

AMALGAMATION AGREEMENT

between

ADIRA ENERGY LTD.

- and -

S.M.A.A.R.T. HOLDINGS INC.

- and -

1149770 B.C. LTD.

January 31, 2018

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THIS AMALGAMATION AGREEMENT is made effective as of the 31st day of January, 2018

BETWEEN:

ADIRA ENERGY LTD., a corporation incorporated under the federal laws of Canada (“**Adira**”)

- and -

S.M.A.A.R.T HOLDINGS INC., a corporation incorporated under the laws of the Province of British Columbia (“**SMAART**”)

- and -

1149770 B.C. LTD., a corporation incorporated under the laws of the Province of British Columbia (“**Adira Subco**”)

WHEREAS SMAART is a private company incorporated pursuant to the laws of the Province of British Columbia;

AND WHEREAS Adira is a public company whose common shares are listed for trading on the TSXV Venture Exchange;

AND WHEREAS Adira Subco is a wholly owned subsidiary of Adira;

AND WHEREAS the SMAART Shareholders (as defined herein) will, in the aggregate, own a sufficient number of post-Consolidation Adira Shares (as defined herein) so as to collectively exercise control over Adira as to effect a “Reverse Take-Over” of Adira within the meaning of Policy 5.2 – *Changes of Business and Reverse Takeovers*, of the Exchange’s corporate finance manual;

AND WHEREAS In order to most efficiently effect the terms of the Amalgamation (as herein defined), Adira, Adira Subco and SMAART have agreed to amalgamate under the provisions of the *Business Corporations Act* (British Columbia) on the terms and conditions described in this Agreement and continue as one corporation

NOW THEREFORE in consideration of the covenants, agreements, representations and warranties set forth herein, the receipt and sufficiency of which is hereby acknowledged, the parties hereto respectively covenant and agree as set forth below.

ARTICLE 1 **INTERPRETATION**

1.1 **Definitions**

In this Agreement, including the recitals and any schedules hereto, the following terms and expressions will have the following meanings:

“**Adira**” means Adira Energy Ltd., a corporation incorporated under the federal laws of Canada.

“**Adira Assets**” means all of Adira’s right, title, estate and interest in and to its property and assets, real and personal, moveable and immovable, of whatsoever nature and kind and

wheresoever situate, including, without limitation, the assets as more particularly set forth and described in the Adira Financial Statements.

“Adira Disclosure Documents” means documents filed by or on behalf of Adira that are publicly available in electronic form on the System for Electronic Document Analysis and Retrieval, commonly known as “SEDAR”, at www.sedar.com.

“Adira Documents” means all contracts, agreements, documents, permits, licenses, leases, appraisals, certificates, plans, drawings, specifications, reports, compilations, analyses, studies, financial statements, budgets, market surveys, minute books, corporate records, and any other documents or information of whatsoever nature relating to Adira, the Adira Assets or its business and any and all rights in relation thereto.

“Adira Financial Statements” means the audited financial statements of Adira for the years ended December 31, 2014 and December 31, 2015 and December 31, 2016 copies of which are attached to the Listing Statement.

“Adira Indemnified Persons” has the meaning set forth in Subsection **Error! Reference source not found.** hereof.

“Adira Intellectual Property” means all Intellectual Property used by Adira in carrying out its business, including but not limited to the Intellectual Property listed in Schedule 4.1(1)(jj) hereto.

“Adira Meeting” means the annual general and special meeting of the Adira Shareholders to approve, among other things, the Amalgamation, the Consolidation and the Name Change.

“Adira Material Contracts” means any contract, agreement (written or oral) commitment, indenture, or other instrument to which Adira is bound and which is material to Adira or its business, and which involves a price, consideration or revenue stream of more than \$10,000 in the aggregate, including those entered into in the ordinary course of its business, or which could materially affect the Adira Assets or financial condition of Adira.

“Adira Options” means options to purchase Adira Shares granted under Adira’s stock option plan.

“Adira Shares” means the common shares in the capital of Adira.

“Adira Shareholders” means holders of Adira Shares.

“Adira Subco” means 1149770 B.C. LTD.

“Adira Warrants” means 4,820,000 warrants entitling the holders thereof to purchase up to 4,820,000 pre-Consolidation Adira Shares at an exercise price of \$0.04 per Adira Share until May 6, 2018.

“Agent” means the private placement agent under the Concurrent Offering.

“Agreement” means this agreement and includes any agreement amending this agreement or any agreement or instrument which is supplemental or ancillary thereof, and the expressions “above”, “below”, “herein”, “hereto”, “hereof” and similar expressions refer to this Agreement.

“**Amalco**” means Empower Healthcare Corporation, the corporation to be formed by the Amalgamation (or such other name as shall be approved by Adira and SMAART).

“**Amalgamation**” means the amalgamation of Adira Subco and SMAART under Section 269 of the BCBCA and in accordance with the terms and conditions of this Agreement to form Amalco;

“**BCBCA**” means the *Business Corporations Act* (British Columbia).

“**Business**” means the business currently carried on by SMAART and the SMAART Subsidiaries which involves the operation of a network of physician-staffed medical clinics and to garner royalties from the sale of proprietary medical cannabis products manufactured, dispensed, and delivered by third party channel partners.

“**Business Permits**” means all licenses, permits and similar rights and privileges that are required and necessary under applicable legislation, regulations, rules and orders for SMAART and each of the SMAART Subsidiaries to own the SMAART Assets and operate the Business or for the status and qualification of SMAART and each of the SMAART Subsidiaries to carry on the Business.

“**Certificate**” means a written certificate of a matter or matters of fact which, if required by a corporation, shall be made by a duly authorized officer of such corporation.

“**Closing**” means the closing of the Transaction.

“**Closing Date**” means the day that the Transaction closes, which shall not be prior to the date upon which all regulatory approvals have been obtained for the transactions described herein, and including, specifically, the approval of the CSE for the Transaction and the satisfaction or waiver of all of the conditions contained in this Agreement.

“**Commercial Software Licenses**” means “shrink-wrap”, “web-wrap”, “click-wrap” or other similar generic licenses for commercially available software available to the public through retail dealers.

“**Concurrent Offering**” means a brokered private placement by SMAART of its securities for minimum gross proceeds of \$2 million.

“**Consolidation**” means the share consolidation of all the Adira Shares on the basis of 1 post consolidation common share for every 6.567 pre-consolidation common shares issued and outstanding.

“**Counsel**” means any barrister, solicitor or attorney or a firm thereof retained by Adira or SMAART as the case may be.

“**CSE**” means the Canadian Securities Exchange.

“**Direct Claim**” has the meaning set forth in Section 6.3 hereof.

“**Encumbrances**” means any charge, mortgage, hypothec, lien, pledge, claim, embargo, security interest, legal or conventional, moveable or immovable, specific or floating, whether created or arising by agreement, statute or otherwise, attaching to property, interests or rights, and shall be construed in the widest possible terms and principles known under the law.

“**Exchange**” means the TSX Venture Exchange.

“**Exchanged Shares**” means the post-Consolidation Adira Shares to be issued by Adira to the SMAART Shareholders in exchange for all of the SMAART Shares.

“**Listing Statement**” means the CSE Form 2A listing statement to be filed with the CSE concerning the Transaction and the business of the Resulting Issuer following the completion thereof.

“**Governmental Authority**” means any government in Canada, or any foreign government and any agency, or department, tribunal, board, commission, court or other authority exercising or purporting to exercise executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government, as well as any arbitrator, arbitration tribunal or other tribunal or other quasi-governmental or private body exercising any regulatory, expropriation or taxation authority under or for the account of any of the foregoing.

“**Governmental Charges**” means all fees, levies and charges imposed by a Governmental Authority.

“**IFRS**” means International Financial Reporting Standards.

“**Indemnified Party**” has the meaning set forth in Section 6.3 hereof.

“**Indemnifying Party**” has the meaning set forth in Section 6.3 hereof.

“**Intellectual Property**” means all domestic and foreign (a) inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto and all patents, patent applications, patent disclosures and industrial designs, together with all reissuances, continuations, continuations-in-part, revisions, extensions and re-examinations thereof, (b) trademarks, service marks, trade dress, trading styles, logos, trade names and business names, together with all translations, adaptations, derivations and combinations thereof and including all goodwill associated therewith and all applications, registrations and renewals in connection therewith, (c) copyrightable works, copyrights and applications, registrations and renewals in connection therewith, (d) trade secrets and confidential business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information and business and marketing plans and proposals), (e) computer systems, software, data and related documentation, (f) other proprietary rights, (g) right, title and interest as licensee or authorized user of any of the aforementioned intellectual property, and (h) copies and tangible embodiments thereof in whatever form or medium whether now known or hereafter developed.

“**Lien**” means any mortgage, charge, pledge, hypothec, security interest, prior claim, encroachment, option, right of first refusal or first offer, occupancy right, covenant, assignment, lien (statutory or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute.

“**Material Adverse Effect**” in respect of a Person means any change, effect, event, occurrence, condition or development that has or could reasonably be expected to have, individually or in the aggregate, a material and adverse impact on the business, operations, results of operations, assets,

capitalization or financial condition of such Person, other than any change, effect, event, occurrence or state of facts relating to the global economy or securities markets in general.

“**Name Change**” means the change in name of Adira to “Empower Clinics Inc.”.

“**Orders**” means all material applicable orders, decisions, binding directives, or the like rendered by any Governmental Authority.

“**Person**” means any body corporate or entity which is a judicial person, or any individual.

“**Policy**” means Policy 5.2 – Changes of Business and Reverse Takeovers, of the Exchange’s corporate finance manual.

“**Resulting Issuer**” means Adira following completion of the Transaction.

“**Reverse Takeover**” shall have the meaning provided to such term in the Policy.

“**SMAART**” means SMAART Holdings Inc., a corporation incorporated under the BCBCA.

“**SMAART Assets**” means all of the right, title, estate and interest in and to SMAART or a SMAART Subsidiary, of property and assets, real and personal, moveable and immovable, of whatsoever nature and kind and wheresoever situate.

“**SMAART Debentures**” means the convertible debentures in the aggregate principal amount of US\$2,115,466.

“**SMAART Documents**” means all contracts, agreements, documents, permits, licenses, leases, appraisals, certificates, plans, drawings, specifications, reports, compilations, analysis, studies, financial statements, budgets, market surveys, minute books, corporate records and any other documents or information of whatsoever nature relating to SMAART, the Business or the SMAART Assets and any and all rights in relation thereto.

“**SMAART Financial Statements**” means the audited consolidated financial statements of SMAART and the SMAART Subsidiaries as at September 30, 2017, December 31, 2016 and December 31, 2015 and for the period ended September 30, 2017, year ended December 31, 2016 and the period ended December 31, 2015 copies of which are attached to the Listing Statement.

“**SMAART Intellectual Property**” means all Intellectual Property used in the Business, including but not limited to the Intellectual Property listed in Schedule 3.1(1)(mm) hereto.

“**SMAART Leases**” means all leases of real property of SMAART as set forth in Schedule 3.1(1)(d) hereto.

“**SMAART Material Contracts**” means any contract, agreement (written or oral) commitment, indenture, or other instrument to which SMAART a SMAART Subsidiary is bound and which is material to the Business, or which involves a price, consideration or revenue stream of more than \$10,000, including those entered into in the ordinary course of business, or which could materially affect the SMAART Assets, or Business or financial condition of SMAART, as set forth in Schedule 3.1(1)(l) hereto.

“**SMAART Options**” means the stock options to purchase SMAART Shares, of which 3,300,000 are outstanding as of the date hereof.

“**SMAART Permitted Encumbrances**” means those security interests charging the SMAART Assets as set forth in the SMAART Financial Statements.

“**SMAART Shares**” means the Class A common shares in the capital of SMAART, of which 48,337,225 are issued and outstanding as at the date hereof.

“**SMAART Shareholders**” means the holders of the SMAART Shares.

“**SMAART Subsidiaries**” means the wholly or indirectly owned entities listed in Schedule 3.1(1)(b).

“**SMAART Warrants**” means the 5,641.189 warrants to purchase SMAART Shares issuable upon the conversion of the SMAART Debentures, based on a conversion price of \$US0.375 for the SMAART Debentures based on the Concurrent Financing, will have an exercise price of \$US0.625.

“**Tax Act**” means the *Income Tax Act* (Canada), as amended from time to time.

“**Third Party**” has the meaning set forth in Section 6.7 hereof.

“**Third Party Claim**” has the meaning set forth in Section 6.5 hereof.

“**Time of Closing**” means 10:00 a.m., Toronto time, on the Closing Date when the Closing shall be completed or such other time as the parties hereto may agree.

“**Transaction**” means the Completion of the Amalgamation, which shall constitute the Reverse Takeover of Adira.

