STOCKPORT EXPLORATION INC.

as Stockport

and

SONA NANOTECH LTD.

as the Corporation

DEFINITIVE AGREEMENT

March 22, 2018

TABLE OF CONTENTS

ARTICLE 1 INTERPRETATION 1
Section 1.1 Defined Terms. 1
Section 1.2 Gender and Number. 10
Section 1.3 Headings, etc. 10
Section 1.4 Currency. 10
Section 1.5 Certain Phrases, etc. 10
Section 1.6 Knowledge. 10
Section 1.7 Accounting Terms. 11
Section 1.8 Incorporation of Exhibits. 11

ARTICLE 2 AMALGAMATION 11
Section 2.1 Amalgamation 11
Section 2.2 Meetings and Circular 11
Section 2.3 Dissent Rights 11
Section 2.4 Escrowed Shares 12

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE CORPORATION 12
Section 3.1 Representations and Warranties of the Corporation. 12

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF STOCKPORT 27
Section 4.1 Representations and Warranties of Stockport. 27

ARTICLE 5 PRE-CLOSING COVENANTS OF THE PARTIES 36
Section 5.1 Conduct of Business Prior to Closing – Corporation. 36
Section 5.2 Conduct of Business Prior to Closing – Stockport 37
Section 5.3 Access for Due Diligence. 40
Section 5.4 Actions to Satisfy Closing Conditions. 41
Section 5.5 Required Consents. 41
Section 5.6 Corporation's Covenants. 41
Section 5.7 Filings and Authorizations. 42
Section 5.8 Notice of Untrue Representation or Warranty. 42
Section 5.9 Exception 42
Section 5.10 Exclusive Dealing. 43

ARTICLE 6 CONDITIONS OF CLOSING 43
Section 6.1 Conditions for the Benefit of Stockport. 43
Section 6.2 Conditions for the Benefit of the Corporation. 44
Section 6.3 Conditions Precedent. 45

ARTICLE 7 CLOSING 45
Section 7.1 Date, Time and Place of Closing. 45
Section 7.2 Closing Procedures. 45
Section 7.3 Risk of Loss. 46

ARTICLE 8 TERMINATION 46
Section 8.1 Termination by Stockport. 46
Section 8.2 Termination by Corporation. 46
Section 8.3 Other Termination Rights. 46

Section 8.4 Automatic Termination. 47
Section 8.5 Effect of Termination. 47

ARTICLE 9 INDEMNIFICATION 47
Section 9.1 Indemnification in Favour of Stockport. 47
Section 9.2 Indemnification in Favour of the Corporation. 47
Section 9.3 Time Limitations. 48
Section 9.4 Limitations on Amount. 49
Section 9.5 Procedure for Indemnification-Third Party Claims. 49
Section 9.6 Procedure for Indemnification-Other Claims. 51
Section 9.7 Exclusion of Other Remedies. 51

ARTICLE 10 POST-CLOSING COVENANTS 51
Section 10.1 Access to Books and Records. 51
Section 10.2 Further Assurances. 51
Section 10.3 Exchanged Warrants and Exchanged Options. 51

ARTICLE 11 DISPUTE RESOLUTION 51
Section 11.1 Best Efforts to Settle Disputes. 51
Section 11.2 Arbitration. 52

ARTICLE 12 MISCELLANEOUS 52
Section 12.1 Notices. 52
Section 12.2 Time of the Essence. 53
Section 12.3 Brokers. 53
Section 12.4 Announcements. 53
Section 12.5 Third Party Beneficiaries. 54
Section 12.6 Expenses. 54
Section 12.7 Amendments. 54
Section 12.8 Waiver. 54
Section 12.9 Non-Merger. 54
Section 12.10 Entire Agreement. 54
Section 12.11 Successors and Assigns. 55
Section 12.12 Severability. 55
Section 12.13 Governing Law. 55
Section 12.14 Counterparts and Electronic Delivery. 55

EXHIBITS

Exhibit A Sona Financial Statements
Exhibit B Amalgamation Agreement
Exhibit C Escrow Agreement

DEFINITIVE AGREEMENT

Definitive Agreement dated March 22, 2018, between Sona Nanotech Ltd. (the "**Corporation**") a Nova Scotia company with an office located at Purdy's Wharf, Tower 1, Suite 1100, 1959 Upper Water Street, Halifax, Nova Scotia, B3J 3N2, and Stockport Exploration Inc. ("**Stockport**"), a Canadian corporation, with its head office located 2001 - 1969 Upper Water Street, Halifax, Nova Scotia, B3J 3R7 and the Corporation.

