in Recommendation or Breach of Article 5*];
 - (b) pursuant to any subsection of Section 7.2 by the Company if at such time the Purchaser is entitled to terminate this Agreement pursuant to Section 7.2(1)(d)(ii);
 - (c) by the Company or the Purchaser pursuant to Section 7.2(1)(b)(i) [*Failure of Shareholders to Approve*] or Section 7.2(1)(b)(iii) [*Effective Time not prior to Outside Date*] or by the Purchaser pursuant to Section 7.2(1)(d)(i) [*Breach of Reps and Warranties or Covenants by Company*] if;
 - (i) prior to such termination, an Acquisition Proposal is publicly announced or otherwise publicly disclosed by any Person (other than the Purchaser or any of its affiliates) or any Person (other than the Purchaser or any of its affiliates) shall have publicly announced an intention to make an Acquisition Proposal; and
 - (ii) within nine (9) months following the date of such termination, (A) an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (i) above) is consummated, or (B) the Company or one or more of its Subsidiaries, directly or indirectly, in one or more transactions, enters into a contract in respect of an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (i) above) and such Acquisition Proposal is later consummated (whether or not within nine (9) months after such termination).

For purposes of the foregoing, the term "Acquisition Proposal" shall have the meaning assigned to such term in Section 1.1, except that references to "20% or more" shall be deemed to be references to 50% or more.

- (3) The Company Termination Fee shall be paid by the Company to the Purchaser as follows, by wire transfer of immediately available funds to an account designated by the Purchaser, if a Company Termination Fee Event occurs due to:
- (a) termination of this Agreement described in Section 8.2(2)(a) or 8.2(2)(b), within two (2) Business Days of the occurrence of such Company Termination Fee Event; and
 - (b) a termination of this Agreement described in Section 8.2(2)(c), on or prior to consummation of the Acquisition Proposal referred to in Section 8.2(2)(b).
- (4) The Company acknowledges that the agreements contained in this Section 8.2 are an integral part of the transactions contemplated by this Agreement, and that without these agreements the Purchaser would not enter into this Agreement, and that the amounts set

out in this Section 8.2 represent liquidated damages which are a genuine pre-estimate of the damages, including opportunity costs, which the Purchaser will suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement, and is not a penalty. The Company irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive.

- (5) Subject to Section 7.3, the Purchaser hereby expressly acknowledges and agrees that, upon any termination of this Agreement under circumstances where it is entitled to the Company Termination Fee and such Company Termination Fee is paid in full within the prescribed time period, it shall be precluded from any other remedy against the Company or its Subsidiaries and shall not seek to obtain any recovery, judgment or damages of any kind against the Company or its Subsidiaries in connection with this Agreement.

8.3 Expenses

- (1) Except as expressly otherwise provided in this Agreement, all out-of-pocket third party transaction expenses incurred in connection with this Agreement and the Plan of Arrangement and the transactions contemplated hereunder and thereunder, including all costs, expenses and fees of the Company incurred prior to or after the Effective Time in connection with, or incidental to, the Plan of Arrangement, shall be paid by the Party incurring such expenses, whether or not the Arrangement is consummated.
- (2) The Company confirms that other than the fees disclosed in section 8.3(2) of the Company Disclosure Letter, no broker, finder or investment banker is or will be entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement. The Company further confirms that estimates of all of its third party transaction expenses to be incurred in connection with this Agreement and the Plan of Arrangement and the transactions contemplated hereunder and thereunder, including all costs, expenses and fees of the Company to be incurred prior to or after the Effective Time in connection with, or incidental to, the Plan of Arrangement, are disclosed in section 8.3(2) of the Company Disclosure Letter.

8.4 Notices

Any notice or other communication given regarding the matters contemplated by this Agreement must be in writing, sent by personal delivery, courier or email and addressed:

- (a) to the Purchaser at:

Cresco Labs Inc.
400 W. Erie Street, #300
Chicago, IL
60654

Attention: Charles Bachtell
Telephone: [REDACTED – personal identifying information]
Email: [REDACTED – personal identifying information]

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

Bennett Jones LLP
Suite 3400
1 First Canadian Place
P.O. Box 130
Toronto, ON M5X 1A4

Attention: Aaron Sonshine
Telephone: (416) 777-6448
Email: sonshinea@bennettjones.com

(b) to the Company at:

1112 North Flagler Drive
Fort Lauderdale, Florida 33304

Attention: Brady Cobb
Email: [REDACTED – personal identifying information]

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

Gowling WLG (Canada) LLP
1 First Canadian Place
100 King Street West, Suite 1600
Toronto, ON M5X 1G5

Attention: Peter Simeon
Email: peter.simeon@gowlingwlg.com

Any notice or other communication is deemed to be given and received (i) if sent by personal delivery, same day courier or email, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day or (ii) if sent by overnight courier, on the next Business Day. A Party may change its address for service from time to time by providing a notice in accordance with the foregoing. Any subsequent notice or other communication must be sent to the Party at its changed address. Any element of a Party's address that is not specifically changed in a notice will be assumed not to be changed. Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party.

8.5 Time of the Essence

Time is of the essence in this Agreement.

8.6 Injunctive Relief

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed by a Party in accordance with their specific terms or were otherwise breached by a Party. It is accordingly agreed that each Party shall be entitled to specific performance, injunctive and other equitable relief to prevent breaches of this Agreement, and to enforce compliance with the terms of this Agreement against the other Party without any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief, this being in addition to any other remedy to which a Party may be entitled at Law or in equity.

8.7 Third Party Beneficiaries

- (1) Except as provided in Section 4.9 which, without limiting its terms, is intended as stipulations for the benefit of the third Persons mentioned in such provisions (such third Persons referred to in this Section 8.7 as the "**Indemnified Persons**"), the Company and the Purchaser intend that this Agreement will not benefit or create any right or cause of action in favour of any Person, other than the Parties and that no Person, other than the Parties, shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum.
- (2) Despite the foregoing, the Purchaser acknowledges to each of the Indemnified Persons their direct rights against it under Section 4.9 of this Agreement, which are intended for the benefit of, and shall be enforceable by, each Indemnified Person, his or her heirs and his or her legal representatives, and for such purpose, the Company confirms that it is acting as trustee on their behalf, and agrees to enforce such provisions on their behalf. The Parties reserve their right to vary or rescind the rights at any time and in any way whatsoever, if any, granted by or under this Agreement to any Person who is not a Party, without notice to or consent of that Person, including any Indemnified Person.

8.8 Waiver

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

8.9 Entire Agreement

This Agreement, including the Schedules hereto, the Company Disclosure Letter and the Confidentiality Agreement constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as

specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

8.10 Successors and Assigns

- (1) This Agreement becomes effective only when executed by the Company and the Purchaser. After that time, it will be binding upon and enure to the benefit of the Company, the Purchaser and their respective successors and permitted assigns.
- (2) Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by any Party without the prior written consent of the other Party.

8.11 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

8.12 Governing Law

- (1) This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
- (2) Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the British Columbia courts situated in the City of Vancouver and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

8.13 Rules of Construction

The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the Party drafting such agreement or other document.

8.14 No Liability

No director or officer of the Purchaser or any of its affiliates shall have any personal liability whatsoever to the Company under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of the Purchaser. No director or officer of the Company or any of its Subsidiaries shall have any personal liability whatsoever to the Purchaser under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of the Company or any of its Subsidiaries.

8.15 Language

The Parties expressly acknowledge that they have requested that this Agreement and all ancillary and related documents thereto be drafted in the English language only. Les parties aux présentes reconnaissent avoir exigé que la présente entente et tous les documents qui y sont accessoires soient rédigés en anglais seulement.

8.16 Counterparts

This Agreement may be executed in any number of counterparts (including counterparts by electronic transmission) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed electronic copy of this Agreement, and such executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the Parties have executed this Arrangement Agreement.

CRESCO LABS INC.

By: (signed) "Charles Bachtell"
Name: Charles Bachtell
Title: Chief Executive Officer

BLUMA WELLNESS INC.

By: _____
Name:
Title:

IN WITNESS WHEREOF the Parties have executed this Arrangement Agreement.

CRESCO LABS INC.

By: _____
Name: Charles Bachtell
Title: Chief Executive Officer

BLUMA WELLNESS INC.

By: *(signed) "Brady Cobb"* _____
Name: Brady Cobb
Title: Chief Executive Officer

SCHEDULE "A"
PLAN OF ARRANGEMENT

SCHEDULE "A"
PLAN OF ARRANGEMENT

**PLAN OF ARRANGEMENT UNDER DIVISION 5 OF PART 9
OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)**

ARTICLE 1
INTERPRETATION

1.1 Definitions

Unless indicated otherwise, where used in this Plan of Arrangement, capitalized terms used but not defined shall have the meanings ascribed thereto in the Arrangement Agreement and the following terms shall have the following meanings (and grammatical variations of such terms shall have corresponding meanings):

"Arrangement" means an arrangement pursuant to the provisions of Division 5 of Part 9 of the BCBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of the Arrangement Agreement or Section 6.1 of this Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

"Arrangement Agreement" means the arrangement agreement dated as of January 13, 2021 between the Purchaser and the Company, as same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"Arrangement Resolution" means the special resolution approving this Plan of Arrangement presented to the Company Shareholders at the Company Meeting.

"Award Agreement" means an agreement between the Company and a participant in, or pursuant to, the Company RSU Plan setting out the participant's entitlement to receive any Company RSUs.

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

"Business Day" means a day of the year, other than a Saturday, Sunday or any day on which major banks are generally closed for business in Vancouver, British Columbia, Toronto, Ontario or Chicago, Illinois.

"Closing Certificate" means a certificate in the form attached hereto as Appendix A which, when signed by an authorized representative of each of the Parties, will constitute acknowledgement by the Parties that this Plan of Arrangement has been implemented to their respective satisfaction.

"Company" means Bluma Wellness Inc., a company existing under the laws of the Province of British Columbia.

"Company Meeting" means the special meeting of Company Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution.

"Company RSU Holders" means the holders of Company RSUs.

"Company RSU Plan" means the restricted share unit compensation plan of the Company dated April 25, 2020, as approved and confirmed by the shareholders of the Company at the annual and special meeting held on April 9, 2020.

"Company RSUs" means the restricted share units issued pursuant to the Company RSU Plan which are outstanding as of the Effective Time.

"Company Shareholders" means the registered and beneficial holders of the Company Shares, as the context requires, except that with respect to Dissent Rights, Company Shareholders refers only to registered shareholders.

"Company Shares" means the common shares in the authorized share structure of the Company.

"Consenting RSU Holders" means each of the holders of Company RSUs who have consented to amending the vesting provisions contained in the Award Agreements relating to their Company RSUs so that such Company RSUs do not vest as a result of the change of control of the Company arising as a result of the Arrangement.

"Consideration" means the consideration to be received by Company Shareholders pursuant to the Plan of Arrangement as consideration for their Company Shares, consisting of 0.0859 Purchaser Shares for each Company Share; provided that: (A) if the volume weighted average price of the Purchaser Shares on the CSE for the five (5) trading days ending on the second (2nd) Business Day prior to the Effective Date is less than or equal to US\$9.99 per Purchaser Share but greater than US\$7.00 per Purchaser Share, then the Consideration in respect of each Company Share shall be such number (including a fraction) of Purchaser Shares equal to the quotient of (i) US\$0.86 divided by (ii) the volume weighted average price of the Purchaser Shares on the CSE for the five (5) trading days ending on the second (2nd) Business Day prior to the Effective Date; and (B) if the volume weighted average price of the Purchaser Shares on the CSE for the five (5) trading days ending on the second (2nd) Business Day prior to the Effective Date is less than or equal to US\$7.00 per Purchaser Share, the Consideration shall be 0.1229 Purchaser Shares for each Company Share, in each case subject to adjustments in accordance with Section 2.12 of the Arrangement Agreement. The applicable volume weighted average price of the Purchaser Shares on the CSE on any particular day shall be expressed in U.S. dollars for the purposes of calculating the Consideration and shall be converted to U.S. dollars using the exchange rate published by the Bank of Canada at <https://www.bankofcanada.ca/rates/exchange/daily-exchange-rates/> on that day.

"Court" means the Supreme Court of British Columbia.

"**CSE**" means the Canadian Securities Exchange.

"**Depository**" means Odyssey Trust Company, or any other depository or trust company, bank or financial institution as the Purchaser may appoint to act as depository with the approval of the Company, acting reasonably, for the purpose of, among other things, exchanging certificates representing Company Shares for Purchaser Shares in connection with the Arrangement.

"**Dissent Rights**" has the meaning specified in Section 3.1.

"**Dissenting Shareholder**" means a registered holder of Company Shares as of the Record Date who has properly exercised its Dissent Rights in strict compliance with Division 2 of Part 8 of the BCBCA, as modified by the Interim Order and Section 3.1, and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Right and who is ultimately determined to be entitled to be paid the fair value of its Company Shares.

"**Effective Date**" means the date specified as the "Effective Date" on the Closing Certificate upon which the Arrangement becomes effective.

"**Effective Time**" means the time on the Effective Date specified as the "Effective Time" on the Closing Certificate.

"**Final Order**" means the final order of the Court made pursuant to Section 291 of the BCBCA, after a hearing upon the fairness of the terms and conditions of the Arrangement, in a form acceptable to the Company and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal.

"**Governmental Entity**" means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision, agent or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange, including the CSE.

"**Interim Order**" means the interim order of the Court contemplated by Section 2.2 of the Arrangement Agreement and made pursuant to Section 291 of the BCBCA, in a form acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as such order may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably.

"**Law**" means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order,

injunction, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended.

