



ASX Announcement | 18 September 2019
Althea Group Holdings (ASX:AGH)

Waiver of ASX Listing Rules 7.3.2 and 10.13.3

18 September 2019: **Australian medicinal cannabis company Althea Group Holdings Limited (ASX:AGH) (Althea or the Company)** notes that, in connection with the Company's proposed acquisition of Peak Processing Solutions announced to ASX on 25 July 2019 (**Acquisition**), ASX Limited (**ASX**) granted the Company on 14 August 2019 waivers of:

- ASX Listing Rule 7.3.2 such that the relevant notice of meeting of the shareholders of the Company (**Notice of Meeting**) issued by the Company for the purposes of seeking the required shareholder approvals for the Acquisition does not need to provide that the fully paid ordinary shares in Althea to be issued to employee shareholder vendors of Peak Processing Solutions on exchange of the 10,146,126 non-voting, convertible, redeemable, preferred shares (**Exchangeable Shares**) will be issued within 3 months of the shareholder meeting; and
- ASX Listing Rule 10.13.3 such that the Notice of Meeting issued by the Company for the purposes of seeking the required shareholder approvals for the Acquisition does not need to provide that the fully paid ordinary shares in Althea issued to 2707813 Ontario Inc., an entity controlled by Gregg Battersby, on exchange of the 15,707,518 Exchangeable Shares will be issued within 1 month of the shareholder meeting.

A copy of the Notice of Meeting convening a meeting of the Company's shareholders on 14 October 2019 has been lodged with ASX today and summarises the conditions to the waivers referred to above.

A condition to the waivers requires the Company to release the full terms and conditions of issue of the Exchangeable Shares. For this purpose, a copy of the terms and conditions of issue of the Exchangeable Shares are attached to this announcement as Attachment 1.

-ENDS-

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Althea Group Holdings Limited (ASX:AGH)

Althea is an Australian licensed producer, supplier and exporter of pharmaceutical grade medicinal cannabis and is listed publicly on the Australian Securities Exchange (ASX:AGH). Althea also offers a range of education, access and management services to support eligible patients and healthcare professionals in navigating medicinal cannabis treatment pathways.

Althea currently operates within highly regulated medicinal cannabis markets including Australia and the United Kingdom, with plans to expand into emerging markets throughout Asia and Europe.

To learn more, please visit: www.althea.life

Attachment 1

1214029 B.C. LTD.

(the “Company”)

ARTICLE 28 - SPECIAL RIGHTS AND RESTRICTIONS

28.1 Definitions

For purposes of this Article 28:

“**Act**” means the *Business Corporations Act* (British Columbia), and includes all regulations made pursuant to it, all as now enacted or as the same may from time to time be amended, re-enacted or replaced.

“**AGH**” means Althea Group Holdings Limited ACN 626 966 943, a corporation existing under the laws of Australia.

“**AGH Share**” means a fully paid ordinary share in the capital of AGH.

“**AGH Group**” means AGH, together with its direct and indirect Subsidiaries.

“**Associate**” has the meaning given in section 12 of the Corporations Act.

“**ASIC**” means the Australian Securities and Investment Commission;

“**ASX**” means ASX Limited (ABN 98 008 624 691) or the securities market operated by it (as the context requires).

“**Board of Directors**” means the board of directors of the Company.

“**Business Day**” means any day except a Saturday, Sunday or statutory holiday in Toronto, Ontario or in Melbourne, Australia.

“**Call Right Exchange**” means any exchange by AGH or a Permitted Subsidiary of AGH Shares for Exchangeable Shares pursuant to the exercise of the Liquidation Call Right, the Retraction Call Right or the Redemption Call Right.

“**Canadian Cannabis Processor Licence**” means the licence under the Cannabis Act and the Cannabis Regulations applied for by Peak Processing in respect of the Freehold Property pursuant to the Canadian Cannabis Processor Licence Application, which, for greater certainty, shall include a sales licence to sell and distribute and send and deliver cannabis and cannabis products.

“**Canadian Cannabis Processor Licence Application**” means application no. APP-SUGIYDTMFE-2019 applied for by Peak Processing under the Cannabis Act and the Cannabis Regulations.

“**Cannabis Act**” means *Cannabis Act* (Canada), as may be amended from time to time and includes any successor legislation.

“Cannabis Regulations” means the cannabis regulations promulgated under the Cannabis Act, as may be amended from time to time and includes any successor legislation.

“Change of Control Event” means:

- (a) a Takeover Bid is made in respect of the shares in AGH and both of the following have occurred:
 - (i) the holders of at least 50% of the shares in respect of which the Takeover Bid is made have accepted the offer made under the Takeover Bid; and
 - (ii) the Takeover Bid becomes unconditional;
- (b) a Scheme of Arrangement is proposed in respect of shares in AGH and both of the following have occurred:
 - (i) the Scheme of Arrangement has become unconditional; and
 - (ii) the Scheme of Arrangement has been approved by the court for implementation and the court orders approving the Scheme of Arrangement have been lodged with ASIC;
- (c) the acquisition of voting securities of the Company or Peak Processing or any reorganization, amalgamation, merger, consolidation or share exchange in a single transaction (or series of related transactions) as a result of which the holders of the voting securities of the Company or Peak Processing prior to the transaction (or series of related transactions) hold, immediately after such transaction (or series of related transactions), directly or indirectly, securities to which are attached 50% or less of the voting power with respect to the Company or Peak Processing, as applicable;
- (d) a single transaction (or series of related transactions) resulting in the acquisition of the Company or Peak Processing by another entity, other than an entity controlled by any member of the AGH Group, or that results in the sale of all or substantially all of the assets of the Company or Peak Processing; or
- (e) a single transaction (or series of transactions) that results in the sale, lease, license, transfer, conveyance or other disposition of all or substantially all of the assets of AGH, the Company or Peak Processing, other than to an entity controlled by any member of the AGH Group.

“Cleansing Notice” means a notice that complies with the requirements of section 708A(6) of the Corporations Act.

