

THIS SHARE PURCHASE AGREEMENT is made as of the 30th day of April, 2015

B E T W E E N:

RICHARD REDEKOP, an individual residing in the Province of Ontario
(the “**Vendor**”)

- and -

**SARATOGA ELECTRONIC SOLUTIONS INC. (to be renamed ABBA
MEDIX GROUP INC.)**, a corporation existing under the laws of the Province of
Ontario
(the “**Purchaser**”)

RECITALS

- A. The Vendor is the registered and beneficial owner of all of the issued and outstanding shares in the capital of the Corporation; and
- B. Subject to the terms and conditions in this Agreement, the Vendor wishes to sell to the Purchaser, and the Purchaser wishes to purchase from the Vendor, all of the issued and outstanding shares in the capital of the Corporation.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

ARTICLE 1.0 – INTERPRETATION

- 1.1 *Definitions.* In addition to terms defined elsewhere in this Agreement, the terms set forth below shall be defined in this Agreement (including the recitals) as follows:
 - (1) “**Agreement**” means this share purchase agreement and all instruments amending it; and the terms “hereof”, “hereto” and “hereunder” and similar expressions mean and refer to this Agreement and not to any particular Article, Section, or other subdivision;
 - (2) “**Article**”, “**Section**” or other subdivisions of this Agreement followed by a number means and refers to the specified Article, Section or other subdivision of this Agreement unless otherwise indicated;
 - (3) “**ASPE**” means the Canadian Accounting Standards for Private Enterprises so described and promulgated by the Chartered Professional Accountants of Canada, which are applicable on the date on which any calculation is to be effective or at the date of any financial statements referred to herein, as the case may be;

- (4) “**assessment**” shall include a reassessment or additional assessment and the term “**assessed**” shall be interpreted in the same manner;
- (5) “**Business**” means the business carried on by the Corporation, being the production and sale of medical marijuana as a fully licensed producer and seller under licenses issued by Health Canada, and all activities reasonably ancillary thereto;
- (6) “**Business Day**” means any day other than a Saturday, a Sunday, a statutory holiday in the Province of Ontario, or any other day on which the principal chartered banks located in the Province of Ontario are not open for regular business during normal banking hours;
- (7) “**Business Records**” means all technical, business and financial records relating to the Business, including customer lists, operating data, files, financial books, correspondence, credit information, research materials, Contract documents, title documents, surveys, records of past sales, supplier lists, employee documents, inventory data, accounts receivable data, financial statements and any other similar records in any form whatsoever (including written, printed or stored electronically), as may be applicable;
- (8) “**Changeover Date**” means the close of business on March 12, 2015, being the date after which the Parties have mutually agreed that the Business has been and will be operated for the benefit of the Purchaser;
- (9) “**Changeover Date Financial Statements**” means the internally-prepared unaudited balance sheet of the Corporation as of the Changeover Date and the unaudited statement of profit and loss up to the Changeover Date;
- (10) “**Claim**” has the meaning ascribed to that term in **Section 11.3**;
- (11) “**Closing**” means the completion of the Transaction pursuant to this Agreement;
- (12) “**Closing Date**” means the date upon which Closing occurs, which will be as provided in **Section 9.1**;
- (13) “**Closing Date Financial Statements**” means the unaudited financial statements of the Corporation for the fiscal period ending on the date immediately preceding the Closing Date (which are to be prepared in accordance with **Section 2.9(1)**), consisting of a balance sheet, an income statement, a statement of changes in financial position, and a statement of retained earnings, together with accompanying notes;
- (14) “**Consent**” means any consent, approval, license, permit, certificate, registration or authorization, including those made or issued by a Regulatory Authority, or in respect of a Contract, or otherwise, and for greater certainty the term “**Consents**” includes the MMPR Consent;

- (15) “**Contract**” means any agreement, contract, lease, understanding, indenture, deed of trust, license, option, instrument or other commitment, whether written or oral;
- (16) “**Corporation**” means 9037136 Canada Inc., doing business as Redecan Pharm;
- (17) “**CSE**” means the Canadian Securities Exchange;
- (18) “**Direct Claim**” has the meaning ascribed to that term in **Section 11.3**;
- (19) “**Employee Plan**” means any retirement, pension, 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, unemployment benefits, vacation, incentive or compensation plan or arrangement, or any other employee benefit plan that is maintained for the benefit of employees or former employees of the Business;
- (20) “**Employment Agreements**” has the meaning ascribed to that term in **Section 10.1**;
- (21) “**Encumbrances**” means mortgages, charges, pledges, security interests, liens, encumbrances, actions, claims, demands and equities of any nature whatsoever or howsoever arising and any rights or privileges capable of becoming any of the foregoing;
- (22) “**Environmental Consents**” means all Consents issued by or issuable by any Regulatory Authority under Environmental Laws;
- (23) “**Environmental Laws**” means all Laws applicable to the protection of the environment, occupational health and safety or the manufacture, processing, distribution, use, treatment, storage, disposal, discharge, destruction, transport or handling of any Hazardous Substances;
- (24) “**Hazardous Substance**” means, any material or substance that may impair the quality of the environment or which under Environmental Laws is deemed to be “hazardous”, a “pollutant”, “toxic”, “deleterious”, caustic”, “dangerous”, a “waste”, a “hazardous material”, a “source of contamination” or analogous substance, including petroleum and petroleum products, asbestos, polychlorinated biphenyls, and flammable and radioactive materials;
- (25) “**Indemnified Party**” has the meaning ascribed to that term in **Section 11.3**;
- (26) “**Indemnifying Party**” has the meaning ascribed to that term in **Section 11.3**;
- (27) “**Intellectual Property**” means: (a) all domestic and foreign patents, trade-marks, trade names, copyrights, industrial designs, business names, certification marks, service marks, distinguishing guises, business styles, internet domains, and other industrial or intellectual property, whether or not registered, that are owned by or licensed to the Corporation in relation to the Business, and all applications in respect thereof; (b) all

trade secrets, know-how, inventions, formulas, processes and technology pertaining to the Business; and (c) all computer systems and computer application software, including all related documentation and the latest revisions of all related object and source codes, owned or used by the Corporation in connection with the Business;

- (28) “**Interim Period**” means the period from and including the date of this Agreement to and including the Closing Date;
- (29) “**January 31 – Changeover Date Leasehold Advances**” means any amounts advanced by the Vendor or any person not dealing at arm’s-length with the Vendor to or on behalf of the Corporation to fund reasonably necessary improvements to the Premises for the purposes of the Business between the period January 31, 2015 and the Changeover Date, which have not otherwise been reimbursed to such persons prior to the Closing Date.
- (30) “**Law**” or “**Laws**” means all requirements imposed by statutes, regulations, rules, ordinances, by-laws, decrees, codes, policies, judgments, orders, rulings, decisions, approvals, notices, permits, guidelines or directives of any Regulatory Authority;
- (31) “**MMPR**” means the *Marihuana for Medical Purposes Regulations* under the *Controlled Drugs and Substances Act* (Canada);
- (32) “**MMPR Consent**” has the meaning ascribed to that term in **Section 3.1(14)(a)**;
- (33) “**New Lease**” has the meaning ascribed to that term in **Section 10.2**;
- (34) “**Parties**” means the Vendor and the Purchaser referred to collectively, and “**Party**” means any one of them referred to individually;
- (35) “**Permitted Encumbrances**” means:
 - (a) liens for Taxes either not due and payable or due but for which a notice of assessment has not been given;
 - (b) liens for Taxes, assessments and governmental charges due and being contested in good faith and diligently by appropriate proceedings (and for the payment of which adequate provision has been made);
 - (c) undetermined or inchoate liens, charges and privileges pursuant to Laws incidental to current operations of the Business and which relate to obligations not due or delinquent; and
 - (d) security given in the ordinary course of the Business to any Regulatory Authority in connection with the operations of the Business, other than security for borrowed money;

- (36) “**person**” includes any individual, corporation, partnership, firm, joint venture, syndicate, association, trust, government, governmental agency and any other form of entity or organization;
- (37) “**Premises**” means the premises at which the Business is operated by the Corporation, which is located at the property municipally known as [REDACTED] and which is comprised of the security fence and all property and buildings falling within the security fence, and all related rights of ingress and egress; Address
- (38) “**Purchase Price**” has the meaning ascribed to that term in **Section 2.2**;
- (39) “**Purchased Shares**” means all of the issued and outstanding shares in the capital of the Corporation, being one hundred (100) Class A shares;
- (40) “**Purchaser’s Counsel**” means Kronis, Rotsztain, Margles, Cappel LLP, Barristers & Solicitors;
- (41) “**Regulatory Authority**” means any government, regulatory or administrative authority, agency, commission, utility or board (federal, provincial, municipal or local, domestic or foreign) having jurisdiction in the relevant circumstances (including Health Canada), any applicable securities exchange, regulator or administrator (including the CSE), any person acting under the authority of any of the foregoing, and any judicial, administrative or arbitral court, authority, tribunal or commission having jurisdiction in the relevant circumstances;
- (42) “**Related-Party Loans**” means any advances made by the Vendor or persons not dealing at arm’s-length with the Vendor to or on behalf of the Corporation in connection with the Business, which for greater certainty includes the January 31 – Changeover Date Leasehold Advances;
- (43) “**Release**” means, in relation to Hazardous Substances, any release, spill, leak, emission, discharge, leach, dumping, migration, pumping, pouring, emitting, emptying, injecting, spraying, burying, abandoning, incinerating, seeping, escape, disposal or similar or analogous act as defined in any Environmental Laws;
- (44) “**Saratoga Shares**” has the meaning ascribed to that term in **Section 2.4(c)**;
- (45) “**Tax**” and “**Taxes**” means any or all Canadian federal, provincial or local or foreign (i.e. non-Canadian) income, gross receipts, real property gains, goods and services, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales (including harmonized sales tax), use, transfer, registration, value added, alternative or add-on minimum, or other taxes, levies, governmental charges or assessments of any kind whatsoever, including any estimated tax payments, interest, penalties or other additions, whether or not disputed;

- (46) “**Tax Return**” means any return, declaration, report, estimate, information return or statement, or claim for refund relating to, or required to be filed in connection with any Taxes, including information returns or reports with respect to withholding at source or payments to third parties, and any schedules or attachments or amendments of any of the foregoing;
- (47) “**Third Party**” means any person other than the Parties;
- (48) “**Third Party Claim**” has the meaning ascribed to that term in **Section 11.3**;
- (49) “**Transaction**” means the purchase and sale of the Purchased Shares and all other transactions contemplated by this Agreement; and
- (50) “**Vendor’s Counsel**” means Flett, Beccario, Barristers & Solicitors.
- 1.2 *Knowledge.* Any reference herein to “the knowledge” of the Vendor will be deemed to mean the actual knowledge of the Vendor, together with the knowledge which the Vendor would have had if the Vendor had conducted a reasonably diligent inquiry into the relevant subject matter.
- 1.3 *Currency.* Unless otherwise indicated, all references to dollar amounts in this Agreement are expressed in Canadian dollars (CAD).
- 1.4 *Governing Law.* This Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The Parties hereby irrevocably attorn to the non-exclusive jurisdiction of the courts of Ontario with respect to any matter arising under or related to this Agreement.
- 1.5 *Interpretation Not Affected by Headings.* The division of this Agreement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.
- 1.6 *Number and Gender.* In this Agreement, unless the context otherwise requires, any reference to gender shall include both genders and the neuter gender, and words importing the singular number shall include the plural and vice-versa.
- 1.7 *Time of Essence.* Time shall be of the essence of every provision of this Agreement.
- 1.8 *Severability.* Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.
- 1.9 *Accounting Terms.* All accounting terms not specifically defined in this Agreement shall be construed in accordance with ASPE.

