

CANNASOUTH GROUP

TERMS OF TRADE

In the Terms of Trade set out below ("Terms of Trade"), we have used "we", "us" and "our" to refer to each of Cannasouth Plant Research New Zealand Limited, Midwest Pharmaceuticals NZ Limited and Cannasouth Cultivation Limited and "you" to refer to our customer. Each time you agree to acquire Goods and Services from us you agree to our then current Terms of Trade to the exclusion of your terms of trade and/or purchase orders (if any). Any condition or term contained in your order for Goods or Services which is inconsistent with, qualifies, or is contrary to, these Terms of Trade shall have no effect unless that condition or term is expressly accepted in writing by us.

We may change these Terms of Trade at any time. Any change applies from when we notify you of that change. Notification is deemed to occur when the amended or updated Terms of Trade are published on any of our websites.

1. DELIVERY

- 1.1 Unless we agree otherwise, delivery will be completed Ex Works (Incoterms 2010) when the Goods are made available for collection from our outwards goods loading bay.
- 1.2 We may charge you storage and transportation expenses if you fail or refuse to take or accept delivery or indicate to us that you will fail to do so.
- 1.3 We reserve the right to deliver Goods by instalments.
- 1.4 If we have given you a time for Delivery of the Goods (or any part of them) or Services such time is approximate only and is not of the essence.

2. YOUR OBLIGATIONS

- 2.1 As an essential term of our agreement with you, you warrant to us that all times you will hold all permits, licences, consents or authorisations which may be required by law to enable you to lawfully order and receive Services from us and to lawfully order, receive, hold and supply Goods we have supplied to you. Upon request from us at any time and from time to time, you will provide us with such evidence as we may require as to your compliance with this warranty including, without limitation, prior to our accepting any order from you.
- 2.2 You will give reasonable assistance to enable us to supply the Goods or to perform or provide the Services by:
 - (a) giving clear us instructions;
 - (b) promptly providing any information or content required from you;

3. TITLE AND RISK

- 3.1 We will retain title to all Goods we supply until they have been paid for in full and you have performed all your other obligations under these Terms of Trade. We will retain title to all our Goods which are included in goods or personal property we have contract manufactured for you until we have been paid for in full and you have performed all your other obligations under these Terms of Trade.
- 3.2 Risk in all Goods passes to you when the Goods are Delivered. You will insure Goods for their full insurable value. You will not sell, dispose or part with possession of them or do anything else inconsistent with our ownership of Goods, from Delivery until title in them passes to you.

4. PRICE

- 4.1 All prices are plus GST and other taxes and duties, which will be paid by you in New Zealand dollars. Unless otherwise agreed by us in writing, prices are quoted exclusive of GST.
- 4.2 Our prices are subject to change without notice.
- 4.3 Unless we agree otherwise in writing, the amount you will be charged for Goods sold to you will be the price as at the date of Delivery.
- 4.4 Unless we agree otherwise in writing, the amount you will pay for our Services will be as determined by us and notified to you whether before, during or after the performance or provision of the Services.
- 4.5 If we provide a quotation to you, it is based on information available to us at that time and we may charge you more than the amount quoted if our costs (e.g. the cost of labour, materials, transport, tax, exchange rates or other costs) or the specifications change.

5. PAYMENT

- 5.1 You must pay for Goods on their Delivery unless we decide otherwise. You must pay for Services as determined by us and notified to you.
- 5.2 We may require you to pay a deposit on account of the price for the Goods and Services.

- 5.3 We are under no obligation to supply Goods or Services to you on credit. If we grant you credit, you agree to pay our invoices by the 20th of the month following the date of the invoice.
- 5.4 You agree to give any further securities as we may from time to time require, in the form required by us, and to comply with all of your obligations under those securities.
- 5.5 We may notify you at any time that we are going to stop supplying Goods or Services to you on credit. This will be without prejudice to your obligation to pay amounts owing.
- 5.6 All payments must be made without set-off, deduction or counterclaim. Receipt of a cheque, bill of exchange, or other negotiable instrument will not constitute payment and you remain liable for payment until payment is received by us.
- 5.7 In the case of export sales, payment must be made by confirmed irrevocable letter of credit unless we agree otherwise. Letters of credit will be established through a bank acceptable to us and be irrevocable, confirmed and without recourse available for our draft at sight and otherwise in a form satisfactory to us.
- 5.8 We may apportion payments to outstanding accounts as we see fit.

