

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "**Agreement**") is made as of October 24th, 2015, and is between Jeffrey Maser, an individual residing in the Province of Ontario (the "**Vendor**"), and The Tinley Beverage Company Inc., a corporation existing under the laws of the Province of Ontario (the "**Purchaser**").

A. The Vendor is the owner of the Purchased Assets related to the Business, including the assets as set out in Schedule "A"; and

B. The Vendor desires to sell to the Purchaser and the Purchaser desires to purchase from the Vendor the Purchased Assets in exchange for the consideration set out herein, including Shares in the capital of the Purchaser upon and subject to the terms and conditions set out upon herein;

NOW THEREFORE, in consideration of all the premises and the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 **Definitions.** In this Agreement and in the Schedules hereto, the following terms have the following meanings:

- (a) "**Assumed Contracts**" means those Contracts included in Schedule "A";
- (b) "**Business**" means the business of the Vendor related to, directly or indirectly, the development, manufacturing, marketing, selling and distributing hemp stalk oil infused beverages;
- (c) "**Business Day**" means a day, other than a Saturday or Sunday, on which the principal commercial banks located at the City of Toronto are open for business during normal banking hours;
- (d) "**Change of Control**" has the meaning ascribed to such term in Policy 1.1 *Interpretation* of the TSXV; however, for the purpose of this Agreement, a change of control shall exclude a situation where the Purchaser undertakes a transaction or a series of transactions with a Person not operating in the Business industry (including any food, beverage, supplement, hemp or marijuana industry), or where a change of control of the Purchaser is undertaken in an effort to permit the Purchaser to enter into a business unrelated to the Business industry;
- (e) "**Change of Business**" has the meaning ascribed to such term in Policy 5.2 *Changes of Business and Reverse Takeovers* of the TSXV;

- (f) "**Closing Date**" or "**Effective Date**" means October 30, 2015 or such other date as the parties may agree in writing is the date on which the Closing will take place;
- (g) "**Closing**" shall be the time on the Closing Date when the Transaction contemplated hereunder is completed;
- (h) "**Closing Time**" means 10:00 a.m. (Toronto Time) on the Closing Date, or such other time as the parties may agree;
- (i) "**Competitive Activities**" has the meaning ascribed thereto in Section 10.1;
- (j) "**Consideration Shares**" has the meaning ascribed thereto in Section 2.2;
- (k) "**Contract**" means any agreement, understanding, indenture, contract, lease, deed of trust, license, option, instrument or other commitment, whether written or oral;
- (l) "**CSE**" means the Canadian Securities Exchange;
- (m) "**Debenture Conversions**" has the meaning ascribed thereto in Schedule "C";
- (n) "**Debt Settlements**" has the meaning ascribed thereto in Schedule "C";
- (o) "**Domain Names**" means the domain name "drinktinley.com" having url of <http://www.drinktinley.com> and all e-mail addresses relating to the foregoing;
- (p) "**Encumbrances**" means mortgages, charges, pledges, security interests, liens, encumbrances, actions, claims and demands of any nature whatsoever or howsoever arising and any rights or privileges capable of becoming any of the foregoing;
- (q) "**GAAP**" means Canadian generally accepted accounting principles for companies as defined from time to time by the Accounting Standards Board of the Canadian Institute of Chartered Accountants in the Handbook of the Canadian Institute of Chartered (including, as applicable, IFRS);
- (r) "**Goodwill**" means the goodwill of the Vendor associated with the Business;
- (s) "**Intellectual Property**" shall mean any right that is or may be granted or recognized in the United States of America, Canada or other foreign legislation regarding patents, copyrights, neighbouring rights, moral rights, trade-marks, trade names, service marks, confidential information (including confidential information and proprietary information), industrial designs, trade dress, mask work, integrated circuit topography, privacy, publicity, celebrity and personality rights and any other statutory provision or common or civil law principle regarding intellectual and industrial property, whether registered or unregistered, and including rights in any application for any of the foregoing;
- (a) "**Insider Loans Settlement**" has the meaning ascribed thereto in Schedule "C";

- (b) "**ITA**" means the *Income Tax Act* (Canada), as amended, together with the regulations thereto, as amended;
- (c) "**Law**" or "**Laws**" means all laws, statutes, codes, ordinances, decrees, rules, regulations, bylaws, statutory rules, principles of law, published policies and guidelines, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, including general principles of common law, and terms and conditions of any grant of approval, permission, authority or licence of and any agreement with any Regulatory Authority;
- (d) "**Legal Proceeding**" means any litigation, action, suit, investigation, hearing, claim, complaint, grievance, arbitration proceeding or other proceeding and includes any appeal or review and any application for same;
- (e) "**Liabilities**" includes any indebtedness, obligations or liabilities of any kind, whether primary or secondary, direct or indirect, accrued, absolute or contingent, liquidated or unliquidated, secured or unsecured and whether or not required to be reflected in a balance sheet in accordance with generally accepted accounting principles;
- (f) "**License Agreements**" has the meaning ascribed thereto in Section 3.1(h);
- (g) "**Licensed IP**" means the Intellectual Property owned by Persons other than the Vendor and that is being used or is proposed to be used by the Vendor in respect of the Business, and "Licensed IP" excludes Vendor IP;
- (h) "**Misrepresentation**" has the meaning ascribed thereto in the Securities Act;
- (i) "**NI 45-106**" means National Instrument 45-106 – *Prospectus Exemptions*;
- (j) "**parties**" means the Vendor and the Purchaser and "**party**" means any one of them;
- (k) "**Performance Escrow**" has the meaning ascribed thereto in Section 2.2;
- (l) "**Performance Milestones**" has the meaning ascribed thereto in Section 2.2;
- (m) "**Person**" means and includes any individual, corporation, partnership, firm, joint venture, syndicate, association, trust, government, governmental agency or board or commission or authority, and any other form of entity or organization, and the heirs, executors, administrators or other legal representatives of an individual other than the parties;
- (n) "**Private Placement**" means the non-brokered private placement financing to be completed by the Purchaser in connection and contingent on the Closing of the Transaction for gross proceeds of up to \$1,500,000 in Units;

- (o) **"Purchased Assets"** means:
- (i) Vendor IP and rights in the Licensed IP and rights in respect of any license agreement associated with the Licensed IP;
 - (ii) Suppliers and Distributors Accounts;
 - (iii) Records;
 - (iv) Technology;
 - (v) Domain Names; and
 - (vi) Goodwill associated with the Business; and includes all the assets listed in Schedule "A" hereto.
- (p) **"Purchaser's Financial Statements"** means (i) the audited consolidated financial statements of the Purchaser as at and for the fiscal year ended December 31, 2014, together with the notes thereto and the auditor's report thereon; and (ii) the unaudited consolidated financial statements as at and for the six months ended June 30, 2015;
- (q) **"Purchase Price"** has the meaning ascribed thereto in Section 2.2;
- (r) **"Records"** means all books, records, files and all technical, business and financial records and documentation and information relating to the Business, Technology or Intellectual Property related to or associated with the Business, Technology and or Technical Information whether in writing or stored in any retrieval system or data base, including without limitation (i) Technical Information, in any form whatsoever, (ii) any and all e-mails regarding the Business, Technology or Intellectual Property related to or associated with the Business, Technology and or Technical Information (iii) all sales literature, promotional literature, catalogues and similar materials and related artwork of the Vendor; (iv) other drawings, blueprints, patterns, plans, flow charts, equipment parts lists, lab materials, and procedures, specifications, protocols, data structures, formulas, designs, technical data, descriptions, related instruction manuals, records and procedures; and (v) any and all data and databases related to the foregoing, whether registered or unregistered;
- (s) **"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 and 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;
- (t) **"Regulatory Escrow"** has the meaning ascribed thereto in Section 2.2;