- 1.10 *Calculation of Time Periods.* Where a time period is expressed to begin or end at, on or with a specified day, or to continue to or until a specified day, the time period includes that day. Where a time period is expressed to begin after or to be from a specified day, the time period does not include that day. Where anything is to be done within a time period expressed after, from or before a specified day, the time period does not include that day. If the last day of a time period is not a Business Day, the time period shall end on the next Business Day.
- 1.11 *Statutory Instruments.* Unless otherwise specifically provided in this Agreement, any reference in this Agreement to any Law shall be construed as a reference to such Law as amended or re-enacted from time to time or as a reference to any successor thereto.
- 1.12 *Interpretation of "Include".* Where the words "include", "includes" or "including" are used in this Agreement, they shall mean, respectively, "include without limitation", "includes without limitation", or "including without limitation".

ARTICLE 2.0 – PURCHASE AND SALE

- 2.1 *Purchase and Sale of Shares.* On the terms and subject to the fulfilment of the conditions of this Agreement, the Vendor agrees to sell, assign and transfer the Purchased Shares to the Purchaser, and the Purchaser agrees to purchase the Purchased Shares from the Vendor.
- 2.2 *Purchase Price.* The purchase price payable by the Purchaser to the Vendor for the Purchased Shares (the "**Purchase Price**") shall be equal to the sum of: (i) \$8,000,000; plus (ii) the fair market value at the close of business on the Closing Date of the Saratoga Shares to be issued to the Vendor pursuant to **Section 2.4(c)** (which the Purchaser represents and warrants to the Vendor had a deemed notional value of \$0.50/share as of the Changeover Date); minus (iii) the amount of all liabilities and indebtedness of the Corporation as of the Changeover Date (including Related Party Loans) as reflected in the Changeover Date Financial Statements; plus (iv) the January 31 – Changeover Date Leasehold Advances. The Purchase Price is subject to adjustment in accordance with **Sections 2.8 and 2.9(6)**.
- 2.3 *Repayment of Related-Party Loans as of the Changeover Date.* On Closing, the Purchaser will cause the Corporation to repay to the Vendor and persons not dealing at arm's-length with the Vendor all amounts owed by the Corporation to such persons for Related-Party Loans as reflected in the Changeover Date Financial Statements (which for greater certainty includes all outstanding amounts relating to January 31 – Changeover Date Leasehold Advances). The aforesaid amounts will be paid in addition to the Purchase Price and will be paid by certified cheque, bank draft or wire transfer of immediately available funds.
- 2.4 *Allocation and Satisfaction of Purchase Price.* On Closing, the Purchaser shall pay and satisfy the Purchase Price as follows:

- (a) The Purchaser shall pay to the Vendor, by certified cheque, bank draft or wire transfer of immediately available funds, an amount equal to \$3,000,000 minus (i) the amount of all liabilities and indebtedness of the Corporation as of the Changeover Date (including Related Party Loans) as reflected in the Changeover Date Financial Statements; plus (ii) the January 31 – Changeover Date Leasehold Advances;
- (b) The Purchaser shall execute and deliver to the Vendor a promissory note in the principal amount \$5,000,000 (the “**Promissory Note**”), payable as follows: (i) \$2,000,000 plus interest at 4% per annum due six (6) months after the Closing Date; (ii) \$2,000,000 plus interest at 4% per annum due twelve (12) months after the Closing Date; and (iii) \$1,000,000 plus interest at 4% per annum due fifteen (15) months after the Closing Date. The Promissory Note shall be in a form acceptable to the Vendor’s Counsel, acting reasonably. The Purchaser shall be entitled from time to time, without notice, bonus or penalty, to prepay all or any part of the principal amount due under the Promissory Note, together with all interest accrued thereon; and
- (c) The Purchaser shall issue and allot to the Vendor 6,000,000 fully paid and non-assessable common shares in the capital of the Purchaser (the “**Saratoga Shares**”). The Purchaser represents and warrants that as of the date of this Agreement there are 61,241,364 common shares issued and outstanding in the capital of the Purchaser (not including any outstanding warrants), such that the Saratoga Shares, if issued on the date hereof, would represent 8.92% of the Purchaser’s issued and outstanding capital stock on the date hereof.

2.5 *Income Tax Election.* The Parties shall jointly elect pursuant to Section 85(1) of the *Income Tax Act* (Canada), in the prescribed form and within the prescribed time limits, in relation to the purchase and sale of the Purchased Shares hereunder, such that for income tax purposes the amount so elected (the “**Elected Amount**”) is the Vendor’s proceeds of disposition for the sale of the Purchased Shares and is the Purchaser’s acquisition cost for the purchase of the Purchased Shares. The Elected Amount is intended to be and shall be equal to the aggregate of

[REDACTED]

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The Parties shall take all such actions and execute such documents as may be necessary to give effect to the foregoing.

2.6 *Resale Restrictions.* The Vendor acknowledges and understands that upon completion of the Transaction the Vendor will be an “insider” of the Purchaser, that the Vendor’s sale of the Saratoga Shares will be subject to compliance with applicable securities Laws.

The Vendor will not resell any of the Saratoga Shares except in accordance with applicable securities Laws, and the Vendor shall be solely responsible for complying with all requirements applicable to the Vendor under securities Laws.

2.7 *Security for Promissory Note – Share Pledge.* As security for the payment of the amounts due under the Promissory Note, on Closing the Purchaser will execute and deliver in favour of the Vendor a share pledge agreement (the “**Share Pledge Agreement**”), in a form acceptable to the Vendor’s Counsel acting reasonably, pursuant to which the Purchaser will pledge the Purchased Shares in favour of Vendor. Pursuant to the Share Pledge Agreement, the Purchased Shares, together with all executed documentation reasonably required to transfer the Purchased Shares to the Vendor in the event of the Purchaser’s default under the Promissory Note, will be deposited in escrow with the Vendor’s Counsel pursuant to an escrow agreement to be executed and delivered by the Purchaser on Closing in a form reasonably acceptable to the Vendor’s counsel. The Share Pledge Agreement will provide that until all amounts payable under the Promissory Note have been paid in full, the Corporation shall not (i) transfer, assign, encumber, dispose of, or otherwise alter the Corporation’s MMPR Consent without the prior written consent of the Vendor; or (ii) change the MMPR designations of [REDACTED] or [REDACTED] as described in **Section 10.1**.

Names

2.8 *Adjustment for Inventory Value.*

(1) The Vendor represents and warrants that as of the Changeover Date, the Corporation possessed approximately [REDACTED] of medical marijuana product inventory. The Parties agree that this inventory has an estimated fair market value of \$ [REDACTED]

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(2) Immediately following the Closing Date, the Vendor and the Purchaser shall jointly make a physical count of the inventory of the Business and will determine the fair market value thereof (the “**Inventory Value**”), acting reasonably and in good faith. The Vendor shall provide to the Purchaser all Business Records relating to any sales of the Business’ inventory during the Interim Period.

(3) If the Inventory Value on the Closing Date is determined to be less than \$ [REDACTED] as a result of sales of inventory during the Interim Period, then the Purchase Price will be decreased by an amount equal to the difference between \$ [REDACTED] and the Inventory Value on the Closing Date; provided, however, that if there has been a corresponding increase in the current assets of the Corporation (such as, by way of example, an increase in cash or accounts receivable) and/or decrease in the current liabilities of the Corporation (such as, by way of example, a decrease in accounts payable) as a result of any such sales of inventory reflected in the Closing Date Financial Statements, then the increase in current asset value or decrease in current liability value shall be added to the Inventory Value in performing the above calculation. The adjustment will be satisfied by the Purchaser setting-off and deducting the adjustment amount from the amounts due under the Promissory Note, and the Purchase Price will be reduced accordingly. For greater certainty, this adjustment for Inventory Value will only apply to sales of product inventory and not to the loss or destruction of inventory, or a revised fair market

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valuation of the inventory by the Corporation, or as a result of quantities required for Health Canada testing or sample retention.

