

WINSTON CAPITAL GROUP INC.

AND

MERIDA MINERALS INC.

AND

2797200 ONTARIO INC.

AMALGAMATION AGREEMENT

December 9, 2020

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AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT made as of the 9th day of December 2020.

AMONG:

WINSTON CAPITAL GROUP INC., a body corporate incorporated under the laws of the Province of Alberta ("**Winston**")

- and -

MERIDA MINERALS INC., a body corporate incorporated under the laws of the Province of Ontario ("**Merida**")

- and -

2797200 ONTARIO INC., a body corporate incorporated under the laws of the Province of Ontario ("**Subco**")

WHEREAS Winston is a "CPC" (as defined in the Policy) and is required to complete a "Qualifying Transaction" (as defined in the Policy);

AND WHEREAS Merida and Winston, are parties to a letter agreement dated April 27, 2020 (the "**Letter Agreement**") whereby the parties have agreed to complete a business combination;

AND WHEREAS Subco is a wholly-owned subsidiary of Winston;

AND WHEREAS Merida and Winston have agreed to structure the business combination contemplated in the Letter Agreement by way of a three-cornered amalgamation in accordance with the provisions of the *Business Corporations Act* (Ontario);

AND WHEREAS the parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to the proposed amalgamation;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the above premises and of the covenants, agreements, representations and warranties hereinafter contained, the parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following defined terms shall have the meanings hereinafter set forth:

"**ABCA**" means the *Business Corporations Act* (Alberta).

"**Agreement**", "**this Agreement**", "**herein**", "**hereby**", "**hereof**", "**hereunder**" and similar expressions mean or refer to this agreement and any amendments hereto.

"**Amalco**" means the amalgamated corporation to be constituted upon completion of the Amalgamation to be named "Merida Minerals Inc." or such other name as Winston and Merida may mutually determine.

"**Amalco Shares**" means the common shares in the capital of Amalco.

"**Amalgamation**" means the amalgamation of Merida and Subco pursuant to Section 174 of the OBCA provided for herein to form Amalco to be effective at the Effective Time.

"**Applicable Anti-Corruption Laws**" has the meaning ascribed thereto in Section 4.2(mm).

"**Applicable Anti-Money Laundering Laws**" has the meaning ascribed thereto in Section 4.2(nn).

"**Articles of Amalgamation**" means the Articles of Amalgamation with respect to the Amalgamation, in such form acceptable to Winston and Merida, acting reasonably.

"**Assessment**" has the meaning ascribed thereto in Section 3.2(j).

"**Assets and Properties**" with respect to any Person means all assets and properties of every kind, nature, character and description (whether real, personal or mixed, tangible or intangible, choate or inchoate, absolute, accrued, contingent, fixed or otherwise, and, in each case, wherever situated), including the goodwill related thereto, operated, owned or leased by or in the possession of such Person.

"**associate**" and "**affiliate**" have the respective meanings ascribed thereto in the *Securities Act* (Ontario).

"**Auditors**" means such firm of chartered accountants as a party may have appointed or may from time to time appoint as auditors of such party.

"**Business Day**" means any day other than a Saturday or Sunday or a day when banks in the City of Toronto or the City of Calgary are not generally open for business.

"**CDS**" means CDS Clearing & Depository Services Inc.

"**Certificate of Amalgamation**" means the certificate of amalgamation for the Amalgamation issued pursuant to Section 178 of the OBCA.

"**Closing**" means the completion of the Amalgamation.

"**Closing Date**" means the date of the Closing, which shall be within 2 Business Days following the later of the satisfaction or waiver of all conditions precedent to the Amalgamation or such other date as Merida and Winston may collectively agree, acting reasonably, and in any event not later than February 26, 2021.

"**Confidential Information**" means any information concerning a party (the "**Disclosing Party**") or its business, Assets and Properties made available to another party or its representatives (the "**Receiving Party**"); provided that it does not include information which (i) is generally available to or known by the public other than as a result of improper disclosure by the Receiving Party, or (ii) is obtained by the Receiving Party from a source other than the Disclosing Party, provided that

such source was not bound by a duty of confidentiality to the Disclosing Party or another party with respect to such information.

"Continuance" means the continuance of Winston from a corporation incorporated under the ABCA to a corporation continued under the OBCA, which Continuance shall occur prior to completion of the Amalgamation.

"Contract" means all agreements, contracts or commitments of any nature, written or oral, including, for greater certainty and without limitation, leases, purchase agreements, manufacturing, supply and distribution agreements, loan documents and security documents.

"Disclosing Party" has the meaning ascribed thereto in the definition of **"Confidential Information"**.

"Disclosure Documents" has the meaning ascribed thereto in Section 4.1(g).

"Effective Date" means the effective date of the Amalgamation, which shall be the date of the Certificate of Amalgamation.

"Effective Time" means the effective time at which the Articles of Amalgamation are filed on the Effective Date.

"Encumbrances" includes any mortgage, pledge, hypothec, assignment, charge, lien, claim, security interest, adverse interest, other third party interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;

"Environmental Laws" has the meaning ascribed to such term in Section 4.2(ee).

"Environmental Permits" has the meaning ascribed to such term in Section 4.2(ff).

"Governmental Authority" means any:

- (i) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign;
- (ii) subdivision, agent, commission, official, agency, board or authority of any of the foregoing; or
- (iii) quasi-governmental or private body (including the TSX Venture) exercising any statutory, regulatory, expropriation or taxing authority under or for the account of any of the foregoing including any stock exchange.

"IFRS" means International Financial Reporting Standards as issued by the International Accounting Standards Board, as applicable in Canada.

"Indebtedness" of any Person means all obligations of such Person:

- (i) for borrowed money;
- (ii) evidenced by notes, bonds, debentures or similar instruments;

- (iii) for the deferred purchase price of goods or services (other than trade payables or accruals incurred in the ordinary course of business);
- (iv) under capital and operating leases;
- (v) under "vendor take-back" financing or deferred payments in connection with any acquisition; or
- (vi) which are guarantees of the obligations described in clauses (i) through (v) above of any other Person if secured by any or all of the Assets and Properties of the guarantor.

"Initial Letter Agreement" means the letter of intent between 2695389 Ontario Corp. and Winston which was terminated on February 11, 2020.

"Letter Agreement" has the meaning ascribed thereto in the first recital of this Agreement.

"Material Adverse Change" or **"Material Adverse Effect"** means, in respect of any Person, any one or more changes, events or occurrences which, either individually or in the aggregate, is, or would reasonably be expected to be, material and adverse to the business, operations, results of operations, assets, capital, property, obligations (whether absolute, accrued, conditional or otherwise), liabilities or financial condition of that Person and its subsidiaries taken as a whole, or prevent, materially delay or hinder that Person from performing its respective obligations under this Agreement or materially impede the consummation of the transactions contemplated by this Agreement, other than any change, event or occurrence: (i) affecting the mining industry in general; (ii) in or relating to general political, economic, financial or capital market conditions (including any reduction in market indices); (iii) in or relating to IFRS or regulatory accounting requirements; (iv) in or relating to any change in applicable Laws or any interpretation, application or non-application thereof by any Government Authority; or (v) resulting from changes in the price of copper or gold; provided, however, that such effect referred to in clause (i) to (v) above does not have a disproportionate effect on that Person and its Subsidiaries (taken as a whole) compared to other companies of similar size operating in the same industry;

"Material Event" means:

- (i) the occurrence of any Material Adverse Change;
- (ii) a tender or exchange offer for some or all of the shares of a Party is made or publicly proposed to be made by another Person or has been publicly disclosed or a Party shall have learned that the shares held by any shareholder of the Party, as of the date hereof, who holds more than 10% of the outstanding shares of the Party at such date, shall have been acquired or agreed to be acquired by another Person or by Persons acting jointly or in concert therewith;
- (iii) other than in connection with the obligations of Merida pursuant to the Merida Private Placement, any other transaction, action or event contemplated by this Agreement, and the existing contractual obligations of a Party that have been previously publicly disclosed or disclosed in writing to the other Party, an event whereby a Party shall have:
 - (A) issued or authorized, or proposed the issuance of: (i) any shares in the capital of the Party of any class; (ii) any securities convertible into, or rights, warrants or options to acquire, any such shares; or (iii) other convertible securities;

- (B) issued or authorized or proposed the issuance of any other securities in respect of, in lieu of, or in substitution for, all or any of the presently outstanding shares;
 - (C) declared or paid any dividend on or distributed any shares of its capital stock or redeemed or repurchased any issued shares; or
 - (D) authorized or proposed or announced its intention to propose any merger, business combination transaction, shareholder rights protection plan or similar plan or agreement, acquisition or disposition of assets or material change in its capitalization or settled or forgave any indebtedness or made a change in any terms of employment or compensation of any Person, director or officer or granted any bonus to such Persons or created, assumed or increased any indebtedness, or created or assumed any encumbrance on the business, assets or operation of a Party, or any comparable event not in the ordinary course of business;
- (iv) any halt or suspension of trading in, or any cease trade order with respect to, securities of a Party;
 - (v) the existence of any threatened, instituted or pending action or proceeding before any court or governmental agency or other regulatory or administrative agency or commission or by any other Person which materially and adversely affects a Party, directly or indirectly, other than as disclosed by one Party to the other in writing prior to the date hereof; and
 - (vi) the existence of any contractual obligation, liability or expense out of the ordinary course of business, which for purposes hereof shall not include any contractual obligation, liability or expense related to the Amalgamation, by a party in excess of \$50,000;

"**Merida**" means Merida Minerals Inc., a body corporate incorporated under the OBCA with its registered office located in Toronto, Ontario.

"**Merida Brokers Warrants**" means the broker's warrants of Merida currently outstanding to acquire 70,000 Merida Shares at a price of \$0.25 per Merida Share exercisable until July 30, 2022.

"**Merida Business**" means Merida's principal business of acquiring and exploring mineral properties.

"**Merida Shareholders**" means the holders of Merida Shares.

"**Merida Shares**" means the common shares in the capital of Merida.

"**Merida Audited Financial Statements**" means audited financial statements for Merida and the Merida Subsidiary, for the years ended June 30, 2019 and June 30, 2020 together with the notes thereto and the auditor's report thereon.

"**Merida Financial Statements**" means, collectively, the Merida Audited Financial Statements and the Merida Interim Statements.

"**Merida Interim Statements**" means interim reviewed financial statements for Merida and the Merida Subsidiary for the period ended September 30, 2020 together with the notes thereto.

"**Merida Material Contracts**" has the meaning ascribed thereto in Section 4.2(u).

"Merida Options" means the 3,950,000 outstanding stock options of Merida exercisable into Merida Shares.

"Merida Private Placement" means the non-brokered private placement by Merida of a minimum of 4,616,840 Merida Shares for gross proceeds of a not less than \$692,526.

"Merida Shareholder Approval" means the unanimous shareholders resolution of the Merida Shareholders approving, among other things, the Amalgamation and this Agreement.

"Merida Subsidiary" means La Joya Minerals S.L.U., incorporated on November 29, 2006 in Seville, Spain with the tax identification number CIF B91393405.

"Merida Subsidiary Property" means an agreement allowing Merida Subsidiary to acquire up to 100% interest in the puebla de la Reina property located in Badajoz province of Spain, consisting of 9,891 hectares of mineral claims, set forth as Schedule "A" to this Agreement.

"Merida Warrants" means the warrants of Merida currently outstanding to acquire 1,589,925 Merida Shares at a price of \$0.25 per Merida Share exercisable until July 30, 2022.

"Name Change" means the change in name of Winston to "Merida Minerals Inc." or such other name as the Winston and Merida may agree.

"OBCA" means the *Business Corporations Act* (Ontario).

"parties" means Merida, Winston and Subco and **"party"** means any one of them.

"Person" includes any individual, firm, partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not it has legal status.

"Permitted Encumbrances" means:

- (i) liens for taxes not yet due or liens for taxes which are due but the validity of which are being contested in good faith by Merida, provided that Merida has provided security in the form of a security interest in assets which in the opinion of Winston, acting reasonably, is sufficient to prevent any lien, charge or encumbrance being enforced against Merida;
- (ii) any reservations or exceptions contained in the original grants of land;
- (iii) rights of way for, or reservations or rights of others for, sewers, water lines, gas lines, electric lines, telegraph and telephone lines, and other similar utilities, or zoning by-laws, ordinances or other restrictions as to the use of real property, which do not in the aggregate materially detract from the value of the property;
- (iv) assignments of insurance provided to landlords (or their mortgagees) pursuant to the terms of any lease of real property, and liens or rights reserved in any lease of real property for rent or for compliance with the terms of such lease;

- (v) security given in the ordinary course of business to any public utility, municipality or government or to any statutory or public authority in connection with the operations of the business of Merida, other than security for borrowed money; and
- (vi) unregistered purchase money security interests arising under contracts for the supply of goods and materials entered into in the ordinary course of business which secure the unpaid balance of the purchase price for goods and/or materials purchased thereunder which are due and payable (and have been outstanding) for not more than 60 days after delivery of the invoice therefor.