- (u) "**Securities Act**" means the *Securities Act* (Ontario), and the rules and regulations made thereunder, as now in effect and as they may be amended from time to time;
- (v) "**Securities Authorities**" means the TSXV, the CSE and the securities commissions or similar regulatory authorities of each of the provinces and territories of Canada;
- (w) "**Securities Laws**" means the Securities Act and all other applicable Canadian provincial securities Laws and the rules, regulations and published policies made thereunder, as now in effect and as they may be amended from time to time;
- (x) "**subsidiary**" has the meaning ascribed thereto in NI 45-106.
- (y) "**Shares**" means the common shares in the capital of the Purchaser;
- (z) "**Tax Laws**" shall mean the ITA and any applicable provincial, or foreign income taxation statute(s), as from time to time amended, and any successors thereto;
- (aa) "**Technical Information**" means any and all processes, lab journals, notebooks, data, designs, trade secrets, methods, know-how, product formulae and information, manufacturing, engineering and other drawings and manuals, technology algorithms, software programs or applications, blue prints, research and development reports, agency agreements, technical information, technical assistance, engineering data, design and engineering specifications, and similar materials recording or evidencing expertise or information relating to the Technology or the products and that Vendor or any of its assignors may develop or obtain in respect of the Technology, including without limitation in respect of manufacturing any such products derived therefrom;
- (bb) "**Technology**" means the invention, development and innovation of the Vendor in respect of the Business, including invention, development and innovation described in, and related to, the patent applications listed in Schedule "A", and any and all divisionals, continuations in part and patents directly relating thereto, including, without limitations, all developments, improvements and modifications therein;
- (cc) "**Transaction**" means the purchase and sale of the Purchased Assets and the transactions contemplated herein;
- (dd) "**Tribunal**" means, whether domestic or foreign:
 - (i) any court (including a court of equity);
 - (ii) any federal, provincial, state, county, municipal or other government or governmental department, ministry, commission, board, bureau, agency or instrumentality;

- (iii) any securities commission, stock exchange or other regulatory or self-regulatory body;
 - (iv) any board of trade, chamber of commerce or other business or professional organization or association;
 - (v) any arbitrator or arbitration tribunal; and
 - (vi) any other tribunal;
- (ee) "TSXV" means TSX Venture Exchange;
- (ff) "**Units**" means the units of the Purchaser to be issued pursuant to the Private Placement at \$0.10 per Unit, which each Unit comprised of one (1) Share and one-half of one (1/2) Share purchase warrant, which each whole warrant exercisable to acquire one (1) Share at an exercise price of \$0.20 per Share for a period of 24 months from the date of issuance; and
- (gg) "**Vendor IP**" any and all Intellectual Property related to or associated with the Business, Technology and or Technical Information, including the patents and trademarks listed in Schedule "A".

1.2 **Currency.** All references to dollar amounts in this Agreement are expressed in Canadian currency.

1.3 **Applicable Law.** This Agreement shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated, in all respects, as an Ontario contract. 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.

1.4 **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. The terms "**this Agreement**", "**hereof**", "**hereunder**" and similar expressions refer to this Agreement and not to any particular section, subsection or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to "**Section**" are to sections, subsections and further subdivisions of sections of this Agreement.

1.5 **Certain Phrases, etc.** In this Agreement (a) (i) the words "**including**" and "**includes**" mean "**including (or includes) without limitation**", and (ii) the phrase "**the aggregate of**", "**the total of**", "**the sum of**", or a phrase of similar meaning means "**the aggregate (or total or sum), without duplication of**", and (b) in the computation of periods of time for a specified date to a later specified date, unless otherwise expressly stated, the word "**from**" means "**from and including**" and the words "**to**" and "**until**" each mean "**to but excluding**".

1.6 **Time of Essence.** Time shall be of the essence of every provision of this Agreement.

1.7 **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.

1.8 **Calculation of Time Periods.** If any action is required to be taken pursuant to this Agreement on or by a specified date which is not a Business Day, then such action shall be valid if taken on or by the next succeeding Business Day.

1.9 **Statutory Instruments.** All references herein to any statute, law, by-law, rule, regulation, order or act of any Regulatory Authority shall be construed as a reference thereto as amended or re-enacted from time to time or as a reference to any successor thereto.

1.10 **Knowledge.** Any statement in this Agreement expressed to be made to the best knowledge of a Person shall be understood to be made on the basis of such Person's best knowledge, information and belief after reviewing all relevant records and making due inquiries regarding the relevant matter, or on the basis of such knowledge of the relevant subject matter as such Person would have had if they had conducted such reviews and inquiries.

1.11 **Schedules.** The following Schedules attached to this Agreement are incorporated into this agreement by reference and are deemed to be part hereto.

Schedules	Description of Schedule
"A"	List of Certain Purchased Assets
"B"	Permits
"C"	Purchaser Debt and Debenture Settlements

ARTICLE 2

PURCHASE AND SALE

2.1 **Purchased Assets.** Subject to the terms and conditions hereof, the Vendor hereby bargains, sells, assigns, grants, conveys, transfers and sets over unto the Purchaser the Purchased Assets, and the Purchaser purchases from the Vendor the Purchased Assets on the Closing Date for the Purchase Price payable as provided in this Agreement. The Vendor releases to the Purchaser all of the Vendor's right, title, and interest in and to the Purchased Assets, to hold such property, and every part thereof, and all the right, title and interest of the Vendor therein and thereto, unto and to the use of the Purchaser as of the Closing Time.

2.2 **Purchase Price.** The purchase price (the "**Purchase Price**") for the sale of the Purchased Assets is \$162,500 and shall be satisfied in full by the Purchaser paying to the Vendor \$12,500 in cash upon execution of this Agreement, and at closing issuing to the Vendor an aggregate of 3,000,000 Shares at a price of \$0.05 per Share (the "**Consideration Shares**"), subject to regulatory escrow requirements (the "**Regulatory Escrow**" and the following additional performance escrow requirements (the "**Performance Escrow**")):

- (a) 1,500,000 Shares shall be released upon the Purchaser achieving at least \$1 million in revenue over any four consecutive quarters from all sources as reported in the Purchaser's financial statements.
- (b) 1,500,000 Shares shall be released upon the Purchaser achieving at least \$3 million in revenue over any four consecutive quarters from all sources as reported in the Purchaser's financial statements. (together "**Performance Milestones**").

If the Performance Milestones are not satisfied within five years of Closing, any remaining Consideration Shares that are subject to Performance Escrow shall be cancelled in exchange for payment to the Vendor of an amount equal to \$0.0001 per Consideration Share. If a Change of Control occurs within five years of Closing, any Consideration Shares that remain issuable under the Performance Escrow shall be immediately released upon such event occurring.

In the event that the Purchaser in any way terminates the Vendor's Consulting Agreement, both the Regulatory Escrow and the Performance Escrow shall survive and the Consideration Shares shall be released to the Vendor upon the achievement by the Purchaser of one or both of the Performance Milestones.

2.3 **Conveyance.** This Agreement shall operate as a complete and effective transfer and conveyance of the Purchased Assets without the necessity of any further form of conveyance or other formality, such that the Purchaser, as of the Effective Date, shall become the absolute owner of each of the Purchased Assets. If and to the extent that the same shall be payable, the Purchaser shall be liable for and shall pay all provincial retail sales tax and all other taxes, duties or like charges properly payable in connection with the conveyance and transfer of the Purchased Assets to the Vendor pursuant to this Agreement.