2.9 *Closing Date Financial Statements & Taxes; Payment of Related-Party Loans; Adjustment for Input Tax Credits.*

- (1) Within 120 days following the Closing Date, the Parties shall cause the Corporation's accountant (Durward Jones Barkwell & Company LLP) to prepare the Closing Date Financial Statements together with a Tax Return relating to the fiscal period of the Corporation ending on the day prior to the Closing Date. The Closing Date Financial Statements shall be prepared in accordance with ASPE. The costs of preparing the Closing Date Financial Statements and related Tax Return shall be borne by the Purchaser.
- (2) The Vendor shall provide access, upon every reasonable request, to the Purchaser and the Purchaser's accountant to all working papers and accounting books and records relating to the Business and the appropriate personnel to verify the accuracy, presentation and other matters relating to the preparation of the Closing Date Financial Statements, and the Vendor and the Purchaser shall otherwise fully cooperate with each other in good faith in preparing of the Closing Date Financial Statements.
- (3) The Purchaser shall be entitled to review and comment on the Closing Date Financial Statements and related Tax Return prior to their completion. If the Purchaser disputes any amount shown in the Closing Date Financial Statements, the Parties will work expeditiously and in good faith in an attempt to resolve the dispute, failing which such dispute shall be submitted for determination to an independent national firm of chartered accountants mutually agreed to by the Parties. The determination of such independent firm of chartered accountants shall be final and binding upon the Parties and not subject to appeal. The independent firm of chartered accountants shall be deemed to be acting as experts and not as arbitrators. The costs and expenses of the independent firm of chartered accountants shall be borne by the Purchaser.
- (4) The Corporation (and not the Vendor) shall be liable for all obligations for Taxes (if any) of the Corporation for all fiscal periods ending on or prior to the Closing Date.
- (5) If the Closing Date Financial Statements indicate that the Corporation has any indebtedness owing to the Vendor or person's not dealing at arm's-length with the Vendor for Related-Party Loans made for the purposes of the Business after the Changeover Date (including for leasehold improvements to the Premises and for operating expenses), and if the amount of the indebtedness owed by the Corporation to any such person has not already been otherwise reimbursed, then the Purchaser will cause the Corporation to satisfy the outstanding Related-Party Loans within fifteen (15) days after completion of the Closing Date Financial Statements. The aforesaid amounts will be paid in addition to the Purchase Price.

- (6) To the extent that the Corporation is entitled to receive any reimbursement of GST/HST input tax credits in relation to operation of the Business up to January 31, 2015 as confirmed by the Corporation's accountants (Durward Jones Barkwell & Company LLP), then upon Closing the Purchaser shall cause the Corporation to pay all such amounts to the Vendor, which amounts will be added as an adjustment to the Purchase Price.
- 2.10 *Payment of Wages.* For any accrued wages payable by the Corporation to [REDACTED] and [REDACTED] in relation to the period commencing on the day after the Changeover Date and ending on the Closing Date pursuant to the Employment Agreements described in **Section 10.1** hereof, the Purchaser will cause the Corporation to pay all amounts owing for such wages (subject to applicable withholdings) upon Closing, which amounts are payable in addition to the Purchase Price. Provided, however, that if Closing has not been completed by June 12, 2015, then the Purchaser will advance to the Corporation the amounts necessary to satisfy the wages accrued in favour of [REDACTED] and [REDACTED] to June 12, 2015 as aforesaid, and will permit such amounts (less applicable withholdings) to be paid by the Corporation to such persons, and the Purchaser will thereafter continue to advance to the Corporation the amounts payable in relation to the wages of [REDACTED] and [REDACTED] after June 12, 2015 and will permit such amounts (less applicable withholdings) to be paid by the Corporation to such persons in regular intervals in accordance with the salary payment terms of the Employment Agreements contemplated in **Section 10.1**. All such expenses paid for by the Purchaser will be deemed to be loans advanced by the Purchaser to the Corporation, provided that these advances are not refundable in the event that the Transaction is not completed or is otherwise terminated.
- Names
- Name

ARTICLE 3.0 – REPRESENTATIONS AND WARRANTIES OF THE VENDOR

- 3.1 *Representations and Warranties of the Vendor.* The Vendor hereby makes the following representations and warranties to the Purchaser, which representations and warranties shall be true and correct at and as of the Closing Date. The Vendor acknowledges that the Purchaser is relying on such representations and warranties in entering into this Agreement and completing the Transaction:
- (1) Incorporation and Existence of the Corporation. The Corporation is a corporation incorporated and existing under the federal laws of Canada. The Corporation was incorporated on October 1, 2014.
 - (2) Corporate Power. The Corporation has the corporate power and authority to own or lease its property and to carry on the Business, subject to obtaining all necessary Consents from Regulatory Authorities (including Health Canada).
 - (3) Qualification. The Corporation is duly registered to carry on business and is in good standing in the Province of Ontario. Ontario is the only jurisdiction in which the nature of the Business or the property owned or leased by the Corporation makes such qualification necessary or where the Corporation owns or leases any material properties or assets or conducts any material business.

- (4) Subsidiaries. The Corporation does not own nor has it agreed to acquire, directly or indirectly: (i) any of the outstanding shares or securities convertible into shares of any other corporation, or (ii) any participating interest in any other business entity. The Corporation is the only business entity through which any part of the Business is carried on.
- (5) Authorized and Issued Capital. The authorized capital of the Corporation consists of:
- (a) an unlimited number of voting Class A shares; and
 - (b) an unlimited number of non-voting Class B shares,
- of which at the date of this Agreement 100 Class A shares (and no more) have been duly issued and are outstanding as fully paid and non-assessable.
- (6) Title to Purchased Shares. The Purchased Shares are owned by the Vendor as the registered and beneficial owner thereof. The Vendor has good and marketable title to the Purchased Shares, free and clear of all Encumbrances.
- (7) Options. Except for the Purchaser under this Agreement, no person has any option, warrant, right, call, commitment, conversion right, right of exchange or other agreement or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an option, warrant, right, call, commitment, conversion right, right of exchange or other agreement for (i) the purchase from the Vendor of any of the Purchased Shares; (ii) the purchase, subscription, allotment or issuance of any unissued shares or securities of the Corporation; or (iii) other than in the ordinary course of the Business, the purchase or other acquisition from the Corporation of any property or assets relating to the Business.
- (8) Dividends and Distributions. Since the date of its incorporation, the Corporation has not, directly or indirectly (i) declared or paid any dividends or declared or made any other distribution on any of its shares of any class; or (ii) redeemed, purchased or otherwise acquired any of its outstanding shares of any class or agreed to do so. Since the Changeover Date, the Corporation has not made any other distribution or payment of any kind to the Vendor or any persons not dealing at arm's-length with the Vendor, except for the reimbursement of Related-Party Loans out of funds advanced to or on behalf of the Corporation by the Purchaser for that purpose or as otherwise authorized by the Purchaser.
- (9) Corporate Records. The corporate records of the Corporation are complete and accurate and all corporate proceedings and actions reflected therein have been conducted or taken in compliance with all applicable Laws and with the articles and by-laws of the Corporation, and without limiting the generality of the foregoing: (i) the minute books contain complete and accurate minutes of all meetings of the directors and shareholders of the Corporation held since its date of incorporation, and all such meetings were duly

called and held; (ii) the minute books contain all written resolutions passed by the directors and shareholders of the Corporation and all such resolutions were duly passed; (iii) the share certificate books, registers of shareholders and registers of securities transfers of the Corporation are complete and accurate, and all issuances and transfers of securities have been duly completed and approved; and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers of the Corporation were duly elected or appointed as the case may be.

(10) Validity of Agreement.

- (a) The Vendor has all necessary capacity, power and authority to own the Purchased Shares and to enter into and perform his obligations under this Agreement, and to enter into and perform his obligations under any other agreements or instruments to be delivered or given by the Vendor pursuant to this Agreement.
- (b) This Agreement and any other agreements entered into pursuant to this Agreement to which the Vendor is a party constitute legal, valid and binding obligations of the Vendor, enforceable against the Vendor in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

(11) No Violation. Subject to obtaining any necessary Consents described in **Schedules 3.1(14)** and **3.1(16)**, the execution and delivery of this Agreement by the Vendor, the consummation of the Transaction and the fulfilment by the Vendor of the terms, conditions and provisions hereof will not (with or without the giving of notice or lapse of time, or both):

- (a) contravene or violate or result in a breach or a default under or give rise to a right of termination, amendment or cancellation or the acceleration of any obligations of the Corporation or the Vendor under:
 - (i) any applicable Law;
 - (ii) any judgment, order, writ, injunction or decree of any Regulatory Authority having jurisdiction over the Corporation or the Vendor;
 - (iii) the articles, by-laws or any resolutions of the board of directors or shareholders of the Corporation;
 - (iv) any Consent held by the Corporation that is necessary to the operation of the Business or the ownership of the Purchased Shares (including the MMPR Consent); or

- (v) the provisions of any Contract to which the Corporation or the Vendor is a party, or by which any of them is bound , or under which any of the Corporation's properties or assets are bound; or
 - (b) result in the creation or imposition of any Encumbrance on any of the Purchased Shares or any of the property or assets of the Corporation relating to the Business.
- (12) Shareholders' Agreements. There are no shareholders' agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the shares of the Corporation.
- (13) Private Issuer. The Corporation is a private issuer as defined in National Instrument 45-106 (Prospectus and Registration Exemptions), and the sale of the Purchased Shares by the Vendor to the Purchaser pursuant to this Agreement will be made in compliance with all applicable Laws in the Province of Ontario relating to the transfer of securities.
- (14) Regulatory Consents.
 - (a) As at the date of this Agreement, the Vendor holds a Consent from Health Canada (the "**MMPR Consent**") approving the Vendor as a fully authorized licensed producer and seller of medical marijuana under the *Marihuana for Medical Purposes Regulations* (MMPR), as further described in **Schedule 3.1(14)**. The Vendor has applied to Health Canada to transfer and assign the MMPR Consent to the Corporation.
 - (b) In addition to the MMPR Consent, to the Vendor's knowledge the Corporation holds all other Consents from Regulatory Authorities necessary for the lawful operation of the Business under all applicable Laws, which Consents are listed in **Schedule 3.1(14)**.
 - (c) The Vendor and the Corporation have conducted the Business in compliance with the requirements of all applicable Consents, all of which are valid and subsisting and in good standing with no violations as of the Closing Date. All such Consents are renewable by their terms or in the ordinary course of the Business without the need for the Corporation to comply with any special qualification or procedures or to pay any amounts other than routine filing fees, provided that any renewal of the MMPR Consent is subject to all applicable requirements under the MMPR. True and complete copies of each Consent and all amendments thereto have been provided to the Purchaser.
 - (d) Except for (i) the requirement to obtain Health Canada approval for the transfer of the MMPR Consent to the Corporation as set forth in **Section 3.1(14)(a)**; (ii) any other Consent required from Health Canada in relation to the Transaction to ensure that the MMPR Consent remains valid; (iii) any necessary Consent to the Transaction required by the CSE or any of other applicable securities regulator or administrator; and (iv) as otherwise set forth in **Schedule 3.1(14)**, to the Vendor's

knowledge, there is no requirement to make any filing with, give any notice to, or obtain any Consent from, any Regulatory Authority as a condition to the lawful consummation of the Transaction.