"Private Placement Shareholders" means holders of Merida Shares that obtained such shares in connection with the Merida Private Placement.

"Purchasers" means the Persons who, as purchasers, acquire the Merida Shares by duly completing, executing and delivering the Subscription Agreements.

"Qualifying Transaction" has the meaning ascribed thereto under the policies of the TSX Venture Corporate Finance Manual.

"Receiving Party" has the meaning ascribed thereto in the definition of "Confidential Information".

"Registrar and Transfer Agent" means TSX Trust Company, and any other Person which may be appointed as registrar and transfer agent of Winston, as applicable, from time to time.

"Reporting Jurisdictions" means Alberta, British Columbia and Ontario.

"Resulting Issuer" means Winston as it exists upon completion of the Amalgamation to be known as "Merida Minerals Inc.", or such other name determined by the board of directors of Winston.

"Resulting Issuer Agent Options" means the compensation options of the Resulting Issuer that will be outstanding upon completion of the Amalgamation.

"Resulting Issuer Options" means the stock options of the Resulting Issuer that will be outstanding upon completion of the Amalgamation.

"Resulting Issuer Brokers Warrants" means the warrants of Resulting Issuer exercisable into Resulting Issuer Shares.

"Resulting Issuer Registrar and Transfer Agent" means TSX Trust Company, and any other Person which may be appointed as registrar and transfer agent of the Resulting Issuer, as applicable, from time to time.

"Resulting Issuer Shares" means the common shares in the capital of the Resulting Issuer, including those issued upon the Amalgamation.

"Resulting Issuer Stock Option Plan" means the stock option plan of the Resulting Issuer.

"Resulting Issuer Warrants" means the warrants of Resulting Issuer exercisable into Resulting Issuer Shares.

"Securities Laws" means all applicable securities laws, the respective regulations made thereunder, together with applicable published fee schedules, prescribed forms, policy statements, multilateral and national instruments, orders, blanket rulings, notices and other regulatory instruments of the securities regulatory authorities in applicable jurisdictions, including the rules and published policies of the TSX Venture.

"SEDAR" means the System for Electronic Document Analysis and Retrieval.

"Subco" means 2797200 Ontario Inc., a wholly-owned subsidiary of Winston, and a body corporate incorporated under the OBCA for the sole purpose of effecting the Amalgamation.

"Subscription Agreements" means the subscription agreements pursuant to which Purchasers agree to subscribe for and purchase the Merida Shares and shall include, for greater certainty, all schedules and exhibits thereto.

"Taxes" means all taxes (including income tax, sales tax, value add tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto.

"Termination Date" means February 26, 2021 or such other date as the parties may agree upon in writing.

"Title Opinion" means a title opinion, in a form acceptable to Winston, acting reasonably, to be prepared by counsel to Merida, addressed to the TSXV and Winston, which Title Opinion shall confirm that each and every one of the mineral claims making up the Merida Subsidiary Property is in good standing with all fees, taxes and annual claim fees being current;

"TSX Venture" means the TSX Venture Exchange Inc.

"TSX Venture Escrow Agreement" means the escrow agreement to be entered into among the Resulting Issuer's registrar and transfer agent, the Resulting Issuer and certain securityholders of the Resulting Issuer in compliance with the requirements of the TSX Venture, with the securities subject to such agreement to be released as determined by the TSX Venture.

"United States" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

"U.S. Investment Company Act" means the United States Investment Company Act of 1940, as amended.

"U.S. Person" means a "U.S. person" as defined in Rule 902(k) of Regulation S under the U.S. Securities Act.

"U.S. Securities Act" means the United States Securities Act of 1933.

"Winston" means Winston Capital Group Inc., a body corporate incorporated under the ABCA with its registered office located in Calgary, Alberta.

"Winston Agent Options" means the compensation options of Winston currently outstanding to acquire up to 500,000 Winston Shares at a price of \$0.10 per Winston Share exercisable until February 28, 2021, issued in connection with Winston's initial public offering.

"Winston Audited Financial Statements" means the audited financial statements for Winston for the period from incorporation to December 31, 2019 together with the notes thereto and the auditor's report thereon.

"Winston Business" means the identification and evaluation of businesses and assets with a view to completing a Qualifying Transaction and, having identified and evaluated such opportunities, to negotiate an acquisition subject to acceptance by the TSX Venture.

"Winston Escrow Agreement" means an escrow agreement dated as of January 31, 2019 among Winston, TSX Trust Company, and certain securityholders of Winston.

"Winston Filing Statement" means the final filing statement of Winston in the form prescribed by the TSX Venture pertaining to the Qualifying Transaction which shall be filed on SEDAR at least 7 Business Days prior to the Closing, unless abridged by the TSX Venture.

"Winston Financial Statements" means, collectively, the Winston Audited Financial Statements and the Winston Interim Financial Statements.

"Winston Information Circular" means the management information circular in respect of the Winston Meeting.

"Winston Interim Financial Statements" means the unaudited interim financial statements of Winston as at and for the nine months ended September 30, 2020, including the notes thereto.

"Winston Material Contract" has the meaning ascribed thereto in Section 4.1(t).

"Winston Meeting" means the annual and special meeting of holders of Winston Shares to be held on or about the month of February, 2021 approving the Winston Meeting Matters, or such other date as determined by Winston.

"Winston Meeting Matters" means the following matters:

- (i) the appointment of MNP LLP as the auditor and the authorization of the board of directors of Winston to fix the remuneration thereof;
- (ii) fixing the number of directors to be elected at the Meeting at four (4);
- (iii) electing directors of the Corporation for the ensuing year;
- (iv) the approval of the Resulting Issuer Stock Option Plan;
- (v) the approval of an amendment of the articles of Winston to effect the Name Change;
- (vi) the approval of the Continuance; and
- (vii) such other business as may be properly brought before the Winston Meeting or any postponement or adjournment thereof.

"Winston Options" means the 750,000 outstanding stock options of Winston, all of which are exercisable at a price of \$0.10 per Winston Share.

"Winston Shareholder Approval" means the approval of the Winston Meeting Matters by the Winston Shareholders.

"Winston Shares" means the issued and outstanding common shares in the capital of Winston.

"Winston Shareholders" means the holders of Winston Shares.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and Sections is for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein", and "hereunder" and similar expressions refer to this Agreement and not to any particular article, section or other portion hereof and include any Agreement or instrument supplementary or ancillary hereto.

1.3 Number, etc.

Words importing the singular number shall include the plural and vice versa, words importing the use of any gender shall include all genders.

1.4 Date for Any Action

In the event that any date on which any action is required to be taken hereunder by any of the parties is not a Business Day such action shall be required to be taken on the next succeeding day which is a Business Day.

1.5 Rounding

In performing the various mathematical calculations required to be performed hereunder, all numbers shall be rounded to the nearest 4 decimal places.

1.6 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada, unless otherwise indicated.

1.7 Knowledge

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of Winston, Merida, or Merida Subsidiary as applicable, it shall be deemed to refer to the actual knowledge after having made due inquiry of the officers of the particular company and in either case, the actual knowledge that any such person should have acquired upon reasonable inquiry.

1.8 Meanings

Words and phrases defined in the OBCA shall have the same meaning herein as in the OBCA, unless otherwise defined herein or the context otherwise requires. Unless otherwise specifically indicated or the context otherwise requires "include", "includes" and "including" shall be deemed to be followed by the words "without limitation".

1.9 References to Legislation

References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

1.10 Accounting Matters

Unless otherwise stated, wherever in this Agreement reference is made to a calculation to be made or an action to be taken in accordance with IFRS, such reference will be deemed to be to the IFRS, as applicable, from time to time approved by the Canadian Accounting Standards Board or any successor institute, and applicable as at the date on which such calculation or action is made or taken or required to be made or taken.

1.11 Schedule

The following Schedule is attached to and forms and integral part of this Agreement:

Schedule A – Mineral Claims forming the Merida Subsidiary Property.

ARTICLE 2 AMALGAMATION

2.1 Amalgamation

On or before the Closing Date, subject to the terms and conditions of this Agreement and receipt of necessary approvals, Merida, Winston and Subco shall take all steps required to complete the Amalgamation and, without limitation, to apply for and obtain all consents, orders or approvals as are necessary or desirable for the implementation of the Amalgamation and the filing of the Articles of Amalgamation with the registrar pursuant to the OBCA. The parties shall use their reasonable commercial efforts to cause the Effective Date to occur on or about February 15, 2021 or as soon thereafter as reasonably practicable and, in any event not later than March 30, 2021.

2.2 Amalco

The parties acknowledge and agree that:

- (a) **Name.** The name of Amalco shall be "Merida Mining Corp."
- (b) **Registered Office.** The registered office of Amalco shall be situated at 15 Toronto Street, Suite 602, Toronto, ON, M5C 2E3.
- (c) **Authorized Capital.** Amalco shall be authorized to issue an unlimited number of Amalco Shares.

- (d) **Restrictions on Share Transfer.** The transfer of Amalco Shares shall not be subject to any restrictions.
- (e) **Number of Directors.** The minimum number of directors of Amalco shall be 1 and the maximum number of directors of Amalco shall be 10.
- (f) **First Directors.** The number of first directors of Amalco shall be 1 and the first director of Amalco shall be:

Name	Address
John Gamble	

- (g) **Officers.** The sole officer of Amalco, until changed or added to by the board of directors of Amalco, shall be:

Office	Name
Chief Executive Officer and President	John Gamble

- (h) **First Auditors.** The Auditors of Amalco shall be DMCL LLP. The Auditors of Amalco shall hold office until the first annual meeting of shareholders of Amalco following the Amalgamation, or until their successor is appointed.
- (i) **Fiscal Year.** The fiscal year end of Amalco shall be December 31.
- (j) **Restrictions on Business.** There shall be no restrictions on the business that Amalco may carry on.
- (k) **By-laws.** The by-laws of Amalco shall be the current by-laws of Subco.

2.3 Resulting Issuer

The parties acknowledge and agree that:

- (a) **Name.** The name of the Resulting Issuer shall be "Merida Minerals Inc." or such other name as the board of directors of Winston, in its sole discretion, deems appropriate and acceptable to Merida.
- (b) **Registered Office.** The registered office of the Resulting Issuer shall be situated at 15 Toronto Street, Suite 602, Toronto, Ontario, M5C 2E3.
- (c) **Authorized Capital.** The Resulting Issuer shall be the authorized capital of Winston.
- (d) **Number of Directors.** The minimum number of directors of the Resulting Issuer shall be 3 and the maximum number of directors of the Resulting Issuer shall be 15.
- (e) **Directors.** The number of directors of the Resulting Issuer shall be five and the first directors of the Resulting Issuer shall be:

Name	Address
Norman Brewster	[REDACTED]
Rahim Allani	[REDACTED]
Patrick Burns	[REDACTED]
Miguel Cabal	[REDACTED]
Modesto Eduardo Olarte Soto	[REDACTED]

The directors shall hold office until the first annual meeting of the shareholders of the Resulting Issuer, or until their successors are duly appointed or elected.

- (f) **Officers.** The officers of the Resulting Issuer, until changed or added to by the board of directors of the Resulting Issuer, shall be:

Office	Name
Chief Executive Officer and President	Norman Brewster
Chief Financial Officer	Kyle Appleby

- (g) **Auditors.** The Auditors of the Resulting Issuer shall be MNP LLP. The Auditors of the Resulting Issuer shall hold office until the first annual meeting of shareholders of the Resulting Issuer following the Amalgamation or until their successor is appointed.
- (h) **Fiscal Year.** The fiscal year end of the Resulting Issuer shall be December 31.
- (i) **Restrictions on Business.** There shall be no restrictions on the business that the Resulting Issuer may carry on.
- (j) **By-laws.** The by-laws of the Resulting Issuer shall be the current by-laws of Winston.