“Closing Documents” means the certificates representing the Exchangeable Shares to be exchanged for the Liquidation Consideration, the Retraction Consideration or the Redemption Consideration, as the case may be, together with such other documents and instruments as may be required to effect a transfer of such Exchangeable Shares under the Act and these Articles and such additional documents and instruments as the Company may reasonably require.

“**Closing Procedures**” means the provisions and procedures described in Sections 28.33 through 28.36.

“**Common Shares**” means the common shares in the capital of the Company.

“**Completion Tranche Exchangeable Shares**” means the Completion Tranche Exchangeable Shares in the capital of the Company.

“**Corporations Act**” means the *Corporations Act 2001* (Cth).

“**Earn-Out Conditions**” means, subject to Section 28.24(e), the conditions set out in Sections 28.24(b) to (d) which must be satisfied in order for a holder of Earn-out Tranche 1 Exchangeable Shares, Earn-out Tranche 2 Exchangeable Shares or Earn-out Tranche 3 Exchangeable Shares, as applicable, to be able to exercise its rights under Section 28.15.

“**Earn-Out Deed**” means the *Earn-Out Deed* between the Company and the holders of Exchangeable Shares dated as of the date of this Certificate and Articles of Amendment, as amended, supplemented or restated from time to time.

“**Earn-out Tranche 1 Exchangeable Shares**” means the Earn-out Tranche 1 Exchangeable Shares in the capital of the Company.

“**Earn-out Tranche 2 Exchangeable Shares**” means the Earn-out Tranche 2 Exchangeable Shares in the capital of the Company.

“**Earn-out Tranche 3 Exchangeable Shares**” means the Earn-out Tranche 3 Exchangeable Shares in the capital of the Company.

“**Exchange and Support Agreement**” means the *Exchange and Support Agreement* between AGH, the Company and the holders of Exchangeable Shares dated as of the date of this Certificate and Articles of Amendment, as amended, supplemented or restated from time to time.

“**Exchange Consideration**” means Liquidation Consideration, Retraction Consideration or Redemption Consideration, as applicable.

“**Exchange Date**” means the Liquidation Date, Retraction Date or Redemption Date, as applicable.

“**Exchange Notice**” has the meaning given to it in Section 28.18(b).

“**Exchange Right**” has the meaning given to it in the Exchange and Support Agreement.

“**Exchangeable Share Provisions**” means the rights, privileges, restrictions and conditions of the Exchangeable Shares.

“**Exchangeable Shares**” means, collectively, the Completion Tranche Exchangeable Shares, the Earn-out Tranche 1 Exchangeable Shares, the Earn-out Tranche 2 Exchangeable Shares and the Earn-out Tranche 3 Exchangeable Shares.

“**Freehold Property**” means the property located at 2065 Solar Crescent, Tecumseh, Ontario NOR 1L0, Canada.

“**Holder Exchange**” means any acquisition by the Company of Exchangeable Shares

pursuant to Sections 28.8 to 28.32 (inclusive), but for clarity does not include a Call Right Exchange or a Put Right Exchange.

“**Licence Date**” has the meaning given to it in Section 28.24(b).

“**Liquidation Call Right**” has the meaning given to it in Section 28.12(a).

“**Liquidation Put Right**” has the meaning given to it in Section 28.13.

“**Liquidation Consideration**” has the meaning given to it in Section 28.10.

“**Liquidation Date**” has the meaning given to it in Section 28.10.

“**Liquidation Event**” has the meaning given to it in Section 28.10.

“**Permitted Subsidiary**” means any Subsidiary of AGH, other than the Company, designated by AGH to exercise the Liquidation Call Right, Retraction Call Right or Redemption Call Right.

“**Person**” includes any individual, firm, partnership, limited liability company, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, government body, syndicate or other entity, whether or not having legal status.

“**Peak Processing**” means 2682130 Ontario Limited.

“**Put Right Exchange**” means any exchange by AGH or a Permitted Subsidiary of AGH Shares for Exchangeable Shares pursuant to the exercise of the Liquidation Put Right, the Retraction Put Right or the Redemption Put Right.

“**Redemption Call Right**” has the meaning given to it in Section 28.28.

“**Redemption Put Right**” has the meaning given to it Section 28.30.

“**Redemption Consideration**” has the meaning given to it in Section 28.25.

“**Redemption Date**” means the date, if any, established by the Board of Directors for the redemption by the Company of Exchangeable Shares pursuant to Section 28.25, which date is the earliest of:

- (a) the effective date in respect of a Change of Control Event, provided that if a majority of the board of directors of AGH determines, in good faith and in their sole discretion, that:
 - (i) it is not reasonably practicable to continue or substantially replicate the terms and conditions of the Exchangeable Shares in connection with such Change of Control Event or that the redemption of all but not less than all of the outstanding Exchangeable Shares is necessary to enable the completion of such Change of Control Event in accordance with its terms; or
 - (ii) the consideration payable to the holders of AGH Shares in such Change of Control Event is cash,

then in either such instance the board of directors of AGH may accelerate such redemption date to such date prior to the Change of Control Event as the board may determine, upon such number of days of prior written notice to the registered holders of Exchangeable Shares as the board of directors of AGH may determine in its sole discretion to be reasonably practicable in such circumstances; provided that, notwithstanding anything else contained in these Articles to the contrary, AGH and the board of directors of AGH will use all commercially reasonable efforts to ensure that any such redemption is effective only upon, and is conditional upon, the closing of the Change of Control Event;

- (b) the date specified by the written consent or agreement of holders of at least a majority of the Exchangeable Shares then outstanding, provided that, notwithstanding anything else contained in these Articles to the contrary, upon an occurrence of a Change of Control Event all of the Exchangeable Shares subject to the restrictions contained in Section 28.24 shall be deemed to be outstanding and no longer subject to any of the restrictions contained in Section 28.24;
- (c) any date specified by the Board of Directors on or after the date that the *Income Tax Act* (Canada) is amended to permit the holders of Exchangeable Shares to effect an exchange for AGH Shares without creating a taxable event under the *Income Tax Act* (Canada) for the holders of Exchangeable Shares, provided that all Earn-Out Conditions with respect to the relevant class of Exchangeable Shares have been satisfied; or
- (d) in respect of a class of Exchangeable Shares, any date specified by the Board of Directors (which must be no later than 31 May 2023) on or after the date that each of the relevant Earn-Out Conditions with respect to that class of Exchangeable Shares then outstanding either have been satisfied or can no longer be satisfied.