- (15) Compliance with Laws. The Corporation has complied with, and the Business is now being conducted in compliance with, all Laws applicable to the Business.
- (16) Contractual Consents. There is no requirement under any Contract relating to the Business to which the Corporation is a party or by which the Corporation is bound, to make any filing with, give any notice to, or to obtain the Consent of, any other party to such Contract in connection with the Transaction, except for any filings, notifications or Consents described in **Schedule 3.1(16)**.
- (17) Financial Statements. The Changeover Date Financial Statements are complete and accurate, and present fairly the assets, liabilities, financial position of the Corporation at the Changeover Date, and the results of operations of the Corporation.
- (18) Business Records. The Business Records of the Corporation regarding the Business have been duly maintained in accordance with all applicable legal requirements and contain full and accurate records of all material matters relating to the Business. All material financial transactions relating to the Business have been accurately recorded in the Business Records in accordance with ASPE. No Business Records are in the possession of, recorded, stored, maintained by, or otherwise dependent on, any person other than the Corporation.
- (19) No Material Adverse Change. Since the Changeover Date, no material adverse change has occurred in any of the assets, business, financial condition, earnings, results of operations or prospects of the Business, nor has any other event, condition, or state of facts occurred or arisen which might have a material adverse effect on the assets, business, financial condition, earnings, results of operations or prospects of the Business.
- (20) Liabilities.
 - (a) Except as will be disclosed in the Closing Date Financial Statements or **Schedule 3.1(20)**, and except for the Corporation's duty to perform any obligations after the Closing Date under the Contracts listed in **Schedule 3.1(27)**, as of the Closing Date the Corporation will not have any outstanding indebtedness or any liabilities (whether accrued, absolute, contingent or otherwise) nor any outstanding commitments or obligations of any kind.
 - (b) All liabilities of the Corporation to the Vendor and persons not dealing at arm's-length with the Vendor which are January 31 – Changeover Date Leasehold Advances, and all liabilities of the Corporation which arose or may arise after the Changeover Date, were incurred or will be incurred in the ordinary course of the Business for payment of the reasonable expenses of the Business. All Related-

Party Loans incurred to fund improvements to the Premises up to the date of this Agreement are listed in **Schedule 3.1(20)**.

- (21) Conduct of Business. Since the Changeover Date, the Business has been carried on in the ordinary course consistent with past practice. The Business is the only business operation carried on by the Corporation. Except for the Corporation, there is no other corporation or business entity not acting at arm's-length from the Corporation or the Vendor that is engaged in carrying on any part of the Business.
- (22) Location of Tangible Personal Property. All the tangible assets used in connection with the Business are situate at the Premises.
- (23) Condition of Assets. As of the Changeover Date, all machinery, facilities, equipment and all other fixed assets currently in use in the conduct of the Business are, to the Vendor's knowledge and subject to ordinary wear and tear, fit and useable for their intended purpose, in good working order and operating condition, in a good state of repair and maintenance, and free from any material defect.
- (24) Vendor Holding in Trust. To the extent that the Vendor holds legal title to any assets pertaining to the Business, or holds the MMPR Consent, or is party to any Contract in relation to the Business, all right, title and interest of the Vendor therein is held in trust for the absolute benefit of the Corporation, and the Vendor has no personal interest therein other than as bare trustee.
- (25) Title to Property. As at the date of the Closing Date, all property and assets relating to the Business, other than the Premises and any leased personal property, are owned by the Corporation as the legal and beneficial owner thereof, with a good and marketable title, free and clear of all Encumbrances other than the Permitted Encumbrances. On or before the Closing Date, the Vendor will have transferred and assigned to the Corporation, or will have caused to be transferred and assigned to the Corporation, all right, title and interest in and to any and all assets, property and undertaking relating to the Business that are owned personally by the Vendor or persons not dealing with the Vendor at arm's-length (excluding title to the Premises and to the T2 Twister trimmer), such that the Corporation will be the legal and beneficial owner thereof, with a good and marketable title, free and clear of all Encumbrances other than the Permitted Encumbrances. The property and assets that will be owned or leased by the Corporation as at the Closing Date will be sufficient for the Corporation to carry on the Business in the same manner as carried on by the Corporation prior to the Closing Date.
- (26) Litigation. To the Vendor's knowledge, there are no actions, suits or proceedings, judicial or administrative, pending or threatened, by or against or affecting the Corporation or the Vendor, at law or in equity, or before or by any Regulatory Authority, and there are no grounds on which any such action, suit or proceeding might be commenced with any reasonable likelihood of success. There is not presently outstanding against the Corporation any judgment or injunction, or any order of any Regulatory Authority.

- (27) Material Contracts. Except as otherwise set out in **Schedule 3.1(27)**, the Corporation is not a party to or bound by any Contract relating to the Business. The Corporation has performed all of its obligations required to be performed by it and is entitled to all of the benefits under any Contract relating to the Business to which it is a party or by which it is bound. The Corporation is not in default or in breach of any Contract relating to the Business to which it is a party, and there exists no condition, event or act which, with the giving of notice or lapse of time or both would constitute such a default or breach, and all such Contracts are in good standing and in full force and effect unamended, and the Corporation is entitled to all benefits thereunder. The Vendor has provided to the Purchaser a true and complete copy of each Contract listed in **Schedule 3.1(27)** and all amendments. All of the Contracts that are material to the Business are either (i) in the name of the Corporation; or (ii) are in the name of the Vendor, in which case all such Contracts will have been transferred and assigned to the Corporation on or before the Closing and the Vendor will have obtained all necessary Consents to the assignment thereof.
- (28) Insurance. The Corporation and/or [REDACTED] (on behalf of the Corporation) ^{Name} maintains such policies of insurance, issued by responsible insurers, as are appropriate to the Business and its property and assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets. **Schedule 3.1(28)** sets out all insurance policies (specifying the insurer, the amount of the coverage, the type of insurance, the policy number and any claims) maintained by the Corporation and true and complete copies of each such policy and the most recent inspection reports, if any, received from insurance underwriters or others as to the condition of the property and assets of the Business have been provided to the Purchaser. The Corporation is not in default with respect to any of the provisions contained in any such insurance policy, and the Corporation has not failed to give any notice or present any claim under any such insurance policy in a timely fashion, and the Corporation has not received notice from any insurer denying any claim. Any policies of insurance relating to the Business in the name of [REDACTED] ^{Name} will have been transferred and assigned to the Corporation on or before the Closing and the Vendor will have obtained all necessary Consents to the assignment thereof.
- (29) Bank Accounts and Powers of Attorney. **Schedule 3.1(29)** is a correct and complete list showing (i) the name of each bank, trust company or similar institution in which the Corporation has an account or safe deposit box, the number or designation of each such account and safe deposit box and the names of all persons authorized to draw thereon or to have access thereto; and (ii) the names of any persons holding powers of attorney from the Corporation and a summary of the terms.
- (30) Competition Act. The Corporation does not have assets in Canada or annual gross revenues from sales in, from or into Canada with an aggregate value exceeding \$86 million, as determined in accordance with the *Competition Act* (Canada).

- (31) Suppliers. To the knowledge of the Vendor, the benefits of all relationships with the major suppliers of the Business will continue after the Closing Date in substantially the same manner as prior to the date of this Agreement.
- (32) Tax Matters.
- (a) As of the Changeover Date the Corporation has not earned any income and has no liability for Taxes, and has accumulated non-capital losses as set forth in the Changeover Date Financial Statements.
 - (b) The Corporation has filed on a timely basis all Tax Returns required to be filed. All such Tax Returns are complete and accurate in all respects. The Corporation is not currently the beneficiary of any extension of time within which to file any Tax Return. There are no actions, objections, appeals, suits or other proceedings or claims in progress, pending or threatened by or against the Corporation in respect of any Taxes, and in particular there are no currently outstanding assessments or written enquiries which have been issued or raised by any Regulatory Authority relating to any such Taxes. No claim has ever been made by a Regulatory Authority of any jurisdiction where the Corporation does not file Tax Returns that the Corporation is, or may be, subject to taxation by that jurisdiction.
 - (c) The Corporation has withheld, collected and paid to the proper Regulatory Authorities all Taxes required to have been withheld, collected and paid in connection with (i) amounts paid, credited or owing to any employee, contractor, creditor, shareholder, non-resident of Canada or other Third Party, and (ii) goods and services received from, or provided to, any person.
 - (d) To the Vendor's knowledge, no steps are being taken by any Regulatory Authority to assess any additional Taxes against the Corporation for any period for which Tax Returns have been filed and there are no actual or pending investigations of the Corporation relating to Taxes.
 - (e) The Corporation is not a party to any joint venture, partnership or other arrangement or Contract that could be treated as a partnership for Tax purposes.
 - (f) The Vendor is not a non-resident person within the meaning of the *Income Tax Act* (Canada).
- (33) Business Premises.
- (a) The Corporation does not own any real property.
 - (b) The Premises are the only premises used in the connection with the Business.

- (c) No amounts including municipal property Taxes, local improvement Taxes, levies or assessments, are owing by the Corporation in respect of the Premises to any Regulatory Authority or public utility, other than current accounts which are not in arrears.
 - (d) To the Vendor's knowledge, the Premises are free of any structural defect. To the Vendor's knowledge, the heating, ventilating, plumbing, drainage, electrical and air conditioning systems and all other systems used in the Premises are in good working order, fully operational and free of any defect, except for normal wear and tear.
 - (e) To the Vendor's knowledge, the use of the Premises to operate the Business does not breach any applicable Law, including any building, zoning or other statutes or any official plan, or any covenants, restrictions, rights or easements, affecting the Premises. The Corporation has notified the municipality in which the Premises are located of the existence of the Business at the Premises in accordance with the MMPR.
 - (f) There are no outstanding work orders that have been received by the Corporation concerning the Premises, including those issued by any police or fire department, sanitation, health, environmental or factory authorities or from any other Regulatory Authority, nor are there any matters under discussion with any such Regulatory Authority relating to any work orders.
- (34) Environmental Matters.
- (a) To the Vendor's knowledge, the operation of the Business and the assets owned or used by the Corporation in connection with the Business have been and are in compliance with all Environmental Laws, including all Environmental Consents.
 - (b) The Corporation has not been charged with or convicted of any offence for non-compliance with Environmental Laws, or been fined or otherwise sentenced or settled any prosecution short of conviction. To the Vendor's knowledge, there are no notices of judgment or commencement of proceedings of any nature and the Corporation has never been investigated relating to any breach or alleged breach of Environmental Laws.
 - (c) The Corporation has obtained all Environmental Consents necessary to conduct the Business and to own, use and operate the properties and assets. All such Environmental Consents are listed in **Schedule 3.1(34)**.
 - (d) To the Vendor's knowledge, no Release of any Hazardous Substances has occurred or has resulted from the operation of the Business.