2.4 Effect of Certificate of Amalgamation

Upon the issuance of the Certificate of Amalgamation, subject to the OBCA:

- (a) the Amalgamation of Merida and Subco and their continuation as one corporation shall be effective;
- (b) Amalco shall possess all the property, rights, privileges and franchises and shall be subject to all liabilities, including civil, criminal and quasi-criminal, and all contracts, disabilities and debts of each of Merida and Subco;
- (c) a conviction against, or ruling, order or judgment in favour of or against, either Merida or Subco shall be enforceable by or against Amalco;
- (d) Amalco shall be a wholly-owned subsidiary of the Resulting Issuer;

- (e) the aggregate stated capital of the Amalco Shares shall become an amount equal to the paid-up capital for purposes of the *Income Tax Act* (Canada) of the common shares of Merida immediately prior to the Amalgamation; and
- (f) the aggregate stated capital of the Resulting Issuer Shares shall be an amount equal to the aggregate paid-up capital for purposes of the *Income Tax Act* (Canada) immediately prior to the Amalgamation of: (i) the Winston Shares; and (ii) the Merida Shares that are exchanged, or deemed to be exchanged, for Winston Shares on the Amalgamation.

2.5 Merida Shares and Subco Shares

Upon the terms and subject to the conditions set forth herein, at the time of the Amalgamation,

- (a) each outstanding Merida Share (except for Merida Shares held by holders that have validly exercised their dissent rights in connection with the Merida Shareholder Approval) shall be exchanged for one (1) fully paid and non-assessable Resulting Issuer Share;
- (b) each outstanding Merida Warrant, and Merida Brokers Warrant, if any, will be cancelled and will cease to represent a right to acquire a Merida Share, and such Merida Warrant or Merida Broker Warrant will be replaced with an equivalent number of Resulting Issuer Share purchase warrant ("**Resulting Issuer Warrant**") entitling the holder thereof to acquire one (1) Resulting Issuer Share on substantially the same terms as set forth in the certificates representing the Merida Brokers Warrants or Merida Warrants, as applicable; and
- (c) each outstanding share of Subco shall be exchanged for 1 fully paid and non-assessable Amalco Share.

Merida Shares held by holders who have validly exercised their dissent rights in connection with the applicable shareholder resolution to approve the Amalgamation in accordance with the OBCA will not be exchanged pursuant to this Section 2.5. However, if any such dissenting holder fails to perfect or effectively withdraws its claim pursuant to the OBCA or forfeits its right to make a claim under the OBCA or if its rights as a Merida Shareholder are otherwise reinstated, the Merida Shares, Merida Broker Warrants, and Merida Warrants held by such holders shall thereupon be deemed to have been exchanged as of the time of the Amalgamation in accordance with this Section.

2.6 Merida Options

The parties acknowledge that all Merida Options shall automatically entitle the holder thereof to purchase Resulting Issuer Shares on the basis of one (1) Resulting Issuer Share for every one (1) Merida Share into which a Merida Option may be exercised at an exercise price equal to the exercise price specified in the Merida Option. The vesting dates and the expiry time of the Merida Options shall remain unchanged.

2.7 Merida Broker Warrants and Merida Warrants

The parties acknowledge that each Merida Broker Warrant and Merida Warrant, if any, will be cancelled and will cease to represent a right to acquire a Merida Share, and such Merida Warrant or Merida Broker Warrant, will be replaced with an equivalent number of Resulting Issuer Broker Warrants or Resulting Issuer Warrants, as applicable, entitling the holder thereof to acquire one (1)

Resulting Issuer Share on substantially the same terms as set forth in the certificates representing the Merida Broker Warrants or Merida Warrants, as applicable; and

2.8 TSX Venture Escrow Agreement

The parties acknowledge that the TSX Venture will require some of the Resulting Issuer Shares issued pursuant to the Amalgamation to be held in escrow and Merida and Winston, as applicable, agree to comply and use its reasonable efforts to cause its shareholders to comply with all such escrow requirements of the TSX Venture including the execution and delivery of the TSX Venture Escrow Agreement.

2.9 Winston Options and Winston Agent Options

The parties acknowledge that all Winston Options and Winston Agent Options shall automatically entitle the holder thereof to purchase Resulting Issuer Shares on the basis of 1 Resulting Issuer Share for every one (1) Winston Share into which a Winston Option or Winston Agent's Option may be exercised at an exercise price equal to the exercise price specified in the Winston Option or Winston Agent's Option, as applicable. The vesting dates and the expiry time of the options shall remain unchanged.

2.10 Certificates

At the Effective Time:

- (a) the registered Merida Shareholder shall cease to be holders of Merida Shares, and shall be deemed to be registered holders of the Resulting Issuer Shares to which they are entitled in accordance with Section 2.5 hereof, all certificates evidencing Merida Shares shall be null and void and, on or after the Effective Time, subject to the provisions of any escrow requirement, if applicable, and subject to Section 2.13 hereof and subject to the delivery and surrender by a registered Merida Shareholder of the certificates evidencing Merida Shares held by such registered holder to the Resulting Issuer, the Resulting Issuer shall provide instructions to the Resulting Issuer Registrar and Transfer Agent to deliver such certificates or other evidence of ownership representing the number of Resulting Issuer Shares to which they are so entitled and/or register the holders thereof in accordance with the following:
 - (i) Merida Shareholders immediately prior to the Amalgamation (other than Private Placement Shareholders and Merida Shareholders that are either in the United States or are U.S. Persons) will be registered in book-entry only in the minute books of Merida;
 - (ii) Merida Shareholders immediately prior to the Amalgamation that are either in the United States or U.S. Persons (other than U.S. Private Placement Accredited Investors and U.S. Private Placement QIBs) will not be entitled to receive delivery of any Resulting Issuer Shares unless and until such holder provides any and all such representations, warranties, covenants or agreements as may be required by the Resulting Issuer, in its sole discretion, in order to establish the availability of an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws in connection with the distribution of the Resulting Issuer Shares to be exchanged for their Merida Shares, failing which the Resulting Issuer shall appoint an agent to sell the Resulting Issuer Shares of such a holder on

behalf of that holder and that holder shall be entitled to receive an amount of cash representing the proceeds of the sale of the Resulting Issuer Shares, net of expenses of sale; if and to the extent that the Resulting Issuer determines in its sole discretion that Resulting Issuer Shares may otherwise be delivered to any such holder, such holder will be issued physical certificates representing the Resulting Issuer Shares, each bearing such legend or legends with respect to United States securities laws matters as the Resulting Issuer determines to be necessary or appropriate, in its sole discretion;

- (iii) each Private Placement Shareholder that is neither in the United States nor a U.S. Person and holds Merida Shares immediately prior to the Amalgamation will have the Resulting Issuer Shares they are entitled to receive pursuant to this Agreement registered in book-entry only with CDS;
- (b) the registered holders of the Merida Options shall be deemed to be the registered holders of the Resulting Issuer Options, respectively, to which they are entitled in accordance with Section 2.6 hereof, all certificates and/or agreements evidencing such securities shall, in accordance with their terms, evidence such securities of the Resulting Issuer and the Resulting Issuer shall deliver notice to the holders of such options of the foregoing or deliver amended certificates or agreements evidencing such securities of the Resulting Issuer as required;
- (c) the registered holders of the Merida Broker Warrants and Merida Warrants immediately prior to the Amalgamation (other than Private Placement Shareholders and Merida Shareholders that are either in the United States or U.S. Persons) shall be deemed to be registered holders of Resulting Issuer Broker Warrants and Resulting Issuer Warrants, as applicable, to which they are entitled in accordance with Section 2.7 hereof, and all certificates evidencing Merida Broker Warrants and Merida Warrants, as applicable, shall be null and void and, on or after the Effective Time, subject to the provisions of any escrow requirement, if applicable, and subject to Section 2.13 hereof and subject to the delivery and surrender by a registered holder of the certificates evidencing Merida Brokers Warrants and Merida Warrants, as applicable, held by such registered holder to the Resulting Issuer, the Resulting Issuer shall provide such certificates or other evidence of ownership representing the number of Resulting Issuer Broker Warrants and Resulting Issuer Warrants, as applicable, to which they are so entitled and/or register the holders thereof; and
- (d) notwithstanding the foregoing, all certificates representing Merida Shares held by Persons who have validly exercised their dissent rights in connection with the Merida Shareholder Approval shall represent only the right to receive fair value of the Merida Shares formerly represented by such certificates in accordance with the OBCA.

2.11 Fractional Securities

No fractional securities of the Resulting Issuer will be issued. If a Merida Shareholder would otherwise be entitled to a fractional security upon the Amalgamation, the number of Resulting Issuer Shares issued to such Merida Shareholder shall be rounded down to the next lesser whole number of such Resulting Issuer Shares. In calculating such fractional interests, all Resulting Issuer Shares, registered in the name of or beneficially held by a holder of Resulting Issuer Shares or their nominee shall be aggregated.

2.12 Resulting Issuer Stock Option Plan

The Resulting Issuer Stock Option Plan shall be substantially in the form approved at the Winston Meeting and acceptable to Merida.

2.13 U.S. Securities Law Compliance

Notwithstanding anything to the contrary in this Agreement, no Resulting Issuer Shares, or Resulting Issuer Options shall be delivered to any person in the United States or to any U.S. Person if the Resulting Issuer determines, in its sole discretion, that doing so may result in any contravention of the U.S. Securities Act or any applicable state securities laws, or the U.S. Investment Company Act, and the Resulting Issuer may instead, in the case of Resulting Issuer Shares, appoint an agent to sell the Resulting Issuer Shares of such Person on behalf of that Person and deliver an amount of cash representing the proceeds of the sale of such Resulting Issuer Shares, net of expenses of sale, or, in the case of Resulting Issuer Options, deliver an amount of cash representing the fair market value of the Resulting Issuer Options.

ARTICLE 3 COVENANTS

3.1 Covenants of Winston

Winston covenants and agrees with Merida that Winston will from the date hereof to and including the Effective Date:

- (a) not to, directly or indirectly, solicit, initiate, knowingly encourage, co-operate with or facilitate (including by way of furnishing any non-public information or entering into any Contract or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Amalgamation, and without limiting the generality of the foregoing, not to induce or attempt to induce any other Person to initiate any shareholder proposal or "take-over bid," exempt or otherwise, within the meaning of the *Securities Act* (Ontario), for securities of Winston, nor to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Amalgamation, including allowing access to any third party (other than its representatives) to conduct due diligence, nor to permit any of its officers or directors to do so, except as required by fiduciary obligations;
- (b) to co-operate fully with Merida and to use all reasonable commercial efforts to assist Merida in its efforts to complete the Amalgamation;
- (c) to operate its business in a prudent and business-like manner in the ordinary course and in a manner consistent with past practice and keep Merida apprised of all material developments thereto;
- (d) not to directly or indirectly:
 - (i) issue any shares or other securities, except the issuance of Winston Shares pursuant to any Winston Options or Winston Agent Options outstanding as of the date hereof;

- (ii) redeem, purchase or otherwise acquire any of its shares or other securities;
 - (iii) declare or pay any dividends or distribute any of Winston's Assets and Properties to Winston Shareholders;
 - (iv) alter or amend Winston's articles or by-laws in any manner;
 - (v) adopt a plan of liquidation or resolutions providing for its liquidation, dissolution, or reorganization;
 - (vi) enter into or modify any Contract with respect to any of the foregoing; or
 - (vii) other than in connection with the Amalgamation, reorganize, amalgamate or merge with any other Person, nor acquire by amalgamating, merging or consolidating with, purchasing a majority of the voting securities or substantially all of the assets of, or otherwise acquire, any business or Person which acquisition or other transaction would reasonably be expected to prevent, materially delay or materially alter the Amalgamation as contemplated herein;
- (e) not to, directly or indirectly:
- (i) sell, pledge, dispose of or encumber any Assets and Properties or enter into any asset swap or similar arrangement;
 - (ii) except in the ordinary course of business and in connection with the transactions completed by this Agreement, expend any money (and for greater certainty, all expenditures of Winston from the date hereof to the Effective Time shall be pre-approved by Merida);
 - (iii) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, trust, partnership or other business organization or division thereof, or make any investment therein either by purchase of shares or securities, contributions of capital or property transfer;
 - (iv) incur any Indebtedness or any other material liability or obligation;
 - (v) pay, discharge or satisfy any Indebtedness claims, liabilities or obligations other than those in the normal course;
 - (vi) authorize, recommend or propose any release or relinquishment of any material Contract right;
 - (vii) waive, release, grant or transfer any material rights of value or modify or change in any material respect any existing material Contract;
 - (viii) enter into any employment, consulting or contract operating Contract; or
 - (ix) authorize or propose any of the foregoing, or enter into or modify any Contract to do any of the foregoing;
- (f) other than the consulting fees paid in the ordinary course, if any, not to make any payment to any employee, officer, director or consultant;

- (g) not to, directly or indirectly:
 - (i) grant any officer, director, employee or consultant an increase in compensation in any form;
 - (ii) grant any general salary increase to any employees;
 - (iii) take any action with respect to the amendment or grant of any retention, severance or termination pay policies or similar arrangement for any directors, officers or employees;
 - (iv) advance any loan to any officer, director or any other party; or
 - (v) take any action with respect to the grant of any new, or any amendment to any existing, arrangements for severance, termination or retention pay with any officer or employee arising from the Amalgamation or a change of control of Winston or otherwise, or with respect to any increase of benefits payable under its current severance, termination or retention pay policies;
- (h) not adopt or amend or make any contribution to any bonus, employee benefit plan, profit sharing, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, incentive or share purchase plan, fund, plan or Amalgamation for the benefit of employees, except as is necessary to comply with the law or with respect to existing provisions of any such plans, programs, arrangements or agreements; and
- (i) use its commercially reasonable efforts to cause, effective at the Effective Time, the resignation of each of the directors and officers of Winston, and to cause each of such directors and officers to provide releases in favour of Winston and Merida, conditional on Closing and effective on the Effective Date, each in form and substance satisfactory to Merida and Winston, each acting reasonably, and Winston shall cooperate with Merida to provide an orderly transition of control and management of Winston.