“**Relevant Interest**” has the meaning set forth in the Corporations Act.

“**Retracted Shares**” has the meaning given to it in Section 28.16(a).

“**Retraction Call Right**” has the meaning given to it in Section 28.17.

“**Retraction Consideration**” has the meaning given to it in Section 28.15.

“**Retraction Date**” has the meaning given to it in Section 28.16(b).

“**Retraction Put Right**” has the meaning given to it in Section 28.19.

“**Retraction Request**” has the meaning given to it in Section 28.16.

“**Scheme of Arrangement**” means a scheme of arrangement between AGH and its members and/or creditors under Part 5.1 of the Corporations Act pursuant to which a person and its Associates will acquire a Relevant Interest in 50% or more of the issued ordinary capital of AGH.

“**Stock Split**” means in respect of AGH Shares on issue from time to time:

- (a) the implementation by AGH of a subdivision of such AGH Shares into a greater number; or
- (b) the implementation by AGH of a consolidation of such AGH Shares into a smaller number,

and “**as adjusted for Stock Splits**” means, in relation to a specific number of AGH Shares, such number of shares multiplied by a fraction:

- (i) the denominator of which is the number of such shares outstanding immediately prior to a Stock Split; and
- (ii) the numerator of which is the number of such shares outstanding immediately after the Stock Split,

provided that:

- (i) subject to paragraph (ii) below, the final number shall reflect each and every Stock Split that has occurred from the date the applicable Exchangeable Shares are first issued by the Company to the date of the calculation; and
- (ii) the final number shall not reflect any Stock Split that has occurred from the date the applicable Exchangeable Shares are first issued by the Company to the date of the calculation if a subdivision or consolidation corresponding to such Stock Split was made of such Exchangeable Shares.

“**Subsidiary**” has the meaning set forth in the Act and includes all indirect subsidiaries.

“**Takeover Bid**” has the meaning set forth in the Corporations Act.

28.2 Voting Rights - Common Shares

The holders of the Common Shares will be entitled to receive notice of, attend and vote at all meetings of the shareholders, except meetings at which only holders of a specified class of shares that is not the Common Shares are entitled to vote. Each Common Share will entitle its holder to 1 vote.

28.3 Voting Rights - Exchangeable Shares

Except as otherwise expressly provided in these Articles or as required by applicable law, the holders of the Exchangeable Shares will not be entitled to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting. Where the holders of Exchangeable Shares are granted a right to vote pursuant to applicable law, the holders of all such classes of Exchangeable Shares entitled to vote with respect thereto shall vote together as a class to the extent permitted by applicable law.

28.4 Class Voting

To the extent permitted by applicable law, the holders of any class of Exchangeable Shares are not entitled to vote separately as a class upon, and are not entitled to dissent in respect of, any proposal to amend the Articles to:

- (a) increase or decrease any maximum number of authorized Exchangeable Shares of such class, or increase any maximum number of authorized shares of a class having rights or privileges equal or superior to such class of Exchangeable Shares; or
- (b) create a new class of shares equal or superior to such class of Exchangeable Shares.

For greater certainty, the holders of any class of Exchangeable Shares shall not be entitled to vote separately as a class in the event of a Holder Exchange, a Call Right Exchange or any exchange effected explicitly pursuant to the terms of the Exchange and Support Agreement.

28.5 No Voting Rights in AGH

The holders of the Exchangeable Shares will not be entitled by virtue of such status to receive notice of or to attend any meeting of the shareholders of AGH or to vote at any such meeting.

28.6 Dividends on Common Shares

Subject to the provisions of the Act and any restrictions set forth in these Articles, dividends may be declared by the directors on the Common Shares in such amounts and at such times and in such a manner as they may determine in their absolute discretion.

28.7 Dividends on Exchangeable Shares

Holders of Exchangeable Shares are not entitled to receive dividends and the directors shall not declare any dividends on the Exchangeable Shares, including that holders of Exchangeable Shares are not entitled to participate in or receive any dividend from the Company in respect of their Exchangeable Shares by virtue of any dividends being declared and paid by AGH on shares of AGH.

28.8 Transferability

Except as otherwise expressly provided in this Article 28, and notwithstanding anything else contained in these Articles, but subject to applicable law, the Exchangeable Shares are non-transferrable and the holders of the Exchangeable Shares are not entitled to transfer any Exchangeable Shares to any Person.

28.9 Ranking of Exchangeable Shares - Preference on Liquidation

Each class of Exchangeable Shares, on a *pari passu* basis, is entitled to a preference over the Common Shares and any other shares ranking junior to the Exchangeable Shares with respect to the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs.

28.10 Exchangeable Shares Rights on Liquidation

Upon the voluntary or involuntary liquidation, dissolution or winding-up of the Company or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs (a “**Liquidation Event**”), a holder of Exchangeable Shares is entitled, subject to applicable law, the Liquidation Call Right and the Liquidation Put Right, to receive from the assets of the Company in respect of each Exchangeable Share held by such holder on

the effective date (the “**Liquidation Date**”) of such Liquidation Event, on a *pari passu* basis, before any distribution of any part of the assets of the Company among the holders of the Common Shares or any other shares ranking junior to such Exchangeable Shares, an amount per share equal to one AGH Share (as adjusted for Stock Splits) (the “**Liquidation Consideration**”).

28.11 Method of Distribution on Liquidation

On the Liquidation Date, and subject to the exercise by AGH or a Permitted Subsidiary of the Liquidation Call Right or the exercise by holders of Exchangeable Shares of the Liquidation Put Right, the Company will cause to be delivered to the holders of the Exchangeable Shares (other than any member of the AGH Group) the Liquidation Consideration for each such Exchangeable Share upon presentation and surrender of the Closing Documents pursuant to the Closing Procedures.