WHEREAS:

A. The Corporation is a nano technology life science firm that has developed two proprietary methods for the manufacture of rod shaped gold nanoparticles without the use of cetyl trimethylammonium bromide ("**CTAB**"), an antiseptic agent. The principal business carried out and intended to be continued by the Corporation is research and development of its proprietary technology for use in multiplex diagnostic testing platforms.

B. Stockport and the Corporation wish to combine their respective businesses by way of an amalgamation (the "**Amalgamation**") of Stockport and the Corporation to form one corporation under the *Canada Business Corporations Act* (the "**CBCA**") pursuant to an Amalgamation Agreement to be entered into between Stockport and the Corporation.

NOW THEREFORE in consideration of the mutual covenants and agreements as herein set forth and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 Defined Terms.

As used in this Agreement, the following terms have the following meanings:

"**Accounts Receivable**" means all accounts receivable, notes receivable and other debts due or accruing due to the Corporation or Stockport, as the case may be.

"**Affiliate**" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The terms "**control**" (including terms "**controlled by**" and "**under common control with**") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"**Agreement**" means this definitive agreement and all schedules, exhibits and instruments in amendment or confirmation of it; and the expressions "Article" and "Section" followed by a number mean and refer to the specified Article or Section of this Agreement.

"**Amalgamation**" means the amalgamation of the Corporation and Stockport as described in the Amalgamation Agreement, post-Continuance of the Corporation, on the basis of 1.5802 Sona Shares for one (1) common share of the Resulting Issuer and four (4) Shares of Stockport for one (1) common share of the Resulting Issuer.

"**Amalgamation Agreement**" means an agreement between the Corporation and Stockport in the form required by the CBCA for the Amalgamation, as more particularly set out in Exhibit B hereto.

"**Ancillary Agreements**" means the Escrow Agreement, and such other agreements as may be specifically referred to herein.

"**Applicable Law**" means all laws, statutes, codes, ordinances, decrees, rules, regulations, by-laws, statutory rules, principles of law, published policies and guidelines, judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decision, rulings or awards, including general principles of common and civil law, and the terms and conditions of any grant of approval, permission, authority or licence of any Governmental Entity, that, in a context that refers to one or more persons apply to the person or persons, or its or their business, undertaking, property or shares, and emanate from a Governmental Entity having jurisdiction over the person or persons or its or their business, undertaking, property or shares.

"**Assets**" means all property and assets of the Corporation of every nature and kind and wheresoever situate including (i) all machinery, equipment, computers, furniture, accessories and supplies of all kinds, (ii) all trucks, cars and other vehicles, (iii) all inventories, (iv) all Accounts Receivable and the full benefit of all security for the Accounts Receivable, (v) all prepaid expenses, (vi) the Intellectual Property and Intellectual Property Rights, (vii) the Contracts, and (viii) the Books and Records and the Corporate Records.

"**Authorization**" means, with respect to any Person, any order, permit, approval, consent, waiver, licence or similar authorization of any Governmental Entity having jurisdiction over the Person, including any municipal or other approvals required to be granted before a Governmental Entity provides an authorization.

"**Books and Records**" means all books of account, tax records, sales and purchase records, customer and supplier lists, computer software, formulae, business reports, plans and projections and all other documents, files, correspondence and other information of the Corporation or Stockport, as the case may be, (whether in written, printed, electronic or computer printout form).

"**Business**" means the business of the Corporation as carried on or proposed to be carried on as of the date hereof, of the research, development, manufacturing and marketing of its proprietary methods for the manufacture of rod shaped gold nanoparticles without the use of CTAB for use in multiplex diagnostic testing platforms

"**Business Day**" means any day of the year, other than a Saturday, Sunday or, with respect to payments, any day on which banks are required or authorized to close in Vancouver, British Columbia and Halifax, Nova Scotia.

"**Cash**" means cash on hand or in banks or other depositories, term or time deposits and similar cash items including all accrued interest thereon.

"**CBCA**" means the *Canada Business Corporations Act*, as amended.

"**Certificate of Amalgamation**" means the certificate of amalgamation issued in respect of the Amalgamation by the Director appointed under the CBCA.

"**Circular**" means the joint management information circular of Stockport and Sona to be delivered to each of their shareholders in respect of the Amalgamation, and prepared in accordance with the requirements of Form 3D1 of the Exchange for the Transaction.

"**Closing**" means the completion of the Transaction contemplated in this Agreement.

"**Closing Date**" means, provided that all Required Consents have been obtained, the earlier of (i) April 30, 2018, provided that all Required Consents are obtained on or before April 30, 2018, or (ii) the date of issuance of the Certificate of Amalgamation.