"Lien" means any mortgage, charge, pledge, hypothec, security interest, prior claim, encroachments, option, right of first refusal or first offer, occupancy right, covenant, assignment, lien (statutory or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute.

"Letter of Transmittal" means the letter of transmittal to be sent by the Company to Company Shareholders in connection with the Arrangement.

"Parties" means the Company and the Purchaser and **"Party"** means any one of them.

"Person" includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

"Plan of Arrangement" means this plan of arrangement and any amendments or variations made in accordance with section 8.1 of the Arrangement Agreement or Section 6.1 of this Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

"Purchaser" means Cresco Labs Inc., a company existing under the laws of the Province of British Columbia.

"Purchaser Shares" means the subordinate voting shares in the authorized share structure of the Purchaser.

"Registrar" means the Registrar of Companies appointed pursuant to Section 400 of the BCBCA.

"RSU Consideration" means, with respect to each Company RSU, one Company Share for each Company RSU.

"Section 3(a)(10) Exemption" means the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof.

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

"volume-weighted average price" on a particular day is calculated by dividing the total value of the Purchaser Shares traded on the CSE on such day by the total volume of Purchaser Shares traded on such day.

"U.S. Securities Act" means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

1.2 Certain Rules of Interpretation.

In this Agreement, unless otherwise specified:

- (1) **Headings, etc.** The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Plan of Arrangement.
- (2) **Currency.** All references to dollars or to \$ are references to Canadian dollars unless indicated otherwise.
- (3) **Gender and Number.** Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (4) **Certain Phrases, etc.** Wherever the word "including," "includes" or "include" is used in this Plan of Arrangement, it shall be deemed to be followed by the words "without limitation. 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."
- (5) **Statutes.** Any reference to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.
- (6) **Computation of Time.** A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day.
- (7) **Time References.** References to time are to local time, Toronto, Ontario.

ARTICLE 2 THE ARRANGEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to and subject to the provisions of the Arrangement Agreement.

2.2 Binding Effect

- (1) This Plan of Arrangement and the Arrangement will become effective at, and be binding at and after, the times referred to in Section 2.3 on: (i) the Company, (ii) the Purchaser, (iii) all registered and beneficial Company Shareholders (including Dissenting Shareholders),

(iv) the Depositary, and (v) all holders of Company RSUs or participants in the Company RSU Plan, in each case without any further act or formality required on the part of the Court, the Registrar or any other Person.

(2) As at and from the completion of the steps set out in Section 2.3:

- (a) The Company will be a wholly-owned subsidiary of the Purchaser;
- (b) The rights of creditors against the property and interests of the Company will be unimpaired by the Arrangement; and
- (c) Company Shareholders, other than Dissenting Shareholders, will hold Purchaser Shares in replacement for their Company Shares, as provided by the Plan of Arrangement.

2.3 Arrangement

Commencing at the Effective Time, each of the following events shall occur and shall be deemed to occur sequentially as set out below without any further authorization, act or formality, in each case effective as at two minute intervals starting at the Effective Time:

- (a) each of the Company Shares outstanding immediately prior to the Effective Time held by a Dissenting Shareholder in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred, without any further act or formality by or on behalf of any Dissenting Shareholder, to the Company in consideration for a debt claim against the Company (which shall be paid solely with Company funds not directly or indirectly provided by Purchaser or its affiliates) for the amount determined under Article 3, and:
 - (i) such Dissenting Shareholder shall cease to be the registered holder of such Company Shares and to have any rights as a Company Shareholder other than the right to be paid fair value for such Company Shares set out in Section 3.1;
 - (ii) such Dissenting Shareholder's name shall be removed as the registered holder of Company Shares from the Company's central securities register maintained by or on behalf of the Company; and
 - (iii) the Company shall be deemed to be the transferee of such Company Shares free and clear of all Liens (other than the right to be paid fair value for such Company Shares as set out in Section 3.1), and shall be entered in the Company's central securities register maintained by or on behalf of the Company; and
- (b) each Company RSU held by a Consenting RSU Holder will remain outstanding in accordance with its terms and upon vesting thereof after the Effective Time in accordance with the terms of such Company RSU, such Consenting RSU Holder shall accept the Consideration in lieu of each Company Share to which such holder

was theretofore entitled upon such vesting, and all other terms and conditions of such Company RSU, including the term to expiry, vesting and other conditions, shall remain the same, and shall continue to be governed by and be subject to the Company RSU Plan and the applicable Award Agreement;

- (c) notwithstanding any vesting provisions to which a Company RSU might otherwise be subject (whether by contract, the terms and conditions of any Award Agreement or grant, the terms and conditions of the Company RSU Plan or applicable Law), each Company RSU issued and outstanding immediately prior to the Effective Time (other than Company RSUs held by Consenting RSU Holders) shall, without any further act or formality by or on behalf of any Company RSU Holder, be deemed to be fully vested and shall be transferred and disposed by the holder thereof to the Company (free and clear of all Liens) and cancelled in exchange for the applicable RSU Consideration, and
 - (i) each holder of such Company RSU shall cease to be the holder thereof and to have any rights as a Company RSU Holder;
 - (ii) the name of each such holder shall be removed from the register of the Company RSU Holders maintained by or on behalf of the Company;
 - (iii) each such former holder of such Company RSU shall be deemed to be the holder of the Company Shares comprising such RSU Consideration and shall be entered in the Company's central securities register maintained by or on behalf of the Company;
 - (iv) all Award Agreements, grants and similar instruments relating thereto will be cancelled; and
 - (v) other than with respect to Company RSUs held by Consenting RSU Holders, the Company RSU Plan shall be cancelled; and
- (d) each Company Share outstanding immediately prior to the Effective Time (other than Company Shares held by a Dissenting Shareholder in respect of which Dissent Rights have been validly exercised under Section 2.3(a) and any Company Shares held by the Purchaser or any affiliates thereof) and each Company Share issued to former Company RSU Holders under Section 2.3(b) shall, without any further action by or on behalf of any Company Shareholder, be deemed to be assigned and transferred by the holder thereof to the Purchaser in exchange for the Consideration, and
 - (i) each registered holder of such Company Shares shall cease to be the registered holder thereof and to have any rights as a Company Shareholder other than the right to be paid the Consideration per Company Share in accordance with this Plan of Arrangement;

- (ii) the name of each such registered holder shall be removed from the Company's central securities register maintained by or on behalf of the Company; and
- (iii) the Purchaser shall be deemed to be the transferee of such Company Shares free and clear of all Liens and shall be entered in the Company's central securities register maintained by or on behalf of the Company.

2.4 No Fractional Purchaser Shares

In no event shall any fractional Purchaser Shares be issued under this Plan of Arrangement. Where the aggregate number of Purchaser Shares to be issued to a Company Shareholder as consideration under this Plan of Arrangement would result in a fraction of a Purchaser Share being issuable, then the number of Purchaser Shares to be issued to such Company Shareholder shall be rounded down to the closest whole number and, in lieu of the issuance of a fractional Purchaser Share thereof, the Purchaser will pay to each such holder a cash payment (rounded down to the nearest cent) based on a price per Purchaser Share equal to the U.S. dollar equivalent of the Consideration.

2.5 U.S. Securities Laws

Notwithstanding any provision herein to the contrary, the Purchaser and the Company agree that the Plan of Arrangement will be carried out with the intention that all Consideration to be issued in connection with the Arrangement shall be exempt from registration requirements of the U.S. Securities Act pursuant to the Section 3(a)(10) Exemption thereunder, and the Consideration to be distributed in the United States pursuant to the Arrangement shall not be subject to resale restrictions in the United States under the U.S. Securities Act (other than as may be prescribed by Rule 144 and Rule 145 under the U.S. Securities Act).

ARTICLE 3 RIGHTS OF DISSENT

3.1 Rights of Dissent

Each registered holder of Company Shares as of the Record Date may exercise dissent rights with respect to any Company Shares held by such holder ("**Dissent Rights**") in connection with the Arrangement pursuant to and in the manner set forth in Division 2 of Part 8 of the BCBCA, as modified by the Interim Order and this Section 3.1, provided that, notwithstanding Section 242(1)(a) of the BCBCA, the written objection to the Arrangement Resolution referred to in Section 242(1)(a) of the BCBCA must be received by the Company not later than 5:00 p.m. (Toronto time) two Business Days immediately preceding the date of the Company Meeting (as it may be adjourned or postponed from time to time). Each Dissenting Shareholder that duly exercises such holder's Dissent Rights shall, notwithstanding anything to the contrary in Section 245 of the BCBCA, be deemed to have transferred the Company Shares held by such holder and in respect of which Dissent Rights have been validly exercised to the Company free and clear of

all Liens (other than the right to be paid fair value for such Company Shares as set out in this Section 3.1), as provided in Section 2.3(a) and if they:

- (a) ultimately are entitled to be paid fair value for such Company Shares: (i) shall be deemed not to have participated in the transactions in Article 2 (other than Section 2.3(a)); (ii) will be entitled to be paid the fair value of such Company Shares by the Company (solely with Company funds not directly or indirectly provided by Purchaser or its affiliates), which fair value, notwithstanding anything to the contrary contained in BCBCA, shall be determined as of the close of business on the Business Day before the Arrangement Resolution was adopted; and (iii) will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holder not exercised their Dissent Rights in respect of such Company Shares; or
- (b) ultimately are not entitled, for any reason, to be paid fair value for such Company Shares shall be deemed to have participated in the Arrangement on the same basis as a Company Shareholder that is not a Dissenting Shareholder and shall be entitled to receive only the Consideration contemplated by Section 2.3(c) hereof that such Dissenting Shareholder would have received pursuant to the Arrangement if such Dissenting Shareholder had not exercised its Dissent Rights.

3.2 Recognition of Dissenting Shareholders

- (a) In no circumstances shall the Purchaser, the Company or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is the registered holder of those Company Shares as of the Record Date in respect of which such rights are sought to be exercised.
- (b) For greater certainty, in no case shall the Purchaser, the Company or any other Person be required to recognize Dissenting Shareholders as holders of Company Shares in respect of which Dissent Rights have been validly exercised after the Effective Time, and the names of such Dissenting Shareholders shall be removed from the Company's central securities register in respect of those Company Shares at the same time as the event described in Section 2.3(a) occurs.
- (c) In addition to any other restrictions under Division 2 of Part 8 of the BCBCA, none of the following shall be entitled to exercise Dissent Rights: (i) Company RSU Holders and (ii) holders of Company Shares who vote or have instructed a proxyholder to vote such Company Shares in favour of the Arrangement Resolution (but only in respect of such Company Shares).

ARTICLE 4

CERTIFICATES AND PAYMENTS

4.1 Payment and Delivery of Consideration

- (a) Following receipt of the Final Order and the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of the conditions set out in Article 6 of the Arrangement Agreement (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those conditions as of the Effective Date), the Purchaser shall deliver, or cause to be delivered, the Purchaser Shares to the Depositary in escrow (the terms of such escrow to be satisfactory to the Company and the Purchaser, each acting reasonably) to satisfy the Consideration issuable to the Company Shareholders pursuant to this Plan of Arrangement (other than Company Shareholders who have validly exercising Dissent Rights and who have not withdrawn their notice of objection).
- (b) Upon a Company Shareholder's surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Company Shares that were transferred pursuant to Section 2.3(c), together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, such Company Shareholder shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such Company Shareholder: a certificate representing the number of Purchaser Shares to which such Company Shareholder is entitled to receive under the Arrangement, which Purchaser Shares will be registered in such name or names and either (A) delivered to the address or addresses as such Company Shareholder directed in their Letter of Transmittal; or (B) made available for pick up at the offices of the Depositary in accordance with the instructions of the Company Shareholder in the Letter of Transmittal, and any certificate representing Company Shares so surrendered shall forthwith thereafter be cancelled.
- (c) Until surrendered as contemplated by this Section 5.1, each certificate that immediately prior to the Effective Time represented Company Shares (other than Company Shares in respect of which Dissent Rights have been validly exercised and not withdrawn), shall be deemed after the Effective Time to represent only the right to receive upon such surrender the Consideration in lieu of such certificate as contemplated in this Section 5.1, less any amounts withheld pursuant to Section 5.3. Any such certificate formerly representing Company Shares not duly surrendered on or before the second anniversary of the Effective Date shall cease to represent a claim by or interest of any former Company Shareholder of any kind or nature against or in the Company or the Purchaser. On such date, all Consideration to which such former holder was entitled shall be deemed to have been surrendered to the Purchaser and shall be delivered by the Depositary to the Purchaser or as directed by the Purchaser.

- (d) Any payment made by way of cheque by the Depositary pursuant to this Plan of Arrangement that has not been deposited or has been returned to the Depositary or that otherwise remains unclaimed, in each case, on or before the second anniversary of the Effective Time, and any right or claim to payment hereunder that remains outstanding on the second anniversary of the Effective Time shall cease to represent a right or claim of any kind or nature and the right of the holder to receive the applicable Consideration pursuant to this Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to the Purchaser for no consideration.

4.2 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Company Shares that were transferred pursuant to Section 2.3 shall have 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 Depositary will issue in exchange for such lost, stolen or destroyed certificate, the Consideration that such Company Shareholder has the right to receive in accordance with Section 2.3 and such Company Shareholder's Letter of Transmittal. When authorizing such exchange for any lost, stolen or destroyed certificate, the Person to whom such Consideration is to be delivered shall as a condition precedent to the delivery of such Consideration, give a bond satisfactory to the Purchaser and the Depositary (each acting reasonably) in such sum as the Purchaser may direct (acting reasonably), or otherwise indemnify the Purchaser and the Depositary in a manner satisfactory to the Purchaser and the Depositary (acting reasonably) against any claim that may be made against the Purchaser or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed.