28.12 Liquidation Call Right

- (a) Upon a Liquidation Event, AGH or a Permitted Subsidiary has the overriding right (the “**Liquidation Call Right**”) to exchange with all, but not less than all, of the holders (other than a member of the AGH Group) of Exchangeable Shares, on the Liquidation Date, all but not less than all of the Exchangeable Shares held by each such holder for consideration per share equal to the Liquidation Consideration for such Exchangeable Shares.
- (b) To exercise the Liquidation Call Right, AGH or a Permitted Subsidiary must notify the holders of Exchangeable Shares of its intention to exercise such right at least ten Business Days before the Liquidation Date (or such less number of days (not to be less than five Business Days in any event) as the board of directors of AGH may determine to be reasonably practicable in such circumstances).
- (c) If AGH or a Permitted Subsidiary exercises the Liquidation Call Right, then, on the Liquidation Date, AGH or a Permitted Subsidiary will acquire and the holders of Exchangeable Shares (other than a member of the AGH Group) will transfer to AGH or a Permitted Subsidiary, as applicable, all of the Exchangeable Shares then outstanding for consideration per share equal to the Liquidation Consideration for each such Exchangeable Share against presentation and surrender of the Closing Documents pursuant to the Closing Procedures.

28.13 Liquidation Put Right

- (a) Upon a Liquidation Event, provided that AGH or a Permitted Subsidiary has not exercised the Liquidation Call Right, each holder of Exchangeable Shares (other than a member of the AGH Group) shall have the right to require AGH or a Permitted Subsidiary to purchase from such holder all but not less than all of such holder's Exchangeable Shares outstanding on the Liquidation Date for the Liquidation Consideration per share for such Exchangeable Shares (the “**Liquidation Put Right**”).
- (b) To exercise the Liquidation Put Right, a holder must notify the Company and AGH of its intention to exercise such right at least 2 Business Days before the Liquidation Date.

- (c) If the Liquidation Put Right is exercised by a holder, then on the Liquidation Date, AGH or a Permitted Subsidiary will acquire, and such holder will transfer to AGH or a Permitted Subsidiary, as applicable, all but not less than all such holder's Exchangeable Shares then outstanding for consideration per share equal to the Liquidation Consideration for each such Exchangeable Share against presentation and surrender of the Closing Documents pursuant to the Closing Procedures.

28.14 Solvency Restrictions

Notwithstanding any other provision of these Articles, the Company is not obligated to deliver any Liquidation Consideration to the extent that the delivery of the Liquidation Consideration with respect to all of the then outstanding Exchangeable Shares would be contrary to solvency requirements or any other provision of applicable law.

28.15 Retraction of Exchangeable Shares by Holder

Subject to the satisfaction of the requirements of Section 28.24, a holder of Exchangeable Shares is entitled at any time within 20 Business Days following the satisfaction of the requirements of Section 28.24, subject to the exercise by AGH or a Permitted Subsidiary of the Retraction Call Right or the exercise by holders of Exchangeable Shares of the Retraction Put Right, and otherwise upon compliance with the provisions of this **ARTICLE 28**, to require the Company to redeem any or all of the Exchangeable Shares registered in the name of such holder for an amount per Exchangeable Share equal to one AGH Share (as adjusted for Stock Splits) (the “**Retraction Consideration**”).

28.16 Retraction Request by a Holder

To effect the redemption, the holder must deliver to the Company, in accordance with the Closing Procedures, the Closing Documents together with a duly executed statement (the “**Retraction Request**”) for each separate class of Exchangeable Shares in the form of Appendix A to these Articles, or in such other form as may be acceptable to the Company:

- (a) specifying that the holder desires to have all or any number specified therein of the Exchangeable Shares held by such holder (the “**Retracted Shares**”) redeemed by the Company;
- (b) stating the Business Day on which the holder desires to have the Company redeem the Retracted Shares (the “**Retraction Date**”), but:
 - (i) the Retraction Date may not be less than 10 Business Days nor more than 15 Business Days after the date on which the Retraction Request is received by the Company; and
 - (ii) if no such Business Day is specified by the holder in the Retraction Request, the Retraction Date is the 15th Business Day after the date on which the Retraction Request is received by the Company; and
- (c) acknowledging, subject to the holder revoking the Retraction Request in the manner specified in Section 28.23, the Retraction Call Right of AGH or a Permitted Subsidiary.

28.17 Retraction Call Right

If a holder of Exchangeable Shares delivers a Retraction Request to the Company, AGH or a Permitted Subsidiary has the overriding right (the “**Retraction Call Right**”) to exchange with the holder all, but not less than all, of the Retracted Shares held by the holder for an exchange price per share equal to the Retraction Consideration per share on the terms and conditions set out in Section 28.18.

28.18 Exercise of Retraction Call Right

- (a) Upon receipt by the Company of a Retraction Request, the Company must promptly notify AGH of such receipt.
- (b) In order to exercise the Retraction Call Right, AGH or a Permitted Subsidiary must notify the holder of its determination to do so (the “**Exchange Notice**”) within 5 Business Days of the Company’s having advised AGH or a Permitted Subsidiary, as applicable, of the Company’s receipt of the Retraction Request.
- (c) If AGH or a Permitted Subsidiary delivers an Exchange Notice within such 5 Business Day period, and provided that the Retraction Request is not revoked by such holder in the manner specified in Section 28.23:
 - (i) the Retraction Request is thereupon considered only to be an offer by the holder to sell the Retracted Shares to AGH or a Permitted Subsidiary in accordance with the Retraction Call Right;
 - (ii) such offer is deemed to be accepted by AGH or a Permitted Subsidiary, as applicable;
 - (iii) the Company may not redeem the Retracted Shares; and
 - (iv) AGH or a Permitted Subsidiary, as applicable, must purchase from such holder and such holder must sell to AGH or a Permitted Subsidiary, as applicable, on the Retraction Date the Retracted Shares for a purchase price per share equal to the Retraction Consideration for such Retracted Share against presentation and surrender of Closing Documents pursuant to the Closing Procedures.