"**Consent**" means the consent of a contracting party to a change in control of the Corporation if required by the terms of any Contract, or the consent or acceptance of any other Person who is not a Governmental Entity to the Transaction contemplated herein, if required by the policies of the Exchange.

"**Continuance**" means the continuance of the Corporation under the federal laws of Canada (CBCA) from the laws of the Province of Nova Scotia.

"**Contracts**" means all agreements, contracts, leases, deeds, mortgages, licences, instruments, notes, commitments, undertakings, indentures, joint ventures of any nature, written or oral, including (i) forward commitments for supplies or materials entered into the Ordinary Course, and (ii) restrictive agreements, negative covenant agreements, confidentiality agreements and invention assignment agreements with any Employees, past or present.

"**Contributor**" has the meaning as specified in Section 3.1(gg).

"**Convertible Notes**" means the 15% convertible promissory notes issued by Stockport in the aggregate principal amount of CAD$295,000, and convertible into up to approximately 5,900,000 common shares of Stockport at a conversion price of $0.05 per share until March 27, 2018; and the convertible debentures issued by Stockport with the principal and premium entitlement amounts totaling CAD$2,514,112, and convertible into up to approximately 5,028,223 common shares of Stockport at a conversion price of $0.50 per share until October 31, 2018.

"**Corporate Records**" means, with respect to the Corporation and Stockport, as the case may be, the corporate records of such Person, including (i) all constating documents and by-laws (if applicable), (ii) all minutes of meetings and resolutions of shareholders and directors (and any committees), and (iii) the share certificate books, securities register, register of transfers and register of directors.

"**Corporation**" means Sona Nanotech Ltd., a company incorporated under the laws of the Province of Nova Scotia.

"**Corporation Intellectual Property**" means any and all Corporation Owned Intellectual Property and any and all Corporation Licensed Intellectual Property.

"**Corporation Intellectual Property Agreements**" means any Contracts, permissions, and understandings of any kind or nature, under which the Corporation is (A) a licensee, acquires, or otherwise is authorized to access, use or practice, or is otherwise granted any right or immunity with respect to, any Intellectual Property Rights, or (B) a licensor, assigns, or otherwise authorizes the disclosure, use or practice of, or otherwise grants any right or immunity with respect to any Intellectual Property Rights.

"**Corporation Licensed Intellectual Property**" means any Third Party Intellectual Property that is licensed to the Corporation. References to "Corporation Licensed Intellectual Property" include a reference to the Intellectual Property Rights in such Intellectual Property.

"**Corporation Owned Intellectual Property**" means Intellectual Property and Intellectual Property Rights that are owned by the Corporation. References to "Corporation Owned Intellectual Property" include a reference to the Intellectual Property Rights in such Intellectual Property.

"**Corporation Products**" means all products or services produced, marketed, licensed, sold, distributed or performed by or on behalf of the Corporation and all products, product candidates, components or services currently under development by or on behalf of the Corporation.

"**Corporation Registered Intellectual Property**" means all United States, Canadian, international and foreign: (A) patents and patent applications (including provisional applications); (B) registered trademarks, applications to register trademarks or service marks, intent-to-use applications, or other registrations or applications related to trademarks or service marks; (C) registered Internet domain names; (D) registered copyrights and applications for copyright registration; and (E) any other Intellectual Property Rights that are the subject of an application, certificate, filing, registration or other document issued, filed with, or recorded by any Governmental Authority, in each case, owned by, or registered or filed in the name of, the Corporation or a Subsidiary, and that have not expired, lapsed or been abandoned.

"**Corporation Websites**" has the meaning as specified in Section 3.1(nn).

"**Damages**" has the meaning specified in Section 9.1(a).

"**Dispute**" has the meaning specified in Section 11.1.

"**Dissent Rights**" means such rights of dissent as provided in the manner set forth in section 190 of the CBCA in connection with the Amalgamation for the shareholders of either Stockport or Sona, as more particularly described in the Circular.

"**Effective Time**" means 11:59 PM (Vancouver time) on the Closing Date.

"**Employees**" means all individuals who are fulltime, part-time or temporary employees or individuals engaged on contract to provide employment or similar services in respect of the Corporation or Stockport, as the case may be; and "**Employee**" means any one of them.

"**Environmental Laws**" means all applicable, international, federal, provincial, state, municipal and local treaties, conventions, laws, statutes, ordinances, by-laws, codes, regulations, and all policies, guidelines, standards, orders, directives, decisions, in each case, rendered or promulgated by any Governmental Entity and having the force of law, relating to fisheries, health and safety, the protection, use, treatment, storage, disposal, discharge, transport or handling of Hazardous Substances.

