

Labstat International Inc.

Terms and Conditions of Service

[THESE TERMS AND CONDITIONS SHALL GOVERN ANY QUOTES, FEES, OR SERVICES RENDERED BY LABSTAT INTERNATIONAL INC.]

WHERE A MASTER SERVICES AGREEMENT ("MSA") OR CONTRACT FOR SERVICES HAS BEEN ENTERED INTO BETWEEN A CLIENT AND LABSTAT INTERNATIONAL INC., THESE TERMS AND CONDITIONS SHALL SUPPLEMENT THE MSA OR CONTRACT BUT IN THE EVENT OF A CONFLICT BETWEEN AN MSA OR CONTRACT AND THESE TERMS AND CONDITIONS, THE MSA OR CONTRACT SHALL GOVERN.

ARTICLE 1. LABSTAT INTERNATIONAL INC. RESPONSIBILITIES

- 1.1 LABSTAT INTERNATIONAL INC. of Ontario, Canada hereafter referred to as ("LABSTAT") shall perform testing services consistent with applicable standard practices, laws, and regulations.
- 1.2 LABSTAT may perform services for persons or entities (private, public or governmental) who are issuing instructions to LABSTAT (hereinafter, the "CLIENT"). CLIENT agrees to comply with the Terms and Conditions set out herein.
- 1.3 LABSTAT shall prepare reports of services performed indicating results of testing. LABSTAT reserves the right to utilize external (non-LABSTAT) laboratory resources to produce the results of testing as required so long as notice of such use has been provided to the CLIENT. Such results and reports thereon will be based solely upon samples as provided by CLIENT. Such results and reports are intended for use by persons having professional skill and training in the interpretation of such results and reports. LABSTAT assumes no responsibility, and CLIENT hereby waives all claims against LABSTAT, for interpretation of such results and reports.
- 1.4 LABSTAT and its employees or agents, shall not use (except in the course of the services provided herein), in any form or manner, and shall not disclose, in whole or in part, to any other party, CLIENT'S Confidential Information. For purposes of these Terms and Conditions, "Confidential Information" shall include but is not limited to, financial data, fees, quotes, forecasts, employee, supplier, and customer information, business or marketing plans, trade secrets or other intellectual property, contracts and documents of internal nature or with third parties, and policies and procedures of the business.

ARTICLE 2. CLIENT RESPONSIBILITIES

- 2.1 CLIENT shall designate in writing a person(s) or entity to act as CLIENT'S authorized representative ("Designated Representative(s)") with respect to LABSTAT's services to be performed. Such person(s) or entity shall have complete authority to transmit instructions, receive information and data, and to order, at CLIENT'S expense, additional services.
- 2.2 CLIENT hereby represents and warrants that it has the full right and authority to enter into an agreement, whether written or verbal, with LABSTAT.
- 2.3 CLIENT represents and warrants to LABSTAT that it has obtained, and will maintain and comply with, all applicable permits and licenses required from any third party or

governmental body or other regulatory organization in respect of its operations (the "License(s)"). CLIENT further covenants to, upon request by LABSTAT, provide copies of its then-current Licence(s) to LABSTAT.

- 2.4 CLIENT shall not use, in any form or manner, and shall not disclose, in whole or in part, to any other party, LABSTAT'S Confidential Information.
- 2.5 CLIENT agrees to provide information reasonably requested by LABSTAT, including but not limited to, data sheets of the CLIENT, as are necessary for LABSTAT to complete its report.