4.3 Withholding Rights

The Purchaser, the Company or the Depositary shall be entitled to deduct and withhold from any amount payable to any Person under the Plan of Arrangement (including, without limitation, any amounts payable pursuant to Section 3.1 and any amounts payable to holders of Company RSUs), such amounts as the Purchaser, the Company or the Depositary, acting reasonably, determines are required or permitted to be deducted and withheld with respect to such payment under the Tax Act, the United States Internal Revenue Code of 1986 or any provision of any other Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Person in respect of which such withholding was made, provided that such amounts are actually remitted to the appropriate taxing authority. Each of the Purchaser, the Company and the Depositary shall be permitted to sell or otherwise dispose of, on behalf of any Person, such portion of the Purchaser Shares or any other consideration deliverable under the Arrangement to such Person as is necessary to provide sufficient funds to enable the Purchaser, the Company or the Depositary to deduct, withhold or remit any amount for purposes of this Section 5.3 and the Purchaser, the Company or the Depositary, as the case may be, shall notify the applicable Person of the details of such disposition, including the gross and net proceeds and any adjustments thereto, and shall remit any unapplied balance of the net proceeds of such sale or other disposition to the Person.

4.4 No Liens

Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind.

ARTICLE 5 AMENDMENTS

5.1 Amendments to Plan of Arrangement

- (a) The Company and the Purchaser may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must (i) be set out in writing, (ii) be approved by the Purchaser and the Company (subject to the Arrangement Agreement), each acting reasonably, (iii) be filed with the Court and, if made following the Company Meeting, approved by the Court, and (iv) be communicated to Company Shareholders if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Company or the Purchaser at any time prior to the Company Meeting (provided that the Purchaser or the Company (subject to the Arrangement Agreement), as applicable, shall have consented thereto in writing) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Company Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Company Meeting shall be effective only if (i) it is consented to in writing by each of the Company and the Purchaser (in each case, acting reasonably), and (ii) if required by the Court, it is consented to by some or all of the Company Shareholders in the manner directed by the Court.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the Purchaser, provided that it concerns a matter which, in the reasonable opinion of the Purchaser, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any former Company Shareholder.

ARTICLE 6 PARAMOUNTCY

From and after the Effective Time (i) this Plan of Arrangement shall take precedence and priority over any and all Company Shares and Company RSUs, (ii) the rights and obligations of registered and beneficial holders of Company Shares (including Dissenting Shareholders) and Company RSUs and the Company, the Purchaser, the Depositary and any trustee or registrar and transfer

agent for the Company Shares and/or Company RSUs, shall be solely as provided for in this Plan of Arrangement, and (iii) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Company Shares or Company RSUs shall be deemed to have been settled, compromised, released and determined without liability except as set forth herein.

ARTICLE 7 FURTHER ASSURANCES

7.1 Further Assurances

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order further to document or evidence any of the transactions or events set out in this Plan of Arrangement.

Appendix "A" to the Plan of Arrangement

Closing Certificate

Re: Arrangement Agreement dated January 13, 2021 between Cresco Labs Inc. and Bluma Wellness Inc. (the "**Arrangement Agreement**")

Defined terms used but not defined in this certificate shall have the meaning ascribed thereto in the Arrangement Agreement.

Each of the undersigned hereby confirms that the undersigned is satisfied that the conditions precedent to its respective obligations to complete the Arrangement Agreement have been satisfied and that the Arrangement is completed as of 12:01 a.m. (Vancouver time) (the "**Effective Time**") on _____, 2021 (the "**Effective Date**").

CRESCO LABS INC.

Per: _____
Name:
Title:

BLUMA WELLNESS INC.

Per: _____
Name:
Title:

SCHEDULE "B"

ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") of Bluma Wellness Inc. (the "**Company**"), as more particularly described and set forth in the management proxy circular (the "**Circular**") dated [●], 2021 of the Company accompanying the notice of this meeting (as the Arrangement may be amended, modified or supplemented in accordance with the arrangement agreement (as it may be amended, the "**Arrangement Agreement**") made as of January 13, 2021 between the Company and Cresco Labs Inc.) is hereby authorized, approved and adopted.
2. The plan of arrangement of the Company (as it has been or may be amended, modified or supplemented in accordance with the Arrangement Agreement (the "**Plan of Arrangement**")), the full text of which is set out in Appendix [●] to the Circular, is hereby authorized, approved and adopted.
3. The (i) Arrangement Agreement and related transactions, (ii) actions of the directors of the Company in approving the Arrangement Agreement, and (iii) actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement, and any amendments, modifications or supplements thereto, are hereby ratified and approved.
4. The Company is hereby authorized to apply for a final order from the Supreme Court of British Columbia to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented and as described in the Circular).
5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of the Company or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of the Company are hereby authorized and empowered to, without notice to or approval of the shareholders of the Company, (i) amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted thereby and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and related transactions.
6. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute and deliver such documents as are necessary or desirable to give effect to the Arrangement in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such documents.
7. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full

effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

SCHEDULE "C"

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

- (a) Fairness Opinions and Directors' Approvals. As of the date hereof:
- (i) INFOR Financial Inc. and Clarus Securities Inc., financial advisors to the Company Board, have each delivered an oral opinion to the Company Board to the effect that as of the date hereof, subject to the assumptions and limitations set out therein, the Consideration to be received under the Arrangement is fair from a financial point of view to the Company Shareholders;
 - (ii) the Company has been authorized by each of INFOR Financial Inc. and Clarus Securities Inc. to permit inclusion of their respective Fairness Opinions and references thereto and summaries thereof in the Company Circular; and
 - (iii) the Company Board has unanimously (with directors abstaining or recusing themselves as required by Law or the Company's Constating Documents) (i) determined that the Arrangement is in the best interests of the Company and is fair to the Company Shareholders, (ii) resolved to recommend to the Company Shareholders that they vote in favour of the Arrangement Resolution and (iii) approved the Arrangement pursuant to the Plan of Arrangement and the execution and performance of this Agreement.
- (b) Organization and Qualification. The Company is a company duly continued and validly existing under the applicable Laws of its jurisdiction of continuance and has all necessary corporate power and capacity to own its property and assets as now owned and to carry on its business as it is now being conducted. The Company is duly qualified to do business and is in good standing in each jurisdiction in which the character of its properties, owned, leased, licensed or otherwise held, or the nature of its activities, makes such qualification necessary.
- (c) Authority Relative to this Agreement. The Company has all necessary corporate power and capacity to enter into this Agreement and all other agreements and instruments to be executed by the Company as contemplated by this Agreement, and to perform its obligations hereunder and under such agreements and instruments. The execution and delivery of this Agreement by the Company and the performance by the Company of its obligations under this Agreement have been duly authorized by the Company Board and, except for obtaining the Required Approval, the Interim Order and the Final Order in the manner contemplated herein, and the making of all necessary filings under the BCBCA in respect of the Arrangement, no other corporate proceedings on its part are necessary to authorize this Agreement or the Arrangement. This Agreement has been duly executed and delivered by the Company, and constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting rights of creditors

and that equitable remedies, including specific performance, are discretionary and may not be ordered.

- (d) No Violation. Except as disclosed at section (d) of the Company Disclosure Letter, neither the authorization, execution and delivery of this Agreement by the Company nor the completion of the transactions contemplated by this Agreement or the Arrangement, nor the performance of its obligations hereunder or thereunder, nor compliance by the Company with any of the provisions hereof or thereof will result in a violation or breach of, constitute a default (or an event which, with notice or lapse of time or both, would become a default), require any consent or approval to be obtained or notice to be given under, or give rise to any third party right of termination, cancellation, suspension, acceleration, penalty or payment obligation or right to purchase or sale under, any provision of:

- (i) its notice of articles or articles;
- (ii) any material Authorization or Material Contract to which the Company is a party or to which it or any of its properties or assets are bound; or
- (iii) any Laws (assuming compliance with the matters referred to in paragraph (e) below), regulation, order, judgment or decree applicable to the Company or any of its Subsidiaries or any of their respective properties or assets,

except in case of clause (iii) for any violation or breach thereof which would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

- (e) Governmental Approvals. The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the Arrangement requires no consent, waiver or approval or any action by or in respect of, or filing with, or notification to, any Governmental Entity other than: (i) the Interim Order and any approvals required by the Interim Order; (ii) the Final Order; (iii) any requisite filings under the BCBCA in respect of the Arrangement; (iv) compliance with any applicable Securities Laws and stock exchange rules and regulations; (v) receipt of the Key Regulatory Approvals; and (vi) any actions, filings or notifications the absence of which would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

- (f) Capitalization.

- (i) The authorized share structure of the Company consists of an unlimited number of Company Shares. As of the date hereof, there are issued and outstanding 159,754,291 Company Shares.
- (ii) As of the date hereof: (A) no Company Shares are issuable upon the exercise of Company Options, (B) 65,043,713 Company Shares are issuable upon the exercise of the Company Warrants, the exercise prices, expiration dates and other material terms of which are set forth in section (f) of the Company Disclosure Letter; and (C) 9,675,000 Company Shares are issuable upon the vesting of the Company RSUs and the election of the Company Board to settle payment by way of the issuance of

Company Shares, the material terms of which (including the vesting schedules) are set forth in section (f) of the Company Disclosure Letter. The Company has included in the Company Data Room a true and complete copy of the stock option plan governing the Company Options, a true and complete copy of each form of warrant certificate governing the Company Warrants, and a true and complete copy of the restricted share unit plan governing the Company RSUs.

- (iii) Except for the Company Warrants, the Company Debentures and the Company RSUs disclosed in section (f) of the Company Disclosure Letter, there are no securities, options, warrants, stock appreciation rights, restricted stock units, conversion privileges calls, entitlements or other rights, agreements, arrangements subscriptions, rights, entitlements, understandings or commitments (pre-emptive, contingent or otherwise) of any character whatsoever to which the Company or any of its Subsidiaries is a party or by which any of the Company or its Subsidiaries may be bound, obligating or which may obligate the Company or any of its Subsidiaries to issue, grant, deliver, extend, or enter into any such security, option, warrant, stock appreciation right, restricted stock unit, conversion privilege capital stock, equity interest or other right, agreement, arrangement or commitment.
- (iv) All outstanding Company Shares have been duly authorized and validly issued, are fully paid and non-assessable, and all Company Shares issuable upon the exercise of the Company Warrants and upon the vesting of the Company RSUs in accordance with their respective terms, and the election of the Company Board to settle payment of such vested Company RSUs by way of the issuance of Company Shares, have been duly authorized and, upon issuance, will be validly issued as fully paid and non- assessable, and are not and will not be subject to, or issued in violation of, any pre-emptive rights. All securities of the Company (including the Company Shares, the Company Warrants, the Company Debentures and the Company RSUs) have been issued in compliance with all applicable Laws and Securities Laws.
- (v) There are no securities of the Company or of any of its Subsidiaries outstanding which have the right to vote generally (or are convertible into or exchangeable for securities having the right to vote generally) with the holders of the outstanding Company Shares on any matter. There are no outstanding contractual or other obligations of the Company or any Subsidiary to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any outstanding securities of any of its subsidiaries. There are no outstanding bonds, debentures or other evidences of indebtedness of the Company or any of its subsidiaries having the right to vote with the holders of the outstanding Company Shares on any matters.
- (g) Ownership of Subsidiaries. Section (g) of the Company Disclosure Letter includes complete and accurate lists of all Subsidiaries owned, directly or indirectly, by the Company, each of which is wholly-owned by the Company. All of the issued and outstanding shares and other ownership interests in the Subsidiaries of the Company are duly authorized, validly issued, fully paid and, where the concept exists, non-assessable,

and all such shares and other ownership interests held directly or indirectly by the Company are legally and beneficially owned free and clear of all Liens (other than Permitted Liens), except as disclosed in section (g) of the Company Disclosure Letter, and there are no outstanding options, warrants, rights, entitlements, understandings or commitments (preemptive, contingent or otherwise) or outstanding contractual or other obligations of the Company or any Subsidiary regarding the right to purchase or acquire, or securities convertible into or exchangeable for, any such shares or other ownership interests of any of the Subsidiaries. There are no Contracts, commitments, understandings or restrictions which require any Subsidiaries of the Company to issue, sell or deliver any shares or other ownership interests, or any securities or obligations convertible into or exchangeable for, any shares or other ownership interests. Except for ownership of equity interests in the Subsidiaries listed on section (g) of the Company Disclosure Letter, the Company, directly or indirectly through any of its Subsidiaries or otherwise, does not own any equity interest of any kind in any other Person.

