

## AMALGAMATION AGREEMENT

THIS AGREEMENT is made effective as of October 21, 2020.

AMONG:

**THOUGHTFUL BRANDS INC.**, a corporation existing under the laws of the Province of British Columbia

("TBI")

AND:

**1270479 B.C. LTD.**, a corporation existing under the laws of the Province of British Columbia

("Subco")

AND:

**AMERICAN CBD EXTRACTION CORP.**, a corporation existing under the laws of the Province of British Columbia

("American CBD")

WHEREAS:

- A. TBI was incorporated pursuant to the *Business Corporations Act* (British Columbia) ("**BCBCA**") on July 15, 2010;
- B. TBI is a reporting issuer in the Provinces of British Columbia, Alberta, and Ontario;
- C. Subco was incorporated pursuant to the BCBCA on October 19, 2020, and is a wholly-owned subsidiary of TBI;
- D. American CBD was incorporated pursuant to the BCBCA on February 22, 2019;
- E. American CBD is a privately held company in the business of producing cannabinoid distillates, including hemp-derived extracts, at its facility in the State of Kentucky;
- F. TBI and American CBD wish to combine their respective businesses by way of a "three-cornered" amalgamation in which Subco will amalgamate with American CBD (the "**Amalgamation**") to form one corporation ("**Amalco**") under Section 269 of the BCBCA, pursuant to which: (i) TBI shall issue securities of TBI to the security holders of American CBD in exchange for their securities of American CBD outstanding at the Effective Time (as hereafter defined), and (ii) Amalco shall become a wholly-owned subsidiary of TBI, all in the manner contemplated herein and pursuant to the terms and conditions hereof.

THEREFORE this Agreement witness that in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

## **Article 1**

### **INTERPRETATION AND CONSTRUCTION**

#### **1.1 Defined Terms**

In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following words and terms shall have the indicated meanings and grammatical variations of such words and terms shall have corresponding meanings:

- (a) **"Agreement"** means this Amalgamation Agreement and any supplementary or ancillary agreement, instrument or document hereto, all as may be amended from time to time;
- (b) **"Amalco"** has the meaning set out in the recitals hereof;
- (c) **"Amalco Shares"** means common shares in the capital of Amalco;
- (d) **"Amalgamating Companies"** means Subco and American CBD;
- (e) **"Amalgamation"** has the meaning set out in the recitals hereof;
- (f) **"Amalgamation Application"** means the application to be submitted to the Registrar pursuant to Section 275 of the BCBCA;
- (g) **"Amalgamation Resolution"** means the resolution passed by the American CBD Shareholders, to adopt this Amalgamation Agreement pursuant to subsection 271(6)(a)(i) of the BCBCA;
- (h) **"American CBD"** means American CBD Extraction Corp., a corporation existing under the laws of the Province of British Columbia;
- (i) **"American CBD Dissent Shares"** has the meaning set forth in section 2.4 hereof;
- (j) **"American CBD Private Placement"** means the private placement of American CBD Subscription Receipts, at a price of \$0.015 per American CBD Subscription Receipt, the proceeds of which will be held in escrow and will not be released until completion of the Amalgamation;
- (k) **"American CBD Shareholders"** means the holders of the American CBD Shares;
- (l) **"American CBD Shares"** means common shares in the capital of American CBD;
- (m) **"American CBD Subscription Receipt"** means a subscription receipt of American CBD issued in connection with the American CBD Private Placement, each of which will automatically convert into an American CBD Share immediately prior to completion of the Amalgamation;
- (n) **"BCBCA"** has the meaning set out in the recitals hereof;
- (o) **"Business Day"** means any day other than a Saturday, Sunday or statutory holiday in the Province of British Columbia;

- (p) **“Certificate of Amalgamation”** means a certificate issued by the Registrar pursuant to the BCBCA to evidence the Amalgamation;
- (q) **“Closing”** means the completion of the Amalgamation contemplated herein;
- (r) **“Closing Date”** means the date that the Closing occurs;
- (s) **“Confidential Information”** has the meaning set out in section 6.3 hereof;
- (t) **“Consideration Share”** has the meaning set forth in sections 2.1 hereof;
- (u) **“Dissent Rights”** has the meaning set forth in sections 2.3 hereof;
- (v) **“Dissenting Shareholders”** means American CBD Shareholders who exercise their Dissent Rights in accordance with section 2.4 hereof;
- (w) **“Effective Date”** means the date of the Amalgamation, as set out on the Certificate of Amalgamation;
- (x) **“Effective Time”** means the time on the Effective Date that the Amalgamation becomes effective;
- (y) **“Exchange”** means the Canadian Securities Exchange;
- (z) **“Material Adverse Change”** means a change in the business, operations or capital of TBI, Subco or American CBD that would reasonably be expected to have a significant adverse effect on the market price or value of a security of that company, including adverse changes of material fact, or any other event or development that could reasonably have a significant adverse impact on that company’s affairs, operations or financial results;
- (aa) **“Pooled Shares”** has the meaning set forth in sections 2.1 hereof;
- (bb) **“Pooling Arrangement”** has the meaning set forth in sections 2.1 hereof;
- (cc) **“Registrar”** means the Registrar of Corporations or a Deputy Registrar of Corporations for the Province of British Columbia duly appointed under the BCBCA;
- (dd) **“Subco”** means 1270479 B.C. Ltd., a corporation incorporated under the laws of the Province of British Columbia;
- (ee) **“Subco Shareholder”** means TBI, the holder of all of the issued and outstanding Subco Shares;
- (ff) **“Subco Shares”** means common shares in the capital of Subco;
- (gg) **“TBI”** means Thoughtful Brands Inc., a corporation incorporated under the laws of the Province of British Columbia;
- (hh) **“TBI Shareholders”** means the holders of the TBI Shares; and

- (ii) **"TBI Shares"** means common shares in the capital of TBI, as presently constituted.