3.2 Further Covenants of Winston

Winston covenants and agrees with Merida that Winston will from the date hereof to and including the Effective Date:

- (a) use its commercially reasonable efforts to obtain all necessary consents, assignments or waivers from third parties and amendments or terminations to any Contract or instrument and take such other measures as may be necessary to fulfil its obligations under and to carry out the transactions contemplated by this Agreement;
- (b) mail to the Winston Shareholders the Winston Information Circular and such other materials required in connection with the Winston Meeting in accordance with its articles and by-laws and applicable laws as soon as reasonably practicable and use its commercially reasonable efforts to hold the Winston Meeting by February 15, 2021 and obtain the Winston Shareholder Approval by such date;
- (c) Winston shall provide notice to Merida of the Winston Meeting and allow Merida's representatives to attend such meeting;

- (d) Winston shall provide to Merida, upon request, information as to the results of proxies received in respect of voting at the Winston Meeting;
- (e) Winston shall conduct the Winston Meeting in accordance with the by-laws of Winston and any instrument governing such meeting, as applicable, and as otherwise required by applicable laws;
- (f) promptly advise Merida of any written notice of dissent or purported exercise by any Winston Shareholder of dissent rights under the ABCA received by Winston in relation to the Continuance and any withdrawal of dissent rights received by Winston and, subject to applicable law, any written communications sent by or on behalf of Winston to any Winston Shareholder exercising or purporting to exercise dissent rights in relation to the Continuance;
- (g) make necessary filings and applications under applicable federal, state and provincial laws and regulations required on the part of Winston in connection with the transactions contemplated herein, and take all reasonable action necessary to be in compliance with such laws and regulations;
- (h) use all commercially reasonable efforts to conduct its affairs so that all of Winston representations and warranties contained herein shall be true and correct on and as of the Effective Date as if made on the Effective Date, except to the extent that such representations and warranties require modification to give effect to the transactions contemplated herein;
- (i) immediately notify Merida of any legal or governmental actions, suits, judgments, investigations, injunction, complaint, motion, regulatory investigation, regulatory proceeding or similar proceeding by any Person or Governmental Authority, whether actual or threatened, with respect to the Amalgamation or which could result in a Material Adverse Effect;
- (j) notify Merida immediately upon becoming aware that any of the representations and warranties of Winston contained herein are no longer true and correct in any material respect;
- (k) immediately upon receipt of any written audit inquiry, assessment, reassessment, confirmation or variation of an assessment, indication that an assessment is being considered, request for filing of a waiver or extension of time or any other notice in writing relating to Taxes (an "**Assessment**") of Winston, deliver to Merida a copy thereof together with a statement setting out, to the extent then determinable, an estimate of the obligations, if any, of Winston on the assumption that such Assessment is valid and binding;
- (l) use all commercially reasonable efforts to cause each of the conditions precedent set forth in Section 5.1 hereof to be complied with;
- (m) effect the Continuance;
- (n) Winston shall indemnify and save harmless Merida and its representatives, as applicable, from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Merida and its representatives may be subject or which Merida or its representatives may suffer, whether

under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:

- (i) any misrepresentation or alleged misrepresentation in the Winston information in the Winston Filing Statement or the Winston Information Circular or in any material filed by or on behalf of Winston in compliance or intended compliance with any applicable laws;
 - (ii) any order made or any inquiry, investigation or proceeding by any Governmental Authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation in the Winston information in the Winston Filing Statement or the Winston Information Circular or in any material filed by or on behalf of Winston in compliance or intended compliance with applicable Securities Laws, which prevents or restricts the trading in the Winston Shares; and
 - (iii) Winston not complying with any requirement of applicable laws in connection with the transactions contemplated in this Agreement;
- (o) except that, for greater certainty, Winston shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any misrepresentation or alleged misrepresentation of a material fact based solely on the Merida information provided by Merida for inclusion in the Winston Filing Statement or the Winston Information Circular or the negligence of Merida; and
- (p) subject to the satisfaction of the conditions in Section 5.2 hereof, thereafter cause Subco to file together with Merida with the registrar the Articles of Amalgamation and such other documents as may be required to give effect to the Amalgamation on or before the Termination Date.

3.3 Covenants of Merida

Merida and Merida Subsidiary covenants and agrees with Winston that Merida and Merida Subsidiary will from the date hereof to and including the Effective Date:

- (a) not to, directly or indirectly, solicit, initiate, knowingly encourage, co-operate with or facilitate (including by way of furnishing any non-public information or entering into any Contract or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Amalgamation, and without limiting the generality of the foregoing, not to induce or attempt to induce any other Person to initiate any shareholder proposal or "take-over bid," exempt or otherwise, within the meaning of the *Securities Act* (Ontario) for securities of Merida, nor to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Amalgamation, including allowing access to any third party (other than its representatives) to conduct due diligence, nor to permit any of its officers or directors to do so, except as required by fiduciary obligations;
- (b) to co-operate fully with Winston and to use all reasonable commercial efforts to assist Winston in its efforts to complete the Amalgamation;

- (c) to operate its business in a prudent and business-like manner in the ordinary course and in a manner consistent with past practice and keep Winston apprised of all material developments thereto;
- (d) not to, directly or indirectly:
 - (i) issue any shares or other securities, except in connection with the Merida Private Placement or the issuance of Merida Shares pursuant to any Merida Broker Warrants, Merida Warrants or Merida Options outstanding as of the date hereof;
 - (ii) redeem, purchase or otherwise acquire any of its shares or other securities;
 - (iii) declare or pay any dividends or distribute any of Merida Assets and Properties to Merida Shareholders;
 - (iv) alter or amend Merida's articles or by-laws in any manner which may adversely affect the success of the Amalgamation;
 - (v) adopt a plan of liquidation or resolutions providing for its liquidation, dissolution, or reorganization;
 - (vi) enter into or modify any Contract with respect to any of the foregoing; or
 - (vii) other than in connection with the Amalgamation, reorganize, amalgamate or merge with any other Person, nor acquire by amalgamating, merging or consolidating with, purchasing a majority of the voting securities or substantially all of the assets of, or otherwise acquire, any business or Person which acquisition or other transaction would reasonably be expected to prevent, materially delay or materially alter the Amalgamation as contemplated herein.
- (e) not to, directly or indirectly:
 - (i) grant any officer, director, employee or consultant an increase in compensation in any form;
 - (ii) grant any general salary increase to any employees;
 - (iii) take any action with respect to the amendment or grant of any retention, severance or termination pay policies or similar arrangement for any directors, officers or employees;
 - (iv) advance any loan to any officer, director or any other party; or
 - (v) take any action with respect to the grant of any new, or any amendment to any existing, arrangements for severance, termination or retention pay with any officer or employee arising from the Amalgamation or a change of control of Merida or otherwise, or with respect to any increase of benefits payable under its current severance, termination or retention pay policies.

3.4 Further Covenants of Merida

Merida and Merida Subsidiary covenants and agrees with Winston that Merida will from the date hereof to and including the Effective Date:

- (a) use its commercially reasonable efforts to obtain all necessary consents, assignments or waivers from third parties and amendments or terminations to any Contract or instrument, and take such other measures as may be necessary to fulfil its obligations under and to carry out the transactions contemplated by this Agreement;
- (b) use its commercially reasonable efforts to obtain the Merida Shareholder Approval by January 31, 2021;
- (c) promptly advise Winston of any written notice of dissent or purported exercise by any Merida Shareholder of dissent rights under the OBCA received by Merida in relation to the Amalgamation and any withdrawal of dissent rights received by Merida and, subject to applicable law, any written communications sent by or on behalf of Merida to any Merida Shareholder exercising or purporting to exercise dissent rights in relation to the Amalgamation;
- (d) make necessary filings and applications under applicable federal, state and provincial laws and regulations required on the part of Merida in connection with the transactions contemplated herein, and take all reasonable action necessary to be in compliance with such laws and regulations;
- (e) use all commercially reasonable efforts to conduct its affairs so that Merida's representations and warranties contained herein shall be true and correct on and as of the Effective Date as if made on the Effective Date, except to the extent that such representations and warranties require modification to give effect to the transactions contemplated herein;
- (f) immediately notify Winston of any legal or governmental actions, suits, judgments, investigations, injunction, complaint, motion, regulatory investigation, regulatory proceeding or similar proceeding by any Person or Governmental Authority, whether actual or threatened, with respect to the Amalgamation or which could result in a Material Adverse Effect;
- (g) notify Winston immediately upon becoming aware that any of the representations and warranties of Merida contained herein are no longer true and correct in any material respect;
- (h) immediately upon receipt of any Assessment of Merida or Merida Subsidiary, deliver to Winston a copy thereof together with a statement setting out, to the extent then determinable, an estimate of the obligations, if any, of Merida or Merida Subsidiary on the assumption that such Assessment is valid and binding;
- (i) use all commercially reasonable efforts to cause each of the conditions precedent set forth in Section 5.2 hereof to be complied with;
- (j) Merida and Merida Subsidiary shall indemnify and save harmless Winston and its representatives, as applicable, from and against any and all liabilities, claims, demands,

losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Winston and its representatives may be subject or which Winston or its representatives may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:

- (i) any misrepresentation or alleged misrepresentation in the Merida or Merida Subsidiary information provided by Merida for inclusion in the Winston Filing Statement or the Winston Information Circular or in any material filed by or on behalf of Winston in compliance or intended compliance with any applicable laws;
- (ii) any order made or any inquiry, investigation or proceeding by any Governmental Authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation in the Merida or Merida Subsidiary information provided by Merida for inclusion in the Winston Filing Statement or the Winston Information Circular or in any material filed by or on behalf of Winston in compliance or intended compliance with applicable Securities Laws, which prevents or restricts the trading in the Winston Shares; and
- (iii) Merida or Merida Subsidiary not complying with any requirement of applicable laws in connection with the transactions contemplated in this Agreement;

except that, for greater certainty, Merida shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any misrepresentation or alleged misrepresentation of a material fact based solely on the Winston information in the Winston Filing Statement or the Winston Information Circular or the negligence of Winston; and

- (k) subject to the satisfaction of the conditions in Section 5.1 hereof, thereafter together with Subco file with the registrar the Articles of Amalgamation and such other documents as may be required to give effect to the Amalgamation on or before the Termination Date.

3.5 Winston Filing Statement

- (a) Winston shall prepare and file the Winston Filing Statement and other documents related thereto in accordance with applicable law with the applicable securities regulatory authority and as otherwise required. Winston shall ensure that no such information concerning Winston that is included in the Winston Filing Statement shall contain any untrue statement of a material fact (as such term is defined pursuant to the Securities Laws) or omit to state a material fact required to be stated therein in order to make any information concerning Winston not misleading in light of the circumstances in which it is disclosed.
- (b) Winston shall provide Merida and its legal counsel with a reasonable opportunity to review and comment on drafts of the Winston Filing Statement and other documents related thereto and reasonable consideration shall be given to any comments made by Merida and its legal counsel, provided that all information relating to Merida included in the Winston Filing Statement shall be in form and content satisfactory to Merida and Winston, acting reasonably.
- (c) Merida and Merida Subsidiary shall furnish to Winston all such information concerning Merida and Merida Subsidiary, as may be reasonably required by Winston in the

preparation of the Winston Filing Statement and other documents related thereto, and Merida shall ensure that no such information provided by Merida and Merida Subsidiary for inclusion in the Winston Filing Statement shall contain any untrue statement of a material fact (as such term is defined pursuant to the Securities Laws) or omit to state a material fact required to be stated therein in order to make any information so furnished by Merida not misleading in light of the circumstances in which it is disclosed.