1.2 **Schedules**

Appended hereto are the following schedules, which are incorporated into this Agreement by reference and are deemed to be a part hereof:

Schedule 3.1(1)(b)	SMAART Subsidiaries
Schedule 3.1(1)(d)	SMAART Leases
Schedule 3.1(1)(l)	SMAART Material Contracts
Schedule 3.1(1)(n)	Employees of SMAART
Schedule 3.1(1)(mm)	SMAART Intellectual Property

1.3 **Schedule References**

Wherever any provision of any schedule to this Agreement conflicts with any provision in the body of this Agreement, the provisions of the body of this Agreement shall prevail. References herein to a schedule shall mean a reference to a schedule to this Agreement. References in any schedule to this Agreement shall mean a reference to this Agreement. References in any schedule to another schedule shall mean a reference to a schedule to this Agreement.

1.4 Canadian Dollars

All dollar amounts referred to in this Agreement are in Canadian funds, unless otherwise indicated herein.

1.5 Extended Meanings

In this Agreement, words importing the singular number include the plural and vice versa; words importing the masculine gender include the feminine gender; and references to any statute shall extend to and include orders-in-council or regulations passed under and pursuant thereto, of any amendment or re-enactment of such statute, orders-in-council or regulations, or any statute, order-in-council or regulations substantially in replacement thereof.

1.6 Entire Agreement, Amendments and Waivers

This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties, including the letter of intent dated November 4, 2015, as subsequently amended and superseded on August 9, 2017 between Adira and SMAART, and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein. No amendment, supplement, modification, waiver or termination of this Agreement shall be binding unless executed in writing by the party to be bound thereby.

1.7 Headings

Section headings are not to be considered part of this Agreement and are included solely for convenience of reference and are not intended to be full or accurate descriptions of the contents thereof.

1.8 Successors and Assigns

All of the terms and provisions in this Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and assigns.

1.9 SMAART Subsidiaries.

To the extent any covenants or agreements relate, directly or indirectly, to a SMAART Subsidiary, each such provision shall be construed as a covenant by SMAART to cause (to the fullest extent to which it is legally capable) such SMAART Subsidiary to perform the required action.

**ARTICLE 2
THE AMALGAMATION**

2.1 Implementation Steps

- (a) Adira shall call and convene the Adira Meeting at which the Adira Shareholders will be asked to approve the Amalgamation, the Name Change, the Consolidation and any ancillary matters.

- (b) Adira covenants in favour of the other parties hereto that it shall, in its capacity as the sole shareholder of Adira Subco, approve and execute a special resolution approving the Amalgamation as soon as reasonably practicable following approval of same at the Adira Meeting.
- (c) SMAART shall call and convene a meeting of holders of SMAART Shares to approve the Amalgamation and any ancillary matters.
- (d) The Consolidation and Name Change shall be effected, which for greater certainty will occur concurrently with Closing.
- (e) Following the approval of this Agreement by the shareholders of Adira, Adira Subco and SMAART in accordance with the BCBCA and with the terms of this Agreement, and subject to the satisfaction or waiver of all conditions precedent set forth in this Agreement, Adira Subco and SMAART shall jointly file articles of Amalgamation as provided under the BCBCA.

2.2 Effects of the Amalgamation

At the Effective Time, the following shall occur and shall be deemed to occur without any further act or formality:

- (a) Adira Subco and SMAART shall amalgamate to form Amalco and shall continue as one company under the BCBCA in the manner set out in Section 2.5 hereof and with the effect as of the Effective Time;
- (b) immediately upon the Amalgamation:
 - (i) each one (1) SMAART Share, shall be exchanged for one (1) fully-paid and non-assessable Adira Share;
 - (ii) each one (1) SMAART Warrant which for greater certainty includes the Warrants issued upon the conversion of the SMAART Debentures, shall be exchanged for one (1) warrant entitling the holders thereof to Adira Shares, with the same terms and exercise price as further set out in the warrant certificates governing the SMAART Warrants;
 - (iii) each one (1) SMAART Option shall be exchanged for one (1) option entitling the holders thereof to Adira Shares, with the same terms and exercise price as further set out in certificates governing the SMAART Options;
 - (iv) each one (1) Adira Warrant, shall be exchanged for one (1) warrant entitling the holders thereof to Adira Shares, with the same terms and exercise price as further set out in the warrant certificates governing the Adira Warrants, subject to such adjustments as are necessary to give effect to the Amalgamation;
 - (v) each common share in the capital of Adira Subco shall be exchanged for one (1) fully-paid and non-assessable common share in the capital of Amalco;

- (vi) all of the property and assets of each of Adira Subco, and SMAART shall be the property and assets of Amalco and Amalco shall be liable for all of the liabilities and obligations of each of Adira Subco and SMAART; and
- (vii) Amalco shall be a wholly-owned subsidiary of Adira.

2.3 Consultation

Upon execution of this Agreement, Adira and SMAART shall issue a joint press release which announces that the parties have entered into this Agreement and providing such further information concerning the Transaction as the parties may agree or as is otherwise required by the Exchange or the CSE. The parties shall consult with each other in respect to issuing any press release or otherwise making any public statement with respect to this Agreement or the Amalgamation, its business or operations and in making any filing with any Governmental Body, securities regulatory authority or stock exchange with respect thereto. Each of Adira and SMAART shall use commercially reasonable efforts to enable the other party to review and comment on all such press releases, public statements and filings prior to the release or filing, respectively, thereof, provided, however, that the obligations herein shall not prevent a party from making, after consultation with the other party, such disclosure as is required by applicable laws or the rules and policies of any applicable stock exchange. Reasonable consideration shall be given to any comments made by the other party and its counsel.

2.4 Adira Circular

- (a) As promptly as reasonably practicable following execution of this Agreement, Adira, in consultation with the other parties, shall prepare the information circular for the Adira Meeting together with any other documents required by applicable laws. On the date thereof, the Parties shall each ensure that this information circular complies in all material respects with all applicable laws and that it contains sufficient detail to permit the Adira Shareholders to form a reasoned judgment concerning the matters to be placed before them at the Adira Meeting.
- (b) The parties shall also use best efforts to obtain any necessary consents from any of its auditors and any other advisors to the use of any financial, technical or other expert information required to be included in the information circular for the Adira Meeting. The parties shall ensure that any information related to itself does not include any misrepresentation.
- (c) The parties shall each promptly notify each other if at any time before the Closing Date either becomes aware that the information circular for the Adira Meeting contains a misrepresentation, or that otherwise requires an amendment or supplement to the information circular and the parties shall co-operate in the preparation of any amendment or supplement as required or appropriate, and Adira shall promptly mail or otherwise publicly disseminate any amendment or supplement to the Adira Shareholders and, if required by applicable laws, file the same with any Governmental Authority or stock exchange and as otherwise required.

2.5 Amalco

Following the Amalgamation, Amalco shall be organized as follows:

- (a) The name of Amalco shall be “Empower Healthcare Corporation” or such other name as may be jointly approved by Adira and SMAART.
- (b) The registered office of Amalco shall be 221 Esplanade W #409, North Vancouver, BC V7M 3J3.
- (c) There shall be no restrictions on the business that Amalco may carry on or on the powers that Amalco may exercise.
- (d) The authorized capital of Amalco shall be an unlimited number of common shares.
- (e) If Amalco:
 - (i) is not a reporting issuer or an investment fund within the meaning of applicable securities legislation; and
 - (ii) has not distributed to the public (excluding accredited investors within the meaning of applicable securities legislation) any of its securities;

then no securities in the capital of Amalco (other than non-convertible debt securities) shall be transferred without either:

- (i) the previous consent of the board of directors expressed by a resolution passed by the board of directors or by an instrument or instruments in writing signed by a majority of the directors; or
 - (ii) the previous consent of the holders of at least 51% of the securities of that class for the time being outstanding expressed by a resolution passed by the security holders or by an instrument or instruments in writing signed by such security holders.
- (f) The stated capital account in the records of Amalco for Amalco Shares shall be equal to the stated capital attributed to the shares of the corporations amalgamating to create Amalco.
 - (g) The board of directors of Amalco shall consist of not less than one (1) and not more than ten (10) directors, until changed in accordance with the BCBCA. Until changed by the shareholders of Amalco, or by the directors of Amalco if authorized by the shareholders of Amalco, the number of directors of Amalco shall be two.
 - (h) The first director of Amalco shall be the person whose name and address for service appears below:

Name	Address for Service	Resident
Craig Snyder	221 Esplanade W #409, North Vancouver, BC V7M 3J3	American

The first director named above shall hold office from the Closing Date until the later of the close of the first annual meeting of shareholders of Amalco and the date on which a successor is elected or appointed.

- (i) The by-laws of Amalco shall be, to the extent not inconsistent with this Agreement, the by-laws of Adira Subco, unless and until repealed or amended.
- (j) The first auditors of Amalco shall be MNP LLP, Chartered Accountants. The first auditors of Amalco shall hold office until the first annual meeting of shareholders of Amalco following the Amalgamation, or until their successor is appointed.
- (k) The fiscal year end of Amalco shall be December 31.

2.6 **Structuring**

The parties and their advisors shall in good faith consider and investigate whether the transactions contemplated by this Agreement may be effected in a manner which is more tax efficient than that set out herein. If, following such investigation, the parties deem it necessary or advisable, the parties shall amend this Agreement in order to provide for a more tax efficient structure.

ARTICLE 3

REPRESENTATIONS, WARRANTIES AND COVENANTS OF SMAART

3.1 Representations, Warranties and Covenants of SMAART

(1) SMAART represents and warrants to Adira as follows, and confirms that where a representation and warranty contained herein is stated to be made in accordance with the knowledge of SMAART, such representation and warranty shall be deemed to be made to the actual knowledge of SMAART. SMAART confirms that Adira is entitled to rely upon the accuracy of each of such representations and warranties in connection with the completion of the other transactions hereunder:

- (a) **Authority and Binding Obligation.** SMAART has good right and full corporate power and absolute authority to enter into this Agreement and to perform all of SMAART's obligations under this Agreement. SMAART and its board of directors have taken all necessary actions, steps and corporate and other proceedings to approve or authorize, validly and effectively, the entering into, and the execution, delivery and performance of this Agreement and the transactions contemplated herein.
- (b) **Subsidiaries and Other Interests.**

- (i) The following information with respect to each SMAART Subsidiary is accurately set out in Schedule 3.1(1)(b): (i) its name; (ii) the number, type and principal amount, as applicable, of its outstanding equity securities or other equity interests and a list of registered holders of capital stock or other equity interests; and (iii) its jurisdiction of incorporation, organization or formation.
- (ii) SMAART is, directly or indirectly, the registered and beneficial owner of all of the outstanding common shares or other equity interests of each of the SMART Subsidiaries, free and clear of any Liens, all such shares or other equity interests so owned by SMAART have been validly issued and are fully paid and non-assessable, as the case may be, and no such shares or other equity interests have been issued in violation of any pre-emptive or similar rights. Except for the shares or other equity interests owned by SMAART in any SMAART Subsidiary, SMAART does not own, beneficially or of record, any equity interests of any kind in any other Person, and is not subject to any obligation to make any investment in or to provide funds by way of loan, capital contribution or otherwise to any Persons.
- (c) Title to SMAART Assets by SMAART and SMAART Subsidiaries. SMAART and each of the SMAART Subsidiaries, as applicable, is the owner of and has good and marketable title to all of its material properties and SMAART Assets, including, without limitation, all properties and SMAART Assets reflected in the SMAART Financial Statements, and all properties and assets acquired by SMAART after the date of the SMAART Financial Statements, free and clear to its knowledge of all Encumbrances whatsoever, except for SMAART Permitted Encumbrances or the Encumbrances disclosed or reflected in the SMAART Financial Statements.
- (d) No Other Owner of SMAART Assets. Except for the SMAART Leases, as set out in Schedule 3.1(1)(d) or as provided in the SMAART Financial Statements, no Persons other than SMAART or a SMAART Subsidiary, as applicable, owns any SMAART Assets which are being used in the Business and there are no agreements or commitments by SMAART to purchase property or assets, other than in the ordinary course of the Business.
- (e) No Title Defects. Neither SMAART nor any SMAART Subsidiary has received notice of any material defect in its title or claim to the SMAART Assets or any notice from any third party claiming such an interest, and, for the period of time that SMAART or a SMAART Subsidiary has owned the SMAART Assets, as applicable, all material relevant obligations of SMAART or any SMAART Subsidiary in relation to the SMAART Assets have been performed and observed.
- (f) Title Documents. The SMAART Documents and the SMAART Material Contracts are the only material documents and contracts currently in effect under and by virtue of which SMAART or any SMAART Subsidiary is entitled to the SMAART Assets or which otherwise relates to or affects the interest of SMAART in the SMAART Assets.