## **1.2 Construction**

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

- (a) the terms "this Agreement", "herein", "hereof" and "hereunder" and similar expressions refer to this Agreement and any supplementary or ancillary agreement, instrument or document hereto, all as may be amended from time to time, and not to any particular article, section or other portion of this Agreement;
- (b) any reference to a currency shall refer to Canadian currency unless otherwise specifically referenced;
- (c) words importing the singular shall include the plural, and vice versa; words importing gender shall include the opposite gender; words importing natural persons shall include corporations, partnerships, trusts and other legal entities, and vice versa; and words importing a particular form of legal entity shall include all other forms of legal entities interchangeably; and
- (d) the division of this Agreement into Articles, sections, subsections, paragraphs and other subdivisions, and the use of headings, are for ease of reference only and shall not affect the interpretation or construction hereof.

## **1.3 Date for Any Action**

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

## **1.4 Appendices**

The following appendices are hereby incorporated in and form part of this Agreement:

- (a) Appendix A – Amalgamation Application
- (b) Appendix B – Articles of Amalco
- (c) Appendix C – Issued and Outstanding Securities (and obligations to issue securities) of TBI, Subco, and American CBD

## **Article 2 THE AMALGAMATION**

### **2.1 Statement of General Intent**

This Agreement and the Amalgamation are intended, subject to the terms and conditions hereof, to result in the formation of Amalco; the issuance of 110,000,000 TBI Shares (the **"Consideration Shares"**) to the American CBD Shareholders *pro rata* to the number of American CBD Shares held by each of the American CBD Shareholders, in exchange for all of the American CBD Shares outstanding at the Effective Time; and Amalco becoming a wholly-owned subsidiary of TBI. The Consideration Shares shall be paid upfront and subject to a voluntary pooling arrangement (the **"Pooling Arrangement"**) such that 82,500,000 of the Consideration Shares (the **"Pooled**

**Shares**") will be subject to restrictions on resale in the following aggregate amounts and until the following dates:

- (a) 27,500,000 of the Pooled Shares shall be subject to restrictions on resale until the date which is 90-days from the Closing Date;
- (b) 27,500,000 of the Pooled Shares shall be subject to restrictions on resale until the date which is 180-days from the Closing Date; and
- (c) 27,500,000 of the Pooled Shares shall be subject to restrictions on resale until the date which is 270-days from the Closing Date

Such resale restrictions shall be applied *pro rata* to the respective Pooled Shares to be received by each American CBD Shareholder receiving Consideration Shares.

To this end, each of TBI and American CBD agrees to act in good faith and use all commercially reasonable efforts to take and do, or cause to be taken and done, all acts and other things necessary, proper or advisable to obtain all necessary approvals to complete the Amalgamation in accordance with the terms and conditions hereof and applicable laws, and to cooperate with each other in connection therewith.

## **2.2 Structure of Amalgamation**

Upon and subject to the terms and conditions hereof, the Amalgamating Companies hereby agree to effect the Amalgamation under Section 269 of the BCBCA and to continue as one corporation subsequent to the Amalgamation on the terms and conditions prescribed herein. At the Effective Time:

- (a) the Amalgamating Companies shall be amalgamated under the BCBCA and shall continue as one corporation subsequent to the Amalgamation on the terms and conditions prescribed in this Agreement, and in connection therewith:
  - (i) the Amalgamation of the Amalgamating Companies and their continuation as one company shall become irrevocable;
  - (ii) the Amalgamation Application of Amalco that shall be filed with the Registrar shall be as set forth in Appendix "A" attached hereto;
  - (iii) Amalco shall have, as its Articles, the Articles attached hereto as Appendix "B", provided that those Articles have been signed by one or more of the individuals identified in this Agreement as the directors of Amalco;
  - (iv) Amalco shall become capable immediately of exercising the functions of an incorporated company;
  - (v) the shareholders of Amalco shall have the powers and liability provided in the BCBCA;
  - (vi) each shareholder of each of the Amalgamating Companies is bound by this Agreement;

- (vii) the property, rights and interests of each of the Amalgamating Companies shall continue to be the property, rights and interests of Amalco;
  - (viii) Amalco shall continue to be liable for the obligations of each of the Amalgamating Companies;
  - (ix) an existing cause of action, claim or liability to prosecution is unaffected;
  - (x) a legal proceeding being prosecuted or pending by or against either of the Amalgamating Companies may be prosecuted, or its prosecution may be continued, as the case may be, by or against Amalco; and
  - (xi) a conviction against, ruling, order or judgment in favour or against either of the Amalgamating Companies may be enforced by or against Amalco;
- (b) each Subco Share issued and outstanding at the Effective Time shall be exchanged for one fully paid and non-assessable Amalco Share, and thereafter all the Subco Shares shall be cancelled without any repayment of capital in respect thereof;
  - (c) each American CBD Share (other than those held by any Dissenting Shareholder) issued and outstanding at the Effective Time shall be exchanged for fully paid and non-assessable TBI Shares, free and clear of any and all encumbrances, liens, charges, demands of any kind and nature, and thereafter all of the American CBD Shares shall be cancelled without any repayment of capital in respect thereof; and
  - (d) each Dissenting Shareholder shall cease to have any rights as a shareholder other than the right to be paid the fair value of the American CBD Shares held by the Dissenting Shareholder in accordance with Section 237-247 of the BCBCA.