- (h) Reporting Status and Securities Laws Matters. The Company is a "reporting issuer" or the equivalent and not on the list of reporting issuers in default under applicable Canadian provincial Securities Laws of the provinces of British Columbia, Alberta and Ontario. The Company is in compliance, in all material respects, with all applicable Securities Laws and there are no current, pending or, to the knowledge of the Company, threatened proceedings before any Securities Authority or other Governmental Entity relating to any alleged non-compliance with any Securities Laws. The Company Shares are listed on, and the Company is in compliance in all material respects with the rules and policies of, the CSE. No delisting, suspension of trading in or cease trading order with respect to any securities of the Company and to the knowledge of the Company no inquiry or investigation (formal or informal) of any Securities Authority or the CSE is in effect or ongoing or, to the knowledge of the Company, expected to be implemented or undertaken.
- (i) Company Filings. Except as disclosed in section (i) of the Company Disclosure Letter, the Company has filed all documents required to be filed by it in accordance with applicable Securities Laws with the Securities Authorities and/or the CSE and the Company has timely filed or furnished all Company Filings required to be filed or furnished by the Company with any Governmental Entity (including "documents affecting the rights of securityholders" and "material contracts" required to be filed by Part 12 of National Instrument 51-102 – *Continuous Disclosure Obligations*). Each of the Company Filings complied as filed in all material respects with applicable Securities Laws and did not, as of the date filed (or, if amended or superseded by a subsequent filing prior to the date of this Agreement, on the date of such filing), contain any Misrepresentation. The Company has not filed any confidential material change report which at the date of this Agreement remains confidential.
- (j) Financial Statements. The consolidated annual audited financial statements of the Company as at and for the year ended December 31, 2019 (including the notes thereto) and all unaudited interim financial statements of the Company and related MD&A filed since that date (collectively, the "**Company Financial Statements**") were prepared in accordance with IFRS consistently applied (except (a) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related

report of the Company's independent auditors, or (b) in the case of unaudited interim statements, are subject to normal period-end adjustments and may omit notes which are not required by applicable Laws in the unaudited statements) and present fairly, in all material respects, the consolidated financial position, financial performance and cash flows of the Company for the dates and periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal period-end adjustments) and reflect reserves required by IFRS in respect of all material contingent liabilities, if any, of the Company on a consolidated basis. There has been no material change in the Company's accounting policies, except as described in the Company Financial Statements, since December 31, 2019.

- (k) Internal Controls and Financial Reporting. The Company has (i) designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Company and its Subsidiaries is made known to the Chief Executive Officer and Chief Financial Officer of the Company on a timely basis, particularly during the periods in which the annual or interim filings are being prepared; (ii) designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS; (iii) has evaluated the effectiveness of the Company's disclosure controls and procedures and has disclosed in its MD&A its conclusions about the effectiveness of its disclosure controls and procedures; and (iv) has evaluated the effectiveness of the Company's internal control over financial reporting and has disclosed in its MD&A its conclusions about the effectiveness of internal control over financial reporting and, if applicable, the necessary disclosure relating to any material weaknesses. Except as disclosed in the Company Disclosure Letter, to the knowledge of the Company, as of the date of this Agreement:
- (i) there are no material weaknesses in, the internal controls over financial reporting of the Company that could reasonably be expected to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (ii) there is and has been no fraud, whether or not material, involving management or any other employees who have a significant role in the internal control over financial reporting of the Company. Since December 31, 2019, the Company has received no: (x) complaints from any source regarding accounting, internal accounting controls or auditing matters; or (y) expressions of concern from employees of the Company regarding questionable accounting or auditing matters.
- (l) Books and Records; Disclosure. The financial books, records and accounts of the Company and its Subsidiaries: (i) have been maintained in accordance with applicable Laws and IFRS on a basis consistent with prior years; (ii) are stated in reasonable detail and accurately and fairly reflect the material transactions, acquisitions and dispositions of the assets of the Company and its Subsidiaries; and (iii) accurately and fairly reflect the basis for the Company Financial Statements.

- (m) Independent Auditors. The Company's current auditors are independent with respect to the Company within the meaning of the rules of professional conduct applicable to auditors in Canada and there has never been a "reportable event" (within the meaning of National Instrument 51-102) with the current, or to the knowledge of the Company, any predecessor, auditors of the Company since the completion of the Company's reverse takeover transaction in June, 2020.
- (n) Minute Books. The corporate minute books of the Company and its Subsidiaries contain minutes of materially all meetings and resolutions of their respective boards of directors and committees of their respective board of directors, other than those portions of minutes of meetings reflecting discussions of the Arrangement, and shareholders, held according to applicable Laws and are complete and accurate in all material respects.
- (o) No Undisclosed Liabilities. Except as disclosed in section (o) of the Company Disclosure Letter, the Company and its Subsidiaries have no outstanding indebtedness, liabilities or obligations, whether accrued, absolute, contingent or otherwise, and are not party to or bound by any suretyship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any Person, other than those specifically identified in the Company Financial Statements, which relate to the proposed Arrangement or incurred in the Ordinary Course and which are not material since the date of the most recent Company Financial Statements.
- (p) No Material Change. Except as disclosed in the Company Disclosure Letter, since September 30, 2020:
 - (i) the Company and its Subsidiaries has conducted its business only in the Ordinary Course, excluding matters relating to the proposed Arrangement;
 - (ii) there has not occurred any event, occurrence or development or a state of circumstances or facts which has had or would, individually or in the aggregate, reasonably be expected to have any Company Material Adverse Effect;
 - (iii) there has not been any acquisition or sale by the Company or its Subsidiaries of any material property or assets;
 - (iv) there has not been any incurrence, assumption or guarantee by the Company or its Subsidiaries of any material debt for borrowed money, any creation or assumption by the Company or its Subsidiaries of any Lien or any making by the Company or its Subsidiaries of any loan, advance or capital contribution to or investment in any other Person, except as disclosed in the Company Financial Statements;
 - (v) there has been no dividend or distribution of any kind declared, paid or made by the Company on any Company Shares;
 - (vi) the Company has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Company Shares;

- (vii) there has not been any increase in or modification of the compensation payable to or to become payable by the Company or its Subsidiaries to any of their respective directors, officers, employees or consultants or any grant to any such director, officer, employee or consultant of any increase in severance, change in control or termination pay or any increase or modification of any Employee Plans of the Company (including the granting of Company Options or Company RSUs) made to, for or with any of such directors, officers, employees or consultants; and
 - (viii) the Company has not removed any auditor or director or terminated any senior officer.
- (q) Litigation. Except as disclosed in section (q) of the Company Disclosure Letter, there is no claim, action, suit, grievance, complaint, proceeding, arbitration, charge, audit, indictment or investigation that is pending or has been commenced or, to the knowledge of the Company, is threatened affecting the Company or its Subsidiaries or affecting any of their property or assets (whether owned or leased) at law or in equity, which, individually or in the aggregate, if determined adversely to the Company or its Subsidiaries, has or could reasonably be expected to result in liability to the Company or its Subsidiaries in excess of \$100,000. To the knowledge of the Company, neither the Company, its Subsidiaries nor any of their respective assets or properties are subject to any outstanding judgment, order, writ, injunction or decree material to the Company and its Subsidiaries on a consolidated basis.
- (r) Taxes.
- Except as disclosed in the Company Disclosure Letter,
- (i) The Company and each of its Subsidiaries has duly and timely filed all Tax Returns required to be filed prior to the date hereof with the appropriate Governmental Entities and all such Tax Returns are true and correct in all respects.
 - (ii) The Company and each of its Subsidiaries has duly and timely paid all Taxes, including all instalments on account of Taxes for the current year that are due and payable by it whether or not assessed by the appropriate Governmental Entity.
 - (iii) The Company and each of its Subsidiaries has duly and timely collected all amount of all Taxes required to be collected and has duly and timely paid and remitted the same to the appropriate Governmental Entity.
 - (iv) There are no proceedings, investigations, audits or claims now pending against the Company or its Subsidiaries in respect of any Taxes and no Governmental Entity has asserted in writing, or to the knowledge of the Company, has threatened to assert against the Company or its Subsidiaries any deficiency or claim for Taxes or interest thereon or penalties in connection therewith.
 - (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, the Company or any of its Subsidiaries.

- (vi) To the knowledge of the Company, there are no Liens for Taxes upon any property or assets of the Company and its Subsidiaries (whether owned or leased), except Liens for current Taxes not yet due.
 - (vii) The Company or its Subsidiaries are not a party to any agreement, understanding, or arrangement relating to allocating or sharing any amount of Taxes.
 - (viii) The Company and each of its Subsidiaries has duly and timely withheld from any amount paid or credited by it to or for the account or benefit of any Person, including any employees and any non-resident Person, the amount of all Taxes and other deductions required by any Laws to be withheld from any such amount and has duly and timely remitted the same to the appropriate Governmental Entity.
 - (ix) The Company is a "taxable Canadian corporation" for the purposes of the Tax Act.
- (s) Data Privacy and Security. Other than as disclosed in section (s) of the Company Disclosure Letter:
- (i) the Company and each of its Subsidiaries complies, and during the past two (2) years has complied, with all Privacy and Information Security Requirements. Neither the Company nor any of its Subsidiaries have been notified in writing of, or is the subject of, any complaint, regulatory investigation or proceeding related to Processing of Personal Data by any third party, Governmental Entity or payment card association, regarding any violations of any Privacy and Information Security Requirement by or with respect to the Company or any of its Subsidiaries;
 - (ii) the Company and each of its Subsidiaries employs commercially reasonable organizational, administrative, physical and technical safeguards that comply in all respects with all Privacy and Information Security Requirements to protect Company Data within its custody or control and requires the same of all vendors under contract with the Company that Process Company Data on its behalf. The Company and each of its Subsidiaries have provided all requisite notices and obtained all required consents, and satisfied all other requirements (including but not limited to notification to applicable Governmental Entities), necessary for the Processing (including international and onward transfer) of all Personal Data in connection with the conduct of the business as currently conducted and in connection with the consummation of the transactions contemplated hereunder; and
 - (iii) neither the Company nor any of its Subsidiaries, to the Company's knowledge, has suffered a security breach with respect to any of the Company Data and, to the Company's knowledge, there has been no unauthorized or illegal use of, access or disclosure to, or unavailability of any Company Data. Neither the Company nor any of its Subsidiaries has notified, or been required to notify, any Person of any information security breach or other incident involving Personal Data. To the Company's knowledge, the Company Systems have had no material errors or

defects that have not been fully remedied and contain no code designed to disrupt, disable, harm, distort, or otherwise impede in any manner the legitimate operation of such Company Systems (including what are sometimes referred to as "viruses," "worms," "time bombs," or "back doors") that have not been removed or fully remedied. Neither it nor any of its Subsidiaries, have experienced any disruption to, or interruption in, the conduct of its business that effected the business for more than one calendar week, and attributable to a defect, bug, breakdown, unauthorized access, introduction of a virus or other malicious programming, or other failure or deficiency on the part of any computer software or the Company Systems.

(t) Property.

- (i) The Company or its Subsidiaries is the registered and beneficial owner of the real property described in section (t) of the Company Disclosure Letter (together with all improvements located thereon and all easements and other rights and interests appurtenant thereto, collectively, the "**Company Owned Real Property**") and holds good and marketable fee simple title thereto, free and clear of all Liens, except Permitted Liens.
- (ii) Other than the Company Owned Real Property, the Company and its Subsidiaries do not own, and have never owned, any other real property. Neither Company nor its Subsidiaries is a party to any Contract or option to purchase any real property or interest therein.
- (iii) In respect of the Company Owned Real Property: neither the Company nor its Subsidiaries have received any notice, and have no knowledge, of any intention of any Governmental Entity to expropriate all or any part of the Company Owned Real Property; there are no leases in respect of the Company Owned Real Property or any portion thereof other than Permitted Liens; no Person has any right of first refusal, option, or other right to acquire the Company Owned Real Property or any part thereof other than Permitted Liens; the Company or its Subsidiaries is not in default under any of its material obligations arising out of any Permitted Liens beyond any applicable cure periods; all necessary permits and approvals have been obtained from the appropriate Governmental Entity in respect of the Company's and its Subsidiaries present use of and operations on the Company Owned Real Property; the Company and its Subsidiaries have no present or future obligation to pay moneys to any Governmental Entity in connection with any on-site or off- site servicing, including off-site roads, services or utilities, save and except obligations which exist by virtue of the Permitted Liens; to the knowledge of the Company, the use, ownership, occupancy and operation of the Company Owned Real Property in the manner in which it is now used, owned, occupied and operated comply in all material respects with all zoning, building, use, safety or other similar Laws; all improvements on any such parcel are in good operating condition, ordinary wear and tear excepted, are supplied with utilities and other services necessary for the operation of the business of the Company or its Subsidiaries as currently conducted at such Company Owned Real Property and sufficient for their current occupancy and use; neither the Company nor its Subsidiaries has received any notice of any

special Tax, levy or assessment for benefits or betterments that affect any parcel of Company Owned Real Property and, to the knowledge of the Company, no such special Taxes, levies or assessments are pending or contemplated.

- (iv) Each property currently leased or subleased by the Company or its Subsidiaries from a third party (together with the improvements included therewith or therein or located thereon, and all easements and other rights and interests in real property appurtenant thereto and all rights and privileges under the leases related thereto, collectively, the "**Company Leased Properties**") is listed in section (t)(iv) of the Company Disclosure Letter, identifying the documents under which such leasehold interests are held (all written or oral leases, subleases, licenses, concessions and other agreements, including all amendments, modifications, extensions, renewals, guaranties, and other agreements with respect thereto, collectively, the "**Company Lease Documents**"). The Company or its Subsidiaries, as applicable, holds good and valid leasehold interests in the Company Leased Properties, free and clear of all Liens other than Permitted Liens. Each of the Company Lease Documents is valid, binding and in full force and effect as against the Company and its Subsidiaries, as applicable, and to the knowledge of the Company, as against the other parties thereto. Neither the Company, its Subsidiaries nor, to the knowledge of the Company, any of the other parties to the Company Lease Documents, is in material breach or violation or default (in each case, with or without notice or lapse of time or both) under any of the Company Lease Documents which breach, violation or default has not been cured, and the Company and its Subsidiaries has not received or given any notice of default under any such agreement which remains uncured, and to the knowledge of the Company, no event has occurred which with the giving of notice or passage of time, or both, would constitute a breach or default under any Company Lease Documents. There are no current material disputes with respect to such Company Lease Documents. No security deposit or portion thereof deposited with respect to any Company Lease Documents has been applied in respect of a breach or default thereunder which has not been redeposited in full. Except as disclosed in the Company Disclosure Letter, neither the Company nor its Subsidiaries owes, or will owe in the future, any brokerage commissions or finder's fees with respect to such Company Lease Documents. Neither the Company nor its Subsidiaries has subleased, licensed or otherwise granted any other party the right to use or occupy any Company Leased Properties or any portion thereof, and there are no Persons other than the Company or its Subsidiaries occupying or holding valid rights to occupy the Company Leased Properties. Neither the Company nor its Subsidiaries has collaterally assigned or granted any security interest in any Company Lease Documents or any interest therein. The Company Leased Properties, including without limitation, the mechanical systems, HVAC systems, plumbing, electrical, security, utility and sprinkler systems, are in reasonable, working condition, subject only to normal, scheduled maintenance, are reasonably sufficient for the operation thereof for their current use, and, to the Company's knowledge, there are no material structural or other physical defect or deficiency in the condition of such improvements, and there are no facts or conditions that would, individually or in the aggregate, interfere in any material respect with the use or occupancy of such Company Leased Properties in the operation of the business of

the Company and its Subsidiaries as currently conducted thereon. Neither the use nor occupancy thereof violates in any way any applicable Laws, licenses, certificates, permits, covenants, conditions or restrictions, whether state, local or private, and the Company or its Subsidiaries has received all required permits, certificates, licenses, authorizations and approvals under Law in connection with the use and occupancy thereof.