2.4 **GST/HST.** The Parties hereto agree that they shall jointly make, execute and file an election under Section 156 of the *Excise Tax Act* (Canada) and the equivalent provisions of applicable provincial income tax legislation, in the form prescribed for the purposes of that provision, in respect of the sale and transfer of the Purchased Assets hereunder which would have the effect of exempting the purchase and sale of the Purchased Assets from GST/HST and shall maintain such election in their respective records.

2.5 **Section 85 Election.** The Parties hereto confirm their mutual intention that the sale by the Vendor, and the purchase by the Purchaser, of the Purchased Assets shall be on a tax-deferred basis in accordance with Section 85(1) of the ITA. The Parties hereto hereby agree to jointly make, execute and file an election pursuant to which they shall elect that both the Vendor's proceeds of disposition of the Purchased Assets and the Purchaser's cost of acquisition of the Purchased Assets shall be equal to such amount as the Vendor shall direct (provided that the amount so to be directed by the Vendor cannot be less than the cost of the Purchased Assets to the Vendor as of the Effective Date nor can it be greater than the Fair Market Value of the Purchased Assets as of the Effective Date); and such election shall be made with the appropriate taxation authorities pursuant to and within the time and in the form prescribed by Section 85(1) of the ITA and the corresponding provisions of any applicable provincial Laws (including the *Corporations Tax Act* (Ontario)). For the purposes of this Agreement, "**Fair Market Value**" means the value of the Purchased Assets determined by applying generally accepted valuation

principles with a view to determining the highest price available in an open and unrestricted market between informed and prudent parties acting at arm's length and under no compulsion to act and expressed in terms of money.

2.6 Other Obligations of the Purchaser. The Purchaser has advanced \$12,500 to Jeffery Pencer ("Pencer") in fulfillment of amounts owing by the Vendor to Pencer pursuant to the consulting agreement (the "Pencer Agreement") between Pencer and the Vendor dated the 15th day of May, 2015, and the Purchaser shall make all payments to Pencer due and payable by the Vendor pursuant to the Pencer Agreement until closing, and if this Agreement is terminated by any party for any reason, such amounts paid to Pencer will be a cost of the Purchaser.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties by the Vendor. The Vendor, to the best of his knowledge as of the date of the execution of this Agreement, hereby severally represents and warrants to the Purchaser as follows, and confirms that the Purchaser is relying upon the accuracy of each of such representations and warranties in connection with the purchase of the Purchased Assets:

- (a) **Execution; Enforceability.** This Agreement and the contracts, agreements and instruments to be delivered by the Vendor pursuant to this Agreement has been duly executed and delivered by the Vendor, and this Agreement and the contracts, agreements and instruments to be delivered by the Vendor pursuant to this Agreement constitute legal, valid and binding obligations of the Vendor, enforceable against the Vendor by the Purchaser 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.
- (b) **Insolvency.** The Vendor is not an insolvent Person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) and the Vendor has not committed an act of bankruptcy, made an assignment in favour of its creditors, or a proposal in bankruptcy to its creditors or any class thereof. The Vendor has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of the Vendor and no execution or distress has been levied on any of the assets of the Vendor, nor have proceedings been commenced in connection with any of the foregoing.
- (c) **No Violation.** The execution and delivery this Agreement and the contracts, agreements and instruments to be delivered by the Vendor pursuant to this

Agreement and the completion of the Transaction hereunder (whether after the passage of time or notice or both):

- (i) constitute a violation or breach of or default under, or conflict with, any provision of:
 - (A) any Contract to which the Vendor is a party or by which the Vendor, the Purchased Assets or the Business are bound or affected,
 - (B) any judgment, decree, order or award of any Regulatory Authority having jurisdiction over the Vendor, or
 - (C) any applicable Law, or
- (ii) result in the creation or imposition of any Encumbrance over any of the Purchased Assets;
- (d) **Title.** The Vendor owns the Purchased Assets with good and marketable title free and clear of any and all claims, liens or encumbrances whatsoever and of any of rights or privileges capable of becoming claims, liens or encumbrances, and the Vendor is entitled to sell, transfer, and assign good and marketable title to the Purchased Assets to Purchaser, free and clear of any such claims, liens, encumbrances, rights and privileges.
- (e) **Outstanding Agreements.** No Person, firm or corporation other than the Purchaser has any agreement, or option, or any right or privilege capable of becoming an agreement, for the purchase or acquisition of any part of the Purchased Assets.
- (f) **No Action Affecting Transfer.** there are no suits, actions or other legal proceedings, nor, to the knowledge of the Vendor, are there any threatened or pending suits, actions or other legal proceedings, which could in any manner affect, restrain or prevent the Vendor from legally transferring the Purchased Assets to the Purchaser in accordance with the terms of this Agreement. To the knowledge of the Vendor, there is not any factual or legal basis on which any such suit, action or other legal proceeding might be commenced.
- (g) **Status of the Vendor.** the Vendor is not a "non-resident" person for the purposes of the ITA;
- (h) **Intellectual Property.**
 - (i) Schedule "A" includes an accurate and complete list and description of all Business Intellectual Property, and all the Intellectual Property in the Vendor IP and Licensed IP, including all registrations and applications of the Intellectual Property by the Vendors therein that are material to the

Business, including sufficient particulars to identify each item of the Vendor IP, Licensed IP, and Intellectual Property in the Vendor IP and Licensed IP, its respective owner, if that owner is not the Vendor, its jurisdictions and nature of use by the Vendors or any License Agreements thereof and (if applicable) its jurisdictions and particulars of application or registration.

- (ii) The Vendor has not received any notice that the conduct of the Business has infringed, violated, misappropriated or otherwise conflicted, or infringes, violates, misappropriates or otherwise conflicts, with any Intellectual Property of any Person.
 - (iii) The Vendor has entered into valid and enforceable written agreements pursuant to which such Vendor has been granted all licenses, rights and permissions to use, reproduce, sub-license, sell, modify, update, enhance or otherwise exploit the Licensed IP to the extent required to operate all material aspects of the Business as it is being operated from time to time and at Closing (including, if required, the right to incorporate the Licensed IP into or with the Vendor IP) (the "**License Agreements**").
- (i) **Contracts.** Schedule "A" includes a complete and accurate list of all of the Contracts to which the Vendor or the Business is party or by which the Vendor, the Business or the Purchased Assets are bound or affected. The Vendor has performed all of the obligations required to be performed by it and is entitled to all benefits under, and is not in default or alleged to be in default in respect of, all of the Assumed Contracts. All of the Assumed Contracts are in good standing and in full force and effect, unamended, and there exists no state of facts which, after notice or lapse of time or both, or otherwise would constitute a default under or a breach of any such obligation or of a term of any such Assumed Contract. To the knowledge of the Vendor, no other party to any Assumed Contract is in default under or in breach of any covenants, conditions or obligations contained therein. The Vendor has provided to the Purchaser a true and complete copy of each Assumed Contract. No party to any of the Assumed Contracts is a Person not dealing at Arm's Length with the Vendor.
- (j) **Permits.** Schedule "B" sets out a complete and accurate list of all Permits. The Permits constitute all approvals, authorizations, consents, licences, permits, registrations and certificates, or any waiver of the foregoing, issued by any Regulatory Authority and necessary for the carrying on of the Business as currently being conducted by the Vendor. All Permits are in good standing. The Vendor is not in default or breach of any Permit. The Permits are not subject to termination or cancellation as a result of the Transaction contemplated under this Agreement.