6. DEFAULT

- 6.1 You will be in default if:
 - (a) you fail to pay an amount due under these Terms of Trade by the due date for payment; or
 - (b) you commit a breach of any of your other obligations under these Terms or the terms of any other contract or security agreement you have entered into, or enter into in the future, with us; or
 - (c) you become insolvent, are wound up, have a receiver appointed, enter into any composition or arrangement with your creditors, do any act which would render you liable to be placed in liquidation or have a receiver appointed over your property, commit an act of bankruptcy, cease to be of full legal capacity, or die;
 - (d) Goods that we have retained title to are, in our opinion, at risk; or
 - (e) an event or a series of events (whether related or not) occurs which, in our opinion, may cause a material adverse change in your ability to meet your obligations to us.
- 6.2 If you are in default then we may, at our option, do any one or more of the following:
 - (a) charge you default interest at 14% per annum on any late payments calculated on a daily basis from the due date until the date payment is received;
 - (b) cease or suspend our supply of Goods and/or our performance or provision of Services to you;
 - (c) require you to remedy the default in the manner and within the period that we notify to you;
 - (d) require you to pay to us all amounts you owe us immediately;
 - (e) suspend or terminate your account with us;
 - (f) enforce security interests created by these Terms of Trade;
 - (g) exercise any rights that we have under these Terms of Trade or that are available to us at law.
- 6.3 We may suspend or terminate your account with us at any time in our sole discretion. If your account is terminated, you must immediately pay us any amount you owe us. Termination will not affect any of our rights that have arisen before termination.

7. PERSONAL PROPERTY SECURITIES ACT 1999 (PPSA)

- 7.1 Clause 3.1 creates a security interest in Goods we supply to you.
- 7.2 You will not grant any other security interest or any lien over Goods that we have a security interest in.

- 7.3 At our request you will promptly sign any documents and do anything else required by us to ensure our security interest constitutes a first ranking perfected security interest in Goods.
- 7.4 We may at any time enter your premises and properties to uplift Goods that we have a security interest in.
- 7.5 If Goods that we have a security interest in are processed, included or dealt with in any way causing them to become accessions, processed or commingled Goods, our security interest will continue in the whole in which they are included. You will not grant any other security interest or any lien in either the Goods or in the whole.
- 7.6 You waive any rights you may have under sections 114(1)(a), 116, 120(2), 121, 125, 129, 131, and 133 of the PPSA.
- 7.7 You waive your right to receive a copy of any verification statement (as that term is defined in the PPSA).
- 7.8 You will give us prior written notice of any proposed change of your name or address.

8. WARRANTIES

- 8.1 The Consumer Guarantees Act 1993, the Fair Trading Act 1986, and other statutes may impose warranties, conditions or obligations on us which cannot by law (or which can only to a limited extent by law) be excluded. Other than as expressly provided for in these Terms of Trade, we exclude all such imposed warranties, conditions or obligations to the extent permitted by law and exclude any warranty, condition or obligation imposed or implied under common law, equity, trade custom or otherwise.
- 8.2 We and you agree that:
- (a) you are acquiring the Goods and/or Services for the purposes of a business in terms of sections 2 and 43(2) of the Consumer Guarantees Act 1993;
 - (b) the Goods and/or Services are both supplied and acquired in trade for the purposes of the Fair Trading Act 1986 and the parties agree to contract out of sections 9 (Misleading and deceptive conduct generally), 12A (Unsubstantiated representations), and 13 (False or misleading representations); and
 - (c) you agree that all warranties, conditions, and other terms implied by the Consumer Guarantees Act 1993 or sections 9, 12A, and 13 of the Fair Trading Act 1986 are excluded from these Terms of Trade to the fullest extent permitted by law and we and you further acknowledge and agree that it is fair and reasonable that both us and you are bound by this clause.

9. LIMITATION OF LIABILITY

- 9.1 Except as expressly otherwise provided by clauses 8.1 or 8.2, we will not be liable for any loss or damage or liability of any kind whatsoever (including consequential loss or lost profit or business, revenue or goodwill) whether suffered or incurred by you or another person and whether in contract, or tort (including negligence) or otherwise and whether such loss or damage arises directly or indirectly from Goods or Services provided by us to you.
- 9.2 To the extent that we are liable for any reason for any loss suffered or liability incurred (howsoever arising or incurred) by you, such liability is limited to the amount of the price of the Goods or Services concerned. If Goods are returned by you, or if you make a claim in writing to us in relation to Goods or Services provided, we may, in our discretion, repair or replace the Goods or re-perform the Services, or refund the price of those Goods or Services to you, provided that:

- (a) the Goods must be returned or the claim must be made in writing to us within seven (7) days of Delivery or completion of the Services; and
- (b) you must supply the date and number of any invoice relating to the Goods or Services; and
- (c) we must be given a reasonable opportunity to inspect the Goods.

10. INTELLECTUAL PROPERTY

- 10.1 In respect of Intellectual Property used in or arising from the production of the Goods or the provision or performance of Services:
- (a) all pre-existing Intellectual Property the subject of an Intellectual Property right resides with the owner as at the date of these Terms of Trade (whether you or us);
 - (b) any new Intellectual Property will be dealt with in accordance with clause 11.
- 10.2 If any Goods are to be supplied to your design or specification, you warrant that the manufacture and supply of such Goods by

us will not infringe any third party's Intellectual Property rights and you indemnify us against any loss, liability, costs and expenses in the event of any claim being made that the manufacture or supply of such Goods by us infringes any patent, copyright or other Intellectual Property rights of any other person.