28.19 Retraction Put Right

- (a) Subject to the satisfaction of the requirements of section 28.24, if a holder of Exchangeable Shares delivers a Retraction Request to the Company, and provided that AGH or a Permitted Subsidiary has not exercised the Retraction Call Right, such holder shall have the right to require AGH or a Permitted Subsidiary to purchase from such holder all but not less than all of the Retracted Shares on the Retraction Date for consideration per share equal to the Retraction Consideration per share for such Retracted Shares (the “**Retraction Put Right**”).
- (b) To exercise the Retraction Put Right, a holder must notify the Company and AGH of its intention to exercise such right within 7 Business Days of the Company's receipt of the Retraction Request from the holder.

- (c) If the Retraction Put Right is exercised by a holder, then on the Retraction Date, AGH or a Permitted Subsidiary will acquire, and such holder will transfer to AGH or the Permitted Subsidiary, as applicable, all but not less than all of such holder's Retracted Shares then outstanding for consideration per share equal to the Retraction Consideration for such Retracted Share against presentation and surrender of the Closing Documents pursuant to the Closing Procedures.

28.20 Redemption by the Company

If AGH or a Permitted Subsidiary does not deliver an Exchange Notice within such 5 Business Day period, and if the Retraction Request is not revoked by the holder in the manner specified in Section 28.23 or the holder does not exercise the Retraction Put Right with respect to such Exchangeable Shares, the Company will cause to be delivered on the Retraction Date to the holder of the Exchangeable Shares to be redeemed the Retraction Consideration for each such Exchangeable Share against presentation and surrender of the Closing Documents pursuant to the Closing Procedures.

28.21 Solvency Restrictions

- (a) Notwithstanding any other provision of these Articles, the Company is not obligated to redeem Retracted Shares specified by a holder in a Retraction Request to the extent that such redemption of Retracted Shares would be contrary to solvency requirements or any other provision of applicable law.
- (b) If the Company believes on the advice of counsel that on any Retraction Date it would not be permitted by any of such provisions to redeem the Retracted Shares tendered for redemption on the Retraction Date, and if AGH or a Permitted Subsidiary has not exercised the Retraction Call Right with respect to the Retracted Shares, then the Company shall only be obligated to redeem Retracted Shares specified by a holder in a Retraction Request to the extent of the maximum number that may be so redeemed (rounded down to a whole number of shares) as would not be contrary to such provisions and will notify the holder at least 2 Business Days prior to the Retraction Date as to the number of Retracted Shares that will not be redeemed by the Company.
- (c) In any case in which the redemption by the Company of Retracted Shares would be contrary to solvency requirements or other provisions of applicable law, the Company will redeem Retracted Shares in accordance with these share provisions on a *pro rata* basis and will issue to each holder of Retracted Shares a new certificate, at the expense of the Company, representing the Retracted Shares not redeemed by the Company.

28.22 Exchange Right with AGH

If the Retraction Request is not revoked by the holder in the manner specified in Section 28.23, the holder of any Retracted Shares that are not redeemed by the Company pursuant to Section 28.20 as a result of solvency requirements or other provisions of applicable law is deemed, by the giving of the Retraction Request, to require AGH or a Permitted Subsidiary to purchase such Retracted Shares from such holder on the Retraction Date or as soon as practicable thereafter by delivery by AGH or a Permitted Subsidiary to such holder of the Retraction Consideration for each Retracted Share, all as more specifically provided in the Exchange and Support Agreement.

28.23 Revocability

A holder of Retracted Shares may, by notice in writing given by the holder to the Company before the close of business of the Company on the Business Day immediately preceding the Retraction Date, withdraw its Retraction Request, in which case such Retraction Request is null and void and, for greater certainty, the revocable offer constituted by the Retraction Request to sell the Retracted Shares to AGH or a Permitted Subsidiary, as applicable, is deemed to have been revoked.

28.24 Restrictions on Retraction of Exchangeable Shares

- (a) A holder of a Completion Tranche Exchangeable Share may not exercise its rights under Section 28.15, the Retraction Put Right or the Redemption Put Right until the day that is twelve (12) months after the date of issuance of such Completion Tranche Exchangeable Share.
- (b) A holder of an Earn-out Tranche 1 Exchangeable Share may not exercise its rights under Section 28.15, the Retraction Put Right or the Redemption Put Right:
 - (i) unless Peak Processing receives the Canadian Cannabis Processor Licence on or before June 30, 2021 (the date on which Peak Processing receives the Canadian Cannabis Processor Licence, being “**Licence Date**”); and
 - (ii) subject to satisfaction of the condition in paragraph (i) above, until the day that is twelve (12) months after the Licence Date.
- (c) A holder of an Earn-out Tranche 2 Exchangeable Share may not exercise its rights under Section 28.15, the Retraction Put Right or the Redemption Put Right unless:
 - (i) the condition in Section 28.24(b)(i) is satisfied in respect of the Earn-out Tranche 1 Exchangeable Shares; and
 - (ii) Peak Processing achieves revenue of \$7,000,000 and earnings before interest, tax, depreciation and amortization of \$2,000,000 in the twelve (12) month period following the Licence Date, in each case, as determined in accordance with the Earn-Out Deed.
- (d) A holder of an Earn-out Tranche 3 Exchangeable Share may not exercise its rights under Section 28.15, the Retraction Put Right or the Redemption Put Right unless:
 - (i) the condition in Section 28.24(b)(i) is satisfied in respect of the Earn-out Tranche 1 Exchangeable Shares; and
 - (ii) Peak Processing achieves revenue of \$25,000,000 and earnings before interest, tax, depreciation and amortization of \$12,500,000 in the eighteen (18) month period following the Licence Date, in each case, as determined in accordance with

the Earn-Out Deed.

- (e) Notwithstanding the foregoing:
 - (i) in the event that the Company has breached any of its covenants contained in clause 1 of Schedule 4 of the Earn-Out Deed; or
 - (ii) upon the occurrence of a Change of Control Event,
- a holder of the Exchangeable Shares may immediately exercise its rights under Section 28.15, the Retraction Put Right or the Redemption Put Right in respect of all of its Exchangeable Shares.

