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CONFIDENTIAL

June 30, 2016

Cannabis Royalties & Holdings Corp.
Suite 2200, HSBC Building
885 West Georgia Street
Vancouver, British Columbia, V6C 3E8

Attention: **Marc Lustig, Chief Executive Officer**

Dear Sirs:

Re: Acquisition of issued and outstanding shares of Cannabis Royalties & Holdings Corp. (“CRHC”) by Bonanza Blue Corp. (“BB”)

This letter agreement (the “**Agreement**”) is intended to set out our mutual binding agreement and our understanding of the basic terms and conditions upon which BB, an unlisted reporting issuer in the Province of Ontario, will acquire all of the issued and outstanding shares of CRHC (the “**CRHC Shares**”), a private company incorporated pursuant to the *Canada Business Corporations Act*, in connection with a business combination as hereinafter described (the “**Transaction**”).

The acceptance of this Agreement will be followed by the negotiation of definitive documentation, including an Amalgamation Agreement (as defined below), setting forth the terms of the Transaction and containing the terms and conditions set out in this Agreement and such other terms and conditions as are customary for transactions of the nature and magnitude contemplated herein. All documentation shall be in form and content satisfactory to each of BB and CRHC. The terms of this Agreement are intended to create binding obligations on BB and CRHC. BB and CRHC are hereinafter collectively referred to as the “**Parties**” and individually as a “**Party**”.

In this Agreement, “person” has the same meaning given to it in the *Securities Act* (British Columbia) (the “**Securities Act**”).

1. **Amalgamation Agreement.** Subject to the terms and conditions hereof, the Parties will promptly negotiate in good faith an amalgamation agreement (the “**Amalgamation Agreement**”) that will be executed on the closing of the Transaction, setting forth the detailed terms of the Transaction and containing the terms and conditions set out or contemplated by in this Agreement. CRHC and its counsel will have primary responsibility for preparing the Amalgamation Agreement.
2. **The Transaction.** The Parties anticipate that the Transaction will provide for, among other things:
 - (a) the application by BB for a listing (the “**Listing**”) on the Canadian Securities Exchange (the “**CSE**”);

- (b) the incorporation by BB of a wholly-owned subsidiary, which subsidiary will acquire all of the issued and outstanding CRHC Shares from the holders thereof (the “**CRHC Shareholders**”) in consideration of the issuance to the CRHC Shareholders of one BB Post-Consolidation Share (as defined below) for each one CRHC Share held immediately prior to the Transaction pursuant to a three-corned amalgamation;
- (c) the exchange of all of the outstanding incentive securities of CRHC (“**CRHC Incentive Securities**”) held by holders thereof (the “**CRHC Incentive Securityholders**”) in consideration of the issuance to the CRHC Incentive Securityholders of one BB replacement incentive security (“**Replacement Incentive Security**”) for each one CRHC Incentive Security held immediately prior to the Transaction, and each Replacement Incentive Security will have substantially the same terms and conditions as the CRHC Incentive Security exchanged therefor except that it will entitle the holder thereof to receive, in lieu of the CRHC Shares to which such CRHC Incentive Securityholder was theretofor entitled and for the same aggregate consideration payable therefor, if any, the number of BB Post-Consolidation Shares which the CRHC Incentive Securityholder would have been entitled to receive as a result of the Transaction if, immediately prior to the Effective Time (as defined below), such CRHC Incentive Securityholder had been the registered holder of the number of CRHC Shares to which such CRHC Incentive Securityholder would have been entitled had the CRHC Incentive Securities vested and been converted into CRHC Shares immediately prior to the Effective Time;
- (d) that prior to the completion of the Transaction (the “**Effective Time**”), BB shall call a meeting of its shareholders for the purpose of approving, among other matters, (i) a consolidation of the issued and outstanding common shares of BB (the “**BB Pre-Consolidation Shares**”) on the basis of one “new” common share of BB (a “**BB Post-Consolidation Share**”) for every 5 BB Pre-Consolidation Shares issued and outstanding (the “**Consolidation**”), subject to adjustment in the event less than the maximum BB Share Transfer (as defined below) is completed or if the outstanding share capital of CRHC changes; (ii) a change of name of BB to complement the business of CRHC (the “**Name Change**”); (iii) the election of up to five individuals to the board of directors of BB in accordance with Section 4 hereof; and (iv) if required by the CSE or otherwise due to the structure of the Transaction, the approval of the Transaction;
- (e) certain significant shareholders of BB (the “**BB Significant Shareholders**”) shall offer such number of BB Post-Consolidation Shares for purchase by parties introduced by CRHC (the “**Introduced Parties**”) pursuant to the terms of an agreement to be entered into among CRHC and such BB Shareholders that results in the Introduced Parties holding up to 1,000,000 BB Post-Consolidation Shares (the “**BB Share Transfers**”);
- (f) the outstanding debt of BB due to related parties in the aggregate amount of \$75,794 shall be assigned by the creditors thereof to parties introduced by CRHC (the “**Debt Transfer**”); and
- (g) that the BB Post-Consolidation Shares will be issued to CRHC Shareholders pursuant to prospectus exemption requirements of applicable securities laws and that such BB Post-Consolidation Shares may be subject to CSE escrow restrictions and may be subject to hold periods as required pursuant to the Securities Act and any other applicable securities legislation.