- (d) Merida shall promptly notify Winston if, at any time before the Closing, the Winston Filing Statement contains an untrue statement of a material fact concerning Merida or Merida Subsidiary or omits to state a material fact concerning Merida or Merida Subsidiary required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Winston Filing Statement.
- (e) Winston shall promptly notify Merida if, at any time before the Closing, the Winston Filing Statement contains an untrue statement of a material fact concerning Winston or omits to state a material fact concerning Winston required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Winston Filing Statement.
- (f) Each of Winston and Merida shall co-operate in the preparation of any amendment or supplement as required or as appropriate pursuant to Sections 3.5(d) and 3.5(e). Winston shall, subject to compliance by Merida with this Section 3.5(f), and, if required by the TSX Venture or applicable laws, file any amendment or supplement to the Winston Filing Statement with the applicable securities regulatory authority and as otherwise required.

3.6 Winston Information Circular

- (a) Winston shall prepare and file the Winston Information Circular and other documents related thereto in accordance with applicable law with the applicable securities regulatory authority and as otherwise required. Winston shall ensure that no such information concerning Winston that is included in the Winston Information Circular shall contain any untrue statement of a material fact (as such term is defined pursuant to the Securities Laws) or omit to state a material fact required to be stated therein in order to make any information concerning Winston not misleading in light of the circumstances in which it is disclosed.
- (b) Winston shall provide Merida and its legal counsel with a reasonable opportunity to review and comment on drafts of the Winston Information Circular and other documents related thereto and reasonable consideration shall be given to any comments made by Merida and its legal counsel, provided that all information relating to Merida included in the Winston Information Circular shall be in form and content satisfactory to Merida, acting reasonably.
- (c) Winston shall promptly notify Merida if, at any time before the Closing, the Winston Information Circular contains an untrue statement of a material fact concerning Winston or omits to state a material fact concerning Winston required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Winston Information Circular.

- (d) Each of Winston and Merida shall co-operate in the preparation of any amendment or supplement as required or as appropriate pursuant to Section 3.6(c). Winston shall, subject to compliance by Merida with this Section 3.6(d), and, if required by the TSX Venture or applicable laws, file any amendment or supplement to the Winston Information Circular with the applicable securities regulatory authority and as otherwise required.

3.7 Provision of Information; Access

From and after the date hereof, each party shall provide the other party and its representatives access, during normal business hours and at such other time or times as such other party may reasonably request, to its premises, books, contracts, records, computer systems, properties, employees and management personnel and shall furnish promptly to such other party all information concerning its business, properties and personnel as such other party may reasonably request, which information shall remain subject to Section 8.7 herein, in order to permit the parties to be in a position to expeditiously and efficiently integrate the business and operations of each of Winston and Merida immediately upon but not prior to the Effective Date. Each party agrees to endeavor to include in the information furnished to the other party information which would reasonably be considered to be relevant for the purposes of such other party's investigation and not knowingly withhold any information which would make anything contained in such information delivered erroneous or misleading.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Winston

Winston and Subco represents and warrants to and in favour of Merida as follows, and acknowledges that Merida is relying upon such representations and warranties in connection with the completion of the transactions contemplated herein:

- (a) Each of Winston and Subco is a corporation incorporated and validly existing under the laws of the jurisdiction of its incorporation and has all requisite corporate power and corporate authority and is duly qualified and holds all material permits, licences, registrations, qualifications, consents and authorizations necessary or required to carry on the Winston Business as now conducted in each of the jurisdictions it carries on business and to own, lease or operate its Assets and Properties and neither Winston nor, to the knowledge of Winston, any other Person, has taken any steps or proceedings, voluntary or otherwise, requiring or authorizing Winston's dissolution or winding up of Winston or Subco, and each of Winston and Subco has all requisite corporate power and corporate authority to enter into this Agreement and to carry out its obligations hereunder.
- (b) The authorized capital of Winston consists of an unlimited number of Winston Shares, of which 7,500,000 Winston Shares are issued and outstanding as at the date hereof as fully paid and non-assessable shares in the capital of Winston. Winston is also authorized to issue an unlimited number of preferred shares without nominal or par value, of which, as at the date hereof, none have been issued.
- (c) No Person has any agreement, option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement for the purchase, acquisition, subscription for or issue of any of the unissued Winston Shares or other securities of Winston, other than: (i) Winston Options; and (ii) Winston Agent Options; and no other rights to acquire,

or instruments convertible into or exchangeable for, any shares in the capital of Winston are outstanding.

- (d) Other than Subco, Winston has no direct or indirect subsidiaries nor any investment in any Person or any agreement, option or commitment to acquire any such investment. All of the issued and outstanding securities of Subco (being one common share of Subco) are held by Winston. Subco is not a party to any Contract and has nominal assets and no liabilities.
- (e) Winston became a "reporting issuer" (as that term is defined under applicable Securities Laws in each of the provinces of Ontario, Alberta, and British Columbia) on February 4, 2019, is a reporting issuer as at the date hereof, and is not in default of the requirements of the applicable Securities Laws in such jurisdictions or the requirements of the TSX Venture in any material respect.
- (f) Winston continues to meet the Continued Listing Requirements of the TSX Venture (as such term is defined in TSX Venture Policy 1.1 - *Interpretation*).
- (g) Winston has filed all material documents and information required to be filed by it, whether pursuant to applicable Securities Laws or otherwise, with the applicable securities commissions (the "**Disclosure Documents**") and Winston does not have any confidential filings with any securities authorities. As of the time the Disclosure Documents were filed with the applicable securities regulators and on SEDAR (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing):
 - (i) each of the Disclosure Documents complied in all material respects with the requirements of the applicable Securities Laws in the jurisdictions they were filed; and
 - (ii) none of the Disclosure Documents contained any untrue statement of a material fact regarding Winston or omitted to state a material fact regarding Winston required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.
- (h) Winston has been conducting the Winston Business in compliance in all material respects with all applicable laws, regulations, orders and directions of Governmental Authorities of each jurisdiction in which it carries on the Winston Business and has not received a notice of material non-compliance, and, to the knowledge of Winston, there are no facts that would give rise to a notice of material non-compliance with any such laws, rules, regulations, orders and directions.
- (i) No consent, approval, order or authorization of, or registration, declaration or filing with, any third party or Governmental Authority is required by or with respect to Winston or Subco in connection with the execution and delivery of this Agreement by Winston or Subco, the performance of their obligations hereunder or the consummation by Winston or Subco of the transactions contemplated hereby other than:
 - (i) the Winston Shareholder Approval;
 - (ii) the approval of the Amalgamation by Subco;

- (iii) the approval of the Amalgamation as Winston's Qualifying Transaction by the TSX Venture and the listing of the Resulting Issuer Shares on the TSX Venture;
 - (iv) the filing of Articles of Amendment to effect the Name Change;
 - (v) the filing of Articles of Continuance to effect the Continuance;
 - (vi) the filing of the Articles of Amalgamation;
 - (vii) such registrations and other actions required under applicable Securities Laws as are contemplated by this Agreement and registrations and applications required as a result of the formation of Amalco; and
 - (viii) any filings with the registrar under the ABCA or OBCA.
- (j) The execution and delivery of this Agreement, the performance by each of Winston and Subco of its obligations hereunder, and the consummation of the transactions contemplated in this Agreement, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, (whether after notice or lapse of time or both):
- (i) any law, statute, rule or regulation applicable to Winston or Subco including applicable Securities Laws;
 - (ii) the by-laws, articles or resolutions of Winston or Subco, which are in effect as at the date hereof;
 - (iii) any Contract to which Winston or Subco is a party or by which it is bound; or
 - (iv) any judgment, decree or order binding Winston or Subco or either of its Assets and Properties.
- (k) This Agreement has been duly authorized and executed by Winston and Subco and constitutes a valid and binding obligation of Winston and Subco and is enforceable against each of Winston and Subco in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principals when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law.
- (l) The Winston Financial Statements have been prepared in accordance with IFRS and present fairly, the financial position (including the assets and liabilities, whether absolute, contingent or otherwise as required by IFRS) of Winston as at such date and the results of its operations and its cash flows for the period then ended and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of Winston in accordance with IFRS and there has been no change in accounting policies or practices of Winston since September 30, 2020.
- (m) Except as disclosed in the Winston Financial Statements, since September 30, 2020: (i) there has been no Material Adverse Change in respect of Winston (or any condition, event

or development involving a prospective change that would result in a Material Adverse Change to, or have a Material Adverse Effect on, Winston); (ii) each of Winston and Subco has conducted its businesses only in the ordinary and normal course; and (iii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Winston (taken as a whole) has been incurred other than in the ordinary and normal course of business;

- (n) Winston has no Indebtedness, other than:
 - (i) those set forth or adequately provided for in the most recent balance sheet and associated notes thereto included in the Winston Financial Statements (the "**Winston Balance Sheet**");
 - (ii) those incurred in the ordinary course of business and not required to be set forth in the Winston Balance Sheet under IFRS;
 - (iii) those incurred in the ordinary course of business since the date of the Winston Balance Sheet and consistent with past practice; and
 - (iv) those incurred in connection with the execution of this Agreement.
- (o) Winston is a taxable Canadian corporation and all Taxes due and payable or required to be collected or withheld and remitted by Winston have been paid, collected or withheld and remitted as applicable. All tax returns, declarations, remittances and filings required to be filed by Winston have been filed with all appropriate Governmental Authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading. To the knowledge of Winston, no examination of any tax return of Winston is currently in progress by any Governmental Authority and there are no issues or disputes outstanding with any Governmental Authority respecting any Taxes that have been paid, or may be payable, by Winston. There are no agreements, waivers or other arrangements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to Winston.
- (p) Winston has established on its books and records reserves that are adequate for the payment of all material Taxes not yet due and payable and there are no liens for Taxes on the Assets and Properties of Winston that are material, and there are no audits pending of the tax returns of Winston (whether federal, state, provincial, local or foreign) and there are no claims which have been asserted relating to any such tax returns, which audits and claims, if determined adversely, would result in the assertion by any Governmental Authority of any material deficiency.
- (q) Winston maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorization; and (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain accountability for assets.
- (r) Winston's Auditors are independent public accountants.
- (s) There are no actions, suits, proceedings or inquiries, including, to the knowledge of Winston, pending or threatened against or affecting Winston or Subco, at law or in equity,

or before or by any Governmental Authority which in any way would have a Material Adverse Effect on Winston, or could reasonably be expected to have a Material Adverse Effect on Winston.

- (t) As of the date hereof, Winston is not party to any material Contract, other than:
 - (i) this Agreement;
 - (ii) a registrar and transfer agency and disbursing agent agreement dated as of November 29, 2018 between Winston and the Registrar and Transfer Agent;
 - (iii) an agency agreement dated as of February 1, 2019 between Winston and Mackie Research Capital Corporation in connection with the initial public offering of Winston; and
 - (iv) the Winston Escrow Agreement,

(collectively, the "**Winston Material Contracts**"). For the purposes of this Section, any Contract to which Winston or Subco will, or may reasonably be expected to, result in a requirement of Winston or Subco to expend more than an aggregate of \$10,000 or receive or be entitled to receive revenue of more than \$10,000 in either case in the next 12 months, or is out of the ordinary course of business of Winston or Subco, shall be considered to be material.

- (u) Neither Winston nor, to the knowledge of Winston, any other party thereto is in default or breach of any Winston Material Contract and, to the knowledge of Winston, there exists no condition, event or act which, with the giving of notice or lapse of time or both, would constitute a material default or breach under any Winston Material Contract which would give rise to a right of termination on the part of any other party to a Winston Material Contract.
- (v) Winston is not a party to any Contracts of employment which may not be terminated on one month's notice or which provide for payments occurring on a change of control of Winston.
- (w) Except for the trading halt imposed by the TSX Venture on June 24, 2019 following disclosure by Winston of the Initial Letter Agreement and the trading halt imposed by the TSX Venture on May 6, 2020 in connection with the disclosure by Winston of the Letter Agreement, no order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of Winston has been issued by any Governmental Authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of Winston, are pending, contemplated or threatened by any Governmental Authority.
- (x) Winston is not party to any Contract, nor, to the knowledge of Winston, is there any shareholders agreement or other Contract which in any manner affects the voting control of any of the securities of Winston.
- (y) Winston owns no real property.
- (z) Winston has no, and since incorporation has not had any, employees.