- (g) No Orders. There are no outstanding material orders, notices or similar requirements relating to the SMAART Assets issued by any Governmental Authority including, without limitation, occupational health and safety authorities and there are no matters under discussion between SMAART or any SMAART Subsidiary and any such authorities relating to orders, notices or similar requirements.
- (h) No Restrictions on Doing Business. Neither SMAART nor any SMAART Subsidiary is a party to or bound by any agreement which would restrict or limit its right to carry on any business or activity or to solicit business from any Persons or in any geographical area or otherwise to conduct the Business as SMAART or any SMAART Subsidiary may determine. Neither SMAART nor any SMAART Subsidiary is subject to any legislation or any judgment, order or requirement of any court or governmental authority which is not of general application to Persons carrying on a business similar to the Business. There are no facts or circumstances known to SMAART which could materially adversely affect the ability of SMAART or any SMAART Subsidiary to continue to operate the Business as presently conducted following the completion of the transactions contemplated by this Agreement.
- (i) No Guarantees. Neither SMAART nor any SMAART Subsidiary is a party to or bound by any agreement of guarantee, indemnification, assumption or endorsement or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any Persons except in the ordinary course of carrying on the Business.
- (j) Accounts Receivables. The accounts receivables of SMAART reflected on the SMAART Financial Statements and all accounts receivable of SMAART arising since December 31, 2016 arose from bona fide transactions in the ordinary course of the business of SMAART and are good and collectible accounts subject to an allowance for doubtful accounts taken in accordance with IFRS.
- (k) Revenue Not Assigned. Except for SMAART Permitted Encumbrances, SMAART has not assigned or otherwise encumbered the revenue, if any, derived from the SMAART Assets.
- (l) SMAART Material Contracts. SMAART has provided or made available copies of all SMAART Material Contracts to Adira and all SMAART Material Contracts are listed in Schedule 3.1(1)(l). SMAART is not in default or breach of any SMAART Material Contract.
- (m) Partnerships or Joint Ventures. Except as disclosed in the SMAART Material Contracts, Neither SMAART nor any SMAART Subsidiary is a partner or participant in any partnership, joint venture, profit-sharing arrangement or other association of any kind and is not a party to any agreement under which SMAART or any SMAART Subsidiary has agreed to carry on any part of the Business or any other activity in such manner or by which SMAART or any SMAART Subsidiary has agreed to share any revenue or profit with any other Persons.

- (n) Employees of SMAART. The only employees of SMAART and the SMAART Subsidiary are those employees named in Schedule 3.1(1)(n), all written employment agreements with respect to said employees have been provided to Adira and there are no outstanding amounts payable to employees other than in the ordinary course of business or as disclosed in the SMAART Financial Statements.
- (o) Officers and Directors of SMAART. The only officers and directors of SMAART are as hereinafter set forth:

Name	Office
Craig Snyder	President and Director
Alan Rootenberg	Chief Financial Officer and Director
Emily Davis	Corporate Secretary and Director
Ryan Roebuck	Director

- (p) Management Contracts. Except with respect to Craig Snyder, neither SMAART nor any SMAART Subsidiary is a party to any written management contract or employment agreement, including without limitation, any contract which provides for a right of payment in the event of a change in control of SMAART.
- (q) Contractual and Regulatory Approvals. Neither SMAART nor any SMAART Subsidiary is under any obligation, contractual or otherwise, to request or obtain the consent of any Person, and no permits, licenses, certifications, authorizations or approvals of, or notifications to, any Governmental Authority are required to be obtained by SMAART or any SMAART Subsidiary:
 - (i) in connection with the execution, delivery or performance by SMAART of this Agreement or the completion of the Transaction;
 - (ii) to avoid the loss of any permit, licence, certification or other authorization within ninety (90) days of the completion of the Transaction, or
 - (iii) in order that the authority of SMAART to carry on the Business in the ordinary course and in the same manner as presently conducted remains in good standing and in full force and effect as of and following the Closing of the transactions contemplated hereunder.
- (r) Status, Constatng Documents and Licences. SMAART is a corporation duly incorporated and validly subsisting in all respects under the laws of the Province of British Columbia. SMAART and each SMAART Subsidiary has all necessary corporate power to own its properties and to carry on its businesses as it is now being conducted. The articles, by-laws and other constating documents of SMAART and each SMAART Subsidiary as provided to Adira are complete and accurate. SMAART and each SMAART Subsidiary is duly licensed, registered and qualified as a corporation to do business, is up-to-date in the filing of all

required corporate returns and other notices and filings and is otherwise in good standing in all material respects, in each jurisdiction in which: (i) it owns or leases property, or (ii) the nature or conduct of its business or any part thereof, or the nature of the property of SMAART and each SMAART Subsidiary or any part thereof, makes such qualification necessary to enable the Business to be carried on as now conducted or to enable the property and assets of SMAART and each SMAART Subsidiary to be owned, leased and operated by it, except where failure to be so licensed, registered and qualified or to make such filings would not have a material adverse effect on SMAART or any SMAART Subsidiary. There are no proceedings in progress, pending or, to the knowledge of SMAART, threatened, which could result in the revocation, cancellation or suspension of any of the Business Permits.

- (s) Transaction Compliance with Constatting Documents, Agreements and Laws. The execution, delivery and performance of this Agreement and each of the other agreements contemplated or referred to herein by SMAART, and the completion of the transactions contemplated hereby, will not constitute or result in a violation or breach of or default under, or cause the acceleration of any obligations of SMAART under:
 - (i) any term or provision of any of the articles, by-laws or other constating documents of SMAART;
 - (ii) the terms of any agreement (written or oral), indenture, instrument or understanding or other obligation or restriction to which SMAART is a party or by which it is bound; or
 - (iii) any term or provision of any of the Business Permits, SMAART Material Contracts or any order of any court, governmental authority or regulatory body made against SMAART or the SMAART Assets or any law or regulation of any jurisdiction in which the Business is carried on which is applicable to SMAART or the SMAART Assets.
- (t) Corporate Records. The corporate records and minute books of SMAART and each SMAART Subsidiary as provided to Adira are materially complete and accurate. The share certificate books, register of security holders, register of transfers and register of directors and any similar corporate records of SMAART and each SMAART Subsidiary are complete and accurate in all material respects.
- (u) Authorized and Issued Capital. The authorized capital of SMAART consists of (i) an unlimited number of SMAART Shares with no par value, of which 48,337,225 are issued and outstanding as fully paid and non-assessable shares as of the date hereof, and (ii) an unlimited number of preferred shares of which none are issued and outstanding as of the date hereof.
- (v) No Convertible Securities. Other than the SMAART Debentures the SMAART Warrants and the SMAART Options, there are no outstanding securities of SMAART or any SMAART Subsidiary that are convertible, exchangeable, or redeemable into SMAART Shares or securities of any SMAART Subsidiary, including, without limitation, options, warrants or preferred shares.

- (w) Options and Warrants. There are currently 3,300,000 SMAART Options outstanding and 5,872,165 SMAART Warrants issuable upon the conversion of the SMAART Debentures.
- (x) No Other Reserved Securities. Other than in relation to the Concurrent Financing, neither SMAART nor any SMAART Subsidiary has any reserved securities or other securities outstanding other than those disclosed herein. At the Time of Closing, and other than pursuant to the Concurrent Offering, there will not be any outstanding subscriptions, rights, warrants or other agreements or commitments obligating SMAART or any SMAART Subsidiary to sell or issue any additional shares or securities of any class of SMAART or any SMAART Subsidiary or any securities convertible into any shares of any class of SMAART or any SMAART Subsidiary.
- (y) Shareholders' Agreements. There are no shareholders' agreements, pooling agreements, voting trusts or other similar agreements to which SMAART or any SMAART Subsidiary is a party.
- (z) Documents. SMAART shall make available, and by the Time of Closing will have made available, to Adira or Adira's representative for inspection, all SMAART Documents which Adira shall reasonably require pertaining to or affecting SMAART, the SMAART Assets and the title of SMAART thereto and all documents or information reasonably required to make not misleading the SMAART Documents and all information so made available to Adira.
- (aa) Materially Accurate. All information, records and data furnished to Adira, its representatives and counsel pursuant to this Agreement, are accurate in all material respects.
- (bb) Financial Statements. The SMAART Financial Statements have been prepared in accordance with IFRS, are true, correct and complete in all material respects and present fairly the financial condition of SMAART as of the respective dates thereof, and there has been no material adverse change in the financial condition of SMAART since September 30, 2017.
- (cc) Financial Records. All material financial transactions of SMAART have been recorded in the financial books and records of SMAART in accordance with good business practice, and such financial books and records:
 - (i) accurately reflect, in all material respects, the basis for the financial condition and the revenues, expenses and results of operations of SMAART shown in the SMAART Financial Statements;
 - (ii) together with all disclosures made in this Agreement or in the Schedules hereto, present fairly, in all material respects, the financial condition and the revenues, expenses and results of the operations of SMAART as of and to the date hereof; and
 - (iii) are in the possession of, recorded, stored and maintained by SMAART.

- (dd) Liabilities of SMAART. Other than the SMAART Debentures and the debt assumed by SMAART pursuant to the assignment and assumption of debt agreement dated June 12, 2015 among SMAART, Bayview Equities Ltd. and Presto Quality Care Corporation, there are no liabilities, contingent or otherwise, of SMAART or any SMAART Subsidiary of any kind whatsoever, including, without limitation, any bonds, debentures, mortgages, promissory notes, loan agreements, inter-company debt, or liabilities for Governmental Charges and there is no basis for assertion against SMAART or any SMAART Subsidiary of any liabilities of any kind other than liabilities disclosed or reflected in or provided for in the SMAART Financial Statements, or elsewhere in this Agreement, or costs incurred in respect of its going public transaction and in respect of the Transaction contemplated hereby, including the Concurrent Offering, or incurred since September 30, 2017 in the ordinary course of Business.
- (ee) Prepaid Expenses. All prepaid expenses reflected in the SMAART Financial Statements and all expenses prepaid by SMAART subsequent to the SMAART Financial Statements were prepaid in accordance with the regular business practices of SMAART, and consist of expenses that were incurred in the ordinary course of business of SMAART, consistent with past practice, and are valued at reasonable amounts based on the ordinary course of business of SMAART within the past six months. There has not been any material write-down or write-off of, or other adjustment to, such prepaid expenses by SMAART since June 30, 2017.
- (ff) Bankruptcy and Insolvency Matters. No action or proceeding has been commenced or filed by or against SMAART or any SMAART Subsidiary which seeks or may lead to receivership, bankruptcy, a consumer proposal or any other similar proceeding in respect of SMAART or any SMAART Subsidiary, the adjustment, compromise or composition of claims against SMAART or any SMAART Subsidiary or the appointment of a trustee, receiver, liquidator, custodian, or other similar officer for SMAART or any SMAART Subsidiary of any portion of its assets. No such action or proceeding has been authorized or is being considered by or on behalf of SMAART or any SMAART Subsidiary and, to the knowledge of SMAART, no creditor or equity security holder of SMAART has threatened to commence or advised that it may commence, any such action or proceeding. Neither SMAART nor any SMAART Subsidiary has made nor is it considering making an assignment for the benefit of its creditors, and it has not requested nor is it considering requesting a meeting of its creditors to seek a reduction, compromise, composition, or other accommodation with respect to its indebtedness.
- (gg) Broker's Fees: SMAART has not incurred any obligation or liability, contingent or otherwise for broker's or finder's fees in respect of the Transaction except as may be paid to the Agent in respect of the Concurrent Offering.
- (hh) Absence of Certain Changes or Events. Except for the issuance of additional SMAART Debentures, since September 30, 2017, and except as otherwise disclosed in writing or to Adira, neither SMAART nor any SMAART Subsidiary has:

- (i) incurred any obligation or liability, fixed or contingent, except normal trade or business obligations incurred in the ordinary course of the Business, none of which is materially adverse to SMAART or any SMAART Subsidiary;
- (ii) paid or satisfied any obligation or liability, fixed or contingent, except:
 - A. current liabilities included in the SMAART Financial Statements;
 - B. current liabilities incurred since December 31, 2016 in the ordinary course of the Business, and
 - C. re-scheduled payments pursuant to obligations under loan agreements or other contracts or commitments described in the SMAART Financial Statements;
- (iii) created any material Encumbrance upon any of its properties or the SMAART Assets, except as described in this Agreement or in the schedules hereto;
- (iv) sold, assigned, transferred, leased or otherwise disposed of any of its material properties or the SMAART Assets, except in the ordinary course of the Business;
- (v) purchased, leased or otherwise acquired any material properties or assets, except in the ordinary course of the Business;
- (vi) waived, cancelled or written-off any rights, claims, accounts receivable, any amounts payable to SMAART or any SMAART Subsidiary, except in the ordinary course of the Business;
- (vii) entered into any transaction, contract, agreement or commitment, except in the ordinary course of the Business;
- (viii) suffered any damage, destruction or loss (whether or not covered by insurance) which has materially adversely affected or could materially adversely affect the Business or the condition of SMAART or any SMAART Subsidiary;
- (ix) increased any form of compensation or other benefits payable or to become payable to any of the employees of SMAART or any SMAART Subsidiary, except increases made in the ordinary course of the Business or the establishment of compensation for new employees;
- (x) suffered any extraordinary loss relating to the Business or the SMAART Assets;
- (xi) made a declaration of *force majeure* with respect to its Business or any agreements to which it is a party; or