28.25 Redemption of Exchangeable Shares by the Company

Subject to applicable law, and so long as neither AGH nor a Permitted Subsidiary has exercised the Redemption Call Right and a holder has not exercised its Redemption Put Right, the Company will on the Redemption Date redeem all, but not less than all, of the then outstanding Exchangeable Shares (other than those held by any member of the AGH Group) for an amount per Exchangeable Share equal to one AGH Share (as adjusted for Stock Splits (the “**Redemption Consideration**”). Notwithstanding the foregoing, if the Redemption Date was specified pursuant to paragraph (d) of the definition of “Redemption Date”, the Company will on the Redemption Date redeem all, but not less than all, of the then outstanding Exchangeable Shares of the class of Exchangeable Shares that cannot satisfy its Earn-Out Conditions for \$0.000001 per Exchangeable Share.

28.26 Notice of Redemption by Company

- (a) Prior to a redemption of Exchangeable Shares under Section 28.25, the Company will send or cause to be sent to each holder of Exchangeable Shares a notice in writing of the redemption by the Company or the purchase by AGH or a Permitted Subsidiary under the Redemption Call Right, as the case may be, of the Exchangeable Shares held by such holder, either:
 - (i) in the case of a Redemption Date established in connection with a Change of Control Event, on as many days prior written notice as may be determined by the Board of Directors of the Company in its sole discretion to be reasonably practicable in the circumstances;
 - (ii) in the case of a Redemption Date established pursuant to the written consent or agreement by the holders of at least a majority of the Exchangeable Shares then outstanding, as soon as reasonably practicable after the Board of Directors receives notice of such written consent or agreement; and
 - (iii) in any other case, at least 10 Business Days before the Redemption Date.
- (b) Such notice must set out the Redemption Consideration, the Redemption Date and, if applicable, particulars of the Redemption Call Right.

28.27 Delivery of Redemption Consideration

On the Redemption Date, subject to the exercise by AGH or a Permitted Subsidiary of the Redemption Call Right or the exercise by holders of Exchangeable Shares of the Redemption Put Right, the Company will cause to be delivered to the holders of the Exchangeable Shares to be redeemed the Redemption Consideration for each such Exchangeable Share, upon presentation and surrender of the Closing Documents pursuant to the Closing Procedures.

28.28 Redemption Call Right

AGH or a Permitted Subsidiary has the overriding right (the “**Redemption Call Right**”), notwithstanding the proposed redemption of the Exchangeable Shares by the Company pursuant to Section 28.25, to exchange with all but not less than all of the holders (other than a member of the AGH Group) of Exchangeable Shares, on the Redemption Date, all but not less than all of the Exchangeable Shares held by each such holder for consideration per share equal to the Redemption Consideration. Upon the exercise of the Redemption Call Right by AGH or a Permitted Subsidiary, each holder must exchange all the Exchangeable Shares held by the holder with AGH or a Permitted Subsidiary on the Redemption Date upon delivery by AGH or a Permitted Subsidiary to the holder of the Redemption Consideration.

28.29 Exercise of Redemption Call Right

- (a) To exercise the Redemption Call Right, AGH or a Permitted Subsidiary must notify the holders of its intention to exercise such right at least three Business Days before the Redemption Date (except in respect of a Redemption Date established in connection with a Change of Control Event, in which case AGH or a Permitted Subsidiary will so notify the holders with as much prior notice as is determined by the Board of Directors in its sole discretion to be reasonably practicable in the circumstances).
- (b) If AGH or a Permitted Subsidiary exercises the Redemption Call Right, then, on the Redemption Date, AGH or a Permitted Subsidiary, as applicable, will purchase and the holders of Exchangeable Shares (other than a member of AGH Group) will sell to AGH or a Permitted Subsidiary, as applicable, all of the Exchangeable Shares then outstanding and held by such holders for an amount per share equal to the Redemption Consideration for each such Exchangeable Share against presentation and surrender of the Closing Documents pursuant to the Closing Procedures.
- (c) If a Redemption Date results from a Change of Control Event, the exchange of all of the Exchangeable Shares is effective immediately prior to the closing of the transaction constituting the Change of Control Event.

28.30 Redemption Put Right

- (a) Subject to the satisfaction of the requirements of Section 28.24, provided that AGH or a Permitted Subsidiary has not exercised the Redemption Call Right, a holder of Exchangeable Shares shall have the right to require AGH or a Permitted Subsidiary to purchase from such holder all but not less than all of the Exchangeable Shares held by such holder on the Redemption Date for consideration per share equal to the Redemption Consideration per share (the “**Redemption Put Right**”).

- (b) To exercise the Redemption Put Right, a holder must notify the Company and AGH of its intention to exercise such right at least 3 Business Days before the Redemption Date.
- (c) If the Redemption Put Right is exercised by a holder, then on the Redemption Date, AGH or a Permitted Subsidiary will acquire, and such holder will transfer to AGH or the Permitted Subsidiary, as applicable, all but not less than all of such holder's Exchangeable Shares then outstanding for consideration per share equal to the Redemption Consideration for such Exchangeable Share against presentation and surrender of the Closing Documents pursuant to the Closing Procedures.

28.31 Exchange Right with AGH or a Permitted Subsidiary

The holder of any Exchangeable Shares that are not redeemed by the Company or exchanged or purchased by AGH or a Permitted Subsidiary, is deemed to require AGH or a Permitted Subsidiary to purchase such Exchangeable Shares from such holder on the Redemption Date or as soon as practicable thereafter by delivery by AGH or a Permitted Subsidiary to such holder of the Redemption Consideration for each Exchangeable Share, all as more specifically provided in the Exchange and Support Agreement.

28.32 Solvency Restrictions

Notwithstanding any other provision of these Articles, the Company is not obligated to redeem any Exchangeable Shares to the extent that the redemption of all of the then outstanding Exchangeable Shares would be contrary to solvency requirements or any other provision of applicable law.