- (aa) Except for the Winston Options and Winston Agent Options, Winston does not have any plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to, or required to be contributed to, by Winston for the benefit of any current or former director, officer, employee or consultant of Winston.
- (bb) None of the directors or officers of Winston has any material interest, direct or indirect, in any material transaction or any proposed material transaction with Winston that materially affects, is material to or will materially affect Winston. Winston is not indebted to:
 - (i) any director, officer or shareholder of Winston;
 - (ii) any individual related to any of the foregoing by blood, marriage or adoption; or
 - (iii) any corporation controlled, directly or indirectly, by any one or more of those Persons referred to in this Section 4.1(bb).

None of those Persons referred to in this Section 4.1(bb) is indebted to Winston. Winston is not currently a party to any Contract with any officer, director, employee, shareholder or any other Person not dealing at arm's length with Winston.

- (cc) Neither Winston nor Subco is a party to or bound by any agreement, guarantee, indemnification (other than in the ordinary course of business and to officers, directors and advisory board members pursuant to Winston's by-laws and standard indemnity agreements, pursuant to underwriting, agency or financial advisor agreements pursuant to the standard indemnity provisions in agreements of that nature), or endorsement or like commitment of the obligations, liabilities (contingent or otherwise) or Indebtedness of any Person.
- (dd) Winston has no insurance policies in place.
- (ee) The minute books and records of Winston made available to counsel for Merida in connection with the due diligence investigation of Winston for the period from the date of incorporation to the date hereof are all of the minute books of Winston and contain copies of all material proceedings (or certified copies thereof) of the shareholders, the directors and all committees of directors of Winston to the date hereof and there have been no other meetings, resolutions or proceedings of the shareholders, directors or any committees of the directors of Winston to the date hereof not reflected in such minute books.
- (ff) There is no Person acting at the request or on behalf of Winston that is entitled to any brokerage or finder's fee or other compensation in connection with the transactions contemplated hereby.
- (gg) Winston has conducted all transactions, negotiations, discussions and dealings in full compliance with anti-bribery and anti-corruption laws and regulations applicable in any jurisdiction in which they are located or conducting business (the "**Applicable Anti-Corruption Laws**"). Winston has not made any offer, payment, promise to pay or authorization of payment of money or anything of value to any government official, or any other person while having reasonable grounds to believe that all or a portion of such money

or thing of value will be offered, given or promised, directly or indirectly to a government official, for the purpose of:

- (i) assisting the parties in obtaining, retaining or directing business;
 - (ii) influencing any actor or decision of a government official in his or its official capacity;
 - (iii) inducing a government official to do or omit to do any act in violation of his or its lawful duty, or to use his or its influence with a government or instrumentality thereof to affect or influence any act or decision of such government or department, agency, instrumentality or entity thereof; or
 - (iv) securing any improper advantage.
- (hh) The operations of Winston are and have been conducted at all times in compliance with applicable financial record keeping and reporting requirements of the anti-money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by an Governmental Authority (the "**Applicable Anti-Money Laundering Laws**") and no action, suit or proceeding by or before any Governmental Authority involving Winston with respect to the Applicable Anti-Money Laundering Laws is, to the knowledge of Winston, pending or threatened.

4.2 Representations and Warranties of Merida

Merida and Merida Subsidiary represents and warrants to and in favour of Winston and Subco as follows, and acknowledges that Winston and Subco are relying upon such representations and warranties in connection with the completion of the transactions contemplated herein:

- (a) Merida is a corporation incorporated and validly existing under the laws of the Province of Ontario and has all requisite corporate power and corporate authority and is duly qualified and holds all permits, licences, registrations, qualifications, consents and authorizations necessary or required to carry on the Merida Business as now conducted in each of the jurisdictions it carries on business and to own, lease or operate its Assets and Properties and neither Merida nor, to the knowledge of Merida, any other Person, has taken any steps or proceedings, voluntary or otherwise, requiring or authorizing Merida's dissolution or winding up, and Merida has all requisite corporate power and corporate authority to enter into this Agreement and to carry out its obligations.
- (b) The authorized capital of Merida consists of an unlimited number of Merida Common Shares, of which 44,676,825 Merida Common Shares are outstanding as at the date hereof as fully paid and non-assessable shares in the capital of Merida.
- (c) Except as contemplated by this Agreement, as of the date hereof Merida is not a party to and nor has Merida granted any agreement, warrant, option or right or privilege capable of becoming an agreement (whether by applicable law, pre-emptive or contractual), for the purchase, subscription or issuance of any shares or securities convertible into or exchangeable for shares other than, as set forth below:
 - (i) 1,589,925 Merida Warrants;

- (ii) 70,000 Merida Broker Warrants; and
- (iii) 3,950,000 Merida Options,

and all of the foregoing securities of Merida have been issued in compliance with all applicable laws including, without limitation, applicable securities laws.

- (d) Other than the Merida Subsidiary, Merida has no direct or indirect subsidiaries nor any investment in any Person or any agreement, option or commitment to acquire any such investment.
- (e) The Merida Subsidiary is a wholly owned subsidiary of Merida and neither Merida nor the Merida Subsidiary is party to or has granted any agreement, warrant, option or right or privilege capable of becoming an agreement for the purchase, subscription or issuance of any securities of Merida Subsidiary or securities convertible into or exchangeable for any securities of Merida Subsidiary.
- (f) The Merida Subsidiary is incorporated and validly existing under the laws of the jurisdiction of incorporation, and has all requisite corporate power and corporate authority and is duly qualified and holds all permits, licenses, registrations, qualifications, consents and authorizations necessary or required to carry on the Merida Business as now conducted in each of the jurisdictions it carries on business and to own, lease or operate its Assets and Properties and neither Merida nor, to the knowledge of Merida, any other Person, has taken any steps or proceedings, voluntary or otherwise, requiring or authorization dissolution or winding up of the Merida Subsidiary.
- (g) No Person has any agreement, option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement for the purchase, acquisition, subscription for or issue of any of the unissued Merida Shares or other securities of Merida and, other than: (i) the Merida Shares; and (ii) the Merida Options; and, no other rights to acquire, or instruments convertible into or exchangeable for, any shares in the capital of Merida are outstanding.
- (h) Each of Merida and Merida Subsidiary has been conducting the Merida Business in compliance in all material respects with all applicable laws, rules, regulations, orders and directions of Governmental Authorities of each jurisdiction in which it carries on the Merida Business and has not received a notice of material non-compliance, and, to the knowledge of Merida, there are no facts that would give rise to a notice of material non-compliance with any such laws, rules, regulations, orders and directions.
- (i) each of Merida and Merida Subsidiary has all requisite corporate capacity, power and authority, and possesses all material certificates, authorizations, permits and licenses issued by the appropriate federal, provincial or municipal regulatory agencies or bodies necessary to conduct its business as now conducted by it and to own its assets and is in compliance in all material respects with such certificates, authorizations, permits or licenses and has not received any notice of proceedings relating to the revocation or modification of any such certificate, authorization, permit or license which, alone or in the aggregate, if the subject of an unfavourable decision, order, finding or ruling, would materially and adversely affect the conduct of the business, operations or financial condition of Merida and Merida Subsidiary, taken as a whole.

- (j) No consent, approval, order or authorization of, or registration, declaration or filing with, any third party or Governmental Authority is required by or with respect to Merida or Merida Subsidiary in connection with the execution and delivery of this Agreement by Merida, the performance of its obligations hereunder or the consummation by Merida or Merida Subsidiary of the transactions contemplated hereby other than:
 - (i) the Merida Shareholder Approval;
 - (ii) the filing of the Articles of Amalgamation;
 - (iii) such registrations and other actions required under applicable Securities Laws as are contemplated by this Agreement and registrations and applications required as a result of the formation of Amalco; and
 - (iv) any filings with the registrar under the ABCA or OBCA.
- (k) The execution and delivery of this Agreement, the performance by Merida of its obligations hereunder, and the consummation of the transactions contemplated in this Agreement, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, (whether after notice or lapse of time or both):
 - (i) any statute, rule or regulation applicable to Merida including Securities Laws;
 - (ii) the by-laws, articles or resolutions of Merida which are in effect as at the date hereof;
 - (iii) any contract to which Merida is a party or by which it is bound; or
 - (iv) any judgment, decree or order binding Merida of its Assets and Properties.
- (l) This Agreement has been duly authorized and executed by Merida and constitutes a valid and binding obligation of Merida and Merida Subsidiary and is enforceable against Merida and Merida Subsidiary in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principals when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law.
- (m) The Merida Financial Statements have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly the financial position (including the assets and liabilities, whether absolute, contingent or otherwise as required by IFRS) of Merida and the Merida Subsidiary as at such dates and the results of its operations and its cash flows for the periods then ended and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of Merida and the Merida Subsidiary in accordance with IFRS and there has been no change in accounting policies or practices of Merida since September 30, 2020.
- (n) Except as disclosed in the Merida Financial Statements, since September 30, 2020: (i) there has been no Material Adverse Change in respect of Merida or the Merida Subsidiary (or any condition, event or development involving a prospective change that would result in a

Material Adverse Change to, or have a Material Adverse Effect on, Merida or the Merida Subsidiary); (ii) Merida has conducted its businesses only in the ordinary and normal course; and (iii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Merida (taken as a whole) has been incurred other than in the ordinary and normal course of business;

- (o) Neither Merida nor the Merida Subsidiary has any Indebtedness, other than:
 - (i) those set forth or adequately provided for in the most recent balance sheet and associated notes thereto included in the Merida Financial Statements (the "**Merida Balance Sheet**");
 - (ii) those incurred in the ordinary course of business and not required to be set forth in the Merida Balance Sheet under IFRS;
 - (iii) those incurred in the ordinary course of business since the date of the Merida Balance Sheet and consistent with past practice; and
 - (iv) those incurred in connection with the execution of this Agreement.
- (p) Merida is a taxable Canadian corporation and all Taxes due and payable or required to be collected or withheld and remitted by Merida or Merida Subsidiary have been paid, collected or withheld and remitted as applicable. All tax returns, declarations, remittances and filings required to be filed by Merida and Merida Subsidiary have been filed with all appropriate Governmental Authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading. To the knowledge of Merida, no examination of any tax return of Merida or Merida Subsidiary is currently in progress by any Governmental Authority and there are no issues or disputes outstanding with any Governmental Authority respecting any Taxes that have been paid, or may be payable, by Merida or Merida Subsidiary. There are no agreements, waivers or other arrangements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to Merida or Merida Subsidiary.
- (q) Merida and Merida Subsidiary have established on its books and records reserves that are adequate for the payment of all material Taxes not yet due and payable and there are no liens for Taxes on the Assets and Properties of Merida and the Merida Subsidiary (other than liens for Taxes that are not yet due and payable), and there are no audits pending of the tax returns of Merida or the Merida Subsidiary (whether federal, state, provincial, local or foreign) and there are no claims which have been asserted relating to any such tax returns, which audits and claims, if determined adversely, would result in the assertion by any Governmental Authority of any material deficiencies.
- (r) Merida and Merida Subsidiary maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; and (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain accountability for assets.
- (s) Merida's Auditors are independent public accountants.

- (t) There are no actions, suits, proceedings or inquiries, including, to the knowledge of Merida or Merida Subsidiary, pending or threatened against or affecting Merida or the Merida Subsidiary, at law or in equity, or before or by any Governmental Authority which in any way would have a Material Adverse Effect on Merida or the Merida Subsidiary, or could reasonably be expected to have a Material Adverse Effect on Merida or the Merida Subsidiary.
- (u) As of the date hereof, Merida and Merida Subsidiary are not party to any material Contracts, other than:
 - (i) this Agreement;
 - (ii) the Joint Venture Agreement among the Merida Subsidiary, Auplata S.A., and Amaiur Recursos Minerales, SL;
 - (iii) the Subscription Agreements; and

(collectively, the "**Merida Material Contracts**" and each a "**Merida Material Contract**"). For the purposes of this Section, any Contract to which Merida will, or may reasonably be expected to, result in a requirement of Merida to expend more than an aggregate of \$25,000 or receive or be entitled to receive revenue of more than \$25,000 in either case in the next 12 months, or is out of the ordinary course of business of Merida, shall be considered to be material.
- (v) Neither Merida or the Merida Subsidiary, nor to the knowledge of Merida, any other party thereto is in default or breach of any Merida Material Contract and, to the knowledge of Merida, there exists no condition, event or act which, with the giving of notice or lapse of time or both would constitute a default or breach under any Merida Material Contract which would give rise to a right of termination on the part of any other party to a Merida Material Contract.
- (w) No order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of Merida or the Merida Subsidiary, has been issued by any Governmental Authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of Merida, are pending, contemplated or threatened by any Governmental Authority.
- (x) Neither Merida or the Merida Subsidiary is party to any Contract, nor, to the knowledge of Merida, is there any shareholders agreement or other Contract which in any manner affects the voting control of any of the securities of Merida or the Merida Subsidiary.
- (y) Each premises of Merida which is material to the Merida Business and which Merida occupies as tenant (the "**Merida Leased Premises**"), Merida occupies the Merida Leased Premises and has the exclusive right to occupy and use the Merida Leased Premises and each of the leases pursuant to which Merida occupies the Merida Leased Premises is in good standing and in full force and effect in all respects.
- (z) Except for the Merida Options, Merida Broker Warrants, and Merida Warrants, Merida or the Merida Subsidiary, do not have any agreements, plans or practices relating to the payment of any management, consulting, service or other fees or any bonuses, pensions, share of profits or retirement allowance, insurance, health or other employee benefits or

any plan for retirement, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to, or required to be contributed to, by Merida for the benefit of any current or former director, officer, employee or consultant of Merida.