It is contemplated that the Transaction will take place by way of a three-cornered amalgamation or other transaction which will result in CRHC becoming a wholly-owned subsidiary of BB or otherwise combining its corporate existence with that of BB. The Parties agree that, in finalizing the structure for the Transaction, the Parties will take into due consideration the respective tax, corporate and accounting effects upon BB, CRHC and their respective shareholders. While the Parties contemplate proceeding on the basis set forth in this Agreement, the Parties may suggest an alternate structure after further business, legal, tax and accounting analysis.

3. **Financings.** The Parties agree that, to the extent required to meet CSE listing requirements, or as may otherwise be required in CRHC's sole opinion that CRHC may undertake one or more equity financings (the "**CRHC Financing**"). The Parties further agree that BB shall undertake an equity financing for gross proceeds of not less than \$50,000 and not more than \$95,000 in cash (the "**BB Financing**"). The BB Financing will be completed by way of an issuance of subscription receipts at a price of \$0.75, with each subscription receipt entitling the holder to one BB Post-Consolidation Share (subject to adjustment in the event less than the maximum BB Share Transfer is completed or if the outstanding share capital of CRHC changes).
4. **Directors and Officers.** It is the Parties intention that upon completion of the Transaction, the board of directors of BB will be reconstituted in a manner that complies with the requirements of CSE and applicable securities laws and will be comprised of up to five directors, all of whom will be nominated by CRHC, subject to the receipt of all applicable regulatory approvals. It is the Parties' intention that the current management team of BB will resign at the Effective Time and be replaced by appointees of CRHC. BB will secure the resignation and releases of its directors and officers effective as at the Effective Time, as required to effect the aforementioned changes.
5. **Conditions.** Completion of the Transaction will be subject to fulfillment of the following conditions and such other conditions as are customary for transactions of this nature on or before the Effective Time, or such other time as specified below:
 - (i) each Party will have obtained all necessary consents, waivers, permissions and approvals by or from relevant third parties (including board of directors approval and shareholder approval, if applicable), on terms and conditions satisfactory to the other Party, acting reasonably, including without limitation all applicable regulatory approvals, orders, notices and consents (including, without limitation, those of the CSE in respect of Listing);
 - (ii) the issuer resulting from the Transaction shall meet the minimum listing requirements of the CSE;
 - (iii) the Effective Time shall have occurred no later than November 30, 2016, unless otherwise extended in writing by the mutual agreement of both Parties (the "**Outside Date**");
 - (iv) the representations and warranties made by each Party in the Amalgamation Agreement shall be true and correct in all material respects as of the Effective Time as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date or except as affected by transactions contemplated or permitted by this Agreement or the Amalgamation Agreement), except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not result or would not reasonably be expected to have a Material Adverse Effect (as defined below) or

would not, or would not reasonably be expected to, materially impede completion of the Transaction; provided that each Party shall be entitled to cure any breach of a representation and warranty within five business days after receipt of written notice thereof from the other Party (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date);