(35) Labour and Employment Matters.

- (a) The Corporation does not maintain and has never maintained any Employee Plan in relation to the Business.
- (b) The Corporation is not a party to or bound by any collective agreement with the employees of the Business. The Corporation is not conducting any negotiations with any labour union or employee representative and the Vendor is not aware of any attempt to organize the employees of the Business for the purpose of collective bargaining.
- (c) **Schedule 3.1(35)** contains a complete and accurate list of the names of all individuals who are regular employees and independent contractors of the Corporation in relation to the Business, specifying for each such employee the length of service, age, title, rate of salary and commission or bonus structure, and whether such employee is absent for any reason such as lay-off, leave of absence or workers' compensation.
- (d) The Corporation is compliance with all applicable Laws respecting employment, including in respect of employment practices and standards, terms and conditions of employment, wages and hours, occupational health and safety, human rights, labour relations and pay equity. To the Vendor's knowledge, the Corporation is in compliance with all applicable Laws respecting workers' compensation.
- (e) Other than in the case of [REDACTED], [REDACTED] and [REDACTED] the Corporation has up to the date of this Agreement paid all amounts payable on account of wages, salary, commission, bonus, vacation pay, termination pay, severance pay and all other compensation owing to all of the past and present employees of the Business. Names
- (f) The Corporation has withheld and remitted to the relevant Regulatory Authorities all Taxes, health premiums, public pension plan contributions, unemployment insurance premiums, and all other source deductions which the Corporation is required by Law to withhold and remit in relation to the employees of the Business.
- (g) There is no strike, labour dispute, work slow down or stoppage pending or threatened against the Corporation.
- (h) To the Vendor's knowledge, the Corporation does not have any liability for any levies, assessments or other amounts payable pursuant to any Laws applicable to workers' compensation in relation to the period up to the Changeover Date.

(36) Intellectual Property. **Schedule 3.1(36)** sets forth a complete and accurate list of all Intellectual Property of the Corporation relating to the Business, including particulars of any registration, and details of all applications for registration. The Corporation is the sole owner of its Intellectual Property except in the case of Intellectual Property that has

been licensed. Complete and correct copies of all Contracts whereby any rights in respect of Intellectual Property have been granted or licensed to the Corporation in relation to the Business have been provided to the Purchaser. The Corporation has the exclusive right to use all of the owned Intellectual Property and has not granted any licence or other rights to any other person. The owned Intellectual Property is free and clear of any Encumbrances other than the Permitted Encumbrances. The Intellectual Property of the Corporation comprises all Intellectual Property necessary to conduct the Business. The Corporation has not used or enforced, or failed to use or enforce, any of the Intellectual Property in any manner which could limit its validity or result in its invalidity. To the knowledge of the Vendor, there has been no infringement or violation of the Corporation's rights in and to the Intellectual Property, nor any claim of adverse ownership, invalidity or other opposition to or conflict with any of the Intellectual Property of the Corporation. The Corporation has not engaged in any activity that violates or infringes any intellectual property rights of any other person. On or before the Closing Date, the Vendor will have transferred and assigned to the Corporation, or will have caused to be transferred and assigned to the Corporation, all right, title and interest in and to any and all Intellectual Property relating to the Business that are owned personally by the Vendor or persons not dealing with the Vendor at arm's-length, such that the Corporation will be the legal and beneficial owner thereof, with a good and marketable title, free and clear of all Encumbrances other than the Permitted Encumbrances.

- (37) Privacy Matters. The Corporation has conducted and is conducting the Business in compliance with all Laws applicable to privacy and the protection of personal information.

3.2 *Survival of Representations and Warranties of the Vendor.*

- (1) The representations and warranties of the Vendor contained in this Agreement and any agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement shall survive the Closing and shall continue for the benefit of the Purchaser for a period of two (2) years notwithstanding Closing, nor any investigation made by or on behalf of the Purchaser or any knowledge of the Purchaser, except that:
- (a) the representations and warranties set out in **Sections 3.1(1)** to and including **Section 3.1(7)** and in **Section 3.1(10)** shall survive the Closing and continue in full force and effect without limitation of time; and
 - (b) the representations and warranties set out in **Section 3.1(32)** shall survive the Closing and continue in full force and effect until, but not beyond, the expiration of the period, if any, during which an assessment or other form of recognized document assessing liability for Tax, interest or penalties under Laws applicable to Tax in respect of any taxation year to which such representations and warranties extend could be issued under such Laws to the Corporation.

- (2) A claim for breach of any such representation or warranty, to be effective, must be asserted in writing on or prior to the applicable expiration time set out in this **Section 3.2**, provided that a claim for any breach of any of the representations and warranties contained in this Agreement or in any agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement involving fraud or fraudulent misrepresentations may be made at any time following the Closing Date, subject only to applicable limitation periods imposed by Law.
- (3) No claim for any breach of any of the covenants, representations and warranties contained in this Agreement or in any agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement may be made after the applicable expiration time set out in this **Section 3.2** notwithstanding that such breach was not objectively discoverable.

ARTICLE 4.0 – REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

- 4.1 *Representations and Warranties of the Purchaser.* The Purchaser hereby makes the following representations and warranties to the Vendor, and acknowledges that the Vendor is relying on such representations and warranties in entering into this Agreement and completing the Transaction:
- (1) Incorporation and Existence of the Purchaser. The Purchaser is a corporation incorporated and existing under the federal laws of Canada.
 - (2) Validity of Agreement.
 - (a) The Purchaser has all necessary corporate power to enter into and perform its obligations under this Agreement.
 - (b) The Purchaser's execution and delivery of, and performance of its obligations under, this Agreement and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Purchaser.
 - (c) This Agreement or any other agreements entered into pursuant to this Agreement to which the Purchaser is a party constitute legal, valid and binding obligations of the Purchaser, enforceable against it in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.
 - (3) No Violation. The execution and delivery of this Agreement by the Purchaser, the consummation of the Transaction and the fulfilment by the Purchaser of the terms, conditions and provisions hereof will not (with or without the giving of notice or lapse of time, or both) contravene or violate or result in a breach or a default under or give rise to a right of termination, amendment or cancellation or the acceleration of any obligations of the Purchaser under:

- (a) any applicable Law;
 - (b) the articles, by-laws or any resolutions of the board of directors or shareholders of the Purchaser; or
 - (c) the provisions of any Contract to which the Purchaser is a party or by which it is bound.
- (4) Authorized and Issued Capital. The authorized capital of the Purchaser consists of:
- (a) an unlimited number of common shares;
 - (b) an unlimited number of Series I preferred shares; and
 - (c) an unlimited number of Series II preferred shares,
- of which at the date of this Agreement 61,241,364 common shares (and no more) have been duly issued and are outstanding as fully paid and non-assessable, and of which 5,511,723 common shares have been reserved for issuance pursuant to warrants.
- (5) Investment Canada Act. The Purchaser is not a “non-Canadian” within the meaning of the *Investment Canada Act* (Canada).

4.2 *Survival of Representations and Warranties of the Purchaser*. The representations and warranties of the Purchaser contained in this Agreement and any agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement shall survive the Closing and shall continue in full force and effect without limitation of time for the benefit of the Vendor.

ARTICLE 5.0 – DUE DILIGENCE

- 5.1 *Due Diligence by Vendor*. The Vendor shall be entitled to conduct due diligence on the Purchaser and Abba Medix Corp. in order to assure that all information provided by the Purchaser is genuine and the Purchaser is in a position to pay the Purchase Price. The Purchaser will fully cooperate with the Vendor regarding his due diligence and will provide such documentation to the Vendor as may be reasonably requested. The Vendor acknowledges that the Purchaser is a publicly traded company and that the material documentation pertaining to the Purchaser is primarily available in the public domain. To the extent that the Vendor is provided any information that is not in the public domain, the Vendor will hold all such information in strict confidence and will not use the information for any purpose other than in connection with the Transaction.
- 5.2 *Confidentiality Obligation of Purchaser*. Prior to Closing, the Purchaser covenants and agrees that, except as authorized herein or as otherwise authorized by the Vendor, neither the Purchaser nor its representatives, agents or employees will disclose to Third Parties,

directly or indirectly, any confidential information or confidential data relating to the Vendor, the Corporation or the Business discovered or received by the Purchaser or its representatives, agents or employees as a result of the Vendor making available to the Purchaser and its representatives, agents or employees the information requested by them in connection with the Transaction. The Purchaser shall be permitted to disclose the Vendor's and the Corporation's information to the Purchaser's legal, accounting, financial and other professional advisors, provided that such parties shall be obligated to maintain the confidentiality of the information. If this Agreement is terminated without completion of the Transaction, then promptly after such termination, all documents, work papers and other written material obtained by the Purchaser in connection with this Agreement shall be returned to the Vendor, and the Purchaser shall continue to maintain the confidence of all such information.

ARTICLE 6.0 – INTERIM PERIOD

- 6.1 *Conduct in Ordinary Course.* During the Interim Period, the Vendor shall cause the Corporation to conduct the Business in the ordinary course, consistent with past practice, and in accordance with the Purchaser's direction. For greater certainty, the ordinary course shall include the orderly sale of inventory.
- 6.2 *Expenditures.* During the Interim Period, the Vendor shall not permit the Corporation to incur or commit to any expenditure in excess of \$5,000 without the prior written consent of the Purchaser, which will not be unreasonably withheld. The Vendor will upon request provide to the Purchaser documentation verifying any expenditures or liabilities of the Corporation.
- 6.3 *No Changes.* During the Interim Period, the Vendor shall ensure that the Vendor and the Corporation shall not, without the prior written consent of the Purchaser, enter into any transaction or refrain from doing any action that would constitute a breach of any representation, warranty, covenant or other obligation of the Vendor contained herein, and provided further that, without limiting the generality of the foregoing, the Vendor shall ensure that:
- (a) the Corporation does not amend its articles, by-laws, constating documents or other organizational documents;
 - (b) the Corporation does not amalgamate, merge or consolidate with, or acquire all or substantially all the shares or assets of any person; and
 - (c) the Corporation does not transfer, lease, license, sell or otherwise dispose of any of their assets relating to the Business other than in the ordinary course of the Business, consistent with past practice.
- 6.4 *Continue Insurance.* During the Interim Period, the Corporation or [REDACTED] on behalf of the Corporation shall continue to maintain in full force and effect all policies of

Name

insurance or renewals now in effect in relation to the Business, and shall give all notices and present all claims under all policies of insurance in a timely fashion.