No fractional TBI Shares will be issued by TBI. In lieu of any fractional entitlement, the number of TBI Shares to be issued to each former American CBD Shareholder shall be rounded up to the next greater whole number of TBI Shares if the fractional entitlement is equal to or greater than 0.5 and shall, without any additional compensation, be rounded down to the next lesser whole number of TBI Shares if the fractional entitlement is less than 0.5 and, in calculating such fractional interests, all TBI Shares registered in the name of or beneficially held by such American CBD Shareholder or its nominee, as the case may be, shall be aggregated.

During such time as any applicable Pooled Shares are subject to restrictions on resale, without the prior consent of the TBI, no holder of the Pooled Shares may sell, deal in, assign, transfer, dispose of or encumber the applicable Pooled Shares, in any manner whatsoever, or agree to do any of the foregoing, or enter into any transaction which would have the effect of vesting beneficial ownership of the applicable Pooled Shares in another party. The certificates evidencing any Pooled Shares issued under this Agreement will be legended to reflect the application of these resale restrictions.

### **2.3 Rights of Dissent for the Subco Shareholder**

The Subco Shareholder may exercise rights of dissent (the “**Dissent Rights**”) in respect of the Amalgamation pursuant to, in the manner set forth in, and in strict compliance with Section 242 of the BCBCA. TBI, being the sole Subco Shareholder and having full notice and knowledge of

the Dissent Rights and the details of the Amalgamation, hereby waives its Dissent Rights in respect of the Amalgamation in accordance with Section 239 of the BCBCA.

## **2.4 Rights of Dissent for American CBD Shareholders**

The American CBD Shareholders may exercise Dissent Rights in respect of the Amalgamation pursuant to, in the manner set forth in, and in strict compliance with Section 242 of the BCBCA. The American CBD Shareholders who duly exercise their Dissent Rights with respect to their American CBD Shares (the “**American CBD Dissent Shares**”), shall:

- (a) if they are ultimately entitled to be and are paid fair value for their American CBD Dissent Shares, be deemed to have transferred their American CBD Dissent Shares to American CBD immediately prior to the Effective Time for cancellation without any repayment of capital in respect thereof and the certificates representing same shall cease to represent any right or claim of any nature or kind; or
- (b) if they are not ultimately entitled, for any reason, to be paid fair value for their American CBD Dissent Shares, be deemed to have participated in the Amalgamation on the same basis as a American CBD Shareholder who did not exercise the Dissent Rights, and shall receive TBI Shares in exchange for their American CBD Shares on the same basis as every other American CBD Shareholder in accordance with subsection 2.2(c),

always provided that in no case shall TBI or Amalco be required to recognize such persons as holding American CBD Shares at or after the Effective Time.

American CBD shall provide prompt notice to TBI of any American CBD Shareholder's exercise or purported exercise of Dissent Rights.

In no circumstances shall TBI, American CBD or any other person be required to recognize a person exercising Dissent Rights unless such person is a registered holder of those American CBD Shares in respect of which such rights are sought to be exercised. For greater certainty, in no case shall TBI, American CBD or any other person be required to recognize Dissenting Shareholders as holders of American CBD Shares after the Effective Time, and the names of such Dissenting Shareholders shall be deleted from the register of American CBD Shareholders as of the Effective Time. In addition to any other restrictions under the BCBCA, American CBD Shareholders who vote, or who have instructed a proxyholder to vote, in favour of the Amalgamation Resolution shall not be entitled to exercise Dissent Rights.

## **2.5 Certificates**

After the Effective Time, the registrar and transfer agent of TBI, will forward or cause to be forwarded by first class mail (postage prepaid) to such former American CBD Shareholders at the address specified in the central securities register maintained by American CBD, DRS statements or share certificates issued by such transfer agent, evidencing the number of TBI Shares issued to such American CBD Shareholder under the Amalgamation. After the Effective Date, all share certificates held by American CBD Shareholders will be deemed null and void.

## 2.6 Initial Amalco Corporate Matters

At the Effective Time, and thereafter subject to such change as may be properly effected under the BCBCA and the Articles of Incorporation of Amalco, as the case may be:

- (a) **Name.** The name of Amalco shall be "American CBD Extraction Corp.", or such other name as TBI and American CBD shall agree.
- (b) **Registered Office.** The registered and records office of Amalco shall be Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.  
  
**First Director.** The first director of Amalco shall be Joel Shacker, unless otherwise agreed by TBI and American CBD, with a prescribed address at Suite 800 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5.
- (c) **Authorized Capital.** The authorized capital of Amalco shall consist of an unlimited number of common shares without par value, with the rights and restrictions set out in the Articles of Amalco.
- (d) **Restrictions on Business.** There shall be no restrictions on the business that Amalco may carry on.
- (e) **Restrictions on Share Transfer.** Unless and for so long as Amalco is not a public company, no Amalco Shares may be transferred without the written consent of the directors of Amalco, which consent may be withheld at their sole discretion and without reason therefor.
- (f) **Fiscal Year.** The fiscal year end of Amalco shall be December 31.
- (g) **Auditor.** The auditor of Amalco shall be the auditor of TBI, unless the appointment of an auditor is waived.
- (h) **Amalgamation Application.** The form of the Amalgamation Application to be filed with the Registrar in connection with the Amalgamation, including the form of Amalco's Articles, is attached hereto as Appendix "A".
- (i) **Articles of Amalco.** A copy of the Articles of Amalco, signed by the individual referred to in subsection 0 above, is attached hereto as Appendix "B".