ARTICLE 3. REPORTS

- 3.1 LABSTAT makes no warranties on the CLIENT'S overall product(s). All LABSTAT reports on the results of product testing relate only to the sample(s) received and tested by LABSTAT at the time of testing. LABSTAT warrants that all sample(s) were tested in accordance with its Standard Test Procedures and in accordance with its ISO 17025 accreditation.
- 3.2 Any report or results furnished by LABSTAT is furnished solely for the benefit of CLIENT and any of its Designated Representative(s) and shall be the confidential property of CLIENT.. CLIENT shall not at any time misrepresent, amend, or alter the content of any report or other information received from or relating to LABSTAT or its work on behalf of CLIENT.
- 3.3 Unless otherwise required by law, LABSTAT shall provide its report only to the Designated Representative(s).
- 3.4 Any action taken by CLIENT based on results and reports designated by LABSTAT as "**preliminary**" or "**verbal**" or "**partial**" are at CLIENT'S own risk. However, any decision to recall or withdraw product based on test results is CLIENT'S sole responsibility and CLIENT shall bear all costs and liability related to any such decision.
- 3.5 CLIENT shall not, without prior written consent of LABSTAT, use LABSTAT's name, trademark, logo or any results or reports prepared by LABSTAT in connection with any sale, marketing or advertising. CLIENT shall not, under any circumstances, use LABSTAT's name, trademark, logo or any results or report prepared by LABSTAT in any manner which may cause harm to LABSTAT's reputation and/or business.
- 3.6 CLIENTS that request a re-test agree to pay additional fee if LABSTAT confirms original findings.

ARTICLE 4. RETENTION

- 4.1 After results have been reported to CLIENT, products will be retained and disposed of by LABSTAT as detailed in LABSTAT's s Standard Operating Procedure for retention and destruction. LABSTAT shall not be responsible for providing a refund or compensation for unused products of CLIENT.
- 4.2 LABSTAT shall retain all pertinent records as required by Federal regulations following submission of a report relating to the services performed, during which period the records will be made available to CLIENT upon written request, for which the request may result in additional costs.

ARTICLE 5. PAYMENT

CLIENT shall pay LABSTAT for services and expenses in accordance with LABSTAT's invoices which shall be paid within thirty (30) days of the date of invoice, unless otherwise communicated to CLIENT in writing. LABSTAT reserves the right, prior to performing any services, to require from CLIENT

satisfactory security for performance of CLIENT'S obligations. If CLIENT fails to furnish satisfactory credit information, security, or if its account is in arrears, LABSTAT may, at its option, defer further performance or terminate its agreement with CLIENT.

ARTICLE 6. LIMITATION OF LIABILITY & INDEMNIFICATION

- 6.1 ALL TERMS, CONDITIONS AND WARRANTIES (INCLUDING ANY WARRANTY AS TO MERCHANTABILITY QUALITY OR FITNESS FOR A PARTICULAR PURPOSE) IMPLIED BY COMMON LAW OR STATUTE ("IMPLIED WARRANTIES") AS TO THE MANNER, QUALITY AND TIMING OF THE TESTING SERVICE ARE EXCLUDED UNLESS THE EXCLUSION OF ANY SUCH IMPLIED WARRANTIES WOULD CONTRAVENE APPLICABLE LAW OR CAUSE ANY PART OF THESE TERMS OR CONDITIONS OR ANY OTHER AGREEMENTS TO BE VOID. THE WARRANTIES, OBLIGATIONS AND LIABILITIES OF LABSTAT HEREUNDER ARE EXCLUSIVE.
- 6.2 LABSTAT'S LIABILITY TO CLIENT FOR BREACH OF ANY OF THE TERMS OR CONDITIONS OR ANY AGREEMENT OF ANY IMPLIED WARRANTIES, OR FOR ANY NEGLIGENCE OR OTHER WRONGDOING IN THE PERFORMANCE OF TESTING SERVICES, SHALL IN NO CIRCUMSTANCES EXCEED A TOTAL AGGREGATE SUM EQUAL TO 10 TIMES THE AMOUNT OF THE FEE PAID IN RESPECT OF THE SPECIFIC SERVICE WHICH GIVES RISE TO SUCH CLAIM OR CAD\$25,000 (OR ITS EQUIVALENT IN LOCAL CURRENCY), WHICHEVER AMOUNT IS THE LESSER.
- 6.3 NOTWITHSTANDING SECTION 6.2 HEREOF, LABSTAT SHALL HAVE NO LIABILITY FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR SPECIAL DAMAGES INCLUDING WITHOUT LIMITATION LOSS OF PROFITS, LOSS OF BUSINESS, LOSS OF OPPORTUNITY, LOSS OF DATA, LOSS OF INFORMATION SYSTEM, LOSS OF GOODWILL, OR COST OF PRODUCT RECALL.
- 6.4 CLIENT SHALL HOLD HARMLESS AND INDEMNIFY LABSTAT AND ITS DIRECTORS, OFFICERS, EMPLOYEES, AGENTS AND SUBCONTRACTORS AGAINST ALL CLAIMS (ACTUAL OR THREATENED) BY ANY THIRD PARTY FOR LOSS, LIABILITY, DAMAGE OR EXPENSE OF WHATSOEVER NATURE INCLUDING ALL LEGAL EXPENSES AND RELATED COSTS, HOWSOEVER ARISING, RELATING TO ANY BREACH OF THE CLIENT'S REPRESENTATIONS AND WARRANTIES CONTAINED HEREIN, BREACH OF ANY TERM OF THESE TERMS AND CONDITIONS, AND THE USE, APPLICATION, OR UNAUTHORIZED DISCLOSURE OF ANY REPORTS, RESULTS, OR OTHER DOCUMENTATION PROVIDED BY LABSTAT.