- (xii) authorized, agreed or otherwise become committed to do any of the foregoing.
- (ii) Dividends and Distributions. Except as disclosed in the SMAART Financial Statements, SMAART has not declared or paid any dividend or made any other distribution on any of its shares, or redeemed or purchased or otherwise acquired any of its shares of any class, or reduced its authorized capital or issued capital, or agreed to any of the foregoing.
- (jj) Tax Matters.
 - (i) SMAART and each SMAART Subsidiary has prepared and filed all tax returns and other documents required to be filed by it on or before the date hereof in respect of all Governmental Charges and such returns and documents are complete and correct in all material respects and fairly represents the information and tax status of SMAART for the relevant period;
 - (ii) SMAART and each SMAART Subsidiary has paid all Governmental Charges which are due and payable on or before the date hereof. Adequate provision was made in the SMAART Financial Statements for all Governmental Charges for the periods covered by the SMAART Financial Statements. To the knowledge of SMAART, SMAART has no liability for Governmental Charges other than those provided for in the SMAART Financial Statements and those arising in the ordinary course of the Business since September 30, 2017 and for which adequate provisions have been made on the books of SMAART;
 - (iii) there are no actions, suits, proceedings, investigations, enquiries or claims now ongoing, pending or, to the knowledge of SMAART, threatened against SMAART or any SMAART Subsidiary in respect of the Governmental Charges;
 - (iv) there are no Governmental Charges, assessments, re-assessments, or levies of whatsoever nature which SMAART or any SMAART Subsidiary is required by law to withhold, collect or pay and for which Adira could become liable, including, but without limiting the generality of the foregoing, employment insurance, pension plan payments, non-resident withholding tax or source deductions, except as disclosed in the SMAART Financial Statements and those arising in the ordinary course of business since December 31, 2016;
 - (v) all Governmental Charges, assessments, levies and source deductions which SMAART or any SMAART Subsidiary is required by law to withhold or to collect, including, without limitation, employment insurance, employment benefits, pension plan payments and non-resident withholding tax, have been, to its knowledge, duly withheld or collected, and paid over to the proper Governmental Authorities, or held by SMAART or any SMAART Subsidiary or on behalf of it as required, and such withholdings and collections and all other payments due in connection therewith are duly reflected in the SMAART Financial

Statements to the date as of which they were prepared and since that date have been duly entered in the books of SMAART; and

- (vi) there are no agreements, waivers or other arrangements providing for any extension of time with respect to the filing of any tax return or other document in respect of Governmental Charges or the payment of any Governmental Charges by SMAART or any SMAART Subsidiary.

- (kk) Litigation. There are no judgments unsatisfied, consent decrees or injunctions or embargos to which SMAART or any SMAART Subsidiary is subject to or bound, and there are no actions, suits or proceedings, judicial or administrative pending or, to the knowledge of SMAART, threatened, by or against or affecting SMAART or any SMAART Subsidiary, at law or in equity, or before or by any court or any federal, provincial, municipal, state or other governmental department, commission, board, bureau, agency or instrumentality which will or may have a material adverse effect upon SMAART or any SMAART Subsidiary, except the following:
 - (i) Paul Stanford has alleged that his written agreements with SMAART and its subsidiaries were induced by fraud or mistake. He claims he believed he was promised that he would own 50% of SMAART in perpetuity, and that his lack of control over SMAART and its subsidiaries has caused him economic harm in the amount of \$10 million, and seeks money damages or rescission of the agreements' and
 - (ii) Paul Stanford filed a lawsuit on behalf of The Hemp and Cannabis Foundation (“THCF”) for rescission of an agreement whereby THCF sold a parcel of residential real estate to one of the subsidiaries, The Hemp and Cannabis Company (“THCC”). In that case, THCF claims THCC has failed to make payments on a note.

Neither SMAART nor any SMAART Subsidiary is subject to any judgment, order, writ, injunction or decree of any court or government body which would prevent the discharge of the obligations arising pursuant to this Agreement or the consummation of the transactions herein contemplated.

- (ll) Environmental Matters. Neither SMAART nor any SMAART Subsidiary has environmental liabilities outstanding. No hazardous substances have been used in the operation of the Business except those hazardous substances used in the ordinary course of Business, and there has been no release of any such substances in the operation of the Business in contravention or violation of any laws, regulations, rules or approvals created by a Governmental Authority applicable to SMAART or any SMAART Subsidiary.

- (mm) Intellectual Property Matters.
 - (i) Schedule 3.3(1)(ll) sets forth separately:
 - A. all Intellectual Property of which SMAART or any SMAART Subsidiary is not the exclusive owner (except for SMAART Intellectual Property that SMAART uses

pursuant to Commercial Software Licenses), identifying the subject matter, any related registration, and the limits on ownership by SMAART,

- B. all SMAART Intellectual Property that SMAART uses pursuant to license or sublicense of a third party (except for SMAART Intellectual Property that SMAART uses pursuant to Commercial Software Licenses), listing the subject matter, any ancillary registration, the source of authorization and the owner, and except as expressly disclosed pursuant to this subsection, SMAART is not a party to any contract or commitment to pay any royalty, license or other fee with respect to the use of the SMAART Intellectual Property, and
 - C. all SMAART Intellectual Property that SMAART owns jointly with a third party;
- (ii) except as set forth in Schedule 3.3(1)(II), neither SMAART nor any SMAART Subsidiary has registered any patent, industrial design, trademark, tradename, copyright or other registration with respect to any SMAART Intellectual Property anywhere in the world and there is no pending application or application for registration that SMAART or any SMAART Subsidiary has made with respect to any SMAART Intellectual Property anywhere in the world;
 - (iii) the SMAART Intellectual Property includes all of the Intellectual Property necessary or desirable for the operation of the business of SMAART and each SMAART Subsidiary as presently conducted and as presently proposed to be conducted, except for Commercial Software Licenses;
 - (iv) SMAART owns exclusively or has the right to use pursuant to license or sublicense all SMAART Intellectual Property. Each item of SMAART Intellectual Property owned or used by SMAART or any SMAART Subsidiary immediately prior to the Closing Date will be owned or available for use by SMAART on identical terms and conditions immediately subsequent to the Closing Date;
 - (v) no consents are required for any SMAART Intellectual Property that is required to be licensed or sublicensed to any third party in connection with the Business to be so licensed or sublicensed to any third party;
 - (vi) SMAART has not granted any third party any license, sublicense agreement or other permission with respect to any SMAART Intellectual Property or the use of any SMAART Intellectual Property except for non-exclusive licenses to customers of SMAART granted in connection with the sale of SMAART products in the ordinary course of business;
 - (vii) SMAART has taken all actions considered by SMAART to be commercially reasonable to maintain and protect all of the SMAART

Intellectual Property owned by SMAART. No owned item of SMAART Intellectual Property has been abandoned. Each item of SMAART Intellectual Property used by SMAART or any SMAART Subsidiary pursuant to license or sublicense is being used by SMAART in compliance with the terms of the applicable license and the execution, delivery and performance of this Agreement by the parties hereto will not impair such authorized use;

- (viii) to the knowledge of SMAART and the Principle Shareholders, no third party has interfered with, infringed upon, misappropriated or otherwise come into conflict with any SMAART Intellectual Property rights of SMAART; and
- (ix) to the knowledge of SMAART and the Principle Shareholders, the Business as presently conducted and as presently proposed to be conducted does not, and SMAART has not, interfered with, infringed upon, misappropriated, misused, violated or otherwise come into conflict with any Intellectual Property rights of any third party, and SMAART has not received notice of, and there is no action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand that is pending or, to the knowledge of SMAART and the Principle Shareholders, threatened that challenges or limits the legality, validity, enforceability, use or ownership of the SMAART Intellectual Property (including any claim that SMAART must license or refrain from using any Intellectual Property rights of any third party) and SMAART is not subject to any outstanding injunction, judgment, order, decree, ruling or charge regarding same.
- (nn) Listing Statement. The Listing Statement, as and when filed on SEDAR and as it relates to SMAART, constitutes full, true and plain disclosure of all material facts relating to the securities of SMAART.
- (oo) Insurance.
 - (i) SMAART and each SMAART Subsidiary is insured by reputable third party insurers with reasonable and prudent policies appropriate for the size and nature of the Business.
 - (ii) A true and complete list of all material insurance policies currently in effect that insure the physical properties, business, operations and assets of SMAART and each SMAART Subsidiary has been provided to Adira. To the knowledge of SMAART, each material insurance policy currently in effect that insures the physical properties, business, operations and SMAART Assets and the SMAART Subsidiaries is valid and binding and in full force and effect and there is no material claim pending under any such policies as to which coverage has been questioned, denied or disputed. There is no material claim pending under any insurance policy of SMAART or any SMAART Subsidiary that has been denied, rejected, questioned or disputed by any insurer or as to which any insurer has made any reservation of rights or refused to cover all or any material portion of such claims. All material proceedings covered by any

insurance policy of SMAART and the SMAART Subsidiaries have been properly reported to and accepted by the applicable insurer.

- (pp) Full Disclosure. None of the foregoing representations, warranties and statements of fact (or information pertaining to SMAART or any SMAART Subsidiary included in the Listing Statement upon completion) contain any untrue statement of a material fact or omit to state any material fact necessary to make such statement or representation not misleading.

3.2 Survival of SMAART's Representations and Warranties

The covenants, representations and warranties of SMAART contained in Sections 3.1, respectively, shall survive the Closing Date for a period of two years.

ARTICLE 4 REPRESENTATIONS, WARRANTIES AND COVENANTS OF ADIRA

4.1 Representations, Warranties and Covenants of Adira

(1) Adira hereby represents and warrants to SMAART as follows, and confirms that where a representation and warranty contained herein is stated to be made in accordance with the knowledge of Adira, such representation and warranty shall be deemed to be made pursuant to the actual knowledge of Gadi Levin in his position of Chief Executive Officer of the Corporation. Adira confirms that SMAART are entitled to rely upon the accuracy of each of such representations and warranties in connection with the exchange of the SMAART Shares for the Exchanged Shares and the completion of the other transactions hereunder:

- (a) Authority and Binding Obligation. Adira has good right, full corporate power and absolute authority to enter into this Agreement and, subject to the approval of the Adira Shareholders at the Adira Meeting, to complete the Transaction in the manner contemplated herein and to perform all of Adira's obligations under this Agreement. Adira and its board of directors have taken all necessary or desirable actions, steps and corporate and other proceedings to approve or authorize, validly and effectively, the entering into, and the execution, delivery and performance of this Agreement by Adira.
- (b) Subsidiaries and Other Interests. Other than Adira Subco, Adira Energy Holding Corp. and Adira Energy Israel Ltd., Adira has no subsidiaries and does not own any securities issued by, or any equity or ownership interest in, any other Persons. Adira is not subject to any obligation to make any investment in or to provide funds by way of loan, capital contribution or otherwise to any Persons.
- (c) Title to Assets by Adira. Adira is the owner of and has good and marketable title to all of its material properties and Adira Assets, including, without limitation, all properties and Adira Assets reflected in the Adira Financial Statements, and all properties and assets acquired by Adira after the date of the Adira Financial Statements, free and clear to its knowledge of all Encumbrances whatsoever, except as disclosed or reflected in the Adira Financial Statements.
- (d) No Other Owner of Adira Assets. Except as provided in the Adira Financial Statements, no Persons other than Adira owns any Adira Assets which are being

used by Adira and there are no agreements or commitments by Adira to purchase property or assets, other than in the ordinary course of business.