- (v) no Party shall be in material breach of its obligations under the Amalgamation Agreement;
- (vi) there shall not have been any event or change that has had or would be reasonably likely to have a Material Adverse Effect on either BB or CRHC, as applicable;
- (vii) completion of the Consolidation and Name Change;
- (viii) if determined necessary by CRHC, in its sole discretion, completion of the CRHC Financing;
- (ix) completion of the Debt Transfer;
- (x) completion of the BB Financing, on terms satisfactory to CRHC;
- (xi) completion of the BB Share Transfers;
- (xii) the BB Significant Shareholders shall execute customary lock-up agreements in favour of CRHC with respect to securities of BB held by them for a 180 day period following the closing of the Transaction;
- (xiii) the issuance of incentive stock options to certain directors of BB, as directed by BB, permitting the holders there to acquire an aggregate of 75,000 BB Post-Consolidation Shares at an exercise price of \$1.00 for a period of one year following the closing of the Transaction; and
- (xiv) the availability of prospectus exemptions for the Transaction under applicable securities laws.

Any of the Parties may refuse to proceed with the closing of the Transaction if the conditions precedent inserted for its or their benefit are not fulfilled to its or their reasonable satisfaction prior to the Effective Time and it or they shall incur no liability to any other Party by reason of such refusal. The above conditions precedent, where not otherwise required by law, may be waived in whole or in part by the Party or Parties for whose benefit they are inserted in that Party or those Parties' absolute discretion. No such waiver shall be of any effect unless it is in writing signed by the Party or Parties granting the waiver.

For the purposes of this Agreement, "**Material Adverse Effect**" means, in respect of either Party, an effect, change, event, occurrence or state of facts, either individually or in the aggregate, that is, or would reasonably be expected to be, material and adverse to the business, properties, assets, liabilities, obligations (including any contingent liabilities that may arise through outstanding, pending or threatened litigation or otherwise), capitalization, condition (financial or otherwise),

operations or results of operations of that Party and its subsidiaries taken as a whole, other than any change, effect, event or occurrence:

- (i) relating to the global economy, political conditions or securities markets in general;
- (ii) relating to a change in the market trading price of publicly traded securities of that Party, either:
 - (A) related to this Agreement and the Transaction or the announcement thereof, or
 - (B) related to such a change in the market trading price primarily resulting from a change, effect, event or occurrence excluded from this definition of Material Adverse Effect under clauses (i), (ii) or (iii) hereof;
- (iii) relating to any generally applicable change in applicable laws or regulations (other than orders, judgments or decrees against that Party or any of its subsidiaries and material joint ventures) or in applicable accounting principles; or
- (iv) attributable to the announcement or pendency of this Agreement or the Transaction, or otherwise contemplated by or resulting from the terms of this Agreement,

provided, however, that such effect referred to in clause (i) or (ii) above does not primarily relate only to (or have the effect of primarily relating only to) that Party and its subsidiaries, taken as a whole, or disproportionately adversely affect that Party and its subsidiaries taken as a whole, compared to other companies of similar size operating in the industry in which that Party and its subsidiaries operate.

6. **Representations and Warranties of BB.** BB represents, warrants and covenants to CRHC that:

- (a) this Agreement has been duly executed and delivered by BB and constitutes a legal, valid and binding obligation of BB enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally, and to general principles of equity;
- (b) it is validly existing under the *Business Corporations Act* (Ontario), is a "reporting issuer" only in Ontario and it is not in default of any of its obligations as a reporting issuer;
- (c) it has an authorized share capital consisting of an unlimited number of common shares, of which approximately 8,055,000 BB Pre-Consolidation Shares are issued and outstanding. Prior to the completion of the Transaction, BB will consolidate its issued and outstanding common shares pursuant to the Consolidation. There are no outstanding options or share purchase warrants to acquire BB Pre-Consolidation Shares, nor any other outstanding securities convertible into BB Pre-Consolidation Shares. The BB Pre-Consolidation Shares referred to in this paragraph are the only issued and outstanding shares of BB and there are no other securities or agreements which could result in the issuance of shares or securities of BB;