## Article 3 CONDITIONS PRECEDENT TO THE AMALGAMATION

### 3.1 Mutual Conditions Precedent

Each party's obligation to satisfy their respective covenants herein and consummate the Amalgamation and other transactions contemplated herein is subject to the satisfaction, on or before the Effective Date (or such other date as otherwise may be specifically indicated), of the following conditions, any of which may be waived by mutual consent of the parties subject to the satisfaction or in absence of such further conditions with respect to the giving of such waiver, and without prejudice to their rights to rely on one or more other conditions precedent:



- (a) the American CBD Private Placement shall have been completed;
- (b) each of Subco and American CBD shall have received the requisite approval of their respective shareholders for the adoption of this Agreement and the completion of the Amalgamation as required by the BCBCA, and shall have taken all necessary steps so that the Amalgamation may be effected;
- (c) all other approvals, consents and orders that are necessary or advisable for the consummation of the Amalgamation or other transactions contemplated herein shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, all on terms satisfactory to each of the parties hereto, acting reasonably;
- (d) there shall be no material action, cause of action, claim, demand, suit, investigation or other proceedings in progress, pending or threatened against or affecting any of TBI, Subco, American CBD or any such company's respective officers and directors, at law or in equity, or before any governmental department, commission, or agency, which involve the reasonable likelihood of any judgment or liability against any of the parties;
- (e) there shall not be in force any prohibition at law, order or decree restraining or enjoining the consummation of the Amalgamation or other transactions contemplated herein;
- (f) the representations and warranties of the parties herein shall be true and correct in all material respects as at the Effective Time; and
- (g) all covenants, obligations and conditions of the parties herein on their parts shall be performed, satisfied and observed prior to or at the Effective Time shall have been performed, satisfied and observed in all material respects.

### **3.2 TBI and Subco's Conditions Precedent**

The obligation of TBI and Subco to satisfy their respective covenants herein and consummate the Amalgamation and other transactions contemplated herein is subject to the satisfaction, on or before the Effective Date (or such other date as otherwise may be specifically indicated), of the following conditions, any of which may be waived by mutual consent of TBI and Subco subject to the satisfaction or in absence of such further conditions with respect to the giving of such waiver, and without prejudice to their rights to rely on one or more other conditions precedent:

- (a) American CBD shall have delivered to TBI a list of all American CBD Shareholders and the holders of all of the American CBD Subscription Receipts, including the amount of American CBD Shares and American CBD Subscription Receipts, as applicable, held by each of them as at the Effective Time, certified to be complete and accurate in all respects by a director or senior officer of American CBD;
- (b) American CBD shall have delivered its books and records to TBI;
- (c) American CBD shall have delivered to TBI confirmation, in a form satisfactory to TBI, that American CBD has CAD\$2,250,000 in immediately available cash in

hand less costs related to the Amalgamation (which will not exceed CAD\$40,000) and any audit related costs (the "**Cash Balance**");

- (d) the debts and liabilities of American CBD and its subsidiaries shall not exceed CAD\$250,000 on a consolidated basis, other than costs related to the Amalgamation (which will not exceed CAD\$40,000) and any audit related costs;
- (e) all outstanding securities of American CBD convertible into American CBD Shares, with the exception of the American CBD Subscription Receipts, shall have been cancelled;
- (f) the time period for the exercise of any Dissent Rights shall have expired and American CBD Shareholders shall not have exercised such Dissent Rights;
- (g) American CBD shall have delivered to TBI all of the documents set out in Section 4.4 herein;
- (h) American CBD shall have delivered to TBI any other such documents and other information as TBI, and any regulatory authority or body having jurisdiction, shall have reasonably requested; and
- (i) there shall have been no Material Adverse Changes with respect to American CBD between the date of signing this Agreement and the completion of the Amalgamation.

### **3.3 American CBD Conditions Precedent**

The obligation of American CBD to satisfy its covenants herein and consummate the Amalgamation and other transactions contemplated herein is subject to the satisfaction, on or before the Effective Date (or such other date as otherwise may be specifically indicated), of the following conditions, any of which may be waived by American CBD subject to the satisfaction or in absence of such further conditions with respect to the giving of such waiver, and without prejudice to its rights to rely on one or more other conditions precedent:

- (a) TBI shall have delivered to American CBD all of the documents set out in Section 4.2 herein;
- (b) TBI Shares shall be listed on the Exchange and TBI shall be a reporting issuer in good standing in the Provinces of British Columbia, Alberta and Ontario and shall not be in material default of any requirement of any applicable securities laws or the requirements of the Exchange and neither TBI nor any of its securities shall be the subject of any cease trade order or regulatory enquiry or investigation in any jurisdiction;
- (c) the TBI Shares to be issued on the Closing shall be issued as fully paid and non-assessable shares in the capital of TBI, free and clear of any and all encumbrances, liens, charges, "restricted period" (pursuant to Section 2.5 of National Instrument 45-102 - *Resale of Securities*), demands of whatsoever nature under Canadian law, except those imposed pursuant to the Pooling Arrangement;

- (d) the issuance of the TBI Shares on Closing shall be exempt from the prospectus requirements in Canada;
- (e) TBI shall have appointed a nominee of American CBD to the board of directors of TBI;
- (f) each of TBI and Subco shall have delivered to American CBD such documents and other information as American CBD, and any other regulatory authority or body having jurisdiction, shall have reasonably requested or required; and
- (g) there shall have been no Material Adverse Changes with respect to TBI or Subco between the date of signing this Agreement and the completion of the Amalgamation.

## **Article 4 CLOSING**

### **4.1 Time and Place of Closing**

The Closing shall take place at the Effective Time at such place as may be mutually agreed between TBI and American CBD, or as soon as reasonably practicable thereafter at such time, on such date and at such place as TBI and American CBD may otherwise agree.