(k) **Consents and Approvals.**

- (i) There is no requirement for the Vendor to make any filing with, give any notice to or to obtain any permit, certificate, registration, authorization, consent or approval of, any Regulatory Authority as a condition to the lawful completion by the Vendor of the Transaction contemplated under this Agreement.
- (ii) There is no requirement under any Contract to which the Vendor is a party or by which the Vendor, the Business or the Purchased Assets are bound or affected by, to give any notice to, or to obtain any consent or approval of, any Person in connection with the execution, delivery or performance of this Agreement and the completion of the Transaction hereunder.

(l) **Compliance with Laws.** The Vendor has complied with the Laws applicable to the Business. The Vendor is not in default under any Laws applicable to it and the Business. The Vendor has not received any notice claiming that the Vendor is in default under, or that the Business is not being conducted in compliance with, or that any of the property and assets of the Vendor or the Business are not being used in compliance with, all applicable Laws having jurisdiction over the Business and the Vendor.

(m) **Litigation.** There are no judgments, decrees, injunctions, awards, or executions outstanding against the Vendor, the Business or the Purchased Assets. There are no suits, actions, legal, administrative, regulatory or similar proceedings (whether civil, quasi-criminal or criminal), arbitration or other dispute resolution procedures, claims, investigations or inquiries by any Regulatory Authority or any Person, or, to the knowledge of the Vendor, pending or threatened, against, involving or affecting the Vendor, the Business, or the Purchased Assets, and no event has occurred which might give rise to any such proceeding.

(n) **No Expropriation.** No property or asset of the Business has been taken or expropriated by any Regulatory Authority, nor has any notice or proceeding in respect thereof been given or commenced.

(o) **Restriction on Business.** To the knowledge of the Vendor, there is no agreement, non-competition covenant, exclusivity covenant, right of first refusal, judgment, injunction, order or decree binding upon the Vendor, the Business or the Purchased Assets that has, or could reasonably be expected to have, the effect of prohibiting, restricting or impairing any business practice of the Vendor or the Business, any acquisition, use or disposition of any of the Purchased Assets or the Business, or the conduct of the Business as currently conducted.

(p) **Brokers.** There is no broker, agent, finder or other intermediary that has been retained by or is authorized to act on behalf of the Vendor who might be entitled to any fee or commission from the Vendor upon completion of the Transaction contemplated by this Agreement.

- (q) **Full Disclosure.** The Vendor has made available to the Purchaser all information in respect of the Business and the Purchased Assets. All information which has been provided to the Purchaser relating to the Business and the Purchased Assets is true and correct in all material respects and no material fact or facts have been omitted therefrom which would make such information misleading.

3.2 **Representations and Warranties by the Purchaser.** The Purchaser hereby represents and warrants to the Vendor as follows, and confirms that the Vendor is relying upon the accuracy of each of such representations and warranties in connection with entering into the Transaction:

- (a) **Existence and Capacity of the Purchaser.** The Purchaser is a corporation duly incorporated and validly existing under the laws of the Province of Ontario and the Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and the contracts, agreements and instruments to be delivered by the Purchaser pursuant to this Agreement and to carry out its obligations hereunder and thereunder.
- (b) **Authorization; Execution and Enforceability.** The execution and delivery of this Agreement and the contracts, agreements and instruments to be delivered by the Purchaser pursuant to this Agreement and the completion of the Transaction have been duly authorized by all necessary corporate action on the part of the Purchaser. This Agreement and the contracts, agreements and instruments to be delivered by the Purchaser pursuant to this Agreement have been duly executed and delivered by the Purchaser, and this Agreement and the contracts, agreements and instruments to be delivered by the Purchaser pursuant to this Agreement constitute legal, valid and binding obligations of the Purchaser, enforceable against it by 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.
- (c) **Insolvency.** The Purchaser is not an insolvent Person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) and the Purchaser has not committed an act of bankruptcy, made an assignment in favour of its creditors, or a proposal in bankruptcy to its creditors or any class thereof. The Purchaser has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of the Purchaser and no execution or distress has been levied on any of the assets of the Purchaser, nor have proceedings been commenced in connection with any of the foregoing.
- (d) **No Violation.** The execution and delivery this Agreement and the contracts, agreements and instruments to be delivered by the Purchaser pursuant to this Agreement and the completion of the Transaction will not (whether after the passage of time or notice or both):

- (i) constitute a violation or breach of or default under, or conflict with, any provision of:
 - (A) any Contract to which the Purchaser is a party or by which the Purchaser is bound or affected,
 - (B) any provision of the constating documents of the Purchaser or resolutions of the board of directors (or any committee thereof) or the shareholders of the Purchaser,
 - (C) any judgment, decree, order or award of any Regulatory Authority having jurisdiction over the Purchaser, or
 - (D) any applicable Law.
- (e) **Consents and Approvals.** Except for the approval of the Transaction and the Change of Business by the TSXV or the CSE, as the case may be, and the shareholders of the Purchaser in accordance with applicable Laws,
 - (i) there is no requirement for the Purchaser to make any filing with, give any notice to or to obtain any permit, certificate, registration, authorization, consent or approval of, any Regulatory Authority as a condition to the lawful completion by the Purchaser of the Transaction, and
 - (i) there is no requirement under any Contract to which the Purchaser is a party or by which the Purchaser is bound or affected by, to give any notice to, or to obtain any consent or approval of, any Person in connection with the execution, delivery or performance of this Agreement and the completion of the Transaction.
- (f) **Litigation.** There are no judgments, decrees, injunctions, awards, or executions outstanding against the Purchaser. There are no suits, actions, legal, administrative, regulatory or similar proceedings (whether civil, quasi-criminal or criminal), arbitration or other dispute resolution procedures, claims, investigations or inquiries by any Regulatory Authority or any Person, or, to the knowledge of the Purchaser, pending or threatened, against, involving or affecting the Purchaser, and no event has occurred which might give rise to any such proceeding.
- (g) **Capitalization.**
 - (i) The authorized share capital of the Purchaser is an unlimited number of common shares. At the close of business as of the date of this Agreement, there are issued and outstanding 30,543,813 Shares. All such issued and outstanding Shares have been duly authorized and validly issued as fully paid and non-assessable.

(ii) In addition, as of the date of this Agreement, there are 274,000 incentive stock options of the Purchaser issued and outstanding and 5,008,710 common share purchase warrants of the Purchaser issued and outstanding. Except as permitted by and disclosed in this Agreement and pursuant to the Private Placement, there are no options, warrants, conversion privileges, calls or other rights, agreements, arrangements, commitments or obligations of the Purchaser or any of its subsidiary to issue or sell any Shares or any shares, notes or other securities of any of the Purchaser's subsidiaries or securities or obligations of any kind convertible into, or exchangeable for, or otherwise carrying the right or obligation to acquire any Shares or any shares, notes or other securities of any subsidiary of the Purchaser and no shareholder of the Purchaser is entitled to any preemptive or other similar right granted by the Purchaser or any of its subsidiaries.