- (d) the data and information in respect of BB and its assets, liabilities, business and operations provided, or to be provided, by BB or its advisors to CRHC or its advisors is, and will be, accurate and correct in all material respects as at the date hereof or the date provided, as applicable, and, in respect of any information provided or to be provided, did not and will not knowingly omit any material data or information necessary to make any data or information provided or to be provided not misleading in any material respect as at the date hereof or the date provided, as applicable. BB has no knowledge of any Material Adverse Effect to BB from that disclosed in such data and information;
- (e) the information and statements set forth in the information filed by BB with any securities commission or similar regulatory authority in compliance, or intended compliance, with applicable securities laws (the “**BB Public Record**”) as at the date thereof, as it relates to BB, were true, correct, and complete and did not contain any misrepresentation, as of the respective dates of such information or statements, and no material change has occurred in relation to BB which is not disclosed in the BB Public Record, and BB has not filed any confidential material change reports which continue to be confidential;
- (f) BB’s consolidated audited financial statements as at and for the financial year ended December 31, 2015 and its condensed interim financial statements as at and for the three months ended March 31, 2016 (the “**BB Financial Statements**”) were prepared in accordance with International Financial Reporting Standards (“**IFRS**”) and present fairly in accordance with IFRS the consolidated financial position, results of operations and changes in financial position of BB as of the dates thereof and for the periods indicated therein and reflect appropriate and adequate reserves in respect of contingent liabilities, if any, of BB on a consolidated basis, and there has been no material change in BB’s accounting policies or in the financial condition of BB since March 31, 2016;
- (g) neither BB nor its subsidiaries, if any, has any material liabilities of any nature (matured or unmatured, fixed or contingent), other than:
 - (i) those set forth or adequately provided for in the most recent balance sheet and associated notes thereto included in the BB Financial Statements (the “**BB Balance Sheet**”);
 - (ii) those incurred in the ordinary course of business and not required to be set forth in the BB Balance Sheet under IFRS;
 - (iii) those incurred in the ordinary course of business since the date of the BB Balance Sheet and consistent with past practice; and
 - (iv) those incurred in connection with the execution of this Agreement;
- (h) there are no actions, suits or proceedings in existence or pending or, to the knowledge of BB, threatened or for which there is a reasonable basis, affecting or that would reasonably be expected to affect BB or affecting or that would reasonably be expected to affect any of their property or assets at law or equity or before or by any governmental authority which action, suit or proceeding involves a possibility of any judgment against or liability of BB which, if successful, would reasonably be expected to cause a Material Adverse Effect, or would significantly impede the ability of BB to consummate the Transaction; and

- (i) to the knowledge of BB, BB has not withheld from CRHC any material information or documents concerning BB or its respective assets or liabilities during the course of CRHC's review of BB and its assets. No representation or warranty contained herein and no statement contained in any schedule or other disclosure document provided or to be provided to CRHC by BB pursuant hereto contains or will contain an untrue statement of a material fact which is necessary to make the statements herein or therein not misleading.

7. **Representations and Warranties of CRHC.** CRHC represents, warrants and covenants to BB that:

- (a) this Agreement has been duly executed and delivered by CRHC and constitutes a legal, valid and binding obligation of CRHC enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally, and to general principles of equity;
- (b) it is validly existing under the *Canada Business Corporations Act*, is not a reporting issuer or equivalent in any jurisdiction and the CRHC Shares are not publicly listed on any securities exchange;
- (c) it has an authorized share capital consisting of an unlimited number of CRHC Shares, of which 20,753,543 are currently issued and outstanding. Other than 1,500,000 common share purchase warrants and 199,800 deferred share units, there are no outstanding options or share purchase warrants to acquire CRHC Shares currently outstanding. The CRHC securities referred to in this paragraph are the only issued and outstanding securities of CRHC as at the date hereof and there are currently no other securities or agreements which could result in the issuance of CRHC Shares or other securities of CRHC, it being acknowledged by BB that CRHC is currently contemplating:
 - (i) an issuance of securities of CRHC in order to raise funds to finance ordinary course activities, including certain potential transactions, and for working capital purposes; and
 - (ii) the issuance of CRHC Shares as partial or full consideration in connection with the entering into of certain potential transactions in the ordinary course.

and it being further acknowledged that nothing will restrict or otherwise limit or prevent CRHC from completing such financing, CRHC Share issuances and granting CRHC Incentive Securities following the entering into of this Agreement;