### **4.2 TBI Deliveries at Closing**

At the Closing, TBI shall deliver to American CBD:

- (a) a certified copy of the directors' resolutions or other documentation evidencing the approval of TBI of the Amalgamation, the entering into of this Agreement and all matters related to the Amalgamation;
- (b) a certified copy of the directors' resolutions or other documentation evidencing the approval of Subco of the Amalgamation, the entering into of this Agreement and all matters related to the Amalgamation;
- (c) a certified copy of the sole shareholder's resolution evidencing the Subco Shareholder's adoption of this Agreement and approval of the Amalgamation;
- (d) a certified copy of the Certificate of Amalgamation;
- (e) copies of the share certificates or DRS statements representing the TBI Shares issued pursuant to subsection 2.2(c);
- (f) a certified copy of the directors' resolution appointing the American CBD nominee to the board of directors of TBI;
- (g) a certificate signed by a director or senior officer of TBI confirming that all TBI's conditions precedent to the Amalgamation for the benefit of TBI have been satisfied or waived by TBI, and that all representations and warranties of TBI contained herein are true and correct as if they had been made at the Effective Time; and

- (h) such other documents and instruments in connection with the Closing as may be reasonably requested by American CBD.

#### **4.3 Amalcos' Deliveries at Closing**

At the Closing, Amalco shall deliver to TBI share certificates representing the Amalco Shares issued pursuant to subsection 2.2(b).

#### **4.4 American CBD Deliveries at Closing**

At the Closing, American CBD shall deliver to TBI:

- (a) a certified copy of the directors' resolutions or other documentation evidencing the approval of American CBD of the Amalgamation, the entering into of this Agreement and all matters related to the Amalgamation;
- (b) a certified copy of the shareholders' resolutions or other documentation evidencing the American CBD Shareholders adoption of this Agreement and approval of the Amalgamation;
- (c) a list of all American CBD Shareholders and the holders of all American CBD Subscription Receipts, including the amount of the American CBD Shares and American CBD Subscription Receipts, as applicable, held by each of them, as at the Effective Time, certified to be complete and accurate in all respects by a director or senior officer of American CBD;
- (d) the minute books and corporate records of American CBD (which shall thereafter form part of the pre-Amalgamation minutes and corporate records of Amalco);
- (e) a certificate signed by a director or senior officer of American CBD confirming that all American CBD's conditions precedent to the Amalgamation for the benefit of American CBD have been satisfied or waived by American CBD, that all representations and warranties of American CBD contained herein are true and correct as if they had been made at the Effective Time and that no American CBD Shareholders have exercised their Dissent Rights; and
- (f) such other documents and instruments in connection with the Closing as may be reasonably requested by TBI.

### **Article 5 TERMINATION**

#### **5.1 Right to Terminate**

This Agreement may be terminated at any time prior to the Effective Time, by the mutual consent of the parties or in the following circumstances by written notice given by the terminating party to the other parties hereto:

- (a) by either of TBI or American CBD, if the Effective Time has not occurred on or before November 30, 2020, or such other date as mutually agreed to between American CBD and TBI; or

- (b) by either of TBI or American CBD (the “**Non-Defaulting Party**”), if the other party hereto is in default (the “**Defaulting Party**”) of any covenant on its part to be performed hereunder, and the Non-Defaulting Party has given written notice (the “**Default Notice**”) of such default to the Defaulting Party and the Defaulting Party has failed to cure such default within fourteen days of the Default Notice,

and in such event, each party hereto shall be released from all obligations under this Agreement without liability, always provided that such release without liability shall not apply if such termination is a result of the party’s failure to perform, satisfy or observe in good faith its obligations to be performed, satisfied or observed hereunder.

## **5.2 Effect of Termination**

Notwithstanding section 5.1, each party’s right of termination under this Article is in addition to and not in derogation of or limitation to any other rights, claims, causes of action or other remedy that such party may have under this Agreement or otherwise at law with respect to any misrepresentation, breach of covenant or indemnity contained herein.

## **Article 6 CONDUCT OF AFFAIRS PRIOR TO CLOSING**

### **6.1 Conduct of Business**

From the date of this Agreement until the earlier of the Closing or the termination of this Agreement, and except as expressly contemplated by this Agreement, each party hereto shall conduct its business, affairs and operations in the ordinary and usual course consistent with past practices and shall not:

- (a) enter into (or terminate) any material contract or material transaction;
- (b) expend any material amount of funds or incur any material liabilities or obligations;

or otherwise take any other action with the intent or foreseeable effect of leading to any of the foregoing, without first obtaining the written consent of the other parties hereto, which consent shall not be unreasonably withheld or delayed.

### **6.2 Non-Solicitation**

From the date of this Agreement until the earlier of the Closing or the termination of this Agreement, each party hereto and their respective directors, officers, employees and agents shall not, and shall not permit any other person to, directly or indirectly discuss, solicit, encourage, accept or approve any offer to acquire it or its business or assets, whether as a primary or back-up offer, or take any other action with the intent or foreseeable effect of leading to any negotiation, agreement, commitment or understanding for the acquisition of it or its business or assets or leading to the frustration of or any interference with this Agreement. Notwithstanding the foregoing, nothing herein contained shall be interpreted as limiting the directors of either party from performing their fiduciary duties as directors under applicable law.

### **6.3 Access to Information; Use and Confidentiality**

From the date of this Agreement until the earlier of the Closing or the termination of this Agreement, each party hereto shall give to the other parties full access during normal business hours to all directors, officers, employees, consultants, properties, assets, contracts, books, accounts, records and other information, data and documents pertaining to the party and its business, affairs, operations, properties, assets, liabilities and financial condition ("**Confidential Information**"), always provided that such access shall not materially interfere with the normal business operations of the person. Upon the termination of this Agreement for any reasons, any party in receipt of Confidential Information shall promptly return same to the originating party together with any copies thereof and any other information, data and documents in any form produced, made or derived therefrom.