- (e) No Title Defects. Adira has not received notice of any material defect in its title or claim to the Adira Assets or any notice from any third party claiming such an interest during the period of time that Adira has owned the Adira Assets or which otherwise relates to or affects the interest of Adira in the Adira Assets.
- (f) Title Documents. The Adira Documents and the Adira Material Contracts are the only material documents and contracts currently in effect under and by virtue of which Adira is entitled to the Adira Assets or which otherwise relates to or affects the interests of Adira in the Adira Assets.
- (g) No Orders. There are no outstanding material orders, notices or similar requirements relating to Adira or the Adira Assets issued by any Governmental Authority including, without limitation, occupational health and safety authorities and to the knowledge of Adira there are no matters under discussion with any such authorities relating to orders, notices or similar requirements.
- (h) No Restrictions on Doing Business. Adira is not a party to or bound by any agreement which would restrict or limit its right to carry on any business or activity or to solicit business from any Persons or in any geographical area or other wise to conduct business as Adira may determine. Adira is not subject to any legislation or any judgement, order, or requirement of any court or governmental authority which is not of general application to Persons carrying on a business similar to that of Adira. There are no facts or circumstances known to Adira which could materially adversely affect the ability of Adira to continue to operate business as presently conducted following the completion of the Transaction.
- (i) No Guarantees. Adira is not a party to or bound by any agreement of guarantee, indemnification, assumption or endorsement or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any Persons.
- (j) Adira Material Contracts. Adira has provided or made available copies of all Adira Material Contracts to SMAART. Adira is not in default or breach or any Adira Material Contract.
- (k) Partnerships or Joint Ventures. Adira is not a partner or participant in any partnership, joint venture, profit-sharing arrangement or other association of any kind and is not party to any agreement under which Adira agrees to carry on any activity in such manner or by which Adira agrees to share any revenue or profit with any other Persons.
- (l) Employees. With the exception of its corporate officers, Adira does not have any employees or independent contractors and has never had any employees or retained any independent contractors. Adira does not maintain and has never had any employee benefit, health, welfare, supplemental unemployment benefit, bonus, pension, profit sharing, deferred compensation, retirement, hospitalization insurance, medical, dental, legal, disability and similar plans or arrangements or practices relating to employees or former employees.

- (m) Officers and Directors of Adira. The only officers and directors of Adira are as hereinafter set forth:

Name	Office
Gadi Levin	Chief Executive Officer and Chief Financial Officer
Alan Friedman	Executive Vice President, Corporate Development
Dennis Bennie	Director
Alan Rootenberg	Director

- (n) Management Contracts. Adira is not a party to any written management contract or employment agreement, including without limitation, any contract which provides for a right of payment in the event of a change in control of Adira.

- (o) Contractual and Regulatory Approvals. Except as otherwise disclosed herein, Adira is not under any obligation, contractual or otherwise, to request or obtain the consent of any Persons, and no permits, licenses, certifications, authorizations or approvals of, or notifications to, any Governmental Authority are required to be obtained by Adira in connection with the execution, delivery or performance by Adira of this Agreement or the completion of the Transaction.

- (p) Status and Constatng Documents:

- (i) Adira is a corporation duly incorporated, organized and validly subsisting in all respects under the federal laws of Canada. Adira has all necessary corporate power to own its properties and to carry on its businesses as it is now being conducted;
- (ii) Adira is a reporting issuer in the Provinces of Alberta, British Columbia, and Ontario and no material change relating to Adira has occurred with respect to which the requisite material change report has not been filed under applicable securities laws in such provinces and no such disclosure is currently on file with any securities commissions of such provinces on a confidential basis;
- (iii) all press releases, material change reports, financial statements and reports, management's discussion and analysis, certificates and other documents filed by, or on behalf of, Adira with the securities commissions of Alberta, British Columbia, and Ontario were, at the respective dates of such filings, true and correct in all material respects and collectively provide disclosure of all material facts relating to Adira required to be disclosed in accordance with applicable securities laws in such provinces and each such document did not contain any misrepresentation as of the respective dates of such filings, other than in respect of any information furnished by SMAART or its representatives, concerning which Adira makes no representations or warranties;

- (iv) the outstanding Adira Shares are listed for trading on the Exchange;
 - (v) there are no current orders ceasing or suspending trading in the securities of Adira nor prohibiting the sale of such securities has been issued to Adira or its directors, officers or promoters and, to the knowledge of Adira, no investigations or proceedings for such purposes are pending or threatened, other than the halt in the trading in Adira Shares initiated at the request of Adira and imposed by the Investment Industry Regulatory Organization of Canada on November 5, 2015 and which is ongoing as of the date hereof;
 - (vi) at or prior to the Time of Closing, Adira will have complied with all applicable corporate and securities laws and regulations in connection with the Transaction and the issuance of the Exchanged Shares in connection therewith;
 - (vii) Adira is not in material default of any applicable securities legislation of the Provinces of Alberta, British Columbia, and Ontario;
 - (viii) the articles, by-laws and other constating documents of Adira, as amended to the date hereof, are complete and accurate; and
 - (ix) no proceedings have been instituted or are pending for the dissolution or liquidation of Adira.
- (q) Transaction Compliance with Constatng Documents, Agreements and Laws. The execution, delivery and performance of this Agreement and each of the other agreements contemplated or referred to herein by Adira, and the completion of the transactions contemplated hereby, will not constitute or result in a violation or breach of or default under, or cause the acceleration of any obligations of Adira under:
- (i) any term or provision of any of the articles, by-laws or other constating documents of Adira;
 - (ii) the terms of any agreement (written or oral), indenture, instrument or understanding or other obligation or restriction to which Adira is a party or by which it is bound; or
 - (iii) subject to obtaining the regulatory consents from the Exchange or the CSE, any term or provision of any of the Adira Material Contracts or any order of any Governmental Authority to which Adira is subject.
- (r) Corporate Records. The corporate records and minute books of Adira as provided to SMAART are materially complete and accurate. The share certificate books, register of security holders, register of transfers and register of directors and any similar corporate records of Adira are complete and accurate in all material respects.
- (s) Authorized and Issued Capital. The authorized capital of Adira consists of an unlimited number of Adira Shares. The issued capital of Adira consists of

17,112,022 pre-Consolidation Adira Shares without par value, all of which have been duly issued and are outstanding as fully paid and non-assessable shares.

- (t) No Convertible Securities. Adira has outstanding the Adira Warrants, and there are no Adira Options outstanding. Other than the Adira Warrants, there are no outstanding securities of Adira that are convertible, exchangeable or redeemable into Adira Shares.
- (u) No Reserved Securities. Adira has no reserved securities or other securities outstanding other than the Adira Shares and the Adira Warrants. At the Time of Closing there will not be any outstanding subscriptions, options, rights, warrants or other agreements or commitments obligating Adira to sell or issue any additional shares or securities of any class of Adira or any securities convertible into any shares of any class of Adira.
- (v) 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 Adira Shares to which Adira is a party or otherwise to the knowledge of Adira.
- (w) Documents. Adira shall make available, and by the Time of Closing will have made available, to SMAART or SMAART's representative for inspection, all Adira Documents which Adira shall reasonably require pertaining to or affecting Adira, the Adira Assets and the title of Adira thereto and all documents or information reasonably required to make not misleading the Adira Documents and all information so made available to SMAART.
- (x) Materially Accurate. All information, records and data furnished to SMAART, or its representatives and counsel pursuant to this Agreement, are accurate in all material respects.
- (y) Financial Statements. The Adira Financial Statements have been prepared in accordance with IFRS, are true, correct and complete in all material respects and present fairly the financial condition of Adira as of the respective dates thereof, and there has been no material adverse change to the financial condition of Adira since December 31, 2016.
- (z) Financial Records. All material financial transactions of Adira have been recorded in the financial books and records of Adira in accordance with good business practice, and such financial books and records:
 - (i) accurately reflect, in all material respects, the basis for the financial condition and the revenues, expenses and results of operations of Adira shown in the Adira Financial Statements;
 - (ii) together with all disclosures made in this Agreement or in the Schedules hereto, present fairly, in all material respects, the financial condition and the revenues, expenses and results of the operations of Adira as of and to the date hereof; and
 - (iii) are in the possession of, recorded, stored, and maintained by Adira.

- (aa) Liabilities of Adira. There are no liabilities, contingent or otherwise, of Adira of any kind whatsoever, including, without limitation, any bonds, debentures, mortgages, promissory notes, loan agreements, inter-company debt, or liabilities for Governmental Charges and there is no basis for assertion against Adira of any liabilities of any kind, other than liabilities disclosed or reflected in or provided for Adira in the Financial Statements or in this Agreement, or incurred since December 31, 2016 in the ordinary course of the business of Adira.
- (bb) Prepaid Expenses. All prepaid expenses reflected in the Adira Financial Statements and all expenses prepaid by Adira subsequent to the Adira Financial Statements were prepaid in accordance with the regular business practices of Adira, and consist of expenses that were incurred in the ordinary course of business of Adira, consistent with past practice, and are valued at reasonable amounts based on the ordinary course of business of Adira within the past six months. There has not been any material write-down or write-off of, or other adjustment to, such prepaid expenses by Adira since December 31, 2016.
- (cc) Bankruptcy and Insolvency Matters. No action or proceeding has been commenced or filed by or against Adira or which seek or may lead to receivership, bankruptcy, a consumer proposal or any other similar proceeding in respect of Adira, the adjustment, compromise or composition of claims against Adira or the appointment of a trustee, receiver, liquidator, custodian, or other similar officer for Adira of any portion of its assets. No such action or proceeding has been authorized or is being considered by or on behalf of Adira and, to the knowledge of Adira, no creditor or equity security holder of Adira has threatened to commence or advised that it may commence, any such action or proceeding. Adira has not made nor is considering making an assignment for the benefit of its creditors, and it has not requested nor is considering requesting a meeting of its creditors to seek a reduction, compromise, composition, or other accommodation with respect to its indebtedness.
- (dd) Broker's Fees. Adira has not incurred any obligation or liability, contingent or otherwise for broker's or finder's fees in respect of the Transaction except for any fees relating to the sponsorship requirements of the CSE and the Concurrent Offering.
- (ee) Absence of Certain Changes or Events. Except for the Transaction, since December 31, 2016, Adira has not:
 - (i) incurred any obligation or liability, fixed or contingent, except normal trade or business obligations incurred in the ordinary course of the business of Adira, none of which is materially adverse to Adira;
 - (ii) paid or satisfied any obligation or liability, fixed or contingent, except:
 - A. current liabilities included in the Adira Financial Statements;
 - B. current liabilities incurred since December 31, 2016 in the ordinary course of the business of Adira, and

- C. re-scheduled payments pursuant to obligations under loan agreements or other contracts or commitments described in the Adira Financial Statements;
- (iii) created any Encumbrance upon any of its properties or the Adira Assets, except as described in this Agreement or in the schedules hereto;
- (iv) sold, assigned, transferred, leased or otherwise disposed of any of its properties or the Adira Assets;
- (v) purchased, leased or otherwise acquired any properties or assets;
- (vi) waived, cancelled or written-off any rights, claims, accounts receivable or any amounts payable to Adira;
- (vii) entered into any transaction, contract, agreement or commitment;
- (viii) suffered any extraordinary loss relating to the Adira Assets;
- (ix) made or incurred any material change in, or become aware of any event or condition which is likely to result in a material change in the condition of Adira; or
- (x) authorized, agreed or otherwise become committed to do any of the foregoing.
- (ff) Dividends and Distributions. Adira has not declared or paid any dividend or made any other distribution on any of its shares of any class, or redeemed or purchased or otherwise acquired any of its shares of any class, or reduced its authorized capital or issued capital, or agreed to any of the foregoing.
- (gg) Tax Matters.
 - (i) Adira has prepared and filed all tax returns and other documents required to be filed by it on or before the date hereof in respect of all Governmental Charges and such returns and documents are complete and correct in all material respects and fairly represents the information and tax status of Adira for the relevant period;
 - (ii) Adira has paid all Governmental Charges which are due and payable on or before the date hereof. Adequate provision was made in the Adira Financial Statements for all Governmental Charges for the periods covered by the Adira Financial Statements. To the knowledge of Adira, Adira has no liability for Governmental Charges other than those provided for in the Adira Financial Statements and those arising in the ordinary course of business since December 31, 2016 and for which adequate provisions have been made on the books of Adira;
 - (iii) there are no actions, suits, proceedings, investigations, enquiries or claims now ongoing, pending or, to the knowledge of Adira, threatened against Adira in respect of the Governmental Charges;

- (iv) there are no Governmental Charges, assessments, re-assessments, or levies of whatsoever nature which Adira is required by law to withhold, collect or pay and for which SMAART could become liable, including, but without limiting the generality of the foregoing, employment insurance, pension plan payments, non-resident withholding tax or source deductions, except as disclosed in the Adira Financial Statements and those arising in the ordinary course of business since December 31, 2016;
 - (v) all Governmental Charges, assessments, levies and source deductions which Adira is required by law to withhold or to collect, including, without limitation, employment insurance, employment benefits, pension plan payments and non-resident withholding tax, have been, to its knowledge, duly withheld or collected, and paid over to the proper Governmental Authorities, or held by Adira or on behalf of it as required, and such withholdings and collections and all other payments due in connection therewith are duly reflected in the Adira Financial Statements to the date as of which they were prepared and since that date have been duly entered in the books of Adira; and
 - (vi) there are no agreements, waivers or other arrangements providing for any extension of time with respect to the filing of any tax return or other document in respect of Governmental Charges or the payment of any Governmental Charges by Adira.
- (hh) Litigation. There are no judgments unsatisfied, consent decrees or injunctions or embargos to which Adira is subject to or bound, and there are no actions, suits or proceedings, judicial or administrative (whether or not purportedly on behalf of Adira) pending or, to the knowledge of Adira, threatened, by or against or affecting it, at law or in equity, or before or by any court or any federal, provincial, municipal, state or other governmental department, commission, board, bureau, agency or instrumentality. Adira is not subject to any judgment, order, writ, injunction or decree of any court or government body which would prevent the discharge of the obligations arising pursuant to this Agreement or the consummation of the transactions herein contemplated.
- (ii) Environmental Matters. Adira has no environmental liabilities outstanding. No hazardous substances have been used in the operation of Adira's business except those hazardous substances used in the ordinary course of business, and there has been no release of any such substances in the operation of Adira's business in contravention or violation of any laws, regulations, rules or approvals created by a Governmental Authority applicable to Adira.
- (jj) Intellectual Property Matters.
- (i) Schedule 4.1(1)(jj) sets forth separately:
 - A. all Intellectual Property of which Adira is not the exclusive owner (except for Adira Intellectual Property that Adira uses pursuant to Commercial Software Licenses),

identifying the subject matter, any related registration, and the limits on ownership by Adira,