ARTICLE 7. DISPUTE RESOLUTION

Any disputes between LABSTAT and the CLIENT, which cannot be resolved after good faith discussions have been attempted, shall be finally settled in accordance with and subject to the provisions of the *Arbitration Act, 1991, S.O., c. 17* or any statutory modification thereof for the time being in force, and the decision of the Arbitrator shall be final and binding upon the parties. All costs of such arbitration(s) shall be at the discretion of the Arbitrator. The arbitration

shall take place in Toronto, Ontario and be conducted in the English language.

ARTICLE 8. GENERAL CONDITIONS

- 8.1 LABSTAT may terminate its relationship with CLIENT for any material breach of the Terms and Conditions. CLIENT may terminate its relationship with LABSTAT for any reason upon written notice of termination to LABSTAT. If services are terminated by either party for any reason, CLIENT shall pay LABSTAT in full for all services, completed in part or in whole, performed through the termination date, and any reportable results, completed in whole, shall be provided to the CLIENT upon payment of services rendered.
- 8.2 CLIENT may not delegate, assign or transfer obligations or interest in the services to be performed by LABSTAT without the prior written consent of LABSTAT. LABSTAT may assign or transfer some or all of its rights at any time to an affiliate or third party provided such affiliate or third party assumes LABSTAT's obligations under any agreement with the CLIENT.
- 8.3 Except for payment obligations, if the performance of LABSTAT's obligations to the CLIENT are interfered with, in whole or in part, by circumstances beyond the reasonable control of either party ("event of force majeure") including, without limitation: fire, explosion, power failure, acts of God, war, revolution, civil commotion, acts of public enemies, plague, epidemic, pandemic, outbreaks of infectious disease or any other public health crisis, including quarantine or other employee restrictions, law, order, regulation, ordinance or requirement of any government or its representative or legal body having jurisdiction, or labour unrest such as strikes, slowdowns, picketing, boycotts, or cybersecurity incident, then LABSTAT shall be excused from such performance on a day by day basis to the extent that LABSTAT's obligations relate to the performance so interfered with; provided that LABSTAT shall use commercially reasonable efforts to expeditiously remove such causes of non-performance. In respect of the foregoing related to cybersecurity incidents, LABSTAT shall not be responsible for any loss, destruction, or damage to data, reports, or results, or have any liability to the CLIENT due to lack of access to data, reports or results, based on a cybersecurity incident affecting LABSTAT's operations, irrespective of whether the cause of such cybersecurity incident was internal or external and whether or not it was caused by any type of cyber-attack, network failures, human error, or any shortcomings in LABSTAT's cybersecurity systems or program, unless such shortcomings were due to the gross negligence of LABSTAT.
- 8.4 These Terms and Conditions (and the terms of any quote or fees to which the Terms and Conditions may be attached), represent the entire agreement between CLIENT and LABSTAT and supersedes all negotiations, representations or agreements, written or oral. Terms and Conditions included in CLIENT'S purchase order or any other document shall not be applicable. The obligations set forth in Sections 1.3, 2.3, 3.1, 3.2, 3.3, 3.4, 3.5, 4.1, 4.2, 8.1 and Articles 5, 6 and 7 shall survive the termination of any services rendered.
- 8.5 In the event that any of the provisions of these Terms and Conditions are, or become, null or void, such provisions shall be deemed to have been deleted and the remaining provisions hereof shall remain valid and enforceable.