Confidential Information to which a party receives access to or is given in accordance herewith shall be used solely for the purpose of completing the Amalgamation and shall be treated on a strictly confidential basis, except any such information, data and documents which has been previously or has become generally disclosed to the public other than through a breach of this confidentiality provision, or that is required to be disclosed by a court of competent jurisdiction. The parties agree to restrict access to Confidential Information on a need to know basis and to take all appropriate steps to safeguard against the accidental disclosure or improper use of Confidential Information.

### **6.4 Public Disclosure**

All public announcements regarding this Agreement or the Amalgamation shall be subject to review and reasonable consultation of all parties hereto as to form, content and timing, before public disclosure, always provided that a party shall be entitled to make such public announcement if required by applicable law or regulatory requirements to immediately do so and it has taken reasonable efforts to comply herewith.

## **Article 7 REPRESENTATIONS AND WARRANTIES**

### **7.1 Representations and Warranties of TBI and Subco**

Each of TBI and Subco, jointly and severally represents and warrants to American CBD that:

- (a) it is incorporated or otherwise formed under the laws of British Columbia, is a valid and existing company, and, with respect to the filing of annual reports, is in good standing and no proceedings have been taken or authorized by TBI or Subco in respect of the bankruptcy, reorganization, insolvency, liquidation, dissolution or winding up of TBI or Subco, as applicable;
- (b) where applicable, it has all requisite corporate power and capacity to carry on its business as now conducted and to own, lease and operate its property and assets, and it is duly and appropriately registered, licensed and otherwise qualified to carry on its business and to own, lease and operate its property and assets and is in good standing in all material respects in each jurisdiction where it carries on business or owns, leases or operates its property or assets;

- (c) in the case of TBI, it is a reporting issuer in the Provinces of British Columbia, Alberta and Ontario and it is not in material default of any material requirement under the securities laws of said provinces;
- (d) in the case of Subco, it is not a reporting issuer or equivalent in any jurisdiction and has not contravened any applicable securities laws of any jurisdiction, including without limitation in relation to the issuing of its seed shares, founders shares or any other shares or other securities;
- (e) its authorized and issued share capital is as set out in Appendix "C" hereto, and other than as set out in Appendix "C":
  - (i) there are no rights, privileges or agreements requiring it to repurchase, redeem, retract or otherwise acquire, whether directly or indirectly, any of its issued shares or other securities; and
  - (ii) there are no options, warrants, rights, privileges or agreements requiring it to sell, or otherwise issue (by exercise, conversion, exchange or otherwise), whether directly or indirectly, any of its unissued shares;

and such information contained in Appendix "C" hereto shall remain accurate and complete in all material respects at the Closing unless otherwise agreed by the parties subject only to the issuance of TBI Shares pursuant to the Amalgamation;

- (f) Subco has no subsidiaries, assets or active business operations;
- (g) it has all requisite corporate power and capacity and has taken all necessary corporate action to authorize it to execute and deliver this Agreement and perform its obligations hereunder, and this Agreement has been duly authorized, executed and delivered by it and constitutes a legal, valid and binding obligation enforceable against it in accordance with the terms of this Agreement, except as may be limited by bankruptcy, insolvency, liquidation, reorganization, reconstruction and other similar laws of general application affecting the enforceability of remedies and rights of creditors and except that equitable remedies such as specific performance and injunction are in the discretion of a court;
- (h) its execution and delivery of this Agreement and its performance of its obligations hereunder does not and shall not result in the breach of, constitute a default under or conflict with:
  - (i) any provision of its constating documents;
  - (ii) any resolutions of its shareholders or directors;
  - (iii) any statute, rule or regulation applicable to it or its property;
  - (iv) any order, decree or judgment of a court or regulatory authority or body having jurisdiction over it or its property;
  - (v) any mortgage, indenture, agreement or other commitment to which it is a party or it or its property is bound; or

- (vi) any agreement which would permit any party to that agreement to terminate such agreement or accelerate the maturity of any indebtedness of TBI or Subco, or that would result in the creation or imposition of any encumbrance of the TBI Shares or the assets of TBI;
- (i) there are no claims, actions, suits or proceedings (judicial, administrative or otherwise) commenced, pending or threatened against it, or any of its subsidiaries, as applicable, nor to its knowledge is any of the foregoing contemplated nor to its knowledge is there any basis therefore;
- (j) all consents, approvals, permits, authorizations or filings as may be required for the execution and delivery of this Agreement, and the completion of the Amalgamation contemplated herein, have been obtained;
- (k) TBI has complied with and is in compliance, in all material respects, with all applicable laws, and has all material licences, permits, orders or approvals of, and has made all required registrations with, any governmental or regulatory body that are material to the conduct of its business;
- (l) the TBI Shares are currently listed on the Exchange, and no securities commission or other authority of any government or self-regulatory organization, including without limitation the Exchange, has issued any order preventing the Amalgamation or the trading of any securities of TBI;
- (m) as of their respective dates, all information and materials filed by TBI with the securities commissions (or equivalent other provincial securities regulator) in each of the Provinces of British Columbia, Alberta and Ontario, and which is available through the System for Electronic Document Analysis and Retrieval (SEDAR) website as of the date hereof (including all exhibits and schedules thereto and documents incorporated by reference therein) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and complied in all material respects with all applicable legal and stock exchange requirements;
- (n) there is no "material fact" or "material change" (as those terms are defined under applicable securities laws) in the affairs of TBI that has not been generally disclosed to the public;
- (o) no order ceasing or suspending trading in any securities of TBI prohibiting the sale of securities of TBI or the trading of any of TBI's issued securities has been issued and, to the knowledge of TBI, no proceedings for such purpose are pending or threatened;
- (p) the minute books and corporate records of TBI are maintained substantially in accordance with all applicable laws and are complete and accurate in all material respects. The financial books and records and accounts of TBI in all material respects (i) have been maintained in accordance with good business practices on a basis consistent with prior years, (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and acquisitions and dispositions of



assets of TBI, and (iii) accurately and fairly reflect the basis for the financial statements of TBI;

- (q) the financial statements of TBI have been prepared in accordance with the International Financial Reporting Standards, present fairly, in all material respects, the financial position and all material liabilities (accrued, absolute, contingent or otherwise) of TBI as of the date thereof, and there have been no adverse material changes in the financial position of TBI since the date thereof and the business of TBI has been carried on in the usual and ordinary course consistent with past practice since the date thereof; and
- (r) TBI has no reasonable grounds for believing that a creditor of TBI or Subco will be prejudiced by the Amalgamation.