- (v) The Company and each of its Subsidiaries has good and valid title to, or a valid and enforceable leasehold interest in, all of its and their respective other material assets and property not listed above in paragraph (t) and the Company's and its Subsidiaries' ownership of or leasehold interest in any such property is not subject to any Liens, except for Permitted Liens.
- (vi) The Company Owned Real Property and the Company Leased Properties, as applicable, are adequately serviced by utilities (or well water with adequate septic systems, if any) having adequate capacities for the normal operations of the Company's and its Subsidiaries facilities. The Company Owned Real Property and the Company Leased Properties constitute all of the real property owned, leased, subleased, licensed or otherwise used or occupied by the Company and its Subsidiaries or otherwise used in connection with the business of the Company.
- (u) Sufficiency of Assets. The Company and its Subsidiaries have valid, good and marketable title to all personal property owned by them, free and clear of all Liens other than Permitted Liens. The assets and property owned, leased or licensed by the Company and its Subsidiaries are sufficient, in all material respects, for conducting the business, as currently conducted, of the Company.
- (v) Material Contracts. With respect to the Material Contracts of the Company:
 - (i) Section (v) of the Company Disclosure Letter includes a complete and accurate list of all Material Contracts to which the Company is a party and that are currently in force. The Company has made available to the Purchaser for inspection true and complete copies of all such Material Contracts.
 - (ii) Except as would not be reasonably expected to be material to the Company and its Subsidiaries, all of the Material Contracts are in full force and effect, and the Company or one of its Subsidiaries is entitled to all rights and benefits thereunder in accordance with the terms thereof. The Company or its applicable Subsidiaries has not waived any rights under a Material Contract and no material default or breach exists in respect thereof on the part of the Company or its applicable Subsidiaries, or to the knowledge of the Company, on the part of any other party thereto, and, to the knowledge of the Company, no event has occurred which, after the giving of notice or the lapse of time or both, would constitute such a default or breach or trigger a right of termination of any of such Material Contracts.
 - (iii) All of the Material Contracts are valid and binding obligations of the Company or one of its Subsidiaries, as the case may be, enforceable in accordance with their

respective terms, except as may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.

- (iv) As at the date hereof, neither the Company nor any of its Subsidiaries has received written notice that any party to a Material Contract, intends to cancel, terminate or otherwise modify or not renew such Material Contract, and to the knowledge of the Company, no such action has been threatened.
 - (v) Except as disclosed in section (v)(v) of the Company Disclosure Letter, neither the entering into of this Agreement, nor the consummation of the Arrangement will trigger any change of control or similar provisions in any of the Material Contracts.
- (w) Authorizations.
- (i) Section (w) of the Company Disclosure Letter sets forth all material Authorizations necessary for the conduct of the Company Business.
 - (ii) The Company and its Subsidiaries have obtained and are in compliance with all material Authorizations required by applicable Laws, necessary to conduct their current business as now being conducted.
 - (iii) All material Authorizations of the Company and its Subsidiaries are in full force and effect, and, to the knowledge of the Company, no suspension or cancellation thereof has been threatened.
 - (iv) To the knowledge of the Company, no material Authorizations of the Company or any of its Subsidiaries will in any way be affected by, or terminate or lapse by reason of, the transactions contemplated by this Agreement or any of the other agreements contemplated hereunder or executed herewith.
 - (v) To the knowledge of the Company, there are no facts, events or circumstances that would reasonably be expected to result in a failure to obtain or failure to be in compliance with such material Authorizations as are necessary to conduct the business of the Company and its Subsidiaries as it is currently being conducted.
- (x) Environmental Matters.
- (i) The Company and each of its Subsidiaries have, in all material respects, carried on its and their businesses and operations in compliance with all applicable Environmental Laws. The Company and each of its Subsidiaries have obtained and are in compliance with all Authorizations required under any Environmental Laws for the operation for their businesses and all such Authorizations are listed in paragraph (x)(i) of the Company Disclosure Letter.
 - (ii) Neither the Company nor any its Subsidiaries have received any order, request or written notice from any Person alleging a violation of any Environmental Law or

that the Company or any of its Subsidiaries are required to carry out any work, incur any costs or assume any liabilities pursuant to any Environmental Law or pursuant to any agreements with any Governmental Entity with respect to or pursuant to Environmental Laws.

- (iii) There are no hazardous substances or other conditions on, at, in, under or emanating from any property currently, or to the knowledge of the Company, previously owned, operated, leased or used by the Company or any of its Subsidiaries that could reasonably be expected to result in liability for the Company or any of its Subsidiaries under any Environmental Law or otherwise adversely affect the Company or any of its Subsidiaries.
 - (iv) There are no pending claims or, to the knowledge of the Company, threatened claims, against the Company or any of its Subsidiaries arising out of any Environmental Laws or alleging any obligation of the Company or its Subsidiaries to conduct any investigation or remedial action with respect to any environmental condition.
 - (v) Neither the Company nor any of its Subsidiaries has generated, treated, stored, transported, disposed of, or arranged for the transport or disposal of any hazardous substances except in compliance with applicable Environmental Laws.
 - (vi) No property currently or previously owned, operated, leased or used by the Company or any of its Subsidiaries is listed on or proposed for listing on the U.S. Environmental Protection Agency's National Priorities List pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 7601 et seq., or in the Superfund Enterprise Management System Database, or any similar federal, state or provincial list of sites, and to the Company's knowledge no conditions exist at such properties that, if known to a Governmental Entity, would qualify such property for inclusion on any such list.
 - (vii) Neither the Company nor any of its Subsidiaries is subject to any orders or agreements requiring any of them to investigate or remediate any property, or to indemnify or compensate any other entity for investigating or remediating any property.
 - (viii) The Company and its Subsidiaries have made available to Purchaser all environmental audits, investigations, reports, permits, registrations and other material environmental documents in their possession, custody or control relating to their businesses, operations or any property currently or former owned, operated, leased or used by the Company or any of its Subsidiaries.
- (y) Compliance with Laws.
- (i) The Company and each of its Subsidiaries have complied with and are not in violation, in any material respect, of any applicable Laws, with the exception of the Controlled Substances Act, 21 USC 801 et seq., as it applies to marijuana.

- (ii) Neither the Company nor any of its Subsidiaries has received any written notices or other written correspondence from any Governmental Entity (1) regarding any violation (or any investigation, inspection, audit, or other proceeding by any Governmental Entity involving allegations of any violation) of any Law (other than Environmental Laws) or (2) of any circumstances that may have existed or currently exist which could lead to a loss, suspension, or modification of, or a refusal to issue, any material Authorization. To the knowledge of the Company, no investigation, inspection, audit or other proceeding by any Governmental Entity involving allegations of any violation of any Law (other than Environmental Laws) by the Company or any of its Subsidiaries is threatened or contemplated.
- (iii) Neither the Company, its Subsidiaries nor, to the knowledge of the Company, any of their respective directors, officers, representatives, agents or employees (i) has used or is using any corporate funds for any illegal contributions, gifts, entertainment or other expenses relating to political activity that would be illegal, (ii) has used or is using any corporate funds for any direct or indirect illegal payments to any foreign or domestic governmental officials or employees, (iii) has violated or is violating any provision of the *United States Foreign Corrupt Practices Act of 1977*, the *Corruption of Foreign Public Officials Act* (Canada) or any similar Laws of other jurisdictions, (iv) has established or maintained, or is maintaining, any illegal fund of corporate monies or other properties or (v) has made any bribe, illegal rebate, illegal payoff, influence payment, kickback or other illegal payment of any nature.
- (iv) The operations of the Company and its Subsidiaries are and have been conducted at all times in material compliance with applicable financial record-keeping and reporting requirements of the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any Governmental Entity involving the Company or any of its Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.
- (v) None of the Company or any of its Subsidiaries or, to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company or any of its Subsidiaries, has had any sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department, the Government of Canada or any other relevant sanctions authority (collectively, "**Sanctions**") imposed upon any such person, and the Company and its Subsidiaries are not in violation of any of the Sanctions or law or executive order relating thereto, and are not conducting business with any person subject to any Sanctions.
- (z) Employment & Labour Matters. Except as disclosed in section (z) of the Company Disclosure Letter:
 - (i) Neither the Company nor any of its Subsidiaries are:

- (1) party to any Contract providing for termination notice, payment in lieu of termination notice, change of control payments, or severance payments to, or any employment or consulting agreement with, any current or former director, officer or employee of the Company or its Subsidiaries other than such arising from any applicable Law; and
 - (2) party to any Collective Agreement nor, to the knowledge of the Company, subject to any application for certification or threatened union-organizing campaigns for employees not covered under a Collective Agreement nor are there any current, or to the knowledge of the Company, pending or threatened strikes or lockouts at the Company or its Subsidiaries.
- (ii) There are no labour disputes, strikes, organizing activities or work stoppages against the Company or any of its Subsidiaries pending, or to knowledge of the Company, threatened.
- (iii) The execution, delivery and performance of this Agreement and the consummation of the Arrangement will not result in the automatic acceleration of the time of payment or vesting of entitlements otherwise available under any Employee Plan of the Company or any of its Subsidiaries.
- (iv) The Company and each of its Subsidiaries has been and is now in compliance, in all material respects, with all terms and conditions of employment, with respect to employment and labour, including, wages, hours of work, overtime, human rights, occupational health and safety and workers compensation, and there are no current, or, to the knowledge of the Company, pending or threatened proceedings (including grievances, arbitration, applications or pending applications) before any Governmental Entity or labour arbitrator with respect to any of the foregoing Employee Plans of the Company and its Subsidiaries (other than routine claim for benefits).
- (v) To the knowledge of the Company, no executive or manager of the Company or its Subsidiaries (A) has any present intention to terminate their employment, or (B) is a party to any confidentiality, non-competition, proprietary rights or other such agreement with any other Person besides the Company or its Subsidiaries which would materially impede the business of the Company or any of its Subsidiaries, be material to the performance of such employee's employment duties, or the ability of the Company and any of its Subsidiaries, or the Purchaser and any of its Subsidiaries to conduct the business.
- (vi) There are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing pursuant to any provincial or Florida state workers' compensation statute or regulation, and neither the Company nor any of its Subsidiaries has been reassessed in any respect under such statute or regulation during the past three (3) years and, to the knowledge of the Company, no audit of the Company or any its Subsidiaries is currently being performed pursuant to any provincial or Florida state workers' compensation statute or regulation, and, to the

knowledge of the Company, there are no claims or potential claims which may adversely affect the Company's or any of its Subsidiaries' accident cost experience in respect of the business.

- (vii) Section (z) of the Company Disclosure Letter contains a correct and complete list of each member of management and independent contractors/consultants of the Company and its Subsidiaries, indicating their respective location, hire date, position, salary, benefits and current status (full time, part-time, active, non- active), as applicable and whether they are subject to a written employment contract.
 - (viii) Each independent contractor/consultant who is disclosed in section (z) of the Company Disclosure Letter has, to the knowledge of the Company, been properly classified by the Company and its Subsidiaries as an independent contractor and neither the Company, nor any of its Subsidiaries has received any notice from any Governmental Entity disputing such classification.
 - (ix) Section (z) of the Company Disclosure Letter lists all Employee Plans of the Company and its Subsidiaries. The Company has made available to the Purchaser true, correct and complete copies of all such Employee Plans as amended, as well as all material communications to participants in the Employee Plans, Forms 5500, determination and opinion letters with respect any plan intended to be qualified under Section 401(a) of the United States Internal Revenue Code of 1986, as amended, and Forms 1094-C and 1095-C.
 - (x) No Employee Plan of the Company or any of its Subsidiaries contains or has ever contained a "defined benefit provision" as such term is defined in subsection 147.1 of the Tax Act.
 - (xi) All Employee Plans of the Company and its Subsidiaries are and have been established, registered, funded and administered in all respects: in (x) accordance with applicable Laws and (y) in accordance with their terms. To the knowledge of the Company, no fact or circumstance exists which could adversely affect the registered status of any such Employee Plan.
 - (xii) All contributions, premiums or taxes required to be made or paid by the Company or any of its Subsidiaries under the terms of each Employee Plan of the Company and its Subsidiaries or by applicable Laws have been made in a timely fashion.
- (aa) Intellectual Property.
- (i) Except as disclosed in section (aa) of the Company Disclosure Letter, the Company and its Subsidiaries own all right, title and interest in and to, or is validly licensed (and are not in material breach of such licenses), all Intellectual Property that is material to the conduct of the business, as currently conducted, of the Company and its Subsidiaries (collectively, the "**Company Intellectual Property Rights**"). All such Company Intellectual Property Rights are sufficient, in all material respects, for conducting the business, as currently conducted, of the Company and its Subsidiaries, and, except as disclosed in section (aa) of the Company Disclosure

Letter, all such Company Intellectual Property Rights are valid and enforceable (subject to the effects of bankruptcy, insolvency, reorganization, moratorium or laws relating to or affecting creditors' rights generally). To the knowledge of the Company, the operation of the businesses of the Company and its Subsidiaries, including the manufacture, marketing, use, and sale of the products and services of the Company and its Subsidiaries, and the use and exploitation of the Company Intellectual Property Rights do not infringe upon, misappropriate, or otherwise violate the Intellectual Property rights of any third party. To the knowledge of the Company, no third party is infringing upon, misappropriating, or otherwise violating the Company Intellectual Property Rights.