- (aa) Merida and Merida Subsidiary (and the Merida Subsidiary Property) are free and clear of all Encumbrances whatsoever, other than Permitted Encumbrances.
- (bb) Merida, through Merida Subsidiary, has good, valid and marketable title to the properties and assets currently used in its business, real (including, but not limited to, the Merida Subsidiary Property), personal and mixed, free and clear of all mortgages, liens, pledges, security interests, charges, claims, restrictions, accruals and other encumbrances and defects of title of any nature whatsoever, other than as disclosed in the financial statements of Merida Financial Statements.
- (cc) the Merida Subsidiary Property is in good standing under the laws of the jurisdiction in which the Merida Subsidiary Property is located and the claims comprising the Merida Subsidiary Property have been duly and validly located and recorded at the governmental agency or agencies, as the case may be, in which the Merida Subsidiary Property is located, and will be in good standing at Closing.
- (dd) all work carried out on the Merida Subsidiary Property or under Merida's or Merida Subsidiary's direction has been done in material compliance with all applicable laws and regulations and it has no reason to believe or knowledge of any prior work carried out on the Merida Subsidiary Property by third parties has not been done in material compliance with all applicable Laws.
- (ee) subject to the Joint Venture Agreement, neither Merida nor Merida Subsidiary is a party to or bound or affected by any commitment, agreement or document containing any covenant which expressly limits the freedom of Merida or Merida Subsidiary to compete in any line of business, or to transfer or move any of its respective assets or operations or which materially or adversely affects the business practices, operations or condition of Merida or Merida Subsidiary or which would prohibit or restrict Merida or Merida Subsidiary from entering into and completing the Amalgamation.
- (ff) to the best of their knowledge, Merida and Merida Subsidiary have been and are in material compliance with all applicable federal, provincial, municipal and local Laws, statutes, ordinances, by laws and regulations and orders, directives and decisions rendered by any ministry, department or administrative or regulatory agency, domestic or foreign, (the "**Environmental Laws**") relating to the protection of the environment, occupational health and safety or the processing, use, treatment, storage, disposal, discharge, transport or handling of any pollutants, contaminants, chemicals or industrial, toxic or hazardous wastes or substance.
- (gg) to the best of their knowledge, in respect of the Merida Subsidiary Property, Merida and Merida Subsidiary, as applicable, has obtained all material licences, permits, approvals, consents, certificates, registrations and other authorizations under Environmental Laws (the "**Environmental Permits**") necessary for the current operation of the Merida Subsidiary Property and each Environmental Permit is valid, subsisting and in good

standing and the holders of the Environmental Permits are not in default or breach thereof and no proceeding is pending or threatened to revoke or limit any Environmental Permit, except in each case where the result would not have a material adverse effect on Merida or Merida Subsidiary.

- (hh) in respect of the Merida Subsidiary Property, neither Merida or Merida Subsidiary has not received any notice of, or been prosecuted for an offence alleging, material non-compliance with any Environmental Laws, and Merida or Merida Subsidiary has not settled any allegation of material non-compliance short of prosecution. There are no orders or directions relating to environmental matters requiring any work, repairs, construction or capital expenditures to be made with respect to any of the Merida Subsidiary Property nor has Merida or Merida Subsidiary received notice of any of the same and which orders directions or notices remain outstanding as unresolved that would have a material adverse effect.
- (ii) None of the directors or officers of Merida or the Merida Subsidiary, has any material interest, direct or indirect, in any material transaction or any proposed material transaction with Merida or the Merida Subsidiary that materially affects, is material to or will materially affect Merida or the Merida Subsidiary. Merida and the Merida Subsidiary is not indebted to:
 - (i) any director, officer or shareholder of Merida or the Merida Subsidiary;
 - (ii) any individual related to any of the foregoing by blood, marriage or adoption; or
 - (iii) any corporation controlled, directly or indirectly, by any one or more of those Persons referred to in this Section 4.2(aa).

None of those Persons referred to in this Section 4.2(aa) is indebted to Merida or the Merida Subsidiary. Merida or the Merida Subsidiary is not currently a party to any Contract with any officer, director, employee, shareholder or any other Person not dealing at arm's length with Merida or the Merida Subsidiary.

- (jj) Merida and the Merida Subsidiary is not a party to nor bound by any agreement, guarantee, indemnification (other than in the ordinary course of business and to officers, directors and advisory board members pursuant to the by-laws of Merida and the Merida Subsidiary, and standard indemnity agreements, pursuant to underwriting, agency or financial advisor agreements pursuant to the standard indemnity provisions in agreements of that nature), or endorsement or like commitment of the obligations, liabilities (contingent or otherwise) or Indebtedness of any Person.
- (kk) The minute books and records of Merida and the Merida Subsidiary made available to counsel for Winston in connection with the due diligence investigation of Merida and the Merida Subsidiary for the period from the date of incorporation to the date hereof are all of the minute books of Merida and the Merida Subsidiary, and contain copies of all material proceedings (or certified copies thereof) of the shareholders, the directors and all committees of directors of Merida and the Merida Subsidiary to the date hereof to the extent that minutes exist and there have been no other meetings, resolutions or proceedings of the shareholders, directors or any committees of the directors of Merida and the Merida Subsidiary to the date hereof not reflected in such minute books.

- (ll) Other than as disclosed in writing to Winston, there is no Person acting or purporting to act at the request or on behalf of Merida that is entitled to any brokerage or finder's fee or other compensation in connection with the transactions contemplated hereby.
- (mm) Merida and the Merida Subsidiary have conducted all transactions, negotiations, discussions and dealings in full compliance with Applicable Anti-Corruption Laws. Neither Merida nor the Merida Subsidiary have made any offer, payment, promise to pay or authorization of payment of money or anything of value to any government official, or any other person while having reasonable grounds to believe that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to a government official, for the purpose of:
 - (i) assisting the parties in obtaining, retaining or directing business;
 - (ii) influencing any act or decision of a government official in his or its official capacity;
 - (iii) inducing a government official to do or omit to do any act in violation of his or its lawful duty, or to use his or its influence with a government or instrumentality thereof to affect or influence any act or decision of such government or department, agency, instrumentality or entity thereof; or
 - (iv) securing any improper advantage.
- (nn) The operations of Merida and the Merida Subsidiary are and have been conducted at all times in compliance with Applicable Anti-Money Laundering Laws and no action, suit or proceeding by or before any Governmental Authority involving Merida and the Merida Subsidiary with respect to Applicable Anti-Money Laundering Laws is, to the knowledge of Merida, pending or threatened.

ARTICLE 5 CONDITIONS PRECEDENT AND OTHER MATTERS

5.1 Conditions to Obligations of Merida

The obligation of Merida to consummate the transactions contemplated herein is subject to the satisfaction, on or before the Closing Date, of the following conditions:

- (a) except as affected by the transactions contemplated herein, the representations and warranties of Winston and Subco contained in Section 4.1 hereof shall be true in all material respects on the Closing Date with the same effect as though such representations and warranties had been made at and as of such time (except to the extent such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), other than in respect of representations and warranties qualified by materiality or other concepts of materiality which representations and warranties shall be true and correct, and Merida shall have received a certificate to such effect, dated the Closing Date, of an officer or director of Winston acceptable to Merida, to the best of his or her knowledge, having made reasonable inquiry;

- (b) Winston and Subco shall have performed, fulfilled or complied with, in all material respects, all of their obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by them at or prior to the Closing and Merida shall have received a certificate of an officer or director of Winston to such effect;
- (c) Winston shall have furnished Merida with:
 - (i) A certificate of status of Winston;
 - (ii) evidence that Winston is a reporting issuer in the Reporting Jurisdictions and is not in default of any of the provisions therein;
 - (iii) a certified copy of the resolutions of the board of directors of Winston approving this Agreement and the consummation of the transactions contemplated herein;
 - (iv) a certified copy of the special resolution of the sole shareholder of Subco authorizing and approving the Amalgamation; and
 - (v) such other documents as are customary for transactions of the nature and magnitude of the Qualifying Transaction.
- (d) receipt of all regulatory and third party approvals, authorizations and consents as are required to be obtained by Winston or Merida in connection with the Amalgamation, including the approval of the TSX Venture and any other applicable Governmental Authorities, the Winston Shareholder Approval and the Merida Shareholder Approval;
- (e) completion of the Continuance;
- (f) Winston shall have a minimum working capital of \$340,000, prior to the Closing Date, not including the reasonable costs and expenses incurred by Winston in connection with the Amalgamation, including all legal, accounting, audit, financial advisory, printing, premiums paid for director and officer run-off insurance, and other administrative and professional fees, costs and expenses incurred by Winston in connection with the Amalgamation and in connection with maintaining its reporting issuer status;
- (g) no Material Adverse Change shall have occurred with respect to Winston since the date of this Agreement;
- (h) there being no legal proceeding or regulatory actions or proceedings against any Person to enjoin, restrict or prohibit the Amalgamation or which could reasonably be expected to result in a Material Adverse Effect on Winston;
- (i) there being no prohibition at law against completion of Amalgamation;
- (j) each of the directors and officers of Winston shall have provided their: (i) resignations (in the case of directors, in a manner that allows for the orderly replacement of directors on the Effective Date as contemplated in Section 2.3(e)) in favor of Winston; and (ii) mutual release, conditional on Closing and effective on the Effective Date, each in form and substance and on such terms as are satisfactory to Merida, acting reasonably;

- (k) immediately prior to the Effective Time, Merida shall be satisfied there shall not be more than 7,500,000 Winston Shares outstanding and Merida shall be satisfied that upon completion of the Amalgamation no Person, other than the holders of Winston Options and Winston Agent's Options, shall have any Contract option or any right or privilege (whether by law, pre-emptive, by contract or otherwise) capable of becoming an agreement or option for the purchase, subscription, allotment or issuance of any issued or unissued, Winston Shares; and

The conditions described above are for the exclusive benefit of Merida and may be asserted by Merida regardless of the circumstances, or may be waived by Merida in its sole discretion, in whole or in part, at any time and from time to time prior to the Amalgamation without prejudice to any other rights which Merida may have hereunder or at law and notwithstanding the approval of this Agreement by the shareholders of Subco and/or Merida.

5.2 Conditions to Obligations of Winston

The obligation of Winston and Subco to consummate the transactions contemplated herein is subject to the satisfaction, on or before the Closing Date, of the following conditions:

- (a) except as affected by the transactions contemplated herein, the representations and warranties of Merida contained in Section 4.2 hereof shall be true in all material respects on the Closing Date with the same effect as though such representations and warranties had been made at and as of such time (except to the extent such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), other than in respect of representations and warranties qualified by materiality or other concepts of materiality which representations and warranties shall be true and correct, and Winston shall have received a certificate to such effect, dated the Closing Date, of an officer of Merida to the best of his or her knowledge having made reasonable inquiry;
- (b) Merida shall have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by it at or prior to the Closing and Winston shall have received a certificate of an officer of Merida to such effect;
- (c) Merida shall have completed the Merida Private Placement;
- (d) Merida shall have furnished Winston with all outstanding documents in relation to the completion of Winston's due diligence of Merida and the Merida Subsidiary, to the sole satisfaction of Winston;
- (e) Merida shall have furnished Winston with:
 - (i) a certificate of status or its equivalent of each of Merida and Merida Subsidiary;
 - (ii) a certified copy of the resolutions of the board of directors of Merida approving this Agreement and the consummation of the transactions contemplated therein;
 - (iii) a certified copy of the resolutions of the Merida Shareholders authorizing and approving the Amalgamation;

- (iv) the TSX Venture Escrow Agreement duly executed by those directors, officers and shareholders of Merida required by the policies of the TSXV to execute such agreement;
 - (v) the Title Opinion; and
 - (vi) such other documents as are customary for transactions of the nature and magnitude of the Qualifying Transaction.
- (f) receipt of all regulatory or third party approvals, authorizations and consents as are required to be obtained by Winston or Merida in connection with the Amalgamation, including the approval of the TSX Venture and any other applicable Governmental Authorities, the Winston Shareholder Approval and the Merida Shareholder Approval;
 - (g) no Material Adverse Change shall have occurred with respect to Merida since the date of this Agreement;
 - (h) there being no legal proceeding or regulatory actions or proceedings against any Person to enjoin, restrict or prohibit the Amalgamation or which could reasonably be expected to result in a Material Adverse Effect on Merida.
 - (i) there being no prohibition at law against the completion of the Amalgamation; and

The conditions described above are for the exclusive benefit of Winston and Subco and may be asserted by Winston and Subco, acting together, regardless of the circumstances, or may be waived by Winston and Subco, acting together, in their sole discretion, in whole or in part, at any time and from time to time prior to the Amalgamation without prejudice to any other rights which Winston and Subco may have hereunder or at law and notwithstanding the approval of this Agreement by the shareholders of Subco and/or Merida.