28.33 Closing Procedures - Holder Exchange

- (a) For purposes of completing an exchange of the Exchangeable Shares pursuant to a Holder Exchange, the Company will cause to be delivered to the holder of Exchangeable Shares subject to the Holder Exchange, the Exchange Consideration against presentation and surrender of the Closing Documents.
- (b) Satisfaction by the Company of the aggregate Exchange Consideration will be made by delivery to each holder, at the address of the holder recorded in the securities register of the Company or by holding for pick up by the holder at the registered office of the Company, an electronic holding statement issued by AGH's share registry evidencing the issue by AGH of the AGH Shares constituting the Exchange Consideration (which shares are to be duly issued as fully paid and non-assessable and free and clear of any lien, claim, encumbrance, security interest or adverse claim).
- (c) On and after the Exchange Date, the Exchangeable Shares shall cease to be outstanding, and holders of the Exchangeable Shares cease to be holders of Exchangeable Shares and are not entitled to exercise any of the rights of holders in respect thereof, other than the right to receive their proportionate part of the total Exchange Consideration, unless delivery of the total Exchange Consideration for such Exchangeable Shares is not made upon presentation and surrender of share certificates in accordance with the foregoing provisions, in which case the rights of the holders remain

unaffected until the total Exchange Consideration has been paid.

- (d) The Company may, at any time on or after the Exchange Date, deposit or cause to be deposited the total Exchange Consideration in respect of the Exchangeable Shares represented by certificates that have not, at the Exchange Date, been surrendered by the holders thereof in a custodial account with any chartered bank or trust company in Canada. The rights of the holders of such Exchangeable Shares after such deposit are limited to the receipt of their proportionate part of the total Exchange Consideration (less any tax required to be deducted and withheld therefrom) without interest for such Exchangeable Shares, against presentation and surrender of the said certificates held by them respectively in accordance with the foregoing provisions, and such holders are thereafter deemed to be holders of shares of AGH Shares.

28.34 Closing Procedures - Call Right Exchange and Put Right Exchange

- (a) For the purposes of completing an exchange of the Exchangeable Shares pursuant to the Call Right Exchange or Put Right Exchange, AGH or a Permitted Subsidiary will cause to be delivered to the holders of the Exchangeable Shares subject to the Call Right Exchange or the Put Right Exchange, as applicable, the Exchange Consideration against presentation and surrender of the Closing Documents.
- (b) Satisfaction by AGH or a Permitted Subsidiary of payment of the aggregate Exchange Consideration for such Exchangeable Shares will be made by delivery to each applicable holder, at the address of the holder recorded in the securities register of the Company or by holding for pick up by the holder at the registered office of the Company, an electronic holding statement issued by AGH's share registry evidencing the issue by AGH of the AGH Shares constituting the Exchange Consideration (which shares are to be duly issued as fully paid and non-assessable and free and clear of any lien, claim, encumbrance, security interest or adverse claim).
- (c) On and after the Exchange Date, the Exchangeable Shares shall be owned by AGH or the Permitted Subsidiary, as the case may be, and the holders of the Exchangeable Shares shall cease to be holders of such Exchangeable Shares and are not entitled to exercise any of the rights of holders in respect thereof, other than the right to receive their proportionate part of the total Exchange Consideration, unless AGH or a Permitted Subsidiary does not complete the Call Right Exchange or the Put Right Exchange in the manner described above, in which case the holders of the Exchangeable Shares will be entitled to receive from the Company and the Company will pay therefor the Exchange Consideration in the manner set forth in Section 28.33, failing which the rights of the holders remain unaffected until the total Exchange Consideration (without duplication) has been paid.
- (d) AGH or a Permitted Subsidiary may, at any time on or after the Exchange Date, deposit or cause to be deposited the total Exchange Consideration in respect of the Exchangeable Shares represented by certificates that have not, at the Exchange Date, been surrendered by the holders thereof in a custodial account with any chartered bank or trust company in Canada. The right of the holders of such Exchangeable Shares after such deposit is limited to the

receipt of their proportionate part of the total Exchange Consideration (less any tax required to be deducted and withheld therefrom) without interest for such Exchangeable Shares, against presentation and surrender of the said certificates held by them respectively in accordance with the foregoing provisions, and such holders will thereafter be deemed to be holders of shares of AGH Shares.

28.35 Closing Procedures - AGH constitution and register of members

With effect upon and from each applicable Exchange Date, each holder of an Exchangeable Share will be deemed to have:

- (a) agreed to be bound by AGH's *Constitution* (including as it may be amended from time to time); and
- (b) authorised the holder's name to be placed on the register of members of AGH as the legal owner of the AGH Shares issued to the holder on the relevant Exchange Date.

28.36 Closing Procedures - Effective Notice

Notwithstanding delivery of any notice by the Company of an Exchange Date, the Company and any other party will not be required to deliver Exchange Consideration if the event underlying the notice and exchange does not actually occur. Any notice may be conditioned.

28.37 Post-Closing Procedures - Application for quotation

At the same time as AGH announces to ASX the issue and allotment of AGH Shares constituting Exchange Consideration on an Exchange Date, AGH will make application to ASX for the grant of official quotation on ASX of the relevant AGH Shares issued to the holders of Exchangeable Shares on the relevant Exchange Date.

28.38 Cleansing notice

No later than 5 business days after the issue and allotment of AGH Shares constituting the Exchange Consideration on an Exchange Date, AGH will give a Cleansing Notice to ASX in respect of the relevant AGH Shares issued to the holders of Exchangeable Shares on the relevant Exchange Date in accordance with section 708A(5)(e) of the Corporations Act.

28.39 Method of Delivery of Notice by Holders of Exchangeable Shares

Any notice, request or other communication to be given to the Company, AGH and a Permitted Subsidiary by a holder of Exchangeable Shares must be in writing and is valid if given in accordance with the bylaws of the Company.

28.40 Presentation and Surrender of Exchangeable Shares

- (a) Any presentation and surrender by a holder of Exchangeable Shares to the Company of certificates representing Exchangeable Shares in connection with the liquidation, dissolution or winding-up of the Company or the retraction or redemption of Exchangeable Shares must be made by ordinary mail (postage prepaid) or by delivery to the registered office of the Company, addressed to the attention of the President of the Company.