- (ii) Section (aa) of the Company Disclosure Letter sets forth an accurate and complete list of all registered or applied for trademarks, trade names, service marks, domain names, patents, and copyrights owned or purported to be owned by the Company and its Subsidiaries.
- (iii) The Company and its Subsidiaries have taken commercially reasonable steps to maintain their rights to the Company Intellectual Property Rights and to protect and preserve the confidentiality of, and their exclusive right to use, all of their trade secrets and material confidential information and know-how, and, to the knowledge of the Company, no such trade secrets, information, or know-how have been improperly used or accessed by, or disclosed (other than under obligations of confidentiality) to any other Person.
- (bb) Related Party Transactions. With the exception of any contracts related to the Company RSUs and employment agreements included in the Company Data Room, there are no Contracts or other transactions currently in place between the Company or any of its Subsidiaries, on the one hand, and: (i) any officer or director of the Company or any of its Subsidiaries; and (ii) any affiliate or associate of any such, officer or director. Except as disclosed in section (bb) of the Company Disclosure Letter, to the knowledge of the Company, no related party of the Company (within the meaning of MI 61-101) together with its associated entities, beneficially owns or exercises control or direction over 1% or more of the outstanding Company Shares, except for related parties who will not receive a "collateral benefit" (within the meaning of MI 61-101) as a consequence of the transactions contemplated by this Agreement.
- (cc) Brokers. Other than as disclosed in section (cc) of the Company Disclosure Letter, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of the Company or any of its Subsidiaries.
- (dd) Insurance. As of the date hereof, the Company and each of its Subsidiaries have such policies of insurance as are included in the Company Data Room. All insurance maintained by the Company and its Subsidiaries is in full force and effect and in good standing.
- (ee) Warranties and Claims. Except as disclosed in the Company Disclosure Letter:

- (i) Within the two-year period prior to the date hereof, no recalls, reworks (except in respect of cannabis potency labelling), withdrawals, or post-sale warnings of any Product, have been required or suggested by the Company, or any provided to the Company by a Governmental Entity with respect to such Products and, to the knowledge of the Company, no facts or circumstances exist that could reasonably be expected to result in any such recall or withdrawal.
 - (ii) Except in the Ordinary Course, the Company has not made any material product warranty or liability claim or court proceeding (or claim in the nature thereof) in connection with the Products against any supplier within two (2) years prior to the date hereof which claim or proceeding remains outstanding.
 - (iii) Except in the Ordinary Course, the Company has not received any material product warranty or liability claim or court proceeding (or claim in the nature thereof) in connection with the Products from any customer within two (2) years prior to the date hereof which claim or proceeding remains outstanding.
- (ff) Transaction Size. Neither the aggregate value of the assets in Canada of the Company, nor the gross revenues from sales in or from Canada generated from those assets, exceeds \$96 million as determined in accordance with Part IX of the Competition Act, RSC 1985, c C-34.

SCHEDULE "D"

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

- (a) Organization and Qualification. The Purchaser is a corporation duly incorporated and validly existing under the Laws of its jurisdiction of incorporation and has all necessary corporate power and authority to own its property and assets as now owned and to carry on its business as it is now being conducted. The Purchaser is duly qualified to do business and is in good standing in each jurisdiction in which the character of its properties, owned, leased, licensed or otherwise held, or the nature of its activities, makes such qualification necessary.
- (b) Authority Relative to this Agreement. The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by the Purchaser as contemplated by this Agreement, and to perform its obligations hereunder and under such agreements and instruments. The execution and delivery of this Agreement by the Purchaser and the performance by the Purchaser of its obligations under this Agreement have been duly authorized by the Purchaser's board or directors and no other corporate proceedings on its part are necessary to authorize this Agreement, the Arrangement or the issuance of the Consideration Shares or Purchaser Shares upon the exercise of Company Warrants. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (c) No Violation. Neither the authorization, execution and delivery of this Agreement by the Purchaser nor the completion of the transactions contemplated by this Agreement or the Arrangement, nor the performance of its obligations hereunder or thereunder, nor compliance by the Purchaser with any of the provisions hereof or thereof will result in a violation or breach of, constitute a default (or an event which, with notice or lapse of time or both, would become a default), require any consent or approval to be obtained or notice to be given under, or give rise to any third party right of termination, cancellation, suspension, acceleration, penalty or payment obligation or right to purchase or sale under, any provision of:
 - (i) its notice of articles or articles;
 - (ii) any Authorization or Contract to which the Purchaser is a party or to which it or any of its properties or assets are bound; or
 - (iii) any Laws (assuming compliance with the matters referred to in paragraph (d) below), regulation, order, judgment or decree applicable to the Purchaser or any of its Subsidiaries or any of their respective properties or assets, with the exception of the Controlled Substances Act, 21 USC 801 et seq., as it applies to marijuana;

except in the case of (ii) and (iii) above for such breaches, defaults, consents, terminations, cancellations, suspensions, accelerations, penalties, payment obligations or rights which would not individually or in the aggregate have a Purchaser Material Adverse Effect.

- (d) Governmental Approvals. The execution, delivery and performance by the Purchaser of this Agreement and the consummation by the Purchaser of the Arrangement requires no material consent, waiver or approval or any action by or in respect of, or filing with, or notification to, any Governmental Entity other than: (i) the Interim Order and any approvals required by the Interim Order; (ii) the Final Order; (iii) filings under the BCBCA in respect of the Arrangement; (iv) compliance with any applicable Securities Laws and stock exchange rules and regulations; (v) receipt of the Key Regulatory Approvals; and (vi) any actions, filings or notifications the absence of which would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect.

- (e) Capitalization.

- (i) The authorized share structure of the Purchaser consists of: (i) an unlimited number of super voting shares in the capital of the Purchaser; (ii) an unlimited number of subordinate voting shares in the capital of the Purchaser; (iii) an unlimited number of proportionate voting shares in the capital of the Purchaser; and (iv) an unlimited number of special subordinate voting shares. As of December 31, 2020, (A) 500,000 super voting shares in the capital of the Purchaser were issued and outstanding; (B) 194,085,615 subordinate voting shares in the capital of the Purchaser were issued and outstanding; (C) 197,598 proportionate voting shares in the capital of the Purchaser were issued and outstanding (which are convertible on a 1:200 basis into 39,519,572 subordinate voting shares); and (D) 63,900,000 special subordinate voting shares were issued and outstanding and convertible on a 1:0.00001 basis into 639 subordinate voting shares.

- (ii) As of December 31, 2020, (A) an aggregate of 22,367,112 subordinate voting shares in the capital of the Purchaser are issuable upon the exercise of outstanding options issued pursuant to the long-term incentive plan of the Purchaser, (B) an aggregate of 1,015,465 subordinate voting shares in the capital of the Purchaser are issuable upon the settlement of restricted share units issued pursuant to the long-term incentive plan of the Purchaser, (C) an aggregate of 6,197,577 subordinate voting shares in the capital of the Purchaser are issuable upon the exercise of outstanding warrants of the Purchaser, (D) an aggregate of 126,490,599 subordinate voting shares in the capital of the Purchaser are issuable upon the redemption of redeemable units of Cresco Labs, LLC, and (E) an aggregate of 78,977 subordinate voting shares in the capital of the Purchaser are issuable in connection with the acquisition by the Purchaser of CannaRoyalty Corp. d/b/a Origin House. As of December 31, 2020, except for such subordinate voting shares in the capital of the Purchaser described in the immediately preceding sentence and the Consideration Shares issuable in connection with the Arrangement, there are no securities, options, warrants, stock appreciation rights, restricted stock units, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever to which the Purchaser or any

of its Subsidiaries is a party or by which any of the Purchaser or its Subsidiaries may be bound, obligating or which may obligate the Purchaser or any of its Subsidiaries to issue, grant, deliver, extend, or enter into any such security, option, warrant, stock appreciation right, restricted stock unit, conversion privilege or other right, agreement, arrangement or commitment.

- (iii) Each of the outstanding super voting shares, the subordinate voting shares and the proportionate voting shares in the capital of the purchaser are duly authorized, validly issued, fully paid, and non-assessable, and all subordinate voting shares issuable upon the exercise of the outstanding options and warrants of the Purchaser, in accordance with their respective terms, have been duly authorized and, upon issuance, will be validly issued as fully paid and non-assessable, and are not and will not be subject to, or issued in violation of, any pre-emptive rights. All securities of the Purchaser (including the super voting shares, the subordinate voting shares, the proportionate voting shares, the options and the warrants) have been issued in compliance with all applicable Laws and Securities Laws.
- (iv) Other than the super voting shares and the proportionate voting shares of the Purchaser, there are no securities of the Purchaser or of any of its Subsidiaries outstanding which have the right to vote generally (or are convertible into or exchangeable for securities having the right to vote generally) with the holders of the outstanding subordinate voting shares on any matter. There are no outstanding contractual or other obligations of the Purchaser or any subsidiary to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any outstanding securities of any of its subsidiaries. There are no outstanding bonds, debentures or other evidences of indebtedness of the Purchaser or any of its subsidiaries having the right to vote with the holders of the outstanding subordinate voting shares on any matters.
- (f) Purchaser Shares. The Consideration Shares to be issued pursuant to the Arrangement and the Purchaser Shares to be issued upon the exercise of Company Warrants have been duly authorized and reserved for issuance and, upon issuance, will be validly issued as fully paid and non-assessable shares in the capital of the Purchaser, will not have been issued in violation of any pre-emptive rights or contractual rights to purchase securities and will be listed for trading on the CSE.
- (g) Reporting Status and Securities Laws Matters. The Purchaser is a "reporting issuer" or the equivalent and not on the list of reporting issuers in default under applicable Canadian provincial Securities Laws in each of the provinces of Canada. The Purchaser is in compliance, in all material respects, with all applicable Securities Laws and there are no current, pending or, to the knowledge of the Purchaser, threatened proceedings before any Securities Authority or other Governmental Entity relating to any alleged non-compliance with any Securities Laws. The Purchaser Shares are listed on and the Purchaser is in compliance with the rules and policies of, the CSE and no delisting, suspension of trading in or cease trading order with respect to any securities of the Purchaser is in effect and to the knowledge of the Purchaser, no inquiry or investigation (formal or informal) of any Securities Authority or the CSE is in effect or ongoing or, to the knowledge of the

Purchaser, expected to be implemented or undertaken. The Purchaser has not taken any action to cease to be a reporting issuer in any province nor has the Purchaser received any notification from any Securities Authority seeking to revoke the reporting issuer status of the Purchaser.

- (h) Purchaser Filings. The Purchaser has filed all documents required to be filed by it in accordance with applicable Securities Laws with the Securities Authorities and/or the CSE since December 31, 2019. The Purchaser has filed or furnished all Purchaser Filings required to be filed or furnished by the Purchaser in a timely manner with any Governmental Entity. Each of the Purchaser Filings complied as filed in all material respects with applicable Securities Laws and did not, as of the date filed (or, if amended or superseded by a subsequent filing prior to the date of this Agreement, on the date of such subsequent filing), contain any Misrepresentation. The Purchaser has not filed any confidential material change report which at the date of this Agreement remains confidential.
- (i) Financial Statements. The Purchaser's consolidated annual audited financial statements as at and for the fiscal years ended December 31, 2019 and 2018 (including the notes thereto) and related MD&A and all interim financial statements and related MD&A filed since December 31, 2019 (collectively, the "**Purchaser Financial Statements**") were prepared in accordance with IFRS consistently applied (except (a) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of the Purchaser's independent auditors, or (b) in the case of unaudited interim statements, are subject to normal period- end adjustments and may omit notes which are not required by applicable Laws in the unaudited statements) and present fairly, in all material respects, the consolidated financial position, financial performance and cash flows of the Purchaser for the dates and periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal period-end adjustments) and reflect reserves required by IFRS in respect of all material contingent liabilities, if any, of the Purchaser on a consolidated basis. There has been no material change in the Purchaser's accounting policies, except as described in the Purchaser Financial Statements, since December 31, 2019.
- (j) Internal Controls and Financial Reporting. The Purchaser has (i) designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Purchaser is made known to the Chief Executive Officer and Chief Financial Officer of the Purchaser on a timely basis, particularly during the periods in which the annual or interim filings are being prepared; (ii) designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP; (iii) has evaluated the effectiveness of the Purchaser's disclosure controls and procedures and has disclosed in its MD&A its conclusions about the effectiveness of its disclosure controls and procedures; and (iv) has evaluated the effectiveness of the Purchaser's internal control over financial reporting and has disclosed in its MD&A its conclusions about the effectiveness of internal control over financial reporting and, if applicable, the necessary disclosure relating to any material weaknesses.