- 6.5 *Regulatory Consents.* The Vendor shall use his best efforts to make, give or obtain or cause the Corporation to make, give or obtain, as applicable, at or prior to the Closing Date, with, to or from all appropriate Regulatory Authorities, the filings, notifications and Consents described in **Schedule 3.1(14)**, including, for greater certainty, Consent to the transfer of the MMPR Consent to the Corporation.
- 6.6 *Contractual Consents.* The Vendor shall use his best efforts to make, give or obtain or cause the Corporation to make, give or obtain, as applicable, at or prior to the Closing Date the filings, notifications and Consents described in **Schedule 3.1(16)** in respect of Contracts, on such terms as are acceptable to the Purchaser, acting reasonably.
- 6.7 *Transfer of Business Assets.* To the extent that any assets, property and undertaking relating to the Business (including any Intellectual Property) are owned personally by the Vendor or persons not dealing with the Vendor at arm's-length (excluding title to the Premises and to the T2 Twister trimmer), and to the extent that the Vendor is party to any Contract relating to the Business, the Vendor shall transfer and assign to the Corporation, or cause to be transferred and assigned to the Corporation, all right, title and interest thereto, such that the Corporation will be the legal and beneficial owner of all property, assets and goodwill pertaining to the Business, with a good and marketable title, free and clear of all Encumbrances other than the Permitted Encumbrances.
- 6.8 *Preserve Goodwill.* During the Interim Period, the Vendor shall use his reasonable best efforts to preserve intact the Business and all assets of the Business, and the Vendor will cause the Business to be carried on as currently conducted, and will preserve the goodwill of the Business.
- 6.9 *Exclusive Dealing.*
- (1) During the Interim Period the Vendor shall not take any action, directly or indirectly, to encourage, initiate or engage in discussions or negotiations with, or provide any information to any person, other than the Purchaser, concerning any purchase of any shares in the capital of the Corporation or the material assets of the Business, or any merger, amalgamation, reorganization, winding-up, or similar transaction involving the Corporation or the Business, and the Vendor shall ensure that the Corporation does not take any such action.
- (2) During the Interim Period the Purchaser shall not take any action, directly or indirectly, to encourage, initiate or engage in discussions or negotiations with, or provide any information to any person, concerning any purchase of all or substantially all of the shares in the capital of the Purchaser or all or substantially all of the material assets of the Purchaser, or any merger, amalgamation, reorganization, winding-up or similar transaction involving the Purchaser. Provided that the foregoing shall not be deemed to

restrict the Purchaser from engaging in discussions or transactions which may result in the further issuance of shares in the capital of the Purchaser.

ARTICLE 7.0 – CONDITIONS PRECEDENT IN FAVOUR OF PURCHASER

7.1 The obligation of the Purchaser to complete the Transaction shall be subject to the satisfaction of and compliance with, at or before Closing, each of the following conditions precedent:

- (a) *Representations and Warranties.* All of the representations and warranties of the Vendor as set forth in **Section 3.1** shall be true and correct at and as of Closing, and the Vendor shall have delivered a certificate to the Purchaser certifying the truth and correctness of all of the representations and warranties of the Vendor at and as of Closing.
- (b) *Compliance.* All of the terms, covenants and agreements set forth in this Agreement to be complied with or performed by the Vendor on or before Closing shall be have been satisfied, and the Vendor shall have delivered a certificate to the Purchaser certifying the foregoing.
- (c) *Consents.* All filings, notifications and Consents with, to or from Regulatory Authorities and Third Parties required to permit the change of ownership of the Purchased Shares and the transfer of the MMPR Consent to the Corporation, all as described in **Sections 3.1(14) and 3.1(16)**, without resulting in the violation of or a default under or any termination, amendment or acceleration of any obligation under any Laws, regulatory Consent or Contract affecting the Business or otherwise adversely affecting the Business or the Corporation, shall have been made, given or obtained on terms acceptable to the Purchaser acting reasonably.
- (d) *Deliveries.* The Vendor shall have delivered to the Purchaser the following in form and substance reasonably satisfactory to the Purchaser:
 - (i) Share Transfer Documents. A certificate or certificates evidencing the Purchased Shares duly endorsed for transfer to the Purchaser, along with a duly executed transfer of the Purchased Shares and any other documents that the Purchaser reasonably consider necessary or desirable to validly and effectively complete the transfer of the Purchased Shares to the Purchaser;
 - (ii) Corporate Approval. A copy of a duly executed resolution of the board of directors of the Corporation authorizing and approving the transfer of the Purchased Shares from the Vendor to the Purchaser, as certified by the President or Secretary of the Corporation;
 - (iii) Release. A duly executed release from ██████████ ██████████ ██████████ ██████████ and ██████████ ██████████ in favour of the Corporation of all claims

Names

they may have against the Corporation up to the Closing Date, excluding any claims relating to amounts required to be paid by the Corporation pursuant to this Agreement;

- (iv) Residency. Reasonable and satisfactory evidence that as at the Closing Date the Vendor is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);
 - (v) Opinion. A favourable opinion of Vendor's Counsel in connection with the Transaction; and
 - (vi) Records. All Business Records and corporate records of the Corporation.
- (e) *Lease for Premises*. Any existing lease of the Premises shall have been terminated and the Corporation shall have entered into the New Lease as contemplated in **Section 10.2**.
- (f) *Employment Agreements*. The Employment Agreements contemplated in **Section 10.1** shall have been executed and delivered by the Corporation, [REDACTED] and [REDACTED] Names
- (g) *No Material Adverse Change*. From the date of this Agreement to the Closing Date there shall not have been:
- (i) any material adverse change that has, or threatens to have, a material adverse effect on the Corporation or which might materially adversely affect the ability of the Purchaser to carry on the Business after Closing; or
 - (ii) any damage, destruction or loss, or other event, development or condition of any character (whether or not covered by insurance) which would have a material adverse effect on the assets of the Business.

7.2 The conditions contained in **Section 7.1** are inserted for the exclusive benefit of the Purchaser and may be waived in whole or in part by the Purchaser at any time without prejudice to any of its rights of termination in the event of non-performance of any other condition, in whole or in part. If any of the conditions contained in **Section 7.1** are not fulfilled or complied with on or before the Closing Date, then the Purchaser may terminate this Agreement by notice in writing to the Vendor. If a termination notice is delivered by the Purchaser as aforesaid, then: (i) The Purchaser will be released from all obligations under this Agreement except as set out in **Section 5.2**; (ii) unless the condition or conditions which have not been fulfilled were reasonably capable of being fulfilled or caused to be fulfilled by the Vendor, then the Vendor shall also be released from all obligations in this Agreement; and (iii) each Party will bear its own costs and expenses and will not seek to recover its costs and expenses from any other Party.

7.3 The Vendor shall take all actions as are within his power to control, and shall use his reasonable efforts to cause other actions to be taken which are not within his power to control, so as to ensure that the conditions set forth in **Section 7.1** are fulfilled at or prior to Closing.

ARTICLE 8.0– CONDITIONS PRECEDENT IN FAVOUR OF VENDOR

8.1 The obligation of the Vendor to complete the Transaction shall be subject to the satisfaction of and compliance with, at or before Closing, each of the following conditions precedent:

- (a) *Representations and Warranties.* All of the representations and warranties of the Purchaser as set forth in **Section 3.1** shall be true and correct at and as of Closing, and the Purchaser shall have delivered a certificate to the Vendor certifying the truth and correctness of all of the representations and warranties of the Purchaser at and as of Closing.
- (b) *Compliance.* All of the terms, covenants and agreements set forth in this Agreement to be complied with or performed by the Purchaser on or before Closing shall have been satisfied (including the satisfaction of the Purchase Price in accordance with **Section 2.3** and the execution and delivery of the share pledge documentation in accordance with **Section 2.7**), and the Purchaser shall have delivered a certificate to the Vendor certifying the foregoing.
- (c) *Saratoga Shares.* The Purchaser shall have delivered in favour of the Vendor a certificate representing the Saratoga Shares.
- (d) *Employment Agreements.* The Employment Agreements contemplated in **Section 10.1** shall have been executed and delivered by the Corporation, [REDACTED] and [REDACTED]. Names
- (e) *Lease for Premises.* Any existing lease of the Premises shall have been terminated and the Corporation shall have entered into the New Lease as contemplated in **Section 10.2**.
- (f) *Release.* An executed release from the Corporation in favour of [REDACTED], [REDACTED] and [REDACTED] of any claims the Corporation may have against any or all of them up to the Closing Date, excluding any claims arising due to fraud, willful misconduct or breach of fiduciary duty. Names
- (g) *Opinion.* A favourable opinion of counsel of the Purchaser in relation to the Transaction including the purchase of the Saratoga Shares.
- (h) *CSE Position.* The Corporation shall have submitted to the CSE a Form 9 (Notice of Proposed Issuance of Listed Securities) and shall have received the CSE's response confirming that the CSE will not impose a hold period on or restriction

on the sale of the Saratoga Shares to be issued to the Vendor in connection with the Transaction.

- 8.2 The conditions contained in **Section 8.1** are inserted for the exclusive benefit of the Vendor and may be waived in whole or in part by the Vendor at any time without prejudice to any of its rights of termination in the event of non-performance of any other condition, in whole or in part. If any of the conditions contained in **Section 8.1** are not fulfilled or complied with on or before the Closing Date, then the Vendor may terminate this Agreement by notice in writing to the Purchaser. If a termination notice is delivered by the Vendor as aforesaid, then: (i) The Vendor will be released from all obligations under this Agreement except as set out in **Section 5.1**; (ii) unless the condition or conditions which have not been fulfilled were reasonably capable of being fulfilled or caused to be fulfilled by the Purchaser, then the Purchaser shall also be released from all obligations in this Agreement; and (iii) each Party will bear its own costs and expenses and will not seek to recover its costs and expenses from any other Party.
- 8.3 The Purchaser shall take all actions as are within its power to control, and shall use its reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure that the conditions set forth in **Section 8.1** are fulfilled at or prior to Closing.