- B. all Adira Intellectual Property that Adira uses pursuant to license or sublicense of a third party (except for Adira Intellectual Property that Adira uses pursuant to Commercial Software Licenses), listing the subject matter, any ancillary registration, the source of authorization and the owner, and except as expressly disclosed pursuant to this subsection, Adira is not a party to any contract or commitment to pay any royalty, license or other fee with respect to the use of the Adira Intellectual Property, and
 - C. all Adira Intellectual Property that Adira owns jointly with a third party;
- (ii) Adira has not registered any patent, industrial design, trademark, tradename, copyright or other registration with respect to any Adira Intellectual Property anywhere in the world and there is no pending application or application for registration that Adira has made with respect to any Adira Intellectual Property anywhere in the world;
 - (iii) the Adira Intellectual Property includes all of the Intellectual Property necessary or desirable for the operation of the business of Adira as presently conducted and as presently proposed to be conducted, except for Commercial Software Licenses;
 - (iv) except as set forth in Schedule 4.1(1)(jj), Adira owns exclusively or has the right to use pursuant to license or sublicense all Adira Intellectual Property. Each item of Adira Intellectual Property owned or used by Adira immediately prior to the Closing Date will be owned or available for use by Adira on identical terms and conditions immediately subsequent to the Closing Date;
 - (v) no consents are required for any Adira Intellectual Property that is required to be licensed or sublicensed to any third party in connection with Adira's business to be so licensed or sublicensed to any third party;
 - (vi) Adira has not granted any third party any license, sublicense agreement or other permission with respect to any Adira Intellectual Property or the use of any Adira Intellectual Property;
 - (vii) Adira has taken all actions considered by Adira to be commercially reasonable to maintain and protect all of the Adira Intellectual Property owned by Adira. No owned item of Adira Intellectual Property has been abandoned. Each item of Adira Intellectual Property used by Adira pursuant to license or sublicense is being used by Adira in compliance with the terms of the applicable license and the execution, delivery and performance of this Agreement by the parties hereto will not impair such authorized use;

- (viii) to the knowledge of Adira, no third party has interfered with, infringed upon, misappropriated or otherwise come into conflict with any Adira Intellectual Property rights of Adira; and
- (ix) except as set forth on Schedule 4.1(1)(jj), to the knowledge of Adira, the business of Adira as presently conducted and as presently proposed to be conducted does not, and Adira has not, interfered with, infringed upon, misappropriated, misused, violated or otherwise come into conflict with any Intellectual Property rights of any third party, and Adira has not received notice of, and there is no action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand that is pending or, to the knowledge of Adira, threatened that challenges or limits the legality, validity, enforceability, use or ownership of the Adira Intellectual Property (including any claim that Adira must license or refrain from using any Intellectual Property rights of any third party) and Adira is not subject to any outstanding injunction, judgment, order, decree, ruling or charge regarding same.
- (kk) Listing Statement. The Listing Statement, as and when filed on SEDAR as it relates to Adira, contains full, true and plain disclosure of all material facts relating to the securities of Adira.
- (ll) Insurance. Adira does not maintain and has never been a party to any policy of insurance of any nature.
- (mm) Real Property. Adira does not own and has never owned any interest in real property, other than as disclosed in the Listing Statement. Adira is not and has never been a party to any lease in respect of real property.
- (nn) Personal Property. Adira does not own and has never held any personal property except for cash held in its bank accounts and its books and records.
- (oo) Exchange Policies. Adira has complied in all material respects with applicable securities laws and with the Exchange policies and has not taken any steps or proceedings inconsistent therewith.
- (pp) Duly Authorized. The Exchanged Shares will be, at the Time of Closing, validly issued and outstanding as fully paid and non-assessable, in compliance with applicable corporate and securities laws.
- (qq) Non-Arm's Length Matters. No director, former director, officer, shareholder or employee of Adira or any person not dealing at arm's length within the meaning of the Tax Act with any such person is indebted to Adira, nor is Adira indebted to any such person. Since December 31, 2016, Adira has not made or authorized payments to any such persons.
- (rr) Change of Control. Adira is not a party to any agreement (written or oral), indenture, instrument or understanding or other obligation or restriction which includes provisions that would be triggered by this Agreement or the implementation of this Agreement including any change of control that may

result, directly or indirectly, from this agreement or the implementation of this Agreement.

- (ss) Full Disclosure. None of the foregoing representations, warranties and statements of fact and none of the Adira Disclosure Documents (and nor will the Listing Statement upon completion) contain any untrue statement of a material fact or omit to state any material fact necessary to make such statement or representation not misleading to a prospective purchaser of Adira Shares who is seeking full information concerning Adira and its properties, business and affairs.
- (tt) Consolidation. Prior to or concurrently with Closing, Adira covenants and agrees to complete the Consolidation.
- (uu) Name Change. Prior to or concurrently with Closing, Adira covenants and agrees to complete the Name Change.

4.2 Survival of Adira's Representations and Warranties

The covenants, representations and warranties of Adira contained in Section 4.1 shall survive the Closing Date for a period of two years.

ARTICLE 5 CONDITIONS TO OBLIGATION TO CLOSE

5.1 Conditions to the Obligations of Adira.

- (1) The obligation of Adira to complete the Amalgamation as contemplated herein is subject to the fulfillment of each of the following conditions precedent on or prior to the Time of Closing, unless waived in writing by Adira:
 - (a) SMAART Representations, Warranties and Covenants. SMAART shall have executed, delivered and performed all agreements and documents on their part to be performed hereunder; all representations and warranties of SMAART contained in Article 3 as applicable, shall be materially true and correct at the Time of Closing, with the same effect as if made on and as of such time, and SMAART shall deliver a Certificate executed as of the Time of Closing certifying that all representations and warranties of SMAART as contained herein are true and correct as of the Time of Closing.
 - (b) No Material Change. There shall not have been any change that constitutes a Material Adverse Effect on the condition (financial or otherwise), of the SMAART Assets, liabilities, capitalization, or Business from that as set forth in the SMAART Financial Statements, and a Certificate to that effect signed by a duly authorized officer of SMAART shall have been delivered to Adira.
 - (c) Adira Shareholder Approval. Adira shall have obtained all necessary approvals from its directors and shareholders in order to complete the Transaction and all matters incidental thereto requiring such approval, including but not limited to, the Amalgamation, the Name Change and the Consolidation.

- (d) SMAART Approval. SMAART shall have obtained all necessary approvals from its directors and shareholders in order to complete the Transaction.
- (e) Sponsor Report. The Agent or a sponsor satisfactory to both SMAART and Adira shall have delivered either a sponsorship report satisfactory to the CSE or such filings as are necessary to obtain a sponsorship waiver.
- (f) Approvals. There shall have been obtained the written consents or approvals, in form and substance satisfactory to Adira and Adira's Counsel, acting reasonably, of any Governmental Authority or Persons whose consent to the transactions contemplated hereby is required, and all conditions imposed upon such consents shall have been satisfied, including without limitation: (i) the issuance of all necessary receipts, approvals, and acceptances for the Concurrent Offering; (ii) the acceptance by the CSE of the transactions contemplated in this Agreement; and (iii) the CSE's approval to list the Adira Shares to be issued in connection with the Transaction.
- (g) Corporate Proceedings. All necessary steps and corporate proceedings, as approved by Counsel for Adira, shall have been taken to permit the issuance of the Exchanged Shares in exchange for the SMAART Shares.
- (h) Closing Documents. SMAART shall have executed and delivered to Adira all documents as Adira or Adira's Counsel may reasonably request for the purposes of effecting the amalgamation in accordance with the terms of this Agreement which shall include the delivery of a legal opinion from Counsel to SMAART in a form satisfactory to Adira and its Counsel, acting reasonably, as to various matters relating to SMAART including the due incorporation, existence and corporate authority of SMAART.
- (i) No Prohibition at Law. No prohibition at law against the completion of the transactions contemplated by this Agreement shall be in existence.
- (j) Voluntary Escrow. Each holder of SMAART Shares shall have executed an escrow agreement in the applicable form as prescribed by the CSE, as applicable.
- (k) Concurrent Private Placement. SMAART shall have given assurance acceptable to Adira, acting reasonably, that it is in a position to close the Concurrent Offering.

(2) If any such conditions contained in this Section 5.1 shall not be fulfilled or waived in writing by Adira at or prior to the Time of Closing, Adira may rescind this Agreement by written notice to SMAART, in such event, the parties shall be released from all obligations hereunder.

5.2 Conditions to the Obligations of SMAART.

(1) The obligations of SMAART to complete the Amalgamation as contemplated herein, are subject to the fulfillment of the following conditions precedent on or prior to the Time of Closing, unless waived in writing by SMAART:

- (a) Adira's Representations, Warranties and Covenants. Adira shall have executed, delivered and performed all agreements and documents on its part to be performed hereunder; all representations and warranties contained in Article 4 shall be materially true and correct at the Time of Closing, with the same effect as if made on and as of such time and Adira shall deliver a Certificate executed as of the Time of Closing to SMAART certifying that all representations and warranties of Adira as contained herein are true and correct as of the Time of Closing.
- (b) No Material Change. There shall not have been any material adverse change in the condition (financial or otherwise), of the Adira Assets, or the liabilities, capitalization, or business of Adira from that as set forth in the Adira Financial Statements or provided by Adira to SMAART in writing and accepted by them and a Certificate to that effect signed by a duly authorized officer of Adira shall have been delivered to SMAART.
- (c) Adira Shareholder Approval. Adira shall have obtained all necessary approvals from its shareholders at the Adira Meeting in order to complete the Transaction and all matters incidental thereto requiring such approval, including but not limited to, amending the articles of Adira to allow for the name change on closing.
- (d) SMAART Shareholder Approval. SMAART shall have obtained all necessary approvals from its shareholders in order to complete the Transaction.
- (e) Board of Directors and Management. The board of directors and management of Adira shall be composed of individuals acceptable to SMAART and each of Dennis Bennie, and Alan Rootenberg shall have resigned from the board of directors of Adira.
- (f) Sponsor Report. A sponsor satisfactory to both SMAART and Adira shall have delivered either a sponsorship report satisfactory to the Exchange or such filings as are necessary to obtain a sponsorship waiver.
- (g) Good Standing. Adira shall be a corporation in good standing pursuant to the *Canada Business Corporations Act* and this fact shall be confirmed by a Certificate of Compliance or equivalent issued by the necessary government entity as of the Closing Date and delivered to SMAART.
- (h) Approvals. There shall have been obtained the written consents or approvals, in form and substance satisfactory to SMAART and its Counsel, acting reasonably, of any Governmental Authority or Persons whose consent to the transactions contemplated hereby is required, and all conditions imposed upon such consents shall have been satisfied, including without limitation: (i) the issuance of all necessary receipts, approvals, and acceptances for the Concurrent Offering; (ii) the acceptance by the Exchange of the transactions contemplated in this Agreement as a Reverse Takeover of Adira; and (iii) the CSE's approval to list the Adira Shares to be issued in connection with the Transaction.

- (i) Corporate Proceedings. All necessary steps and corporate proceedings, as approved by Counsel for SMAART shall have been taken to permit the issuance of the Exchanged Shares in exchange for the SMAART Shares.
 - (j) No Prohibition at Law. At the Time of Closing, no prohibition at law against the completion of the transactions contemplated by this Agreement shall be in existence.
 - (k) Closing Documents. Adira shall have executed and delivered to SMAART all documents as SMAART's Counsel may reasonably request for the purposes of effecting the Amalgamation in accordance with the terms of this Agreement which shall include the delivery of a legal opinion from Counsel to Adira in a form satisfactory to SMAART, and its Counsel, acting reasonably, as to various matters including the due incorporation, existence and corporate authority of Adira and the valid issuance of the Exchanged Shares.
 - (l) Concurrent Private Placement. SMAART shall be in a position to close the Concurrent Offering with aggregate gross proceeds of a minimum of \$2 million.
 - (m) Exchange Issuer. Following the Closing of the Transaction, Adira shall satisfy the minimum listing requirements of the CSE, as evidenced prior to Closing by a conditional listing letter issued by the CSE.
 - (n) Name Change and Consolidation. Adira shall have completed the Name Change and Consolidation and provided satisfactory evidence of same to SMAART's counsel.
- (2) If any such conditions shall not be fulfilled or waived in writing by SMAART at or prior to the Time of Closing, SMAART may rescind this Agreement by written notice to Adira and, in such event, the parties shall be released from all obligations hereunder.