(h) **Securities Laws Matters.**

(i) The Purchaser is a "reporting issuer" (as such term is defined under the Securities Laws) in the provinces of Alberta, British Columbia and Ontario and is not included on any list of reporting issuers in default maintained by the Securities Authorities and is not in any material default of any requirements of Securities Laws. The Purchaser has not taken any action to cease to be a reporting issuer in any such province nor has the Purchaser received notification from any applicable Securities Authority seeking to revoke the reporting issuer status of the Purchaser. No delisting, suspension of trading in or cease trading order with respect to any securities of the Purchaser is in effect or, to the knowledge of the Purchaser, pending or threatened, and, to the knowledge of the Purchaser, no inquiry or investigation (formal or informal) by any Securities Authority, is pending, in effect or ongoing or threatened or expected to be implemented or undertaken.

(ii) The Purchaser has made available to the Vendor, or the System for Electronic Data, Analysis and Retrieval (SEDAR) database contains in a publicly available format, complete and correct copies of all of the documents comprising the Purchaser's public disclosure record. The documents comprising the Purchaser's public disclosure record complied at the time filed or furnished, or will comply when filed or furnished, in all material respects with the requirements of applicable Securities Laws, and did not at the time filed with or furnished to, and will not at any time filed with or furnished to, the Securities Authorities, contain any Misrepresentation. The Purchaser is in compliance, in all material respects, with its timely and continuous disclosure filings and disclosure obligations under Securities Laws and has been in compliance, in all material respects, with such obligations since May 16, 2005. The Purchaser has not filed any confidential material change report with the

Securities Authorities or any other securities authority or regulator or any stock exchange or other self-regulatory authority which at the date hereof remains confidential. As of the date of this Agreement, there are no outstanding or unresolved comments in comment letters from the Securities Authorities with respect to any of the Purchaser's filings. To the knowledge of the Purchaser, as of the date of this Agreement, none of the Purchaser's filings is the subject of an ongoing review by the Securities Authorities, outstanding comment by the Securities Authorities or outstanding investigation by the Securities Authorities.

(i) **Financial Statements.**

- (i) The Purchaser's Financial Statements fairly present the financial position of the Purchaser as at the dates indicated therein and fairly present the results of operations for the periods ended on such dates, all in accordance with GAAP consistently applied throughout the period covered thereby, save and except as stated therein. The Purchaser's books of account reflect all items of income and expense and all assets and liabilities and accruals required to be reflected therein.
- (ii) Save and except for matters which are disclosed in the Purchaser's Financial Statements or otherwise expressly set out in this Agreement, the Purchaser has not (nor has it agreed to):
 - (A) incurred any debts, obligations or liabilities (absolute, accrued, contingent or otherwise and whether due or to become due), except debts, obligations and liabilities incurred in the ordinary course of business;
 - (B) discharged or satisfied any liens or paid any obligation or liability other than liabilities shown on the Purchaser's Financial Statements, other than in the ordinary course of business;
 - (C) declared or made any payment, distribution or dividend based on its shares or purchased, redeemed or otherwise acquired any of the shares in its capital or other securities or obligated itself to do so;
 - (D) mortgaged, pledged or subjected to lien or other security interest any of its assets, tangible or intangible other than the usual security granted to secure a bank line of credit;
 - (E) sold, assigned, leased, transferred or otherwise disposed of any of its assets (excluding inventory) whether or not in the ordinary course of business;
 - (F) increased materially the compensation payable or to become payable to any of its officers, directors or employees, or in any

bonus payment to or arrangement made with any officer, director or employee, or made any material changes in its personnel policies or employee benefits;

- (G) cancelled, waived, released or compromised any debt, claim or right resulting in a material adverse effect on the business, prospects or financial condition of the Purchaser;
- (H) significantly altered or revised any of its accounting principles, procedures, methods or practices;
- (I) changed its credit policy as to provision of services, sales of inventories or collection of accounts receivable except as dictated by competitive conditions;
- (J) suffered any material damage, destruction or loss (whether or not covered by insurance) materially and adversely affecting the properties, business or prospects of the Purchaser;
- (K) entered into any transaction, contract or commitment other than in the ordinary course of business except for the transactions set forth in this Agreement;
- (L) made or authorized any capital expenditures in excess of \$5,000.00 in the aggregate, of which the Vendor is unaware;
- (M) issued or sold any shares in its capital stock or other securities, or granted any options with respect thereto except pursuant to the Private Placement, the Debenture Conversions, the Insider Loans Settlement, the Debt Settlements and as otherwise disclosed in this Agreement, including in Schedule "C" attached hereto; or
- (N) suffered or experienced any material adverse change in, or event or circumstance affecting, the condition (financial or otherwise) of its properties, assets, liabilities, earnings, business, operations or prospects, and the Purchaser has no knowledge, information or belief of any fact, event or circumstances which might reasonably be expected to affect materially and adversely the condition (financial or otherwise) of its properties, assets, liabilities, earnings, business operations or prospects, and has not changed any shares of its capital stock, whether by way of reclassification, stock split or otherwise.

(j) **Taxes.**

- (i) The Purchaser has filed all tax returns required to be filed by it prior to the date hereof in all applicable jurisdictions and has paid, collected and

remitted all taxes, customs duties, tax instalments, levies, assessments, reassessments, penalties, interest and fines due and payable, collectible or remittable by it at present. All such tax returns properly reflect, and do not in any respect understate the income, taxable income or the liability for taxes of the Purchaser in the relevant period and the liability of the Purchaser for the collection, payment and remittance of tax under applicable Tax Laws;

- (ii) adequate provision has been made in the Purchaser's Financial Statements for all taxes, governmental charges and assessments, including interest and penalties thereon, payable by the Purchaser for all periods up to the date of the balance sheets comprising part of the Purchaser's Financial Statements;
 - (iii) the Purchaser has withheld and remitted all amounts required to be withheld and remitted by it in respect of any taxes, governmental charges or assessments in respect of any taxable year or portion thereof up to and including September 30, 2015.
- (k) **Brokers.** There is no broker, agent, finder or other intermediary that has been retained by or is authorized to act on behalf of the Purchaser who might be entitled to any fee or commission from the Purchaser upon completion of the Transaction contemplated by this Agreement.

ARTICLE 4
SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE
VENDOR

4.1 Survival of Representations and Warranties of the Vendor.

- (a) The representations and warranties made by the Vendor contained in this Agreement and in any agreement, instrument, certificate or other document to be executed and delivered pursuant to this Agreement shall survive the Closing and, notwithstanding such Closing and notwithstanding any investigations made by or on behalf of the Purchaser, shall continue in full force and effect from and after the Closing Date for a period of two (2) years, except that:
 - (i) the representations and warranties set out in Sections 3.1(a), 3.1(b), 3.1(c), 3.1(d) and 3.1(e), shall survive Closing and shall continue in full force and effect for the benefit of the Purchaser without limitation of time; and
 - (ii) any representation or warranty in this Agreement and in any agreement, instrument, certificate or other document to be executed and delivered pursuant to this Agreement involving fraud or fraudulent misrepresentation by the Vendor shall survive and continue in full force and effect for the benefit of the Purchaser without limitation of time.

- (b) The covenants of the Vendor contained in this Agreement and in any agreement, instrument, certificate or other document to be executed and delivered pursuant to this Agreement, which have not been performed on or prior to the Closing, shall survive the Closing and shall continue in full force and effect from and after the Closing Date in accordance with their respective terms.

4.2 **Purchaser Satisfied.** Notwithstanding any representation or warranty made by the Vendor and contained herein, the Purchaser has conducted its own investigation and due diligence in respect of this Asset Purchase Agreement. Without limiting the generality of the foregoing, the Purchaser has satisfied itself with respect to:

- (a) Any matter affecting the Purchased Assets, including the assets, contracts and agreements listed in Schedule "A" hereto; and
- (b) The nature of and laws affecting the Business.