5.3 Merger of Conditions

The conditions set out in Sections 5.1 and 5.2 hereof shall be conclusively deemed to have been satisfied, waived or released on the filing by Merida and Subco of the Articles of Amalgamation with the registrar.

ARTICLE 6 NOTICES

6.1 Notices

All notices, requests and demands hereunder, which may or are required to be given pursuant to any provision of this Agreement, shall be given or made in writing and shall be delivered by courier or e-mail as follows:

- (a) to Winston or Subco, addressed to:

Winston Capital Group Inc.
1600, 333 – 7 Ave. S.W.
Calgary, Alberta T2P2Z1

Attn: John Gamble

Email: [REDACTED]

with a copy to (such copy shall not constitute notice):

Burstall LLP
1600, 333 – 7 Ave. S.W.
Calgary, Alberta T2P2Z1

Attn: Dale Burstall

Email: [REDACTED]

(b) to Merida, addressed to:

Merida Minerals Inc.
15 Toronto Street, Suite 602
Toronto, ON, M5C2E3
Attn: Norman Brewster
Email: [REDACTED]

or to such other addresses or e-mail addresses as the parties may, from time to time, advise to the other parties by notice in writing. All notices, requests and demands hereunder shall be deemed to have been received, if delivered personally or by prepaid courier on the date of delivery and if sent by e-mail, on the next Business Day after the e-mail was sent.

ARTICLE 7 AMENDMENT AND TERMINATION OF AGREEMENT

7.1 Amendment

This Agreement may, at any time and from time to time before or after obtaining the Winston Shareholder Approval or Merida Shareholder Approval, be amended by written agreement of the parties without, subject to applicable law, further notice to or authorization on the part of their respective shareholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the parties; or
- (d) waive compliance with or modify any other conditions precedent contained herein,

provided that no such amendment shall change the provisions hereof regarding the consideration to be received by Merida Shareholders without approval by such of Merida Shareholders given in the same manner as required for the approval of the Amalgamation.

7.2 Rights of Termination

This Agreement may be terminated as follows:

- (a) by mutual agreement of Winston and Merida in writing;
- (b) by Merida: (i) by notice to Winston if any of the conditions contained in Section 5.1 shall not be fulfilled or performed by the Termination Date; or (ii) upon a breach by Winston of Section 3.1(a) hereof that could reasonably result in a condition set forth in Section 5.1 which condition has not been waived to be incapable of being satisfied on or before the Termination Date;
- (c) by Winston: (i) by notice to Merida if any of the conditions contained in Section 5.2 shall not be fulfilled or performed by the Termination Date; or (ii) upon a breach by Merida of Section 3.3(a) hereof that could reasonably result in a condition set forth in Section 5.2 which condition has not been waived to be incapable of being satisfied on or before the Termination Date;
- (d) by any party if the Amalgamation is not completed by the Termination Date; or
- (e) by any party if any Governmental Authority has notified any of Winston or Merida that it will not permit the Amalgamation to proceed, in whole or in part.

If this Agreement is terminated as aforesaid, the party terminating this Agreement shall be released from all obligations under this Agreement other than the obligations that by their terms survive the termination of this Agreement (including the obligations with respect to confidentiality under Section 8.6 and the obligations with respect to expenses under Section 8.8), all rights of specific performance against such party shall terminate and, unless such party can show that the condition or conditions the non-performance of which has caused such party to terminate this Agreement were reasonably capable of being performed by the other party, then the other party shall also be released from all obligations hereunder, except any liability expressly contemplated hereby; and further provided that any of such conditions may be waived in full or in part by either of the parties without prejudice to its rights of termination in the event of the non-fulfilment or non-performance of any other condition.

7.3 Notice of Unfulfilled Conditions

If either of Merida or Winston shall determine at any time prior to the Effective Date that it intends to refuse to consummate the Amalgamation or any of the other transactions contemplated hereby because of any unfulfilled or unperformed condition contained in this Agreement on the part of the other of them to be fulfilled or performed, Merida or Winston, as the case may be, shall so notify the other party forthwith upon making such determination in order that such other party shall have the right and opportunity to take such steps, at its own expense, as may be necessary for the purpose of fulfilling or performing such condition within 10 Business Days (except that no cure period shall be provided for a breach which by its nature cannot be cured or is a willful breach), but in no event later than the Termination Date.

ARTICLE 8 GENERAL

8.1 Entire Agreement

The terms and provisions herein contained constitute the entire agreement between the parties with respect to the subject matter herein and shall supersede all previous oral or written communications,

representations, undertakings and agreements with respect to such subject matter, including the Letter Agreement.

8.2 Binding Effect

This Agreement shall be binding upon and enure to the benefit of the parties.

8.3 Waiver and Modification

Winston and Merida may waive or consent to the modification of, in whole or in part, any inaccuracy of any representation or warranty made to them hereunder or in any document to be delivered pursuant hereto and may waive or consent to the modification of any of the covenants or agreements herein contained for their respective benefit or waive or consent to the modification of any of the obligations of the other parties hereto. No waiver, or consent to the modification of any inaccuracy of any provision of this Agreement constitutes a waiver of or consent to any proceeding, continuing or succeeding inaccuracy of such provision or of any other provision of this Agreement. Any waiver or consent to the modification of any of the provisions of this Agreement, to be effective, must be in writing executed by the party granting such waiver or consent.

8.4 No Personal Liability

- (a) No director, officer, employee or agent of Merida shall have any personal liability whatsoever to Winston or Subco under this Agreement, or under any other document delivered in connection with the Amalgamation on behalf of Merida.
- (b) No director, officer, employee or agent of either Winston or Subco shall have any personal liability whatsoever to Merida under this Agreement, or under any other document delivered in connection with the Amalgamation on behalf of Winston.

8.5 Assignment

No party may assign any of its rights or obligations under this Agreement without the prior written consent of the other party hereto.

8.6 Privacy Matters

- (a) For the purposes of this Section 8.6, the following definitions shall apply:
 - (i) "**Applicable Privacy Laws**" means any and all applicable laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including but not limited to the *Personal Information Protection and Electronic Documents Act* (Canada) and/or any comparable provincial law; and
 - (ii) "**Personal Information**" means information about an individual transferred to one party by the other in accordance with this Agreement and/or as a condition of the Amalgamation.
- (b) The parties acknowledge that they are responsible for compliance at all times with Applicable Privacy Laws which govern the collection, use and disclosure of Personal Information acquired by or disclosed to either party pursuant to or in connection with this Agreement (the "**Disclosed Personal Information**").

- (c) Neither party shall use the Disclosed Personal Information for any purposes other than those related to the performance of this Agreement and the completion of the Amalgamation.
- (d) Each party acknowledges and confirms that the disclosure of Personal Information is necessary for the purposes of determining if the parties shall proceed with the Amalgamation, and that the disclosure of Personal Information relates solely to the carrying on of the business and the completion of the Amalgamation.
- (e) Each party acknowledges and confirms that it has and shall continue to employ appropriate technology and procedures in accordance with applicable laws to prevent accidental loss or corruption of the Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording, copying, alteration, removal, deletion, use or other processing of such Disclosed Personal Information.
- (f) Each party shall at all times keep strictly confidential all Disclosed Personal Information provided to it, and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the parties' obligations hereunder. Each party shall ensure that access to the Disclosed Personal Information shall be restricted to those employees or advisors of the respective party who have a *bona fide* need to access to such information in order to complete the Amalgamation.
- (g) Each party shall promptly notify the other party of all inquiries, complaints, requests for access, and claims of which the party is made aware in connection with the Disclosed Personal Information. The parties shall fully co-operate with one another, with the Persons to whom the Disclosed Personal Information relates, and any authorized authority charged with enforcement of Applicable Privacy Laws, in responding to such inquiries, complaints, requests for access, and claims.
- (h) Upon the expiry or termination of this Agreement, or otherwise upon the reasonable request of either party, the other party shall forthwith cease all use of the Disclosed Personal Information acquired by such other party in connection with this Agreement and will return to the requesting party or, at the requesting party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies).

8.7 Confidentiality

- (a) No disclosure or announcement, public or otherwise, in respect of this Agreement or the transactions contemplated hereby will be made by Winston, Subco, Merida or their representatives without the prior agreement of the other parties as to timing, content and method, provided that the obligations herein will not prevent a party from making, after consultation with the other parties, such disclosure as its counsel advises is required by applicable law or the rules and policies of the TSX Venture.
- (b) Except as and only to the extent required by applicable law, a Receiving Party will not disclose or use, and it will cause its representatives not to disclose or use, any Confidential Information furnished, or to be furnished, by a Disclosing Party or its representatives to the Receiving Party or its representatives at any time or in any manner other than for purposes of evaluating the transactions proposed in this Agreement.

- (c) If this Agreement is terminated pursuant to Article 7, each Receiving Party will promptly return to the Disclosing Party or destroy any Confidential Information and any work product produced from such Confidential Information in its possession or in the possession of any of its representatives.

8.8 Costs

Each of the parties shall be responsible for their own costs and charges incurred with respect to the transactions contemplated herein, including all costs and charges incurred prior to the date of this Agreement and all legal and accounting fees and disbursements relating to preparing the documents relating to the transactions contemplated herein or otherwise relating to the transactions contemplated herein except that in respect of any TSX Venture filing and listing fees and the preparation of a formal valuation or appraisal if requested by the TSX Venture to support the consideration paid for Merida each party shall pay 50% of such costs. Notwithstanding the foregoing, Merida shall pay to Winston the sum of \$25,000 on the earlier of Closing or the termination of this Agreement.

8.9 Time of Essence

Time shall be of the essence of this Agreement.

8.10 Survival

The representations and warranties of each of Merida, Winston and Subco contained herein shall survive the execution and delivery of this Agreement and shall terminate on the earlier of the termination of this Agreement in accordance with its terms and the Effective Date. Section 8.8 contained herein shall also survive the termination of this Agreement.

8.11 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without giving effect to the principles of conflicts of laws thereof, and the parties hereto irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario in respect of any matter arising hereunder or in connection herewith.

8.12 Severability

In the event that any provisions contained in this Agreement shall be declared invalid, illegal or unenforceable by a court or other lawful authority of competent jurisdiction, this Agreement shall continue in force with respect to the enforceable provisions and all rights and remedies accrued under the enforceable provisions shall survive any such declaration, and any non-enforceable provision shall, to the extent permitted by law, be replaced by a provision which, being valid, comes closest to the intention underlying the invalid, illegal and unenforceable provision.

8.13 Further Assurances

Each party shall, from time to time, and at all times hereafter, at the request of the other parties hereto, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

8.14 Counterparts and Electronic Copies

This Agreement may be executed in separate counterparts, and all such counterparts when taken together shall constitute one agreement. The parties shall be entitled to rely on delivery of an email in pdf or other electronic copy of the executed Agreement and such copy shall be legally effective to create a valid and binding Agreement.

[Remainder of Page Intentionally Left Blank]

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

WINSTON CAPITAL GROUP INC.

Per: (Signed) "John Gamble"
Name: John Gamble
Title: Director

MERIDA MINERALS INC.

Per: (Signed) "Norman Brewster"
Name: Norman Brewster
Title: Chief Executive Officer

2797200 ONTARIO INC.

Per: (Signed) "John Gamble"
Name: John Gamble
Title: President and Chief Executive Officer