- (k) Independent Auditors. The Purchaser's current auditors are independent with respect to the Purchaser within the meaning of the rules of professional conduct applicable to auditors in Canada and there has never been a "reportable event" (within the meaning of National Instrument 51-102) with the current, or to the best knowledge of the Company any predecessor, auditors of the Company during the last two years.
- (l) No Material Change. Since December 31, 2019, other than the transactions contemplated in this Agreement or as disclosed in the Purchaser Filings: (i) there has not been any event, occurrence, development or state of circumstances or facts that has had or would be reasonably expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect; (ii) there has been no dividend or distribution of any kind declared, paid or made by the Purchaser on any Purchaser Shares; and (iii) the Purchaser has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Purchaser Shares.
- (m) Authorizations. The Purchaser and its Subsidiaries have obtained and are in compliance with all material Authorizations required by applicable Laws, necessary to conduct their current business as now being conducted with the exception of the Controlled Substances Act, 21 USC 801 et seq., as it applies to marijuana.
- (n) Shareholder Approval. No vote or approval of the holders of the Purchaser Shares or the holder of any other securities of the Purchaser is necessary to approve this Agreement, the Arrangement or the transactions contemplated hereby.
- (o) Compliance with Laws.
 - (i) The Purchaser and each of its Subsidiaries have complied with and are not in violation, in any material respect, of any applicable Laws, with the exception of the Controlled Substances Act, 21 USC 801 et seq., as it applies to marijuana.
 - (ii) Neither the Purchaser nor any of its Subsidiaries has received any written notices or other written correspondence from any Governmental Entity (1) regarding any violation (or any investigation, inspection, audit, or other proceeding by any Governmental Entity involving allegations of any violation) of any Law or (2) of any circumstances that may have existed or currently exist which could lead to a loss, suspension, or modification of, or a refusal to issue, any material Authorization. To the knowledge of the Purchaser, no investigation, inspection, audit or other proceeding by any Governmental Entity involving allegations of any material violation of any Law is threatened or contemplated.
 - (iii) Neither the Purchaser, its Subsidiaries nor, to the knowledge of the Purchaser, any of their directors, executives, representatives, agents or employees (i) has used or is using any corporate funds for any illegal contributions, gifts, entertainment or other expenses relating to political activity that would be illegal, (ii) has used or is using any corporate funds for any direct or indirect illegal payments to any foreign or domestic governmental officials or employees, (iii) has violated or is violating any provision of the *United States Foreign Corrupt Practices Act of 1977*, the

Corruption of Foreign Public Officials Act (Canada) or any similar Laws of other jurisdictions, (iv) has established or maintained, or is maintaining, any illegal fund of corporate monies or other properties or (v) has made any bribe, illegal rebate, illegal payoff, influence payment, kickback or other illegal payment of any nature.

- (iv) The operations of the Purchaser and its Subsidiaries are and have (for so long as they have been owned by the Purchaser) been conducted at all times in compliance with Money Laundering Laws and no action, suit or proceeding by or before any court of governmental authority or any arbitrator non-Governmental Entity involving the Purchaser or any of its Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Purchaser, threatened.
 - (v) None of the Purchaser or any of its Subsidiaries (for so long as they have been owned by the Purchaser) or, to the knowledge of the Purchaser, any director, officer, agent, employee or affiliate of the Purchaser or any of its Subsidiaries, has had any Sanctions imposed upon any such person, and the Purchaser and its Subsidiaries are not in violation of any of the Sanctions or law or executive order relating thereto, or are conducting business with any person subject to any Sanctions.
- (p) Security Ownership. The Purchaser does not beneficially own any securities of the Company or any of its Subsidiaries.
- (q) Brokers. Other than Cowen Inc., no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of the Purchaser or any of its Subsidiaries.

SCHEDULE "E"

VOTING SUPPORT AGREEMENT

VOTING SUPPORT AGREEMENT

THIS AGREEMENT is made as of _____, 2021

BETWEEN:

[_____] (the "Shareholder")

- and -

CRESCO LABS INC., a company incorporated under the laws of the Province of British Columbia ("Purchaser").

RECITALS:

WHEREAS, the Purchaser proposes to acquire Bluma Wellness Inc. (the "**Company**") by way of a statutory plan of arrangement (the "**Arrangement**") to be completed pursuant to the terms of an arrangement agreement (the "**Arrangement Agreement**") to be entered into between the Purchaser and the Company, substantially in the form of the draft arrangement agreement provided to the Shareholder;

WHEREAS, the Purchaser proposes to acquire all of the issued and outstanding voting and equity securities (the "**Purchased Securities**") of the Company, with the consideration to be received by shareholders of the Company pursuant to the Arrangement as consideration for their common shares of the Company, consisting of 0.0859 of a subordinate voting share of the Purchaser for each common share of the Company, subject to adjustment as set forth in the Arrangement Agreement (the "**Consideration**");

AND WHEREAS, the Shareholder is the beneficial owner, directly or indirectly, of the Subject Securities listed in Schedule "A" hereto;

AND WHEREAS, the Shareholder believes it will derive benefit from the Arrangement and wishes to confirm its support for the Arrangement;

AND WHEREAS, this Agreement sets out the terms and conditions of the agreement of the Shareholder to abide by the covenants in respect of the Subject Securities and the other restrictions and covenants set forth herein;

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

ARTICLE 1

INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals, the following terms have the following meanings:

"**Acquisition Proposal**" has the meaning ascribed thereto in Section 3.1(c);

"**affiliate**" of any Person means, at the time such determination is being made, any other Person controlling, controlled by or under common control with such first Person, in each case, whether directly or indirectly, and "**control**" and any derivation thereof means the holding of voting securities of another entity sufficient to elect a majority of the board of directors (or the equivalent) of such entity;

"**Agreement**" means this voting support agreement dated as of the date hereof between the

Shareholder and the Purchaser, as it may be amended, modified or supplemented from time to time in accordance with its terms;

“Alternative Transaction” has the meaning ascribed thereto Section 3.2 hereof;

“Arrangement” has the meaning ascribed thereto in the recitals hereof;

“Arrangement Agreement” has the meaning ascribed thereto in the recitals hereof;

“Company” has the meaning ascribed thereto in the recitals hereof;

“Company Shareholders” means the holders of common shares of the Company;

“Consideration” has the meaning ascribed thereto in the recitals hereof;

“Expiry Time” has the meaning ascribed thereto in Section 3.1(a);

“Governmental Entity” means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange, including the Canadian Stock Exchange.

“Notice” has the meaning ascribed thereto in Section 4.8;

“Parties” means the Shareholder and the Purchaser and **“Party”** means any one of them;

“Person” includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

“Purchased Securities” has the meaning ascribed thereto in the recitals hereof;

“Purchaser” has the meaning ascribed thereto in the preamble hereof;

“Shareholder” has the meaning ascribed thereto in the preamble hereof;

“Subject Securities” means the Purchased Securities and other securities listed on Schedule “B” hereto and any Purchased Securities acquired by the Shareholder or any of its affiliates subsequent to the date hereof, and includes all securities which such Subject Securities may be converted into, exchanged for or otherwise changed into;

“Subsidiary” has the meaning specified in National Instrument 45-106 – Prospectus Exemptions of the Canadian Securities Administrators; and

“Voting Support Outside Date” means six (6) months from the date hereof.

1.2 Gender and Number

Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.

1.3 Currency

All references to dollars or to \$ are references to Canadian dollars.

1.4 Headings.

The division of this Agreement into Articles, Sections and Schedules and the insertion of the recitals and headings are for convenient reference only and do not affect the construction or interpretation of this Agreement and, unless otherwise stated, all references in this Agreement or in the Schedules hereto to Articles, Sections and Schedules refer to Articles, Sections and Schedules of and to this Agreement or of the Schedules in which such reference is made, as applicable.

1.5 Date for any Action

A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. (Toronto time) on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. (Toronto time) on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Agreement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding Business Day.

1.6 Governing Law

This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the courts of the Province of British Columbia and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

1.7 Incorporation of Schedules

Schedule "A" attached hereto, for all purposes hereof, forms an integral part of this Agreement.

ARTICLE 2

REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of the Shareholder

The Shareholder represents and warrants to the Purchaser (and acknowledges that the Purchaser is relying on these representations and warranties in completing the transactions contemplated hereby and by the Arrangement Agreement) that:

- (a) The Shareholder, if the Shareholder is not a natural Person, is a corporation or other entity validly existing under the laws of the jurisdiction of its incorporation.
- (b) The Shareholder, if the Shareholder is not a natural Person, has the requisite corporate power and authority to enter into and perform its obligations under this Agreement. This Agreement has been duly executed and delivered by the Shareholder and constitutes a legal, valid and binding agreement of the Shareholder enforceable against the Shareholder in accordance with its terms subject only to any limitation under bankruptcy, insolvency or other applicable laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (c) The Shareholder exercises control or direction over all of the Subject Securities set forth opposite its name in Schedule "A" hereto. At and immediately prior to the closing of the transactions contemplated by the Arrangement Agreement (the "**Closing**") and at all times between the date hereof and the Closing, the Shareholder will control or direct, directly or indirectly, all of the Subject Securities. Other than the Subject Securities, neither the Shareholder nor any of its affiliates, beneficially own, or exercise control or direction over any additional securities, or any securities convertible or exchangeable into any additional securities, of the Company or any of its affiliates.

- (d) As at the date hereof, the Shareholder is, and immediately prior to the time at which the Subject Securities are acquired by the Purchaser under the Arrangement or an Alternative Transaction, the Shareholder will be, the sole beneficial owner of the Subject Securities, with good and marketable title thereto, free and clear of all liens and other encumbrances.
- (e) The Shareholder has the sole right to sell and vote or direct the sale and voting of the Subject Securities, to the extent such Subject Securities carry a right to vote.
- (f) No Person has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or transfer of any of the Subject Securities or any interest therein or right thereto, except the Purchaser pursuant to this Agreement or the Arrangement Agreement.
- (g) No material consent, approval, order or authorization of, or declaration or filing with, any Person is required to be obtained by the Shareholder in connection with the execution and delivery of this Agreement by the Shareholder and the performance by it of its obligations under this Agreement, other than those that are contemplated by the Arrangement Agreement.
- (h) None of the Subject Securities is subject to any proxy, voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of any of the Company's securityholders or give consents or approvals of any kind, except this Agreement or as will be contemplated by the Arrangement Agreement.
- (i) None of the execution and delivery by the Shareholder of this Agreement or the completion of the transactions contemplated hereby or the compliance by the Shareholder with its obligations hereunder will violate, contravene, result in any 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: (i) any constating documents of the Shareholder (if the Shareholder is not a natural Person); (ii) any contract to which the Shareholder is a party or by which the Shareholder is bound; (iii) any judgment, decree, order or award of any Governmental Entity; or (iv) any applicable law.

2.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Shareholder (and acknowledges that the Shareholder is relying on these representations and warranties in completing the transactions contemplated hereby and by the Arrangement Agreement) that:

- (a) The Purchaser is a corporation duly incorporated and validly existing under the laws of its jurisdiction of incorporation and has the requisite corporate power and authority to enter into and perform its obligations under this Agreement. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding agreement of the Purchaser enforceable against the Purchaser in accordance with its terms subject only to any limitation under bankruptcy, insolvency or other applicable laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (b) None of the execution and delivery by the Purchaser of this Agreement or the compliance by the Purchaser with the Purchaser's obligations hereunder will violate, contravene, result in any 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: (i) any constating documents of the Purchaser; (ii) any contract to which the Purchaser is a party or by which the Purchaser is bound; (iii) any judgment, decree, order or award of any Governmental Entity; or (iv) any applicable law.

- (c) No material consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity is required to be obtained by the Purchaser in connection with the execution and delivery of this Agreement, the performance by it of its obligations under this Agreement and the consummation by the Purchaser of the Arrangement, other than those which are contemplated by the Arrangement Agreement.
- (d) There are no claims, actions, suits, audits, proceedings, investigations or other actions pending against, or, to the knowledge of the Purchaser, threatened against or affecting the Purchaser or any of its respective properties that, individually or in the aggregate, could reasonably be expected to have a material and adverse effect on the Purchaser's ability to execute and deliver this Agreement and to perform its obligations contemplated by this Agreement or the Arrangement Agreement.