ARTICLE 5
SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE PURCHASER

5.1 Survival of Representations and Warranties of the Purchaser.

- (a) The representations and warranties made by the Purchaser contained in this Agreement and in any agreement, instrument, certificate or other document to be executed and delivered pursuant to this Agreement shall survive the Closing and, notwithstanding such Closing and notwithstanding any investigations made by or on behalf of the Vendor, shall continue in full force and effect from and after the Closing Date for a period of two (2) years, except that
 - (i) the representations and warranties set out in Sections 3.2(a), 3.2(b) and 3.2(c) shall survive Closing and shall continue in full force and effect for the benefit of the Vendor without limitation of time; and
 - (ii) any representation or warranty in this Agreement and in any agreement, instrument, certificate or other document to be executed and delivered pursuant to this Agreement involving fraud or fraudulent misrepresentation by the Purchaser shall survive and continue in full force and effect for the benefit of the Vendor without limitation of time.
- (b) The covenants of the Purchaser contained in this Agreement and in any agreement, instrument, certificate or other document to be executed and delivered pursuant to this Agreement, which have not been performed on or prior to the Closing, shall survive the Closing and shall continue in full force and effect from and after the Closing Date in accordance with their respective terms.

ARTICLE 6
PURCHASER'S CONDITIONS OF CLOSING

6.1 The Transaction herein contemplated in accordance with the terms of this Agreement is subject to the following conditions, each of which is hereby declared to be for the exclusive benefit of the Purchaser. Each of such conditions is to be fulfilled and/or performed at or prior to the Closing Time. The Vendor agrees to use commercially reasonable efforts to cause each of such conditions to be fulfilled and/or performed at or prior to the Closing Time:

- (a) **Representations and Warranties.** The representations and warranties of the Vendor contained in this Agreement shall be true on and as of the Closing Date in all material respects with the same effect as though such representations and warranties had been made as of the Closing Date.
- (b) **Performance of Covenants, etc. by the Vendor.** The Vendor shall have performed all obligations, covenants and agreements contained in this Agreement to be performed by the Vendor at or prior to the Time of Closing.
- (c) **Consents etc.** There shall have been obtained from all appropriate Persons such consents, approvals, permits and acknowledgements as may be required in connection with the completion of the Transaction and the Change of Business herein contemplated, including the approval of the Transaction by the TSXV or the CSE, as the case may be, and the approval of the Transaction by the shareholders of the Purchaser in accordance with applicable Laws.
- (d) **No Action Taken Redistricting Sale.** No Legal Proceeding shall have been commenced or shall be pending or, to the knowledge of the Vendor, threatened against the Vendor at law or in equity or before or by an Tribunal which would affect the title of the Vendor to the Purchased Assets or would enjoin, restrict or prohibit or would have the effect of preventing the completion of the transactions herein contemplated, including the sale and purchase of the Purchased Assets in accordance with the terms of this Agreement or which might adversely affect the ability of the Vendor to enter into this Agreement or to perform its obligations hereunder.
- (e) **Confirmatory Due Diligence.** On or before the Closing Date, (the Purchaser shall be satisfied that the results of the Purchaser's confirmatory due diligence have concluded that there has not been a material fact which has not been disclosed by the Vendor and which constitutes a material adverse change or which would have a material adverse effect on the Business.
- (f) **Non-Fulfilment of Conditions, etc. for the Benefit of the Purchaser.** In the event that any condition, obligation, covenant or agreement of the Vendor to be fulfilled and/or performed hereunder at or prior to the Closing Time, including, without limitation, the conditions set forth in this Article 6, shall not be fulfilled and/or performed at or prior to the Closing Time, and such non-fulfilment or non-performance has a material adverse effect on the Business, the Purchaser may

rescind this Agreement by notice to the Vendor and in such event the Purchaser shall be released from all obligations hereunder and, unless the Purchaser can show that the one or more conditions, obligations, covenants or agreements for the non-fulfilment or non-performance of which the Purchaser has rescinded this Agreement is or are reasonably capable of being fulfilled and/or performed or caused to be fulfilled and/or performed by the Vendor, then the Vendor shall also be released from all obligations hereunder; provided, however, that any of the said conditions, obligations, covenants or agreements may be waived in whole or in part by the Purchaser without prejudice to the Purchaser's right of rescission in the event of the non-fulfilment and/or non-performance of any other condition, obligation, covenant or agreement, any such waiver to be binding on the Purchaser only if the same is in writing.

ARTICLE 7

VENDOR'S CONDITIONS OF CLOSING

7.1 The Transactions herein contemplated in accordance with the terms of this Agreement, are subject to the following conditions, each of which is hereby declared to be for the exclusive benefit of the Vendor. Each of such conditions is to be fulfilled and/or performed at or prior to the Closing Time. The Purchaser covenants and agrees to use commercially reasonable efforts to cause each of such conditions to be fulfilled and/or performed at or prior to the Closing Time.

- (a) **Representations and Warranties.** The representations and warranties of the Purchaser contained in this Agreement shall be true in all material respects on and as of the Closing Date with the same effect as if such representations and warranties had been made as of the Closing Date, and the Purchaser shall deliver to the Vendor at the Closing a certificate duly executed by any one of its officers or directors to such effect, provided that the receipt of such evidence and the Closing shall not limit, waive or diminish the scope or otherwise affect in any way the covenants, representations and warranties contained in this Agreement.
- (b) **Performance of Covenants, etc. by the Purchaser.** The Purchaser shall have performed all obligations, covenants and agreements contained in this Agreement to be performed by it at or prior to the Closing Time.
- (c) **Consents etc.** There shall have been obtained from all appropriate Persons such consents, approvals, permits and acknowledgements as may be required in connection with the completion of the Transaction and the Change of Business herein contemplated, including the approval of the Transaction by the TSXV or the CSE, as the case may be, and the approval of the Transaction by the shareholders of the Purchaser in accordance with applicable Laws.
- (d) **No Act on Taken Restricting Sale.** No Legal Proceeding shall have been commenced or shall be pending or, to the knowledge of the Purchaser, threatened against the Purchaser at law or in equity or before or by any Tribunal which would adversely affect the Purchaser or which might adversely affect the ability

of the Purchaser to enter into this Agreement and to perform its respective obligations hereunder.

- (e) **Consideration Shares.** The Consideration Shares shall have been validly issued as fully paid and non-assessable shares of the Purchaser.
- (f) **Non-Fulfilment of Conditions etc. for the Benefit of the Vendor.** In the event that any condition, obligation, covenant or agreement of the Purchaser to be fulfilled and/or performed hereunder at or prior to the Closing Time, including, without limitation, the conditions set forth in this Article 7, shall not be fulfilled and/or performed at or prior to the Closing Time, the Vendor may rescind this Agreement by notice to the Purchaser and in such event the Vendor shall be released from all obligations hereunder and, unless the Vendor can show that the one or more conditions, obligations, covenants or agreements for the non-fulfilment or non-performance of which the Vendor has rescinded this Agreement is or are reasonably capable of being fulfilled and/or performed or caused to be fulfilled and/or performed by the Purchaser, then the Purchaser shall also be released from all obligations hereunder, provided, however, that any of the said conditions, obligations, covenants or agreement may be waived in whole or in part by the Vendor without prejudice to its right of rescission in the event of the non-fulfilment and/or non-performance of any other condition, obligation, covenant or agreement, any such waiver to be binding upon the Vendor only if the same is in writing.