11. INTELLECTUAL PROPERTY OWNERSHIP

- 11.1 Subject to clause 10.1(a), we are and will remain the exclusive owner everywhere in the world of all Intellectual Property rights and interests in our Goods which we supply to you or in our Goods which form part of goods or personal property which we have contract manufactured for you and the Services provided or performed by us for you.
- 11.2 We will retain exclusive worldwide ownership at all times of our artistic styles, methods of working, techniques, ideas, skills and know-how.
- 11.3 You must not attribute the Goods to anyone other than us or remove any of our trade marks, signatures, logos or similar from the Goods.

12. PRIVACY OF INFORMATION

- 12.1 You authorise us:
- (a) to collect, retain and use information about you from any person for the purpose of assessing your creditworthiness;
 - (b) to disclose information about you:
 - (i) to any person who guarantees, or who provides insurance, or who provides any other credit support, in relation to your obligations to us;
 - (ii) to such persons as may be necessary or desirable to enable us to exercise any power or enforce or attempt to enforce any of our rights, remedies and powers under these Terms of Trade.

13. TERMINATION

- 13.1 Either party may terminate these terms of trade by giving 30 days written notice to the other party.

14. NOTICES

- 14.1 Any notice may be given by us by phone, in person, posted, or sent by fax or email to you or, where you are a company or other entity, to any of your directors or officers.

15. CONFIDENTIALITY

- 15.1 You will at all times treat as confidential all non-public information and material received from us and will not publish, release, or disclose the same without our prior written consent. For clarity, confidential information includes any new Intellectual Property and prices.

16. COSTS

- 16.1 You must pay our costs (including legal costs, as between solicitor and client) of and incidental to the enforcement or attempted enforcement of our rights, remedies and powers under these Terms of Trade.

17. CREDIT INFORMATION

- 17.1 You consent to us, or any financier or credit-rating agency, making enquiries of and obtaining any information from us about your financial standing and credit worthiness.

18. JURISDICTION

- 18.1 These Terms of Trade are governed by and construed according to the laws of New Zealand. You may take legal action against us only in a New Zealand court. We are entitled to commence any action arising out of or in respect of these Terms of Trade in any New Zealand or overseas court.

19. FORCE MAJEURE

- 19.1 We will not be liable for any failure or delay in complying with any obligation imposed on us under these Terms of Trade if the failure or delay arises directly or indirectly from a cause beyond our control.

20. SURVIVAL

- 20.1 This clause 20 and all other clauses which by their nature are intended to survive the termination or expiration of these Terms of Trade will survive the termination or expiration of these Terms of Trade or Delivery of the Goods or provision of performance of the Services.

21. GENERAL

- 21.1 These Terms of Trade supersede and cancel any earlier representations, warranties, understandings and agreements (whether oral or written), and together with your Credit Application constitute the entire agreement between us and you relating to their subject.

- 21.2 You may only assign, sell, or otherwise dispose of any right or obligation under these Terms of Trade if we first consent in writing.
- 21.3 No failure or delay by us to exercise (in whole or in part) any right, power or remedy under these Terms of Trade will operate as a waiver of that right, power or remedy.

22. DEFINITIONS

- 22.1 In these Terms of Trade unless the context otherwise requires:
- Delivery** means the collection of Goods by you or one of your employees, contractors or agents from our premises, unless we have agreed to dispatch Goods for you, in which case delivery means the despatch of the Goods from our premises. If you indicate to us that you will fail or refuse to take or accept delivery, then the Goods are deemed to have been delivered when we are willing to deliver them.
- Goods** means any of our goods or other personal property that we supply to you (including where these form part of goods or personal property which we contract manufacture for you) and includes any associated services.
- Intellectual Property** means all intellectual property rights including, without limitation, copyright, patent and design rights, drawings, documents, data, ideas, procedures, calculations and all other statutory and common law rights and interests.
- Security** means all existing and future security held by us that secures your obligations under these Terms of Trade.
- Services** means any services we have agreed to provide to you or perform for you including contract manufacturing services.
- 22.2 The rule of construction known as the contra proferentem rule does not apply to these Terms of Trade.
- 22.3 Words referring to the singular include the plural and vice versa.
- 22.4 Any reference to a party includes:
- (a) that party's executors, administrators, or permitted assigns; or
 - (b) if a company, limited partnership, or any other body corporate, its successors or permitted assigns or both.
- 22.5 Clause headings are for reference only.
- 22.6 References to clauses are references to clauses in these Terms of Trade.
- 22.7 References to money will be New Zealand currency, unless specified otherwise in writing by us.
- 22.8 Expressions referring to **writing** will be construed as including references to words printed, typewritten or otherwise visibly represented, copied or reproduced (including by fax or email).
- 22.9 References to statutory provisions will be construed as references to those provisions as amended or re-enacted or as their application is modified by other provisions from time to time.