ARTICLE 3

COVENANTS

3.1 Covenants of the Shareholder

- (a) The Shareholder hereby covenants with the Purchaser that from the date of this Agreement until the termination of this Agreement in accordance with its terms (the "**Expiry Time**"), the Shareholder will not, without having first obtained the prior written consent of the Purchaser:
 - (i) sell, transfer, gift, assign, convey, pledge, hypothecate, encumber, option or otherwise dispose of any right or interest in any of the Subject Securities or tender any of the Subject Securities to a take-over bid or enter into any agreement, arrangement, commitment or understanding in connection therewith, other than (A) pursuant to the Arrangement or an Alternative Transaction, (B) any exercise of warrants exercisable for Purchased Securities in accordance with their terms, or (C) to one or more of a parent, spouse, child or grandchild of, or a corporation, partnership, limited liability company or other entity controlled by, the Shareholder or a trust or account (including an RRSP, RESP, RRIF or similar account) existing for the benefit of such Person or entity, provided that in such case and for greater certainty, any Subject Securities acquired as a result thereof shall remain Subject Securities and subject to the terms and conditions of this Agreement and, in the case of a corporation, partnership, limited liability company or other entity controlled by, the Shareholder, provided that such entity remains controlled by the Shareholder until the Expiry Time;
 - (ii) other than as set forth herein, grant or agree to grant any proxies or powers of attorney, deliver any voting instruction form, deposit any Subject Securities into a voting trust or pooling agreement, or enter into a voting agreement, commitment, understanding or arrangement, oral or written, with respect to the voting of any Subject Securities; or
 - (iii) requisition or join in the requisition of any meeting of any of the securityholders of the Company for the purpose of considering any resolution.
- (b) The Shareholder hereby covenants, undertakes and agrees from time to time, until the Expiry Time, to cause to be counted as present for purposes of establishing quorum and to vote (or cause to be voted) all of the Subject Securities (to the extent they carry a right to vote):
 - (i) at any meeting of any of the securityholders of the Company at which the Shareholder or any registered or beneficial owner of the Subject Securities are entitled to vote, including the meeting of shareholders to be called to approve the Arrangement; and

- (ii) in any action by written consent of the securityholders of the Company, in favour of the approval, consent, ratification and adoption of the resolution approving the Arrangement and the transactions contemplated by the Arrangement Agreement (and any actions required for the consummation of the transactions contemplated by the Arrangement Agreement). In connection with the foregoing, subject to this Section 3.1(b), the Shareholder hereby agrees to deposit and to cause any beneficial owners of Subject Securities eligible to be voted to deposit a proxy, or voting instruction form, as the case may be, duly completed and executed in respect of all of its Subject Securities (to the extent that they carry the right to vote) as soon as practicable following the mailing of the Company Circular and in any event at least 5 Business Days prior to the meeting of shareholders to be called to approve the Arrangement and as far in advance as practicable of every adjournment or postponement thereof, voting all such Subject Securities (to the extent that they carry the right to vote) in favour of the resolution approving the Arrangement. The Shareholder hereby agrees that it will not take, nor permit any Person on its behalf to take, any action to withdraw, revoke, change, amend or invalidate any proxy or voting instruction form deposited pursuant to this Agreement notwithstanding any statutory or other rights or otherwise which the Shareholder might have unless this Agreement has at such time been previously terminated in accordance with Section 4.1. The Shareholder will provide copies of each such proxy or voting instruction form (or screen shots evidencing electronic voting thereof) referred to above to the Purchaser at the address below concurrently with its delivery as provided for above.
- (c) The Shareholder hereby covenants, undertakes and agrees from time to time, until the Expiry Time, to cause to be counted as present for purposes of establishing quorum and to vote (or cause to be voted) all of the Subject Securities (to the extent that they carry the right to vote) against any proposed action by the Company, any Company Shareholder, any of the Company's Subsidiaries or any other Person (or group of Persons) other than the Purchaser:
 - (i) in respect of (a) any sale, disposition, alliance or joint venture (or any lease, long-term supply agreement or other arrangement having the same economic effect as the foregoing), direct or indirect, in a single transaction or a series of related transactions, of assets representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of the Company and its Subsidiaries or of 20% or more of the voting or equity securities of the Company or any of its Subsidiaries (or rights or interests in such voting or equity securities); (b) any direct or indirect take-over bid, exchange offer, treasury issuance or other transaction that, if consummated, would result in such Person or group of Persons beneficially owning 20% or more of any class of voting, equity or other securities of the Company or any of its Subsidiaries (including securities convertible or exercisable or exchangeable for voting, equity or other securities of the Company or any of its Subsidiaries); (c) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding up or exclusive license involving the Company or any of its Subsidiaries; or (d) any other similar transaction or series of transactions involving the Company or any of its Subsidiaries, other than the Arrangement or an Alternative Transaction (collectively, an "**Acquisition Proposal**"); or (ii) which would reasonably be regarded as being directed towards or likely to prevent or delay the successful completion of the Arrangement, including without limitation any amendment to the notice of articles or articles of the Company or any of its Subsidiaries or their respective corporate structures or capitalization.
- (d) The Shareholder hereby covenants, undertakes and agrees, in the event that any transaction for the proposed acquisition of at least a majority of the Purchased Securities of the Company, where such transaction requires the approval of Company Shareholders under applicable law, other than the Arrangement or an Alternative Transaction, is presented prior to the Closing for approval of, or acceptance by, the Company Shareholders, whether or not it may be recommended by the Board, not to directly or indirectly, accept, assist or otherwise further the successful completion of such transaction or purport to tender or deposit into any such transaction any of the Subject Securities.
- (e) Until the Expiry Time, subject to Section 4.5 (if applicable) the Shareholder will not, and will ensure that its affiliates do not, directly or indirectly, through any officer, director, employee,

representative or agent or otherwise:

- (i) solicit proxies or become a participant in a solicitation in opposition to or competition with the Purchaser's proposed purchase of the Purchased Securities as contemplated by the Arrangement;
 - (ii) assist any Person in taking or planning any action that would compete with, restrain or otherwise serve to interfere with or inhibit the Purchaser's proposed purchase of the Purchased Securities as contemplated by the Arrangement;
 - (iii) act jointly or in concert with others with respect to voting securities of the Company for the purpose of opposing or competing with the Purchaser's proposed purchase of the Purchased Securities as contemplated by the Arrangement;
 - (iv) solicit, initiate, encourage or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or any Subsidiary or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;
 - (v) participate in any discussions or negotiations with any Person (other than the Purchaser) regarding any inquiry, proposal or offer that constitutes or would reasonably be expected to constitute or lead to an Acquisition Proposal;
 - (vi) accept or enter into, or publicly propose to accept or enter into, any letter of intent, agreement, arrangement or understanding regarding any Acquisition Proposal; or
 - (vii) cooperate in any way with, assist or participate in, knowingly encourage or otherwise facilitate or encourage any effort or attempt by any other Person to do or seek to do any of the foregoing.
- (f) The Shareholder will not: (i) exercise any dissent rights in respect of the Arrangement; (ii) contest in any way the approval of the Arrangement by any Governmental Entity; or (iii) take any other action of any kind, in each case which would reasonably be regarded as likely to reduce the success of, or materially delay or interfere with the completion of, the transactions contemplated by the Arrangement Agreement.
- (g) The Shareholder will, and will cause each of its affiliates and will instruct each of its representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiations, or other activities commenced on or prior to the date of this Agreement with any Person (other than the Purchaser or an affiliate thereof) with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal.
- (h) The Shareholder hereby consents to:
- (i) details of this Agreement being set out in any press release, information circular, including the Company Circular, and court documents produced by the Company, the Purchaser or any of their respective affiliates in connection with the transactions contemplated by this Agreement and the Arrangement Agreement; and
 - (ii) this Agreement being made publicly available, including by filing on the System for Electronic Document Analysis and Retrieval (SEDAR) operated on behalf of the Canadian provincial securities regulators.
- (i) Except as required by applicable law or stock exchange requirements, the Shareholder will not, and will ensure that their affiliates and representatives do not, make any public announcement with respect to the transactions contemplated herein or pursuant to the Arrangement

Agreement without the prior written approval of the Purchaser.

3.2 Alternative Transaction

In the event that, in lieu of the Arrangement, the Purchaser seeks to complete the acquisition of the Purchased Securities other than as contemplated by the Arrangement Agreement on a basis that (a) provides for economic terms which, in relation to the Shareholder, on an after-tax basis, are at least equivalent to or better than those contemplated by the Arrangement Agreement, (b) would not likely result in a delay or time to completion beyond the Voting Support Outside Date, and (c) is otherwise on terms and conditions not materially more onerous on the Shareholder than the Arrangement (including any take-over bid) (any such transaction, an “**Alternative Transaction**”), then during the term of this Agreement the Shareholder may, on its own accord, and shall, upon written request of the Purchaser, support the completion of such Alternative Transaction in the same manner as the Arrangement in accordance with the terms and conditions of this Agreement mutatis mutandis, including by (A) depositing or causing the deposit of its Subject Securities (including any Purchased Securities issuable upon the exercise of any warrants exercisable for Purchased Securities) into an Alternative Transaction conducted by way of a take-over bid made by the Purchaser or an affiliate of Purchaser and not withdrawing them, and/or (B) voting or causing to be voted all of the Subject Securities (to the extent that they carry the right to vote) in favour of, and not dissenting from, such Alternative Transaction proposed by the Purchaser.

3.3 Covenants of the Purchaser

Subject to Section 4.1, the Purchaser will take all steps required of it under the Arrangement Agreement to cause the Arrangement to occur in accordance with the terms of and subject to the conditions set forth in the Arrangement Agreement.

ARTICLE 4

GENERAL

4.1 Termination

This Agreement will terminate and be of no further force or effect upon the earliest to occur of:

- (a) the mutual agreement in writing of the Shareholder and the Purchaser;
- (b) 5:00 p.m. (Toronto time) on the fifth business day following the valid termination of the Arrangement Agreement other than in connection with the acceptance by the Company of an Acquisition Proposal, unless the Purchaser provides notice to the Shareholder prior to such time that the Purchaser intends to proceed with an Alternative Transaction;

- (c) the completion of the acquisition by the Purchaser of the Subject Securities; and
- (d) the Voting Support Outside Date.

4.2 Time of the Essence

Time is of the essence in this Agreement.

4.3 Effect of Termination

If this Agreement is terminated in accordance with the provisions of Section 4.1, no Party will have any further liability to perform its obligations under this Agreement except as expressly contemplated by this Agreement, and provided that neither the termination of this Agreement nor anything contained in Section 4.1 will relieve any Party from any liability for any breach by it of this Agreement, including from any inaccuracy in its representations and warranties and any non-performance by it of its covenants made herein.

4.4 Equitable Relief

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to injunctive and other equitable relief to prevent breaches of this Agreement, and to enforce compliance with the terms of this Agreement without any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief, this being in addition to any other remedy to which the Parties may be entitled at law or in equity.

4.5 Fiduciary Duty

Notwithstanding anything to the contrary herein, nothing herein shall restrict or limit any director or officer of the Company from taking any action required to be taken in the discharge of his or her fiduciary duty as a director or officer of the Company that is otherwise permitted by, and done in compliance with, the terms of the Arrangement Agreement. The Purchaser further hereby agrees that the Shareholder is not making any agreement or understanding herein in any capacity other than in the capacity as beneficial owner of the Subject Securities.

4.6 Waiver; Amendment

Each party hereto agrees and confirms that any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by all of the Parties or in the case of a waiver, by the Party against whom the waiver is to be effective. No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right. No waiver of any of the provisions of this Agreement will be deemed to constitute a waiver of any other provision (whether or not similar).

4.7 Entire Agreement

This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings among the Parties with respect thereto. For greater certainty, the letter agreement entered into in anticipation of entering into this Agreement remains in full force and effect.

4.8 Notices

Any notice, direction or other communication given regarding the matters contemplated by this Agreement (each a “**Notice**”) (must be in writing, sent by personal delivery, courier or facsimile or electronic mail and addressed:

(a) if to the Purchaser at:

Cresco Labs Inc.
400 W. Erie St.
Suite 300
Chicago, Illinois 60654

Attention: Charles Bachtell, Chief Executive Officer
Telephone: [REDACTED – personal identifying information]
Email: [REDACTED – personal identifying information]

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

Bennett Jones LLP
Suite 3400, 100 King Street West Suite Toronto,
Ontario
M5X 1A4

Attention: Aaron Sonshine
Facsimile: (416) 777-6448
Email: sonshinea@bennettjones.com

(b) to the Shareholder, at the address set out at Schedule “C” hereto.

Any Notice is deemed to be given and received: (i) if sent by personal delivery or same day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:30 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by overnight courier, on the next Business Day, or (iii) if sent by email, on the same Business Day that it was sent if the recipient acknowledged receipt prior to 4:30 p.m. (Toronto time), and otherwise, the next Business Day. A Party may change its address for service from time to time by providing a Notice in accordance with the foregoing. Any subsequent Notice must be sent to the Party at its changed address. Any element of a Party's address that is not specifically changed in a Notice will be assumed not to be changed. Sending a copy of a Notice to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the Notice to that Party. The failure to send a copy of a Notice to a Party's legal counsel does not invalidate delivery of that Notice to such Party.

4.9 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

4.10 Successors and Assigns

The provisions of this Agreement will be binding upon and enure to the benefit of the parties hereto and their respective heirs, administrators, executors, legal representatives, successors and permitted assigns,

provided that no Party may assign, delegate or otherwise transfer any of its rights, interests or obligations under this Agreement without the prior written consent of the other Party hereto, provided that the Purchaser may assign all or part of its rights under this Agreement to, and its obligations under this Agreement may be assumed by, any of its affiliates, provided that if such assignment and/or assumption takes place, the Purchaser shall continue to be liable joint and severally with such affiliate for all of its obligations hereunder.

4.11 Independent Legal Advice

Each of the Parties hereby acknowledges that it has been afforded the opportunity to obtain independent legal advice and confirms by the execution and delivery of this Agreement that they have either done so or waived their right to do so in connection with the entering into of this Agreement.

4.12 Further Assurances

The parties hereto will, with reasonable diligence, do all things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party will provide such further documents or instruments required by the other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Closing.

4.13 Counterparts

This Agreement may be executed in any number of counterparts (including counterparts by electronic transmission) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed electronic copy of this Agreement, and such executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[The remainder of this page has been intentionally left blank.]

IN WITNESS OF WHICH the Parties have executed this Agreement as at the date first above written.

CRESCO LABS INC.

By: _____
Name: Charles Bachtell
Title: Chief Executive Officer

[SHAREHOLDER]

Name:

SCHEDULE A
Purchased Securities

| Owner | Number of Purchased Securities | Number of Warrants |
|-------|--------------------------------|--------------------|
| | | |

SCHEDULE C
Shareholder Address for Notice