ARTICLE 8
CLOSING PERFORMANCE BY THE PARTIES OF THEIR OBLIGATIONS UNDER
THIS AGREEMENT

8.1 **The Vendor.** The Vendor covenants to Purchaser that that it will do or cause to be done the following:

- (a) **Transfers and Assignments.** At or before the Closing Time, it will cause all necessary steps and corporate proceedings to be taken in order to permit the Purchased Assets to be duly and regularly transferred to the Purchaser.
- (b) **General Conveyance.** On the Closing Date, the Vendor will deliver to Purchaser good and marketable title to an exclusive possession of the Purchased Assets to be sold by each hereunder, free and clear of any and all liens, encumbrances, charges or security interests. At the Closing Time, the Vendor will execute and deliver to Purchaser one or more forms of general assignment and bill of sale in respect of the assignment, conveyance, transfer and delivery of the Purchased Assets to be sold by each hereunder to Purchaser in form acceptable to Purchaser, together with all other documents to be delivered pursuant to this Agreement at the Closing Time which require execution by the Vendor, as applicable.

- (c) **Assignment of Licensed IP.** The Vendor shall cause the owners of the Licensed IP to transfer all right, title and interest in the Licensed IP to the Purchaser in accordance with the assignments included in Schedule "A".
- (d) **Other Documents.** The Vender shall deliver to the Purchaser such other instruments and documents as the Purchaser may reasonably request to effectuate or evidence the transactions contemplated by this Agreement.

8.2 **By Purchaser.** Purchaser covenants to the Vendor that it will do or cause to be done the following:

- (a) At the Closing Time, the Purchaser will cause all necessary steps and corporate proceedings to be taken in order to permit for the Shares set out in Section 2.2 to be issued to the Vendor.
- (b) The Purchaser shall deliver to the Vendor such other instruments and documents as the Vendor may reasonably request to effectuate or evidence the transactions contemplated by this Agreement.

ARTICLE 9

INDEMNIFICATION

9.1 **Indemnification of Purchaser.** The Vendor indemnify, defend, hold harmless and save the Purchaser harmless from and against all claims, damage, loss, costs, liability or expense (collectively, "**Claims**") which the Purchaser suffers or incurs with regard to or arising out of: (a) any non-fulfilment of any covenant or agreement of the Vendor under this Agreement; (b) any incorrectness in or breach of any representation or warranty of the Vendor contained herein or in any certificate or other document furnished by the Vendor pursuant hereto; and (c) any liabilities, indebtedness or obligations arising out of the Vendor's ownership or use of the Purchased Assets prior to the Closing Time.

9.2 **Indemnification of Vendor.** The Purchaser shall severally indemnify, defend, hold harmless and save the Vendor harmless from and against all Claims which the Vendor suffers or incurs with regard to or arising out of: (a) any non-fulfilment of any covenant or agreement of the Purchaser under this Agreement; and (b) any incorrectness in or breach of any representation or warranty of the Purchaser contained herein or in any certificate or other document furnished by the Purchaser pursuant to this Agreement.

ARTICLE 10

NON-SOLICITATION/NON-COMPETITION/CONFIDENTIALITY

10.1 **Non-competition.** In furtherance of the consideration being paid by the Purchaser to the Vendor hereunder, for a period of eighteen (18) months after the Closing Date, the Vendor shall not, directly or indirectly, without the prior written consent of the Purchaser, market, sell or lease any products or services sold or provided by the Business as of the Closing Date, or own any interest in, manage, control, participate in, consult, render services, organize, plan to organize, or in any other manner engage, or make any representation to engage, in any activity or business

competitive with the Business anywhere in Canada (collectively, the "**Competitive Activities**"); provided that, this Section 10.1 shall not be deemed to be breached as a result of the ownership by the Vendor of less than two percent (2%) of any class of stock of a publicly-traded company engaged, directly or indirectly, in Competitive Activities, provided, however, the Vendor shall not be prohibited in any way from assisting Nutritional High International Inc., and any client of Foundation Markets Inc. or FMI Capital Advisory Inc. as well as each of these parties' affiliates and this provision shall not bind the Vendor if the Purchaser terminates the Consulting Agreement

10.2 Non-Solicitation. In furtherance of the consideration being paid by the Purchaser to the Vendor hereunder, for a period of eighteen (18) months after the Closing Date, the Vendor shall not, directly or indirectly, without the prior written consent of Purchaser: (i) call on, solicit, or service any supplier, licensee, licensor, or other business relation of the Business as of the Closing in order to influence or induce or attempt to influence or induce such Person to decrease or cease doing business with the Purchaser, as successor of the business to the Vendor, or (iii) call on, solicit, or service any existing customer of the Business, or any legitimate prospective customer existing on and as of the Closing Date with respect to products or services sold or provided by the Business as of the Closing Date in order to influence or induce or attempt to influence or induce such Person to decrease or cease doing business with the Purchaser, as successor of the business to the Vendor provided, however, that the Vendor shall not be prohibited in any way from assisting Nutritional High International Inc., and any client of Foundation Markets Inc. or FMI Capital Advisory Inc. as well as each of these parties' affiliates and this provision shall not bind the Vendor if the Purchaser terminates the Consulting Agreement

10.3 Confidential Information. The Vendor understands that the Business consists of trade secrets and other information that is confidential, non-public and/or proprietary. The Vendor acknowledges that following the Closing Date, the Purchaser could be irreparably damaged if any such trade secrets or other information that is confidential, non-public or proprietary relating to the Business was disclosed by the Vendor or any of his representatives to any Person, or used by the Vendor or any other Person, and, from and after the Closing Date, the Vendor shall not, and shall cause his representatives not to, at any time without the prior written consent of the Purchaser, disclose or use (or permit to be disclosed or used) in any way any such trade secrets and other information (regardless of whether such trade secrets and other information was obtained or developed prior to the Closing), unless: (i) such information becomes generally available to the public other than as a result of a disclosure by the Vendor or his representatives, or (ii) is required by Law to be disclosed; provided that, in the case of the foregoing clause (ii), the Vendor agrees to provide the Purchaser with prompt notice of each such request, to the extent practicable, so that the Purchaser may seek an appropriate protective order or waive compliance by the Vendor provisions of this Section 10.3, or both. Nothing in this provision shall prohibit the Vendor from assisting Nutritional High International Inc., and any client of Foundation Markets Inc. or FMI Capital Advisory Inc. as well as each of these parties' affiliates and this provision shall not bind the Vendor if the Purchaser terminates the Consulting Agreement.

10.4 Acknowledgment regarding Reasonableness. The Vendor, in giving the covenants contained in this Article 10, hereby acknowledges and agrees that each and all of the provisions

of this Article 10 are reasonable and valid and necessary for the protection of the legitimate business interests of the Purchaser and the Business.

10.5 Equitable Remedies. The Vendor acknowledges that if it should breach or violate, or threaten to breach or violate, any of the provisions of this Article 10, such breach or violation, or threatened breach or violation, would be highly detrimental to the interests of the Purchaser and the Business and would result in irreparable harm to the Purchaser and the Business that could not be calculated or adequately compensated by recovery of damages alone. The Vendor therefore agrees that in the event of such breach or violation or threatened breach or violation, the Purchaser shall, in addition to any other right or relief to which the Purchaser may be entitled, be entitled to interim or permanent injunctive relief, specific performance and other equitable remedies and to such other relief that any arbitrator or court of competent jurisdiction having jurisdiction may deem just.