5.3 Rescission and Termination

(1) All of the parties hereto covenant and agree with the other parties hereto to use all reasonable efforts until the Closing Date to take or refrain from taking any actions with the intent that the conditions precedent, as set forth in Article 5 hereof, shall be satisfied and all covenants and agreements herein made by them shall have been performed.

(2) If this Agreement is rescinded and terminated pursuant to the provisions of Section 5.1 or Section 5.2 hereof, each party hereto shall be released from all obligations hereunder except as otherwise specifically provided herein and each party hereto shall take all reasonable actions to return the other parties to the position relative to the transactions contemplated hereby which such party occupied prior to the execution hereof. Each party shall be responsible for its legal, accounting and other professional expenses.

- (3) This Agreement may be otherwise terminated:
 - (a) by mutual consent of each of Adira and SMAART; or
 - (b) by either Adira or SMAART, if the Closing has not occurred on or before February 28, 2018 or such later date as may be agreed to by Adira and SMAART

(provided that the right to terminate this Agreement under this subsection 5.3(3)(b) shall not be available to any party whose failure to fulfill any of its obligations under this Agreement has been the cause of or resulted in the failure to consummate the transactions contemplated hereby by such date).

ARTICLE 6 **COVENANTS**

6.1 **Filings**

(1) Adira and SMAART shall prepare and file any filings required under applicable laws or rules and policies of the Exchange, the CSE or other regulatory bodies relating to the Transaction. Adira covenants and agrees to take, in a timely manner, all commercially reasonable actions and steps necessary in order that: (i) effective as at the Closing Date, the Exchanged Shares issuable pursuant to the Transaction, (ii) when received, Adira shall provide SMAART and its Counsel with copies of the conditional and final approval of the Exchange respecting the Transaction and, the listing and posting for trading of the Exchanged Shares, and (iii) the distribution of the Exchanged Shares to the SMAART Shareholders is exempt from the prospectus requirement of the securities laws of the provinces of Ontario, British Columbia and Alberta, as applicable.

(2) Each of Adira and SMAART shall cooperate to prepare and file with the CSE for its final review and approval, as soon as possible following the entering of this Agreement, the Listing Statement and each of Adira and SMAART will provide (or cause to provide) in connection with the preparation of the Listing Statement, on a timely basis, all relevant information concerning its business, assets and operations (including applicable financial statements). Each of Adira and SMAART shall cause a certificate to be attached to the Listing Statement to be executed in the form provided for by the CSE.

(3) SMAART shall promptly notify Adira if at any time before the Time of Closing it becomes aware that the Listing Statement (with respect to information provided by or in relation to SMAART) contains any misrepresentation or any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are or were made, or that otherwise requires an amendment or a supplement to the Listing Statement; and in any such event, SMAART shall cooperate in the preparation of an amendment or a supplement to the Listing Statement.

(4) Adira shall promptly notify SMAART if at any time before the Time of Closing it becomes aware that the Listing Statement (with respect to information provided by or in relation to Adira) contains any misrepresentation or any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are or were made, or that otherwise requires an amendment or a supplement to the Listing Statement; and in any such event, Adira shall cooperate in the preparation of an amendment or a supplement to the Listing Statement.

(5) CSE Listing. Following the Closing of the Transaction, both Adira and SMAART shall use commercially reasonable best efforts to satisfy the minimum listing requirements of the CSE as evidenced prior to Closing by the conditional listing letter issued by the CSE dated November 28, 2017.

6.2 SMAART Indemnity.

(1) SMAART will indemnify and save harmless Adira and the directors, and officers of Adira (collectively, the “**Adira Indemnified Persons**”) from and against:

- (a) all claims directly or indirectly relating to the SMAART Shares and accruing up to the close of business on the day before the Closing Date;
- (b) all other claims directly or indirectly relating to SMAART including claims relating to income, sales, excise or other taxes, other than claims resulting from the negligence, fraudulent acts or wilful misconduct of Adira; and
- (c) all claims incurred by Adira directly or indirectly resulting from any breach of any covenant of SMAART contained in this Agreement or from any inaccuracy or misrepresentation in any representation or warranty set forth in Section 3.1.

(2) Notwithstanding any of the other provisions of this Agreement, SMAART will not be liable to the Adira Indemnified Persons in respect of:

- (a) any inaccuracy or misrepresentation in any representation or warranty set forth in Section 3.1 after one year after the Closing Date, save in respect of any claims made in respect of Section **Error! Reference source not found.**; or
- (b) unless and until the aggregate of all such claims exceeds \$25,000, and then only to the extent that such aggregate exceeds such amount.

6.3 Adira Indemnity

(1) Adira will indemnify and save harmless SMAART and the directors, officers and agents of SMAART from and against:

- (a) all claims directly or indirectly relating to the Exchanged Shares and accruing up to the close of business on the day before the Closing Date;
- (b) all other claims directly or indirectly relating to Adira including claims relating to income, sales, excise or other taxes other than claims resulting from the negligence, fraudulent action or wilful misconduct of SMAART; and
- (c) all claims incurred by SMAART directly or indirectly resulting from any breach of any covenant of Adira contained in this Agreement or from any inaccuracy or misrepresentation in any representation or warranty set forth in Section 4.1.

(2) Notwithstanding any of the other provisions of this Agreement, Adira will not be liable to SMAART or to the directors, officers, employees or agents of SMAART in respect of:

- (a) any inaccuracy or misrepresentation in any representation or warranty set forth in Section 4.1 after one year after the Closing Date; or
- (b) unless and until the aggregate of all such claims exceeds \$25,000, and then only to the extent that such aggregate exceeds such amount.

6.4 **Notice of Claim**

(1) In the event that a party (the “**Indemnified Party**”) shall become aware of any claim in respect of which another party (the “**Indemnifying Party**”) agreed to indemnify the Indemnified Party pursuant to this Agreement, the Indemnified Party shall promptly give notice thereof to the Indemnifying Party. Such notice shall specify whether the claim arises as a result of a claim by a person 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 details (to the extent that the information is available) the factual basis for the claim and the amount of the claim, if known.

(2) If, through the fault of the Indemnified Party, the Indemnifying Party does not receive notice of any claim in time to effectively contest the determination of any liability susceptible of being contested, the Indemnifying Party shall be entitled to set off against the amount claimed by the Indemnified Party the amount of any losses incurred by the Indemnified Party resulting from the Indemnified Party’s failure to give such notice on a timely basis.

6.5 **Direct Claims**

With respect to any Direct Claim, following receipt of notice from the Indemnified Party of the Direct Claim, the Indemnifying Party shall have 60 days to make such investigation of the Direct Claim as is considered necessary or desirable in the circumstances. 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 Direct Claim, together with all such other information as the Indemnifying Party may reasonably request. If both parties agree at or prior to the expiration of such 60-day period (or any mutually-agreed extension period thereof) to the validity and amount of such Direct Claim, the Indemnifying Party shall immediately pay to the Indemnified Party the full agreed upon amount of the Direct Claim, failing which the matter shall be referred to a court of competent jurisdiction.

6.6 **Third Party Claims**

With respect to any Third Party Claim, the Indemnified Party shall have the right, at its expense, to participate in or assume control of the negotiation, settlement or defence of the Third Party Claim and, in such event, the Indemnifying Party shall reimburse the Indemnified Party’s reasonable out-of-pocket expenses as a result of such participation or assumption. If the Indemnified Party elects to assume such control, the Indemnified Party shall have the right to participate in the negotiation, settlement or defence of such Third Party Claim and to retain counsel to act on its behalf, provided that the fees and disbursements of such counsel shall be paid by the Indemnified Party unless the Indemnifying Party consents to the retention of such counsel or unless the named parties to any action or proceeding include both the Indemnifying Party and the Indemnified Party and the representation of both the Indemnifying Part and the Indemnified Party by the same counsel would be inappropriate due to the actual or potential differing interests between them (such as the availability of different defences), in which case the Indemnifying Party shall pay the reasonable fees and disbursements of one such counsel. If the Indemnifying Party, having elected to assume such control, thereafter fails to defend the Third Party Claim within a reasonable time, the Indemnified Party shall then be entitled to assume such control, in which case the Indemnifying Party shall pay the reasonable fees and disbursements of one such counsel, and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim. If any Third Party Claim is of a nature such that the Indemnified Party is required by applicable laws or the Order of any Governmental Authority

having jurisdiction to make a payment to any Person (a “**Third Party**”) with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, as the case may be, the Indemnified Party may make such payment and the Indemnifying Party shall, forthwith after demand by the Indemnified Party, reimburse the Indemnified Party for such payment. If the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which such payment was made, as finally determined, is less than the amount which was paid by the Indemnifying Party to the Indemnified Party, the Indemnified Party shall, forthwith after receipt of the difference from the Third Party, pay the amount of such difference to the Indemnifying Party. If such a payment, by resulting in settlement of the Third Party Claim, precludes a final determination of the merits of the Third Party Claim and the Indemnified Party and the Indemnifying Party are unable to agree whether such payment was reasonable in the circumstances having regard to the amount and merits of the Third Party Claim, such dispute shall be referred to a court of competent jurisdiction.

6.7 Settlement of Third Party Claims

If the Indemnifying Party fails to assume control of the defence of any Third Party Claim, the Indemnified Party shall have the exclusive right to contest, settle or pay the amount so claimed. Notwithstanding whether or not the Indemnifying Party elects to assume control of the negotiation, settlement or defence of any Third Party Claim, the Indemnifying Party shall not settle any Third Party Claim without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed; provided, however, that the liability of the Indemnifying Party shall be limited to the proposed settlement amount if any such consent is not obtained for any reason or if, as a reason of a delay, a higher settlement amount is ultimately agreed upon.

6.8 Cooperation

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 informed with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available or as it is being prepared).

6.12 Tax Information

The parties shall provide each other with such assistance as may reasonably be requested by any of them in connection with the preparation of any return of taxes, any audit or other examination by any taxing authority, or any judicial or administrative proceedings relating to liabilities for taxes arising out of this Agreement, and each will retain and, upon request of the other, provide the other with such records or information as is relevant to such return, audit or examination or proceedings. Such assistance shall include providing copies of any relevant returns of taxes and supporting work schedules. The party requesting assistance hereunder shall reimburse the other for reasonable out-of-pocket expenses incurred by the other in providing such assistance. Any party in possession of records or information relating to taxes shall retain such records and information for such time as may be prescribed by any relevant legislation.

6.13 Tax Assessments

If any assessments or reassessments of income tax results or may result in making any representation and warranty in this Agreement inaccurate in any material respect, the party (and if more than one party, any one of them) making the representation and warranty may,

at their expense, require the same to be contested in such manner and upon such basis as such party may reasonably determine. All other parties shall offer all reasonable cooperation (but without the obligation to incur expense) as may be required in connection therewith.

6.14 Cumulative Rights

Each and every right, remedy and power granted to Adira or SMAART hereunder or under any documents or instruments delivered pursuant to the terms and conditions hereof, shall be cumulative and shall be in addition to any other right, remedy or power herein or therein specifically granted or hereinafter existing in equity or at law, or by virtue of statute or otherwise, and every such right, remedy and power may be exercised by the parties from time to time concurrently or independently and as often and in such order as the parties may deem expedient.

ARTICLE 7
CLOSING

7.1 Closing and Closing Date

The Closing of the Transaction herein contemplated shall take place in the offices of Chitiz Pathak LLP at 320 Bay Street, Suite 1600 in Toronto, Ontario at the Time of Closing or upon such earlier or later time and date and such place as may be agreed upon among Adira, and SMAART.

ARTICLE 8
RECORDS

8.1 Access to Premises and Records of SMAART

From the date hereof until the earlier of the termination of this Agreement or the Closing Date and upon the provision of reasonable notice, Adira and its Counsel, accountants, appraisers and other advisors shall have full and complete access, during normal business hours, to the premises, books, SMAART Documents, and other records of SMAART for the purpose of investigating the SMAART Assets, Business and affairs of SMAART, as they may reasonably require.

8.2 Access to Premises and Records of Adira

From the date hereof until the earlier of the termination of this Agreement or the Closing Date and upon the provision of reasonable notice, SMAART and their Counsel, accountants, appraisers and other advisors shall have full and complete access, during normal business hours, to the premises, books, Adira Documents and other records of Adira, for the purpose of investigating the Adira Assets, business and affairs of Adira, as they may reasonably require.