ARTICLE 9.0 – CLOSING ARRANGEMENTS

9.1 *Closing.*

- (1) Closing of the Transaction shall take place on the Closing Date and shall be effective at and as of the Closing Date.
- (2) The Closing Date will be a date mutually determined by the Parties that is no more than ten (10) Business Days after all of the conditions to Closing have been satisfied or waived. The Parties shall respectively use their best efforts to complete Closing as soon as reasonably possible. Closing must be completed on or before June 12, 2015, unless the MMPR Consent has not been transferred to the Corporation by such time, in which case the Parties agree to extend the time for Closing until such time as the MMPR Consent has been transferred to the Corporation. If Closing has not been completed by June 12, 2015, then in addition to the Purchaser's obligation to pay wages in accordance with **Section 2.10**, the Purchaser shall assume responsibility for paying, on behalf of the Corporation, all operating expenses for the Business incurred after June 12, 2015. All such expenses paid for by the Purchaser will be deemed to be loans advanced by the Purchaser to the Corporation, provided that these advances are not refundable in the event that the Transaction is not completed or is otherwise terminated..
- (3) In the event that the Parties anticipate any undue delay in obtaining the transfer of the MMPR Consent to the Corporation, the Parties will negotiate in good faith an alternative transaction structure to achieve the intended purposes of the Transaction. If, despite the foregoing, Closing has not been completed by December 31, 2015, then either Party may

at its option terminate this Agreement upon delivering written notice to the other Party, in which case each Party will be released from all obligations under this Agreement.

- (4) Closing shall take place at the offices of the Vendor's Counsel, or at such other place or by such other means as may be agreed upon between the Parties.

ARTICLE 10.0 – ADDITIONAL TERMS

10.1 *Employment Agreements.* Closing of the Transaction is conditional upon the Corporation entering into employment agreements with [REDACTED], [REDACTED], and [REDACTED] (the "Employment Agreements") on the following terms and conditions:

Names

- (a) [REDACTED] will be offered the positions of "master grower", "senior person in charge", "quality assurance person" and "alternate responsible person in charge" of the Corporation pursuant to the MMPR. [REDACTED] initial salary will be \$ [REDACTED] per year.
- (b) [REDACTED] will be offered the position of "responsible person in charge" of the Corporation pursuant to the MMPR. [REDACTED] initial salary will be \$ [REDACTED] per year.
- (c) [REDACTED] will be offered the position of "alternate responsible person in charge" of the Corporation pursuant to the MMPR. [REDACTED] initial salary will be \$ [REDACTED] per year.

Names and Compensation

- (d) The Employment Agreements will each be effective as of the day following the Changeover Date, such that the Purchaser shall pay [REDACTED] and [REDACTED] for all accrued wages (less applicable withholdings) from the Changeover Date to the Closing Date as provided in **Section 2.10**.

Names

- (e) The Employment Agreements will each be for an initial term of five (5) years, and will be renewable for up to two (2) additional five (5) years terms. The Employment Agreements will include usual termination provisions, including termination at any time due to just cause.

- (f) The Employment Agreements will provide that each of [REDACTED], [REDACTED] and [REDACTED] will be entitled to three (3) weeks' paid vacation during each of the first three (3) years of the term, and four (4) weeks' paid vacation during each subsequent year.

Names

- (g) The Employment Agreements will provide that [REDACTED], [REDACTED] and [REDACTED] will collectively be eligible to earn performance-based incentive bonuses of up to [REDACTED] of the Corporation's profits per year that are earned at its existing (at the date hereof) production facilities at the Premises and any alterations thereto, up to a maximum annual aggregate bonus of \$ [REDACTED] per year paid collectively to [REDACTED], [REDACTED] and [REDACTED]. The criteria to earn the

Names

Compensation

bonuses shall be mutually agreed by the Corporation, [REDACTED] and [REDACTED] in good faith acting reasonably. If additional production facilities are built at the Premises, then the Purchaser will discuss with [REDACTED] and [REDACTED] in good faith both the criteria to earn the bonuses and the appropriate maximum available bonus incentive which reflect the additional production facilities and revenues associated therewith.

- (h) [REDACTED] and [REDACTED] will be entitled to participate in an Employee Plan providing for health and insurance benefits, to be established by the Purchaser for any employees of the Corporation. Names
- (i) The Employment Agreements will include standard non-competition, non-solicitation and confidentiality provisions.
- (j) [REDACTED] and [REDACTED] will be given the responsibility and authority to manage the day-to-day operations of the Corporation, including staffing decisions, and for sourcing additional suppliers and customers of the Business.
- (k) [REDACTED] and [REDACTED] will agree to attend monthly management meetings at the Purchaser's head office. Names
- (l) [REDACTED] and [REDACTED] will agree to use their reasonable best efforts to support and maintain at least 100% of the medical marijuana production volume at the Corporation's existing production facilities.
- (m) The Employment Agreements will include such other terms and conditions as are usual for an employment agreement of this nature and as may be mutually agreed by the parties thereto, acting reasonably.

10.2 *New Lease.* Closing of the Transaction is conditional upon the Corporation entering into a lease for the Premises with Irek (the "New Lease") on the following terms and conditions:

- (a) The New Lease will be for a term of twenty-one (21) years less a day.
- (b) The New Lease will provide that if the Employment Agreement of [REDACTED] is terminated by the Corporation for any reason before the end of the term thereof, then [REDACTED] shall be entitled to terminate the New Lease on two (2) month's prior written notice. Names
- (c) The Corporation will covenant to use commercially reasonable efforts to fund the expansion and construction of a second medical marijuana production facility at the Premises of up to 50,000 square feet, as soon as commercially reasonably possible following Closing, and the parties thereto shall agree, each acting reasonably, to amend the New Lease in order to provide for such second facility.

- (d) Throughout the term of the New Lease, the Purchaser will have a right of first refusal regarding any proposed sale of the Premises, other than any non-arm's length transfers by █████ and/or transferee(s) of █████ (provided that any transferee agrees to be bound by the terms described herein). Name
- (e) The Corporation will covenant not to relocate the Corporation's existing medical marijuana production facilities at the Premises.
- (f) The New Lease will include such other terms and conditions as are usual for a commercial lease of this nature and as may be mutually agreed by the parties thereto, acting reasonably.

10.3 *Leasehold Improvements.* The Purchaser will (to the extent not already completed) arrange to pay for certain electrical and lighting improvements to the Premises, and arrange and pay for any further equipment, improvements or renovations required to comply with Health Canada's MMPR licensing requirements and/or pursuant to applicable Law, including the construction of a new "trim room" and "dry room" and the pouring of concrete throughout the existing facility, as well as the acquisition of necessary odour abatement equipment. All such payments by the Purchaser are not refundable in the event that the Transaction is not completed or is otherwise terminated. The improvements already completed by the Corporation as at the date of this Agreement are described in **Schedule 3.1(20)**, and all amounts owing in relation thereto which have not otherwise been reimbursed will be advanced by the Purchaser within five (5) Business Days of the date of this Agreement.

10.4 *Seat on Purchaser Board of Directors.* Subject to any requirements of the CSE, upon Closing the Purchaser will take all necessary action such that the Vendor shall have one (1) reasonably suitable and qualified nominee appointed to the board of directors of the Purchaser.

10.5 *Corporation Board of Directors.* Upon completion of the Transaction, and subject to receiving any required Consent from Health Canada in relation to the MMPR Consent and any other necessary Consent, the board of directors of the Corporation will be restructured to provide for five (5) directors, three (3) of whom will be nominated by the Purchaser and two (2) of whom will be nominated by the Vendor, acting reasonably.

ARTICLE 11.0 – INDEMNIFICATION

11.1 *Indemnification by Vendor.* The Vendor shall indemnify, defend and save the Purchaser harmless from and against any and all damages, liabilities, obligations, costs, expenses, losses, penalties, fines and interest, including reasonable legal fees and expenses suffered or incurred in relation to any breach of representation, warranty or covenant on the part of the Vendor contained in this Agreement or in any certificate or document delivered pursuant to or contemplated by this Agreement.

- 11.2 *Indemnification by Purchaser.* The Purchaser shall indemnify, defend and save the Vendor harmless from and against any and all damages, liabilities, obligations, costs, expenses, losses, penalties, fines and interest, including reasonable legal fees and expenses suffered or incurred in relation to any breach of representation, warranty or covenant on the part of the Purchaser contained in this Agreement or in any certificate or document delivered pursuant to or contemplated by this Agreement.
- 11.3 *Notice of Claim.* A Party entitled to and seeking indemnification pursuant to the terms of this Agreement (the “**Indemnified Party**”) shall promptly give written notice to the Party or Parties responsible for indemnifying the Indemnified Party (the “**Indemnifying Party**”) of any claim for indemnification pursuant to **Section 11.1** (a “**Claim**”, which term shall include more than one Claim). Such notice shall specify whether the Claim arises as a result of a claim by a Third Party against the Indemnified Party (a “**Third Party Claim**”) or whether the Claim does not so arise (a “**Direct Claim**”), and shall also specify with reasonable particularity (to the extent that the information is available):
- (a) the factual basis for the Claim; and
 - (b) the amount of the Claim, or, if any amount is not then determinable, an approximate and reasonable estimate of the likely amount of the Claim.
- 11.4 *Procedure for Indemnification – Direct Claims.*
- (1) With respect to Direct Claims, following receipt of notice from the Indemnified Party of a Claim, the Indemnifying Party shall have 30 days to make such investigation of the Claim as the Indemnifying Party considers necessary or desirable. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Claim. If the Indemnified Party and the Indemnifying Party agree at or prior to the expiration of such 30 day period (or any mutually agreed upon extension thereof) to the validity and amount of such Claim, the Indemnifying Party shall immediately pay to the Indemnified Party the full agreed upon amount of the Claim.
 - (2) If the Indemnified Party and the Indemnifying Party do not agree within such period (or any mutually agreed upon extension), the Indemnified Party and the Indemnifying Party agree that the dispute shall be referred to and determined by arbitration with ADR Chambers in accordance with the ADR Chambers Arbitration Rules and the *Arbitration Act, 1991* (Ontario). The place of arbitration shall be Welland, Ontario. The determination of any such arbitration shall be final and binding on the Parties and no appeal shall lie therefrom. Any award rendered may be entered in any court having jurisdiction. Responsibility for the costs of the arbitration proceeding shall be determined in the discretion of the arbitration panel. The Parties shall keep all details of the arbitration proceeding and arbitral award strictly confidential and shall use all reasonable efforts to take such action as may be appropriate to prevent the unauthorized disclosure of the proceedings, any information disclosed in connection therewith and the award granted.