"**Escrow Agent**" means Computershare Investor Services Inc., the registrar and transfer agent of Stockport, and escrow agent for the Escrowed Shareholders under the Escrow Agreement.

"**Escrow Agreement**" means the Form 5D Surplus Securities Escrow Agreement between Stockport, the Escrowed Shareholders, and the Escrow Agent, to be entered into on the Closing Date, such agreement to be in the form attached hereto as Exhibit C, or such other escrow agreement as may be required by the Exchange as a condition of its acceptance of the Transaction.

"**Escrowed Shares**" means that portion of the Exchanged Shares required to be escrowed under the policies of the Exchange and Applicable Law pursuant to the terms of the Escrow Agreement.

"**Escrowed Shareholders**" means all of the shareholders set out in the Escrow Agreement, who are or will be directors, officers, insiders or their associates or affiliates, of the Resulting Issuer.

"**Exchange**" means the TSX Venture Exchange.

"**Exchange Bulletin Date**" means the date the Exchange issues a formal bulletin accepting the Amalgamation.

"**Exchanged Options**" means up to the 975,000 stock options of the Resulting Issuer exercisable to purchase up to 975,000 common shares of the Resulting Issuer at a prices ranging from $0.16

to $0.40 per share until up to July 2021, to be issued to the optionholders of Stockport in exchange for their outstanding Stockport Options on the Closing Date.

"**Exchanged Shares**" means the approximately 22,036,237 common shares in the capital of the Resulting Issuer as constituted on the Closing Date (subject to rounding), to be issued under the Amalgamation to the shareholders of the Corporation in exchange for their Sona Shares, and the approximately 22,163,282 common shares in the capital of the Resulting Issuer as constituted on the Closing Date (subject to rounding), to be issued under the Amalgamation to the shareholders of Stockport in exchange for their Shares, all on a **pro rata** basis as more particularly set out in the Amalgamation Agreement.

"**Exchanged Warrants**" means up to the 299,000 non-transferable share purchase warrants of the Resulting Issuer exercisable to purchase up to 299,000 common shares of the Resulting Issuer at a price of $0.40 per share until October 31, 2018, to be issued to the warrantholders of Stockport in exchange for their outstanding Stockport Warrants on the Closing Date.

"**Financial Statement Date**" means October 31, 2017.

"**Financial Year**" means the fiscal year of the Corporation or Stockport, as the case may be, ending on October 31.

"**Financing**" means the Corporation's proposed non-brokered offering of 4,000,000 common shares of the Resulting Issuer Shares at an offering price of CAD$0.50 per share to raise gross proceeds of CAD$2,000,000 for the Resulting Issuer, immediately following the Amalgamation.

"**GAAP**" means, at any time, accounting principles generally accepted in Canada applying IFRS, including those set out in the Handbook of the Chartered Professional Accountants, Canada, at the relevant time applied on a consistent basis.

"**Governmental Entity**" means any (i) multinational, federal, provincial, state, municipal, city, local or other governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the foregoing, (iii) any quasi-governmental or private body, in each case, having jurisdiction on behalf of any nation, province, territory, state or other geographic subdivision thereof and exercising any regulatory, judicial, legislative, expropriation or taxing authority, or (iv) any stock exchange, including the Exchange.

"**GST**" means the goods and services tax and/or the harmonized sales tax (if applicable) imposed under the *Excise Tax Act* (Canada).

"**Hazardous Substances**' means contaminants, pollutants, dangerous substances, liquid wastes, industrial wastes, hauled liquid wastes, toxic substances, hazardous wastes, hazardous materials, or hazardous substances as defined in or pursuant to any applicable Environmental Law.

"**IFRS**" means International Financial Reporting Standards adopted by the International Accounting Standards Board from time to time.

"**Indemnified Party**" has the meaning set forth in Section 9.5(a).

"**Indemnifying Party**" has the meaning set forth in Section 9.5(a).

"**Intellectual Property**" means:

(a) all works, including literary, artistic and graphic works, databases, and compilations thereof, including computer software, source code, object code, firmware, development tools, files, records and data, (the "**Works**");

(b) all inventions, arts, processes, machines, manufactures, compositions of matter and developments, whether or not patentable, patented or the subject of applications for patents ("**Inventions**");

(c) all trade names, logos, trade dress, trademarks and service marks ("**Marks**");

(d) all industrial designs, whether or not patentable or registrable, patented or registered or the subject of applications for design patent or registration ("**Designs**");

(e) all confidential or non-public information and trade secrets, including confidential or non-public: proprietary information, know how, technology, technical data, proprietary processes, specifications, formulations, formulae, materials or compositions of matter of any type or kind (patentable or otherwise), marketing reports, customer lists and supplier lists, study reports, regulatory submission summaries and regulatory submission documents, expertise, test data, analytical and quality control data, studies and procedures, schematics, test methodologies, simulation and development tools, prototypes and other devices ("**Confidential Information**"); and

(f) all Internet domain name registrations, Internet and World Wide Web URLs or addresses ("**Domain Names**").