- (d) CRHC owns 100% of all of the issued and outstanding shares of its wholly-owned subsidiaries (i) Cannroy Delaware Inc., (ii) Desert Growers Association LLC, and (iii) Bay Area Extraction Processing, and there are no other securities or agreements which could result in the issuance of shares or securities of either of the above named entities;
- (e) the data and information in respect of CRHC and its assets and resources, liabilities, business and operations provided, or to be provided, by CRHC or its advisors to BB or its advisors is, and will be, accurate and correct in all material respects as at the date hereof or the date provided, as applicable, and, in respect of any information provided or to be provided, did not and will not knowingly omit any material data or information necessary

to make any data or information provided not misleading in any material respect as at the date hereof or the date provided, as applicable. CRHC has no knowledge of any Material Adverse Effect to CRHC from that disclosed in such data and information;

- (f) CRHC will provide consolidated audited financial statements as at and for the years ended March 31, 2015 and March 31, 2016 (the “**CRHC Financial Statements**”), which will be prepared in accordance with IFRS and present fairly in accordance with IFRS the consolidated financial position, results of operations and changes in financial position of CRHC as of the dates thereof and for the periods indicated therein and reflect appropriate and adequate reserves in respect of contingent liabilities, if any, of CRHC on a consolidated basis, and there has been no material change in CRHC’s accounting policies or in the financial condition of CRHC since its inception;
- (g) CRHC will apply commercially reasonable efforts to obtain, concurrent with the execution of the Amalgamation Agreement, executed customary lock-up and support agreements regarding the Transaction in favour of BB from the shareholders of CRHC owning greater than 10% of the voting shares of CRHC;
- (h) Neither CRHC nor its subsidiaries has any material liabilities of any nature (matured or unmatured, fixed or contingent), other than:
 - (i) those, if any, to be set forth or adequately provided for in the balance sheet and associated notes thereto included in the CRHC Financial Statements (the “**CRHC Balance Sheet**”);
 - (ii) those, if any, incurred in the ordinary course of business and not required to be set forth in the CRHC Balance Sheet under IFRS;
 - (iii) those, if any, incurred in the ordinary course of business since the date of the CRHC Balance Sheet and consistent with past practice; and
 - (iv) those incurred in connection with the execution of this Agreement;
- (i) there are no actions, suits or proceedings in existence or pending or, to the knowledge of CRHC, threatened or for which there is a reasonable basis, affecting or that would reasonably be expected to affect CRHC or affecting or that would reasonably be expected to affect any of their property or assets at law or equity or before or by any governmental authority which action, suit or proceeding involves a possibility of any judgment against or liability of CRHC which, if successful, would reasonably be expected to result in a Material Adverse Effect, or would significantly impede the ability of CRHC to consummate the Transaction; and
- (j) to the knowledge of CRHC, CRHC has not withheld from BB any material information or documents concerning CRHC or its respective assets or liabilities during the course of BB’ review of CRHC and its assets. No representation or warranty contained herein and no statement contained in any schedule or other disclosure document provided or to be provided to BB by CRHC pursuant hereto contains or will contain an untrue statement of a material fact which is necessary to make the statements herein or therein not misleading.

8. **Due Diligence and Access.** Each Party shall provide to the other Party and its representatives and advisors complete access to such Party's facilities, technology, books and records and shall cause such Party's employees, accountants, and other representatives to cooperate fully with such other Party in connection with such due diligence investigation.

Any investigation made by a Party and its advisors will not mitigate, diminish or affect the representations and warranties made to such Party by the other Party hereto.

9. **Exclusive Dealing and Non-Solicitation.** The Parties hereby agree from the date hereof until the Termination Date (as defined below):

- (a) that the Parties shall, and shall direct and cause each of their respective officers, directors, employees, representatives, advisors, and agents and each of their respective subsidiaries and their officers, directors, employees, representatives, advisors, and agents to immediately cease and cause to be terminated any solicitation, encouragement, activity, discussion or negotiation with any parties that may be ongoing with respect to an Alternative Transaction (as defined below);
- (b) unless permitted pursuant to this Agreement, the Parties agree that each shall not, and shall not authorize or permit any of its officers, directors, employees, representatives, advisors or agents or its subsidiaries, directly or indirectly, to:
 - (i) make, solicit, initiate, entertain, encourage, promote or facilitate, including by way of permitting any visit to its facilities or properties or entering into any form of agreement, arrangement or understanding, any inquiries or the making of any proposals regarding an Alternative Transaction or that may reasonably be expected to lead to an Alternative Transaction;
 - (ii) participate in any discussions or negotiations regarding, or furnish to any person any information or otherwise cooperate with, respond to, assist or participate in any Alternative Transaction or potential Alternative Transaction;
 - (iii) remain neutral with respect to, or agree to, approve or recommend any Alternative Transaction or potential Alternative Transaction (it being understood that publicly taking no position or a neutral position with respect to an Alternative Transaction until 10 business days following formal announcement of such Alternative Transaction shall not be considered to be a violation of this Section); or
 - (iv) enter into any agreement, arrangement or understanding related to any Alternative Transaction.