## **7.2 Representations and Warranties of American CBD**

American CBD represents and warrants to each of TBI and Subco that:

- (a) it exists under the laws of British Columbia, is a valid and existing company and with respect to the filing of annual reports is in good standing, and no proceedings have been taken or authorized by American CBD in respect of the bankruptcy, reorganization, insolvency, liquidation, dissolution or winding up of American CBD;
- (b) it has all requisite corporate power and capacity to carry on its business as now conducted and to own, lease and operate its property and assets, and it is duly and appropriately registered, licensed and otherwise qualified to carry on its business and to own, lease and operate its property and assets and is in good standing in each jurisdiction where it carries on business or owns, leases or operates its property or assets;
- (c) its authorized and issued share capital is as set out set out in Appendix "C" hereto, and other than as set out in Appendix "C";
  - (i) there are no rights, privileges or agreements requiring it to repurchase, redeem, retract or otherwise acquire, whether directly or indirectly, any of its issued shares or other securities; and
  - (ii) there are no options, warrants, rights, privileges or agreements requiring it to sell, or otherwise issue (by exercise, conversion, exchange or otherwise), whether directly or indirectly, any of its unissued shares;

and such information contained in Appendix "C" hereto shall remain accurate and complete in all material respects at the Closing, subject to the issuance of American CBD Subscription Receipts in connection with the American CBD Private Placement and the issuance of American CBD Shares upon the due conversion of such American CBD Subscription Receipts;

- (d) it has all requisite corporate power and capacity and has taken all necessary corporate action to authorize it to execute and deliver this Agreement and perform its obligations hereunder, and this Agreement has been duly authorized, executed and delivered by it and constitutes a legal, valid and binding obligation enforceable

against it in accordance with this Agreement's terms except as may be limited by bankruptcy, insolvency, liquidation, reorganization, reconstruction and other similar laws of general application affecting the enforceability of remedies and rights of creditors and except that equitable remedies such as specific performance and injunction are in the discretion of a court;

- (e) its execution and delivery of this Agreement and its performance of its obligations hereunder does not and shall not result in the breach of, constitute a default under or conflict with:
  - (i) any provision of its constating documents;
  - (ii) any resolutions of its shareholders or directors;
  - (iii) any statute, rule or regulation applicable to it or its property;
  - (iv) any order, decree or judgment of a court or regulatory authority or body having jurisdiction over it or its property;
  - (v) any mortgage, indenture, agreement or other commitment to which it is a party or it or its property is bound; or
  - (vi) any agreement which would permit any party to that agreement to terminate such agreement or accelerate the maturity of any indebtedness of American CBD, or that would result in the creation or imposition of any encumbrance of the American CBD Shares or the assets of American CBD;
- (f) all American CBD Shares are issued as fully paid and non-assessable securities of American CBD and are free and clear of any and all encumbrances, liens, charges, demands of any kind and nature;
- (g) there are no claims, actions, suits or proceedings (judicial, administrative or otherwise) commenced, pending or threatened against it, nor to its knowledge is any of the foregoing contemplated nor to its knowledge is there any basis therefor;
- (h) it is not a reporting issuer or equivalent in any jurisdiction and has not contravened any applicable securities laws of any jurisdiction, including without limitation in relation to the issuing of its seed shares, founders shares or any other shares or other securities;
- (i) American CBD has not issued any securities other than as disclosed herein, or in connection with the American CBD Private Placement;
- (j) American CBD is in good standing with respect to all of its obligations owing pursuant to all its material contracts, and each of such material contracts is a legal, valid and binding obligation of American CBD;

- (k) to the knowledge of American CBD, other than as has been disclosed in writing directly to TBI, all activities of American CBD are in material compliance with and are in good standing under all applicable laws, rules, regulations and regulatory orders and prohibitions and there have been no violations thereof nor any basis for a claim or determination thereof, and there are no current, pending or threatened order, prohibition or other directive relating to any such matters nor to American CBD's knowledge any basis for such order, prohibition or other directive;
- (l) the minute books and corporate records of American CBD are maintained substantially in accordance with all applicable laws and are complete and accurate in all material respects. The financial books and records and accounts of American CBD in all material respects (i) have been maintained in accordance with good business practices on a basis consistent with prior years, and (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and acquisitions and dispositions of assets of American CBD;
- (m) the American CBD financial statements for the year ended December 31, 2019 and the period ended September 30, 2020 have been prepared in accordance with the International Financial Reporting Standards, present fairly, in all material respects, the financial position and all material liabilities (accrued, absolute, contingent or otherwise) of American CBD as of the date thereof, and there have been no adverse material changes in the financial position of American CBD since the date thereof and the business of American CBD has been carried on in the usual and ordinary course consistent with past practice since the date thereof;
- (n) American CBD has filed all tax returns, reports and other tax filings, and has paid, deducted, withheld or collected and remitted on a timely basis all amounts to be paid, deducted, withheld or collected and remitted with respect to any taxes, interest and penalties as required under all applicable tax laws. There are no assessments, reassessments, actions, suits or proceedings, in progress, pending, or threatened, against American CBD, and no waivers have been granted by American CBD in connection with any taxes, interest or penalties; and
- (o) American CBD has no reasonable grounds for believing that a creditor of American CBD will be prejudiced by the Amalgamation.