10.6 Severability. It is hereby agreed that if any covenant of the Vendor set forth in this Article 10 is held by a court of competent jurisdiction to be unreasonable, arbitrary or against public policy, such covenant shall be considered to be divisible with respect to scope, time and geographic area, and such lesser scope, time or geographic area, or all of them, as a court of competent jurisdiction may determine to be reasonable, not arbitrary, and not against public policy, shall be effective, binding and enforceable against the Vendor.

10.7 Tolling. If any provisions of this Article 10 are violated, then the time limitations set forth in this Article 10 shall be extended for a period of time equal to the period of time during which such breach occurs, and, in the event the Purchaser is required to seek relief from such breach before any court, board or other tribunal, then the time limitation shall be extended for a period of time equal to the pendency of such proceedings, including all appeals.

10.8 Rights Cumulative. The Vendor hereby agrees that this Article 10 is in addition to (and not in substitution for or derogation from) any other confidentiality, non-solicitation and non-competition covenants which may, at any time and from time to time, be given by the Vendor to or for the benefit of the Purchaser or the Business.

ARTICLE 11 **CLOSING**

11.1 Closing. Subject to the terms and conditions hereof, the Closing shall take place on the Closing Date at the offices of counsel to the Purchaser, Fogler, Rubinoff LLP, 77 Kings Street West, Suite 3000, in the City of Toronto in the Province of Ontario.

11.2 Documents to be Delivered. The Agreements and documents set out in Article 8 shall be entered into by each party at or prior to Closing and delivered to the other parties for the Closing.

ARTICLE 12 **GENERAL PROVISIONS**

12.1 Expenses. Each of the Parties shall pay their respective legal, accounting, and other professional advisory fees, costs and expenses incurred in connection with the Transaction,

provided however, that the Purchaser shall pay the Vendor's legal costs in relation to reviewing this agreement.

12.2 **Notices.** Any notices, documents or other communication required to be given hereunder shall be in writing and shall be sufficiently given if delivered in person, by facsimile or other electronic form of communication (if an email address or facsimile number is provided below):

- (a) in the case of a notice to the Vendor at:

Jeffrey Maser
127 Chaplin Crescent
Toronto, ON M5P 1A6
Email: jeffmaser@gmail.com

- (b) in the case of a notice to the Purchaser at:

77 King Street West
Suite 2905 TD Centre
Toronto, Ontario
M5K 1H1

Attention: Adam Szweras and Yannis Banks
Fax: 416-849-2310
Email: aszweras@foglery.com and ybanks@foundationmarkets.com

Any notice or other communication delivered pursuant to this Section 12.2 shall be deemed to have been given and received on the day on which it was delivered or transmitted (or, if such day is not a Business Day, on the next following Business Day). Any Party may at any time change its address for service from time to time by giving notice to the other party in accordance with this Section 12.2.

12.3 **Further Assurances.** Each of the Vendor and Purchaser hereby covenants and agrees that at any time and from time to time after the Closing Date it will, upon the request of the other, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, assignments, transfers, conveyances and assurances as may be required for the better carrying out and performance of all the terms of this Agreement.

12.4 **Entire Agreement.** This Agreement, including the Schedules, and together with the agreements and other documents to be delivered pursuant to this Agreement, including the Consulting Agreement, constitute the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no conditions, covenants, warranties, representations or other agreements between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any documents delivered pursuant to this Agreement.

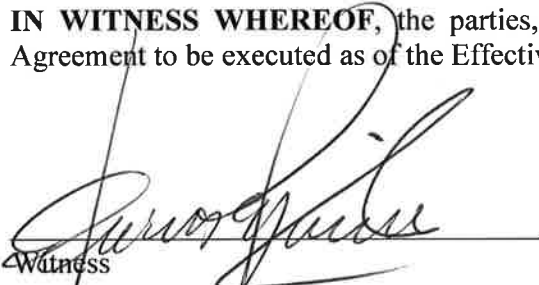
12.5 **Amendment, Waiver.** This Agreement may not be amended or modified in any respect except by written instrument signed by the Parties. Except as expressly provided in this Agreement, no waiver of this Agreement shall be binding unless executed in writing by the Party to be bound. No waiver of any 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.

12.6 **Assignment and Enurement.** No Party may assign this Agreement or its rights under this Agreement without first obtaining the prior written consent of the other Parties. This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors (including any successor by reason of amalgamation of any Party), heirs, executors, administrators and legal representatives and permitted assigns, as applicable.


12.7 **Further Assurances.** The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to complete the Transaction, and each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Closing.

12.8 **Signatures; Counterparts.** This Agreement may be executed by facsimile, PDF or other electronic signature and in any number of counterparts and on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties, by their duly appointed officers, have caused this Agreement to be executed as of the Effective Date.



Witness



JEFFREY MASER

THE TINLEY BEVERAGE COMPANY INC.

Per: 

Name:
Title:

I have authority to bind the corporation

SCHEDULE "A"

LIST OF PURCHASED ASSETS

The Purchased Assets, all of which are owned by the Vendor, include the following:

1. Know-how and any Intellectual Property rights to the hemp stalk oil infused beverage formulations developed by the Vendor together with third parties and all business relationships related thereto.
2. Hemp stalk oil infused beverage business plan.
3. Non-binding term sheet with beverage formulator.
4. Consulting agreement with Jeffrey Pencer.
5. The strategy briefing and the work product and all related rights to work product from the branding company.
6. The Domain Names; the Twitter handle "@drinktinley"; the Instagram handle "drinktinley"; and the Tinley Beverage Facebook page.
7. Assignment of all right, title and interest in and to any verbal agreements, contract negotiations and purchase orders with drink formulators, hemp oil suppliers, packagers, web marketers, distributors and other suppliers and consultants.

SCHEDULE "B"

PERMITS

Nil.

SCHEDULE "C"

PURCHASER DEBENTURE CONVERSIONS/INSIDER LOANS SETTLEMENT/ DEBT SETTLEMENTS

1. On September 30, 2015, the Purchaser completed a debt settlement with the holders of convertible debentures (the "**Debentures**") in the aggregate amount of \$389,753.33 (including accrued interest thereto) into equity (the "**Debenture Conversions**") as follows:
 - \$212,352.04 was converted into Shares at a price of \$0.06 per Share, resulting in the issuance of 3,539,195 Shares.
 - \$177,402.29 was converted into units (the "**Units**") of the Purchaser at a price of \$0.15 per Unit, resulting in the issuance of 1,182,678 Units. Each Unit is comprised of one (1) Share and one half of one (1/2) common Share purchase warrant (each a "**Debenture Conversion Warrant**"). Each Debenture Conversion Warrant is exercisable into one (1) Share at a price of \$0.20 per Share for a period of 24 months from the date of issuance.
2. On September 30, 2015, the Purchaser completed a debt settlement to eliminate \$210,070.77 of insider loans (the "**Insider Loans**") by converting the Insider Loans into Shares at a price of \$0.06 per Share, resulting in the issuance of 3,501,180 Shares (the "**Insider Loans Settlement**").
3. On September 30, 2015, the Company completed debt settlement agreements (the "**Debt Settlement Agreement**") with certain service providers to settle certain accrued debt (the "**Debt Settlements**") as follows:
 - An amount of \$146,056.34 was settled with non-arm's length parties by converting the said amount into Shares at a price of \$0.06 per Share, resulting in the issuance of 2,434,272 Shares.
 - An amount of \$252,283.63 was settled with non-arm's length parties by converting said amount into Shares at a price of \$0.06 per Share, resulting in the issuance of 4,204,727 Shares.