From and after the date of this Agreement, each Party shall promptly (and in any event within 24 hours) notify the other Party, at first orally and then in writing, of any proposals, offers or written inquiries relating to or which could result in an Alternative Transaction being consummated, or any request for non-public information relating to such Party. Such notice shall include a description of the terms and conditions of any proposal, inquiry or offer, and the identity of the person making such proposal, inquiry or offer. Each Party shall keep the other Party fully informed on a prompt basis of the status, including any change to the material terms, of any such inquiry, proposal or offer.

For the purposes of this Agreement, “**Alternative Transaction**” means, with respect to a Party, an agreement, other than as specifically contemplated in this Agreement, which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (i) a direct or indirect acquisition from such Party or from its shareholders of 20% or more of the voting securities of such Party; (ii) a direct or indirect acquisition of assets of such Party representing 20% or more of the book value (on a consolidated basis) of such Party; (iii) an amalgamation, arrangement, merger, or consolidation involving such Party; (iv) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization into a royalty trust or income fund or similar transaction involving such Party; or (v) any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or which would or could reasonably be expected to materially reduce the benefits under this Agreement or the Transaction, it being acknowledged by BB that CRHC is in ongoing negotiations with respect to certain potential transactions (and in the future may enter into negotiations with respect to additional potential transactions) similar to those which it regularly considers and enters into in the ordinary course, and it being further acknowledged that nothing will restrict or otherwise limit or prevent CRHC from negotiating and completing such current and future potential transactions following the entering into of this Agreement.

10. **Escrow.** The Parties acknowledge that a portion of the BB Post-Consolidation Shares to be issued as part of the Transaction may be subject to escrow provisions which shall be imposed by the policies of the CSE. The Parties further acknowledge that any escrowed BB Post-Consolidation Shares will be held in escrow and released, over time, as determined by the CSE. The Parties agree that the terms of the escrow shall be negotiated by counsel for CRHC, in consultation with counsel for BB, and the CSE, and the Parties hereto agree to accept such terms as imposed by the CSE provided such escrow is in compliance with the published policies of the CSE. All Parties agree to use their reasonable commercial efforts to obtain the most advantageous escrow terms for CRHC Shareholders.
11. **Conduct of Business.** From the date of the acceptance of this Agreement until the earlier of the completion of the Transaction or the Termination Date, and except as required by law or as otherwise expressly permitted or specifically contemplated by this Agreement or as disclosed by a Party to the other prior to the execution of this Agreement:
 - (a) each of CRHC and BB shall:
 - (i) use reasonable commercial efforts to satisfy (or cause the satisfaction of) by the Outside Date the conditions precedent set out herein to the extent they are within its control and shall not take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere or affect the execution of the Amalgamation Agreement or completion of the Transaction;
 - (ii) conduct its business only in the usual and ordinary course of business and consistent with past practice, and it shall use all reasonable commercial efforts, to the extent that it has the financial resources to do so, to maintain and preserve its business, assets and advantageous business relationships (which for clarity with respect to CRHC, is expected to involve investments in, or acquisitions of, businesses operating in the cannabis sector);