## **Article 8 GENERAL**

### **8.1 Expenses**

The parties hereto acknowledge and agree that each party shall be responsible for its own costs, whether or not the transactions contemplated herein are completed, including but not limited to any fees, disbursements and charges incurred with respect to its due diligence investigations and the preparation of this Agreement and any other documents, certificates and opinions required for the Closing or otherwise required in connection herewith.

## **8.2 Notices**

Each notice, demand or other communication required or permitted to be given hereunder shall be effective if by email, in writing and delivered personally, transmitted by fax (with electronic confirmed receipt) or sent by prepaid mail as follows:

(a) If to TBI or Subco,

Thoughtful Brands Inc.  
Suite 800 - 1199 West Hastings Street  
Vancouver, BC V6E 3T5

Email: joel@motaventuresco.com

Attention: Joel Shacker, President

(b) If to American CBD:

American CBD Extraction Corp.  
221 Esplanade W #409  
North Vancouver, BC V7M 3J3

Email: tedpomerleau@shaw.ca

Attention: Jean Pomerleau

and any notice, demand or other communication given as aforesaid shall be deemed to be received on the date of email, personal delivery or facsimile transmission if delivered or transmitted during normal business hours (and on the first Business Day thereafter if delivered or transmitted after normal business hours), and the third Business Day after mailing if sent by prepaid mail, excluding all days when normal mail service is interrupted. Any party may from time to time change its address of service by notice to the other parties in accordance herewith.

## **8.3 Entire Agreement and Further Assurances**

This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, whether oral or written, existing between the parties with respect to the subject matter hereof, including the binding term sheet entered into between TBI and American CBD, dated effective September 18, 2020.

The parties shall from time to time promptly execute or cause to be executed all such deeds, conveyances and other documents and instruments and do or cause to be done all such acts and other things which may be necessary or advisable to fully carry out and give effect to the intent of and matters contained in this Agreement.

## **8.4 Amendments and Waivers**

This Agreement may only be amended by instrument in writing signed by the parties hereto, without further notice to or consent or approval by their respective shareholders unless strictly required by applicable law.

Any waiver or consent hereunder must be in writing and signed by the party giving the waiver or consent. No waiver or consent hereunder shall be construed or deemed to be a waiver or consent with respect to any other provision hereof or to be a continuous waiver or consent unless so expressly provided for.

#### **8.5 Severability**

If any provision or part thereof of this Agreement is declared by a court or other judicial or administrative body of competent jurisdiction to be illegal, invalid or unenforceable, that provision or part thereof shall be severed from this Agreement and the remaining provisions of part thereof of this Agreement shall continue in full force and effect and unaffected thereby.

#### **8.6 Assignment and Enurement**

This Agreement is personal in nature and may not be assigned in whole or in part without the express written consent of the other parties hereto. This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

#### **8.7 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The parties hereto acknowledge and agree that the courts of British Columbia shall have exclusive jurisdiction with respect to any dispute or other matter arising hereunder.

#### **8.8 Time of the Essence**

Time shall be of the essence hereof.

#### **8.9 Execution and Delivery**

This Agreement may be signed and delivered in two or more counterparts and by electronic transmission, and when taken together such counterparts and facsimiles shall be deemed to constitute one and the same and an originally executed instrument having effect from the date first above written notwithstanding the date of execution and delivery.




***[Remainder of page intentionally left blank]***

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

**THOUGHTFUL BRANDS INC.**

per:   
Name:   
Title: 

**1270479 B.C. LTD.**

per:   
Name:   
Title: 

**AMERICAN CBD EXTRACTION CORP.**

per: \_\_\_\_\_  
Name:  
Title:

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

**THOUGHTFUL BRANDS INC.**

per: \_\_\_\_\_  
Name:  
Title:

**1270479 B.C. LTD.**

per: \_\_\_\_\_  
Name:  
Title:

**AMERICAN CBD EXTRACTION CORP.**

per:   
Name:   
Title: 

**APPENDIX A**

to the Amalgamation Agreement made effective as of October 21, 2020 among  
Thoughtful Brands Inc., 1270479 B.C. Ltd., and American CBD Extraction Corp.

**AMALGAMATION APPLICATION**

See attached.



**APPENDIX B**

to the Amalgamation Agreement made effective as of October 21, 2020 among Thoughtful Brands Inc., 1270479 B.C. Ltd., and American CBD Extraction Corp.

**ARTICLES OF AMALCO**

See attached.

**APPENDIX C**

to the Amalgamation Agreement made effective as of October 21, 2020 among Thoughtful Brands Inc., 1270479 B.C. Ltd., and American CBD Extraction Corp.

**ISSUED AND OUTSTANDING SECURITIES**  
**(AND OBLIGATIONS TO ISSUE SECURITIES)**

A. Thoughtful Brands Inc.

<b>Type of Security</b>	<b>Number</b>
TBI Shares outstanding at date hereof	246,803,833
Other agreements/rights to issue TBI Shares	47,836,057

B. 1270479 B.C. Ltd.

<b>Type of Security</b>	<b>Number</b>
Subco Shares outstanding at date hereof	1

C. American CBD Extraction Corp.

<b>Type of Security</b>	<b>Number</b>
American CBD Shares outstanding at date hereof	23,231,061
Other agreements/rights to issue American CBD Shares	21,644,030 <sup>(1)</sup>

**Note:**

- (1) Not including the American CBD Subscription Receipts to be issued in connection with the American CBD Private Placement, or American CBD Shares to be issued upon the due conversion of the American CBD Subscription Receipts.