ARTICLE 9
INTERIM OPERATIONS

9.1 SMAART Carrying on Business to Closing

(1) From the date hereof until the earlier of the termination of this Agreement and the Closing Date, SMAART shall: (1) cause SMAART to carry on the Business in the normal and ordinary course; (2) use commercially reasonable efforts to cause SMAART to preserve the ongoing goodwill of SMAART; (3) use commercially reasonable efforts to cause SMAART to ensure that key employees, if any, and key independent contractors continue their association with SMAART; and (4) undertake to notify Adira of any event or occurrence during such period which might reasonably be considered to have a Material Adverse Effect on the SMAART Assets or the Business.

(2) Unless otherwise contemplated herein or approved by Adira in writing, during the period from the date hereof until the earlier of the Closing Date or the termination of this Agreement, SMAART shall not:

- (a) enter into any transaction or material contract not in the ordinary course of Business;
- (b) borrow money or incur any indebtedness for money borrowed except as disclosed to and agreed upon by Adira, acting reasonably;
- (c) issue, sell or agree to issue or sell any shares, rights, options, warrants or other securities of SMAART, except as disclosed to and agreed upon by Adira, acting reasonably;
- (d) purchase, cancel, retire, redeem or otherwise acquire any of SMAART's outstanding securities, rights, options, warrants or other securities other than as contemplated herein;
- (e) change, amend or modify the charter documents or by-laws of SMAART, other than as disclosed to and approved by Adira;
- (f) merge or amalgamate with or agree to merge or amalgamate with, or purchase substantially all of the assets of, or otherwise acquire any business; or sell or lease or agree to sell or lease, any material properties or assets or approve or undertake any other material transaction or furnish or cause to be furnished any information concerning the business, properties or assets of any Persons (other than to Adira) which is interested in any such transactions;
- (g) except as required by law or in connection with the fiduciary duties of the officers or the directors of SMAART, initiate, propose, assist or participate in any activities in opposition to or in competition with this Agreement, and without limiting the generality of the foregoing, to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Transaction and not to take actions of any kind which may reduce the likelihood of success of the Transaction; or

- (h) do anything that would cause any of the covenants, representations and warranties contained in Article 3 to be false or misleading.

(3) Unless otherwise contemplated herein or approved by Adira in writing, SMAART covenants with Adira that during the period from the date hereof until the earlier of the Closing Date or the termination of this Agreement, he or it shall, subject to applicable legislation and the conditions herein:

- (a) cooperate fully with Adira and use all reasonable commercial efforts to assist Adira and its principals in their efforts to complete the Amalgamation and the Concurrent Offering; and
- (b) use all reasonable commercial efforts to assist Adira with all information required and requested by any Governmental Authority in connection with the Transaction and all corollary matters thereto.

9.2 Adira's Activities to Closing

(1) Unless otherwise contemplated herein or approved by SMAART in writing, during the period from the date hereof until the earlier of the Closing Date or the termination of this Agreement, Adira shall not:

- (a) enter into any transaction or material contract not in the normal and ordinary course of Business;
- (b) borrow money or incur any indebtedness for money borrowed except as disclosed to and agreed by SMAART, acting reasonably;
- (c) issue, sell or agree to issue or sell any shares, rights, options, warrants or other securities of Adira, other than in connection with the Adira Warrants;
- (d) purchase, cancel, retire, redeem or otherwise acquire any of Adira's outstanding securities, rights, options, warrants or other securities other than as contemplated herein;
- (e) change, amend or modify the charter documents or by-laws of Adira, except as contemplated herein and as disclosed to and agreed by SMAART, acting reasonably;
- (f) merge or amalgamate with or agree to merge or amalgamate with, or purchase substantially all of the assets of, or otherwise acquire any business; or sell or lease or agree to sell or lease, any material properties or assets or approve or undertake any other material transaction or furnish or cause to be furnished any information concerning the business, properties or assets of any Persons (other than to SMAART) which is interested in any such transactions;
- (g) except as required by law or in connection with the fiduciary duties of the officers or the directors of Adira, not to initiate, propose, assist or participate in any activities in opposition to or in competition with this Agreement, and without limiting the generality of the foregoing, to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the

Transaction and not to take actions of any kind which may reduce the likelihood of success of the Transaction; or

- (h) do anything that would cause any of the covenants, representations and warranties contained in Article 4 to be false or misleading.

(2) Unless otherwise contemplated herein or approved by SMAART in writing, Adira covenants with SMAART that during the period from the date hereof until the earlier of the Closing Date or the termination of this Agreement, it shall, subject to applicable legislation and the conditions herein:

- (a) cooperate fully with SMAART and use all reasonable commercial efforts to assist SMAART in its efforts to complete the Transaction and the Concurrent Offering; and
- (b) use all reasonable commercial efforts to assist SMAART with all information required and requested by any Governmental Authority in connection with the Transaction, the Concurrent Offering and all corollary matters thereto.

9.3 Transaction Documents

Adira and SMAART shall use their best efforts to assist and cooperate in obtaining all necessary consents, assignments, waivers, amendments or terminations to any instruments or take such other measures as may be appropriate to fulfill their obligations and carry out the transactions contemplated hereunder.

ARTICLE 10 GENERAL

10.1 Expenses

Each party hereto shall pay all reasonable costs and expenses related to the legal and audit fees and other charges and expenses incurred by such party in connection with the Transaction, the Concurrent Offering, the preparation of this Agreement, the preparation and filing of the Listing Statement and all negotiations between the parties.

10.2 Documents and Information Confidential

All documents and information received by Adira from SMAART or vice versa, and their respective auditors and Counsel, shall be treated as confidential information and will not be disclosed to others except to a party's Counsel, auditors and bankers and to Governmental Authorities as required by relevant policy or legislation.

10.3 Time of the Essence

Time shall be of the essence of this Agreement.

10.4 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and each of the parties hereto submit and attorn to the jurisdiction of the courts of the Province of Ontario.

10.5 Public Announcement

(1) No news release or public announcement with respect the subject matter of this Agreement shall be made by either party, without the prior approval of the other parties.

(2) Notwithstanding the foregoing, the parties may disclose any information required to be disclosed to any Governmental Authority or necessary to comply with applicable law.

10.6 Notices

Any notice required or permitted to be given by a party hereto to the other shall be given in writing and addressed:

if to Adira or Adira Subco at:

Adira Energy Ltd.
4101 Yonge Street, Suite 706, Toronto ON, M2P 1N6.
Attention: Alan Friedman, Executive Vice President
Facsimile No.: 416.361.6455
E-mail: afriedman@rivoniacapital.com

and a copy to:

Chitiz Pathak LLP
320 Bay Street, Suite 1600
Toronto, ON M5H 4A6
Attention: Paul Pathak
Facsimile No.: 416.368.0300
Email: ppathak@chitzpathak.com

if to SMAART at:

SMAART Holdings Inc.
105 S.E. 18th Street
Portland, Oregon, 97214
Attention: Craig Snyder, President and CEO
Facsimile: 604.648.1670
E-mail: c.snyder@empowerclinics.com

and a copy to:

Macdonald Tuskey
221 Esplanade W #409
North Vancouver, BC V7M 3J3
Attention: Bill MacDonald
Facsimile: 604.973.0280
E-mail: wmacdonald@wmlaw.ca

Any such notice shall be deemed to be received by the party hereto to which it is so delivered: (i) when actually delivered, faxed or e-mailed to said address or facsimile number; or (ii) when

mailed by prepaid post, on the third business day next following the time on the date of it being so mailed. Any party may change its contact information for notice by giving notice to that effect.

10.7 Enurement

This Agreement shall enure to the benefit of the parties, their respective heirs, successors and permitted assigns.

10.8 Further Assurances

The parties hereto will from time to time, on and after the Closing Date, at the request and expense of the other parties hereto, execute and deliver all such other additional instruments, notices, releases, acquaintances and other documents and shall do all such other acts and things as may be reasonably necessary to carry out the terms and conditions of this Agreement in accordance with their true intent.

10.9 Regulatory Approval

This Agreement is subject to the regulatory approval, including, without limitation, that of the Exchange and the CSE.

10.10 Counterparts and Delivery

This Agreement may be executed in several counterparts and delivered by a facsimile or PDF copy of an original execution page bearing the signature of each party hereto, each of which when so executed shall be deemed to be an original, and such counterparts or facsimile or PDF copies thereof together shall comprise one and the same instrument and, notwithstanding their date of execution, shall be deemed to bear the date as of the date above written.

[signature page follows]

IN WITNESS WHEREOF Adira, Adira Subco and SMAART have hereunto executed this Agreement as of the date and year first above written.

ADIRA ENERGY LTD.

Per: (Signed) "Alan Rootenberg"
Name: Alan Rootenberg
Title: Director

SMAART HOLDINGS INC.

Per: (Signed) "Craig Snyder"
Name: Craig Snyder
Title: Chief Executive Officer

1149770 B.C. LTD.

Per: (Signed) "Craig Snyder"
Name: Craig Snyder
Title: Director

Schedule 3.1(1)(b)
SMAART Subsidiaries

Name	Number, type and principal amount, as applicable, of its outstanding equity securities or other equity interests and a list of registered holders of capital stock or other equity interests	Jurisdiction of incorporation, organization or formation
SMAART Holdings Corp.	100 common shares Registered Holders: SMAART Holdings Inc.	Nevada
Empower Healthcare Corp.	10 common shares Registered Holders: SMAART Holdings Corp.	Oregon
THCH Access Points	10 common shares Registered Holders: SMAART Holdings Corp.	Oregon
The Hemp and Cannabis Company	10 common shares Registered Holders: SMAART Holdings Corp.	Oregon
SMAART Inc.	10 common shares Registered Holders: SMAART Holdings Corp.	Oregon
The Hemp and Cannabis Company	10 common shares Registered Holders: SMAART Holdings Corp.	Washington

Schedule 3.1(1)(d)
SMAART Leases

City, State	Address	Size (SF)	Termination Date
Spokane, WA	225 E 3rd Ave, Spokane, WA 99202	1,150	07/31/20
Bend, OR	1351 NE 3rd St, Bend, OR 97701	1,700	07/30/19
Portland, OR	105 SE 8th Ave, Portland, OR 97214	5,211	02/28/20
Grant's Pass, OR	558 NE F St, Grants Pass, OR 97526	750	03/31/19
Chicago, IL	160 N Upper Wacker Dr, Chicago, IL 60606	3,000	03/31/20

Schedule 3.1(1)(l)
SMAART Material Contracts

1. Agreement dated September 30, 2015 between S.M.A.A.R.T Holdings Inc. and Ryan Roebuck.
2. Convertible Debenture between S.M.A.A.R.T Holdings Inc. and various creditors in the amount of \$2,115,466
3. Assignment and Assumption of Debt dated June 12, 2015 among Bayview Equities Ltd., S.M.A.A.R.T Holdings Inc. and Presto Quality Care Corporation.
4. Asset Purchase Agreement dated June 12, 2015 among S.M.A.A.R.T Holdings Inc., Empower Healthcare Corp., Presto Quality Care Corporation, Douglas Paul Stanford and William N. Appel.

Schedule 3.1(1)(n)
Employees of SMAART

[Particulars redacted due to privacy concerns]

Schedule 3.1(1)(mm)
SMAART Intellectual Property

Trademarks:

Ropewalk Paper and Fiber (first use 1988)
Tree Free EcoPaper (1989)
Hemp News(1990)
Hempstalk (1991)
Campaign for the Restoration & Regulation of Hemp/CRRH (affiliated political non-profit) (1992)
The Hemp & Cannabis Foundation/THCF (affiliated charitable non-profit) (1998)
THCF Medical Clinics (2000)
The Hemp & Cannabis Company / THCC (2010)
THCF Access Points (2010)
American Cannabis (2010)
Hempstead (2010)
Presto Quality Care (2011)
Empower Healthcare / Empower Clinics (2013)
Stanford Medical Agricultural & Applied Retail Technologies / SMAART (2015)

Domain Names:

hemp.org
crrh.org
thc-foundation.org
thcfclimcs.ora
hempslalk.org
smaartinc.com
smaart.org
smaartco.com
smaartindustries.com
EMPOWERCLLNIC.NET
EMPOWERCLINIC.US
EMPOWERCLINICS.COM
EMPOWERCLINICS.NET
EMPOWERCLINICS.US
EMPOWERHEALTHCARE.US
EMPOWERCLINICJNFO
EMPOWERCLINIC.ORG
EMPOWERCLINICS.INFO
EMPOWERCLINICS.ORG
EMPOWERHEALTHCARE.INFO
EMPOWERMEDICAL.ORG
mpowerclinic.com
mpowerclinics.com
paul-stanford.com
dpaulstanford.com
washingtonmedicalmarijuana.org
medicalmarijuanadoctor.org

Open source Contract Management & Electronic Healthcare Record software with a development cost of approximately \$700,000.