- (iii) make no distributions, dividends or special bonuses and issue no shares or other convertible securities, other than (A) any CRHC Shares which may be issued as partial or full consideration in connection with the entering into of certain potential transactions in the ordinary course, and (B) those securities to be issued in connection with the CRHC Financing and BB Financing;
 - (iv) not subdivide, consolidate, reclassify any of their shares or reduce their stated capital, except to the extent provided for in this Agreement; and
 - (v) as soon as practicable, take all such actions as are reasonably necessary to complete the Transaction in accordance with the terms of this Agreement and the Amalgamation Agreement.
- (b) BB shall:
- (i) maintain payables and other liabilities (other than for money borrowed) at levels consistent with past practice;
 - (ii) not incur or commit to incur any indebtedness for borrowed money without the prior approval of the other Party, such approval not to be unreasonably withheld;
 - (iii) not incur capital expenditures outside the normal course of business without the prior approval of the other Party, such approval not to be unreasonably withheld;
 - (iv) not sell, lease, transfer, mortgage or otherwise dispose of or encumber any of its property or assets, real or personal, or agree to the same;
 - (v) not enter into or amend any employment, consulting or other agreements with any directors, officers, employees or consultants or any executive compensation arrangements or benefit plans without the prior approval of the other Party, such approval not to be unreasonably withheld; and
 - (vi) not conduct any business or incur any charges or expenses outside of the ordinary course of business, other than professional fees to pursue and complete the Transaction, with legal fees not to exceed a maximum \$50,000 (plus disbursements and HST) and audit fees not to exceed a maximum \$10,000 (plus disbursements and HST);

provided that nothing in this paragraph 11(a) and (b) shall prevent the Parties from completing those transactions or matters identified in this Agreement, disclosed to the other Party concurrent with the execution of this Agreement, or that would otherwise be considered transactions or matters undertaken in the ordinary course of such Party's business operations, it being acknowledged by BB that CRHC is in ongoing negotiations with respect to certain potential transactions (and in the future may enter into negotiations with respect to additional potential transactions) similar to those which it regularly considers and enters into in the ordinary course, and it being further acknowledged that nothing will restrict or otherwise limit or prevent CRHC from negotiating and completing such current and future potential transactions following the entering into of this Agreement.

12. **Disclosure and Securities Laws.** Each of CRHC and BB acknowledges that, to the extent that any of its directors, officers and shareholders are in possession of undisclosed information in respect of the Transaction or are involved in the due diligence review, as well as any persons they discuss the Transaction with, will or could be deemed to be in possession of material undisclosed information under Canadian provincial securities laws, or otherwise, and that such persons purchasing or trading in shares of BB while in possession of such information could be subject to liability under such securities laws. Each of CRHC and BB will advise such persons of such potential liability, advise them not to trade in shares of BB, and to the extent within its control, restrict them from trading in shares of BB until BB has determined that such trading is permissible.

The Parties further acknowledge that the policies of the CSE will require various items to be submitted and provided in connection with the CSE's approval of the listing of BB (after completion of the Transaction), including a Form 2A Listing Application (the "**Filing Statement**") prepared in accordance with CSE, which provides full, true and plain disclosure of all material facts relating to the Parties, the CRHC business, the Transaction and the resulting issuer, and pro forma financial statements.

13. **Publicity and Confidentiality.** It is the agreed intention of the Parties that:
- (a) BB will issue a press release announcing the entering into of this Agreement and the transactions contemplated hereby (as well as file a material change report) immediately following execution of this Agreement and after consultation with CRHC and its legal advisors as to the content of such releases; and
 - (b) the Parties will otherwise coordinate with respect to the timing and content of any further public disclosure and presentations made by BB in respect of the Transaction.

No other disclosures will be made regarding the Transaction unless otherwise required by applicable law, policy or rule, including those of the CSE, in which case the Party intending to make the announcement will provide the other Party as much notice as reasonably possible including the proposed text of the announcement.

This Agreement and any discussions in connection therewith shall be treated by the Parties as strictly confidential and, except as may be required by the CSE or by a rule, regulation or law of any kind whatsoever which is applicable to a Party, shall be kept confidential.

14. **Termination.** This Agreement (and, if applicable, the Amalgamation Agreement) may be terminated with the Parties having no obligations to each other, other than in respect of the provisions contained in this Section 14 and Sections 13, 15, 17 and 18 which shall survive such termination, on the day (the "**Termination Date**") on which the earliest of the following events occurs:
- (a) the mutual written agreement of CRHC and BB;
 - (b) any applicable regulatory authority having notified in writing either BB or CRHC that it will not permit the Transaction to proceed;
 - (c) if shareholder approval of either or both of the Parties is required, the shareholders of BB and/or CRHC Shareholders, as applicable, not approving the Transaction in accordance

with all applicable laws and the regulations of the CSE at a duly constituted meeting of shareholders;