- 11.5 *Procedure for Indemnification – Third Party Claims.* With respect to any Third Party Claim, the Indemnifying Party shall have the right, at its own expense, to participate in or assume control of the negotiation, settlement or defence of such Third Party Claim. If the Indemnifying Party elects to assume such control, the Indemnified Party shall cooperate with the Indemnifying Party, shall have the right to participate in the negotiation, settlement or defence of such Third Party Claim, at its own expense, and shall have the right to disagree on reasonable grounds with the selection and retention of counsel, in which case counsel satisfactory to the Indemnifying Party and the Indemnified Party shall be retained by the Indemnifying Party. If the Indemnifying Party, having elected to assume such control, thereafter fails to defend any such Third Party Claim within a reasonable time, the Indemnified Party shall be entitled to assume such control and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim. The Indemnified Party and the Indemnifying Party shall cooperate fully with each other with respect to Third Party Claims and shall keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available). Whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnified Party shall not negotiate, settle, compromise or pay any Third Party Claim except with the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld).
- 11.6 *General Indemnification Rules.* The obligations of the Indemnifying Party to indemnify the Indemnified Party in respect of Claims shall also be subject to the following:
- (1) Any Claim arising as a result of a breach of a representation or warranty shall be made not later than the date on which such representation and warranty terminated.
 - (2) The provisions of this **Article 11.0** shall constitute the sole remedy available to a Party against another Party with respect to any and all breaches of any agreement, covenant, representation or warranty made by such other Party in this Agreement.
 - (3) The amount of any Claim due under this Agreement shall be reduced by the amount of any insurance or other reimbursement received by the Indemnified Party in relation to the breach or other event giving rise to the Claim.

ARTICLE 12.0 – GENERAL

12.1 *Notices*

- (1) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by facsimile, email or other means of recorded electronic communication, or sent by courier or registered mail, charges prepaid, addressed as follows:
 - (a) if to the Vendor:

Richard Redekop

[REDACTED]
[REDACTED]
[REDACTED]

Address

Email: [REDACTED]

(b) if to the Purchaser:

Saratoga Electronic Solutions Inc.
1773 Bayly St.
Pickering, Ontario
L1W 2Y7
Attention: Ahmad Rasouli
Email: rayrasouli@abbamedix.com

- (2) Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted, provided that if delivery is not made between 9:00 am to 5:00 pm local time on a Business Day then the notice will be deemed to be delivered and received on the next following Business Day or, if mailed, on the third Business Day following the date of mailing. Provided, however, that if at the time of mailing or within three Business Days thereafter there is or occurs a labour dispute or other event that might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be delivered or transmitted by means other than by mail.
- (3) Any Party may at any time change its address for service from time to time by giving notice to the other Parties in accordance with this **Section 12.1**.

12.2 *Public Announcements and Disclosure.* The Parties shall consult with each other before issuing any press release or making any other public announcement with respect to this Agreement or the Transaction and, except as required by any applicable Law, no Party shall issue any such press release or make any such public announcement without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. In the case of a public announcement that is required by Law, to the extent possible, the Purchaser shall provide notification to the Vendor prior to any such public announcement and shall consult with the Vendor in terms of the content of such announcement. Prior to any such press release or public announcement, none of the Parties shall disclose this Agreement or any aspect of the Transaction except to its board of directors, its senior management, its legal, accounting, financial or other professional advisors, any financial institution contacted by it with respect to any financing required in connection with the Transaction and counsel to such institution, or as may be required by any applicable Law or stock exchange having jurisdiction.

12.3 *Best Efforts.* The Parties acknowledge and agree that, for all purposes of this Agreement, an obligation on the part of any Party to use its “best efforts” to obtain any waiver,

Consent or other document shall not require such Party to make any payment to any person for the purpose of procuring the same, other than payments for amounts due and payable to such person, payments for incidental expenses incurred by such person and payments required by any applicable law or regulation.

- 12.4 *Expenses.* The Parties shall each be responsible for the expenses (including fees and expenses of legal advisers, accountants and other professional advisers) incurred by them, respectively, in connection with the negotiation and settlement of this Agreement and the completion of the Transaction, except as otherwise provided for herein.
- 12.5 *Further Assurances.* Each of the Parties shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Party may reasonably require from time to time after Closing at the expense of the requesting Party for the purpose of giving effect to this Agreement and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.
- 12.6 *Entire Agreement.* This Agreement, including all Schedules, constitutes the entire agreement between the Parties with respect to the subject matter and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter except provided in this Agreement or in any document ancillary to this Agreement. No reliance is placed by any Party on any warranty, representation, opinion, advice or assertion of fact made by any Party or its directors, officers, employees or agents, to any other Party or its directors, officers, employees or agents, except to the extent that it has been reduced to writing and included in this Agreement or any document ancillary hereto.
- 12.7 *Recitals.* The recitals to this Agreement are true and are incorporated into and form an integral part hereof.
- 12.8 *Waiver, Amendment.* Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by the Party to be bound. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.
- 12.9 *Rights Cumulative.* The rights and remedies of the Parties are cumulative and not alternative.
- 12.10 *Counterparts & Delivery.* This Agreement may be executed and delivered in any number of counterparts, and/or by facsimile or electronic transmission, each of which shall constitute an original and all of which, taken together, shall constitute one and the same instrument. A Party executing and delivering this Agreement by fax or electronically shall, immediately following a request by the other Party, provide an originally executed counterpart of this Agreement.

IN WITNESS WHEREOF this Agreement has been executed by the Parties hereto as of the date first written above.

SIGNED, SEALED AND DELIVERED
in the presence of



Name

Witness


Richard Redekop

SARATOGA ELECTRONIC
SOLUTIONS INC.

Per: _____
Name: Ahmad Rasouli
Title: Director
I have the authority to bind the Corporation

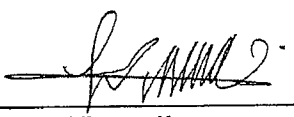
IN WITNESS WHEREOF this Agreement has been executed by the Parties hereto as of the date first written above.

SIGNED, SEALED AND DELIVERED)
in the presence of)

_____)
Witness:)

Richard Redekop

SARATOGA ELECTRONIC
SOLUTIONS INC.

Per: _____


Name: Ahmad Rasouli
Title: Director
I have the authority to bind the Corporation

Schedule 3.1(14)

Regulatory Consents

MMPR Consent

Health Canada has issued to the Vendor personally (operating under the business name Redecan Pharm) Licence No. [REDACTED] under the MMPR. The licence is valid for the facility located at [REDACTED]

*Commercially
sensitive information
Licence No
Address*

The licence authorizes the Vendor to produce, sell, possess, ship, transport, deliver and destroy marijuana and dried marijuana.

The licence is valid from March 25, 2015 to June 25, 2015.

The maximum quantity of dried marijuana that may be produced and sold during the licence validity period is [REDACTED]

Other Regulatory Consents

1. Any Environmental Consents listed in Schedule 3.1(33)

Regulatory Consents Needed to Complete the Transaction

1. All Consents described in Section 3.1(14)(d) of the Agreement

Schedule 3.1(16)

Contractual Consents

All Contracts relating to the Business listed in Schedule 3.1(27) were entered into by the Vendor personally, and require the consent of the other party thereto to be transferred and assigned to the Corporation.

Schedule 3.1(20)

Liabilities

As of March 12, 2015, the Corporation was indebted to the Vendor and persons not dealing at arm's-length with the Vendor as follows:

<u>Party</u>	<u>Due from Corporation</u>
[REDACTED]	\$ [REDACTED]
[REDACTED]	\$ [REDACTED]
[REDACTED]	\$ [REDACTED]
[REDACTED]	\$ [REDACTED]
Total	\$ [REDACTED]

As at the Closing Date, the Corporation may be indebted to the above parties in the amounts to be set forth in the Closing Date Financial Statements.

As at the date hereof, the Vendor and persons not dealing at arm's-length with the Vendor have advanced the following amounts to the Corporation to fund improvements to the Premises for the purposes of the Business which have not been reimbursed:

See following page.

↳ Redacted - Commercially sensitive information

Schedule 3.1(27)

Material Contracts

1. Agreement with [REDACTED] dated [REDACTED] for security monitoring services.
2. Agreement with [REDACTED] for lease of security equipment, Lease No. [REDACTED]
3. Agreement with [REDACTED] dated [REDACTED] for hydroxyl generating unit and auxiliary air moving equipment.
4. All policies of insurance described in Schedule 3.1(27).

*Commercially
Sensitive
Information*

Schedule 3.1(28)

Insurance

Insurance Policy in favour of [REDACTED] with [REDACTED]
Policy No [REDACTED] for the period January 26, 2015 to January 26, 2016, which policy includes
coverage for the Business Premises and operation of the Business.

*Name
and
Commercially
Sensitive
Information*

Schedule 3.1(29)

Bank Accounts & Powers of Attorney

Bank Accounts

[REDACTED]

Powers of Attorney

[REDACTED]

Schedule 3.1(34)

Environmental Matters

Environmental Consents

None

Schedule 3.1(35)

Employees

The only persons who are regularly employed in the Business are:

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]

Names

None of the foregoing parties receives or has received any employment compensation in connection with the Business.

[REDACTED] provides occasional maintenance services to the Business, without compensation.

The only other persons who have ever provided any employment services to the Business are temporary casual workers paid on an hourly basis, in relation to whom the Vendor and the Corporation have no ongoing commitments.

Schedule 3.1(36)

Intellectual Property

1. All rights to the business name “Redecan Pharm”. The business name has been registered in Ontario pursuant to a Master Business License valid from March 17, 2015 to March 16, 2020.
2. Business Logo (unregistered):



3. Website – The domain redecanpharm.ca, together with all related website content.
4. All off-the-shelf software programs used in connection with the Business, all of which are subject to standard end-user licenses.