- 8.6** The validity, interpretation and performance of these Terms and Conditions and any other agreements between the CLIENT and LABSTAT shall be governed by the laws of the Province of Ontario and Federal laws of Canada, as applicable.
- 8.7** If for any reason an agreement is not signed by CLIENT and LABSTAT, any conduct by CLIENT which recognizes the existence of a contract pertaining to the subject matter hereof, including but not limited to CLIENT providing samples to LABSTAT and/or performance of any service by LABSTAT for the benefit of CLIENT shall constitute acceptance by CLIENT of an agreements between LABSTAT and the CLIENT and these Terms and Conditions.

ARTICLE 9. CHANGES TO OUR TERMS AND CONDITIONS

LABSTAT reserves the right to change these Terms and Conditions at any time by providing advance notice of the changes by notice and the amendments on the LABSTAT website. These changes will become effective 30 days after the date in which notice is posted on LABSTAT's website. To avoid doubt, no unilateral amendment will retroactively change agreed dispute-resolution provisions of these Terms and Conditions, if any, including, for example, arbitration provisions for then-pending disputes unless the parties expressly agree otherwise. CLIENT'S continued use of LABSTAT's services or products after any change to these Terms and Conditions and LABSTAT's notifying CLIENT will constitute CLIENT'S acceptance of such change. If CLIENT does not agree with the changes to these Terms and Conditions, CLIENT may terminate services pursuant to Section 8.1 hereof.

ARTICLE 10. SPECIAL PROVISIONS RELATED TO CANNABIS TESTING

- 10.1** Prior to agreeing to provide services to a CLIENT, LABSTAT shall be entitled to require CLIENT to provide such documentation as LABSTAT considers necessary to verify that CLIENT possesses all necessary licence(s), permits, or documentation pursuant to the *Cannabis Act* (Canada) and its regulations (collectively, the "Act"), and all other applicable law, so as to satisfy LABSTAT, in LABSTAT's sole and absolute discretion that the provision of such services shall be in keeping with the Act and all other applicable law.
- 10.2** The CLIENT further agrees that it shall not release, nor authorize the release of, information in connection with any certificates of analysis for cannabis generated or provided by LABSTAT.
- 10.3** To the extent that CLIENT provides any samples containing Cannabis to LABSTAT, CLIENT hereby represents and warrants to LABSTAT that it has obtained, and will maintain and comply with, all applicable permits and licenses required from any third party or governmental body or other regulatory organization in connection with its possession and distribution of Cannabis (the "Licence(s)"). CLIENT further covenants to, upon request by LABSTAT, provide copies of its then-current Licence(s) to LABSTAT.
- 10.4** Notwithstanding Section 4.1. hereof, following production of all reports, in compliance with the Act, any samples containing Cannabis, that are not used during the testing process will be destroyed within ninety (90) days of receipt of same by LABSTAT. Additionally, any samples containing Cannabis for which testing has not been initiated within 120 days of their receipt by LABSTAT will be destroyed in accordance with LABSTAT's Standard Operating Procedures and the Act; it being further provided that, to the extent of any inconsistency between the Standard Operating Procedures and the Act, the terms of the Act shall prevail. Under no circumstances shall samples containing Cannabis be returned to the CLIENT. LABSTAT shall not be responsible for providing a refund or compensation for unused samples.