- (d) by either Party if:
 - (i) CRHC or BB do not execute the Amalgamation Agreement on or before the Outside Date, or such other date as CRHC and BB may agree upon in writing;
 - (ii) the other Party has breached or is in default of any material term of this Agreement and fails to cure or remedy such breach or default within 10 days after receiving written notice thereof from the other Party. For the purposes of this subparagraph, the failure to comply with any of the provisions of Section 11, such that the conditions precedent specified in Section 1 have not been satisfied by the Outside Date, will be considered to be a breach of a material term of this Agreement;
 - (iii) it determines, acting reasonably, that the results of its due diligence investigation of the other Party are not satisfactory to it; or
 - (iv) any of the conditions set forth in Section 5 for the benefit of the terminating Party is not satisfied or waived by the Outside Date; or
- (e) by either Party if it accepts and enters into an agreement in respect of an Alternative Transaction in compliance with the terms of this Agreement.

15. **Privacy.** The Parties acknowledge that they are responsible for compliance at all times with the mutual confidentiality agreement (the “**Confidentiality Agreement**”) entered into between the Parties and with applicable privacy laws which govern the collection, use and disclosure of personal information acquired by or disclosed to the Parties pursuant to or in connection with the Confidentiality Agreement and this Agreement (the “**Disclosed Personal Information**”). None of the Parties shall use the Disclosed Personal Information for any purposes other than those relating to the performance of this Agreement and the completion of the Transaction.
16. **Change of Company Name.** Contemporaneously with the closing of the Transaction, BB will have taken all necessary steps to effect the Name Change to “CannaRoyalty Corp.”, or such other name as the Parties may determine and which is acceptable to the CSE and the registrar of companies for Ontario.
17. **Expenses.** Each of CRHC and BB will each pay their own respective expenses incurred in connection with this Agreement and the Amalgamation Agreement, whether or not the Transaction is consummated. CRHC and its counsel will be responsible for preparing all documentation required to effect the Transaction and all ancillary matters referred to herein or otherwise, with BB and its counsel solely performing a review function. CRHC and its counsel will also be responsible for preparing and submitting the application to the CSE for Listing, paying all CSE filing, listing and other fees in respect of the Listing and for corresponding with the CSE in respect of the Listing. CRHC will also directly pay all reasonable and necessary third party fees, costs and expenses incurred by BB in respect of the Transaction other than legal and audit.
18. **Miscellaneous Provisions.** This Agreement will be governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein and each of the Parties

irrevocably attorns to the exclusive jurisdiction of the courts of the Province of British Columbia. This letter embodies the entire agreement and understanding of the Parties and supersedes all prior agreements or understandings with respect to the subject matter of this letter.

19. **Notice.** Any notice or other communication required or contemplated under this Agreement to be given by one Party to the other shall be delivered, faxed or mailed by prepaid registered post to the Party to receive same at the undernoted address, namely:

if to CRHC:

Cannabis Royalties & Holdings Corp.
Suite 2200, HSBC Building
885 West Georgia Street
Vancouver, British Columbia, V6C 3E8
Attention: Marc Lustig
E-mail: mlustig@cannabisroyalties-hc.com

if to BB:

Bonanza Blue Corp.
Suite 1000 – 36 Toronto Street
Toronto, Ontario M5C 2C5
Attention: Eric Klein
Fax Number: (416) 361-0923

Any notice delivered or faxed shall be deemed to have been given and received on the business day next following the date of delivery or faxing, as the case may be. Any notice mailed as aforesaid shall be deemed to have been given and received on the third business day following the date it is posted, provided that if between the time of mailing and actual receipt of the notice there shall be a mail strike, slow-down or other labour dispute which might affect delivery of the notice by mail, then the notice shall be effective only if actually delivered.

20. **Severability.** If any term or provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.
21. **Counterparts, Execution.** This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between Parties.

The Agreement will remain open for acceptance by CRHC, on a confidential basis, until 5:00 p.m. Toronto time on June 30, 2016. If you are agreeable to proceeding on this basis, please sign and date this letter in the space provided below and return a signed copy to the undersigned.

Yours truly,

BONANZA BLUE CORP.

By: *(signed) "Eric Klein"* _____

Name: Eric Klein

Position: President & Chief Executive Officer

Acknowledged and Agreed this 30th day of June, 2016:

CANNABIS ROYALTIES & HOLDINGS CORP.

By: *(signed) "Marc Lustig"* _____

Name: Marc Lustig

Position: Chief Executive Officer