- (b) Any such presentation and surrender of certificates is deemed only to have been made and to be effective upon actual receipt thereof by the Company.
- (c) Any such presentation and surrender of certificates made by ordinary mail is at the sole risk of the holder mailing the certificates.

28.41 Delivery of Notices, etc., by the Company to Holders of Exchangeable Shares

Any notice, request or other communication to be given to a holder of Exchangeable Shares by or on behalf of the Company must be in writing and is valid if given in accordance with Section 24 of these Articles.

28.42 Right to Withhold

AGH, a Permitted Subsidiary and the Company may deduct and withhold from any consideration otherwise payable to any holder of Exchangeable Shares such amounts as AGH, a Permitted Subsidiary or the Company is required or permitted to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of provincial, state, local or foreign tax law, in each case as amended or succeeded. To the extent that amounts are so withheld, such withheld amounts are to be treated for all purposes as having been paid to the holder of the shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. To the extent that the amount so required or permitted to be deducted or withheld from any payment to a holder exceeds the cash portion of the consideration otherwise payable to the holder, the holder will be notified in writing thereof by AGH, a Permitted Subsidiary or the Company (as applicable) and the holder must pay the difference (up to the amount required to be withheld by AGH, a Permitted Subsidiary or the Company) in cash to such withholding party; failing payment of such difference within 5 Business Days after notice is provided to the holder, AGH, a Permitted Subsidiary and the Company are hereby authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to AGH, a Permitted Subsidiary or the Company, as the case may be, to enable it to comply with such deduction or withholding requirement and AGH, a Permitted Subsidiary or the Company will notify the holder thereof and remit to such holder any unapplied balance of the net proceeds of such sale or other disposal.

28.43 Residual Assets to Holders of Common Shares on Liquidation Event

Subject to the satisfaction of all obligations of the Company to the holders of Exchangeable Shares upon a Liquidation Event as set out elsewhere in this Article 28, all remaining assets of the Company shall be distributed to the holders of Common shares upon a Liquidation Event.

APPENDIX A

NOTICE OF EXCHANGEABLE SHARE RETRACTION

To: **1214029 B.C. LTD.** (the “Company”)

And to: **Althea Group Holdings Limited** (“AGH”) or a Permitted Subsidiary

This notice is given pursuant to the special rights and restrictions (the “**Share Provisions**”) attaching to the Exchangeable Shares of the Company (as set out in Article 28 of the Company’s Articles) represented by this certificate and all capitalized words and expressions used in this notice that are defined in the Share Provisions have the meanings ascribed to such words and expressions in such Share Provisions.

The undersigned hereby notifies the Company that, subject to the Retraction Call Right referred to below, the undersigned desires to have the Company redeem the following shares (the “**Retracted Shares**”) in accordance with the Share Provisions:

- all share(s) represented by this certificate; or
- _____ share(s) only.

The undersigned hereby notifies the Company that the Retraction Date shall be -

NOTE:

A separate notice must be provided for each class of Exchangeable Shares.

The Retraction Date must be a Business Day and must not be less than 10 Business Days nor more than 15 Business Days after the date upon which this notice is received by the Company. If no such Business Day is specified above, the Retraction Date shall be deemed to be the 15th Business Day after the date on which this notice is received by the Company.

The undersigned acknowledges the overriding Retraction Call Right of AGH or a Permitted Subsidiary to purchase all but not less than all the Retracted Shares from the undersigned and that this notice is and shall be deemed to be a revocable offer by the undersigned to sell the Retracted Shares to AGH or a Permitted Subsidiary, as the case may be, in accordance with the Retraction Call Right on the Retraction Date for the Retraction Consideration and on the other terms and conditions set out in Section 28.18 of the Share Provisions. This notice of retraction, and this offer to sell the Retracted Shares to AGH or a Permitted Subsidiary, as applicable, may be revoked and withdrawn by the undersigned only by notice in writing given to the Company at any time before the close of business on the Business Day immediately preceding the Retraction Date.

The undersigned acknowledges that if, as a result of solvency provisions of applicable law, the Company is unable to redeem all Retracted Shares, and provided that neither AGH nor a Permitted Subsidiary has exercised the Retraction Call Right with respect to the Retracted Shares, the undersigned will be deemed to have exercised the Exchange Right (as defined in the Exchange and Support Agreement) so as to require AGH or a Permitted Subsidiary, as the case may be, to purchase the unredeemed Retracted Shares.

The undersigned hereby represents and warrants to AGH, a Permitted Subsidiary and the

Company that the undersigned:

is

(select one)

is not

a non-resident of Canada for purposes of the *Income Tax Act* (Canada). The undersigned acknowledges that in the absence of an indication that the undersigned is not a non-resident of Canada, withholding on account of Canadian tax may be made from amounts payable to the undersigned on the redemption or purchase of the Retracted Shares.

The undersigned hereby represents and warrants to AGH, a Permitted Subsidiary and the Company that the undersigned has good title to, and owns, the share(s) represented by this certificate to be acquired by AGH, a Permitted Subsidiary or the Company, as the case may be, free and clear of all liens, claims and encumbrances.

Date: _____

Signature of Shareholder

Witness of Signature

Name of Shareholder

Please check box if the securities and any cheque(s) resulting from the retraction or purchase of the Retracted Shares are to be held for pick-up by the shareholder from the Company, failing which the securities and any cheque(s) will be mailed to the last address of the shareholder as it appears on the register.

NOTE: The information above must be completed and this certificate, together with such additional documents as the Company may require, must be deposited with the Company at its registered office in British Columbia, Canada. The securities resulting from the retraction or exchange of the Retracted Shares will be issued and registered in, and made payable to, respectively, the name of the shareholder as it appears on the register of the Company and the securities resulting from such retraction or exchange will be delivered to such shareholder as indicated above.

NOTE: If the notice of retraction is for less than all of the share(s) represented by this certificate, a certificate representing the remaining shares of the Company represented by this certificate will be issued and registered in the name of the shareholder as it appears on the register of the Company, unless the share transfer power on the share certificate is duly completed in respect of such shares.