"**Intellectual Property Rights**" means any and all industrial and intellectual property and proprietary rights in the Intellectual Property, including the following:

(a) all patents and applications therefor and rights to file applications for the Inventions and all reissues, divisions, renewals, extensions, re-examinations, reissues, provisionals, continuations and continuations-in-part thereof and other derivative applications and patents;

(b) all rights in the Confidential Information;

(c) all design patents, design registrations, pending patent and design applications and rights to file applications for the Designs, including all rights of priority and rights in continuations, continuations-in-part, divisions, re-examinations, reissues and other derivative applications and patents;

(d) all trademark and service mark registrations for the Marks, trademark and service mark applications for the Marks, any rights arising from the use, application for or registration of the Marks, and any and all goodwill associated with and symbolized by the Marks;

(e) all rights in the Domain Names; and

(f) all copyright and other rights and all registrations, pending applications for registration and rights to file applications for, and all moral rights and, where a Party is not the author, the benefits of such Party in all waivers of moral rights in, the Works.

"**ITA**" means the *Income Tax Act* (Canada) as same may be amended from time to time.

"**Legal Proceedings**" means any claim action, suit, complaint, demand, litigation, arbitration, prosecution, contest, hearing, inquiry, investigation, inquest, audit or other proceeding of any nature, civil, criminal, regulatory or otherwise, in law or in equity, pending or threatened, by or before any court, tribunal, arbitrator or other Government Entity.

"**Liability**" means any liability or obligations of any kind or nature (whether known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due).

"**Lien**" means any mortgage, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), charge, title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature or any other arrangement or condition which, in substance, secures payment or performance of an obligation.

"**Material Adverse Change**" means, in respect of a Party or its Subsidiary (if any), any one or more changes, events or occurrences, and "**Material Adverse Effect**" means in respect of a Party or its Subsidiary (if any), an effect, which, in either case, either individually or in the aggregate with all other fact, changes, circumstances, effects, event or occurrences is, or would reasonably be expected to (i) be, material and adverse to the business, operations, results of operations, assets, capital, liabilities (contingent or otherwise), prospects, privileges or financial condition of that Party or a Subsidiary (if any), or (ii) prevent a Party from performing its obligations under this Agreement in any material respect, other than any change, event, occurrence or effect: (a) relating to the global economy or financial, securities of commodities markets in general in the world including, without limitation, changes in currency exchange rates or interest rates; (b) relating to any generally applicable change in Applicable Laws (other than orders, judgments or decrees made against the Party or a Subsidiary (if any); or (c) any natural disaster or the commencement, occurrence or continuation of any war, armed hostility or act of terrorism, provided, however that such matter referred to in clause (a), (b), or (c) above does not have a materially disproportionate effect to the Party or a Subsidiary (if any) compared to other companies of similar size operating in the same industry as that Party.

"**Material Authorizations**" has the meaning specified in Section 3.1(r).

"**Material Contracts**" has the meaning specified in Section 3.1(x).

"**Noteholder**" means a holder of a Convertible Note; and "**Noteholders**" means all of them.

"**Open Source Materials**" has the meaning specified in Section 3.1(ll).

"**Ordinary Course**" means, with respect to an action taken by a Person, that such action is consistent with the past practices of the Person and is taken in the ordinary course of the normal day-to-day operations of the Person.

"**Parties**" means the Corporation and Stockport and any other Person who may become a party to this Agreement.

"**Permitted Liens**" means, in respect of a Person, any one or more of the following:

(a) Liens for taxes, assessments or governmental charges or levies which are not delinquent or the validity of which is being contested at the time by such Person in good faith by proper legal proceedings;

(b) inchoate or statutory Liens of contractors, subcontractors, mechanics, workers, suppliers, materialmen, carriers and others in respect of the construction, maintenance, repair or operation of the Assets, provided that such Liens are related to obligations not due or

delinquent, are not registered against title to any assets and in respect of which adequate holdbacks are being maintained as required by applicable law or such Liens are being contested in good faith by appropriate proceedings and in respect of which there has been set aside a reserve (segregated to the extent required by GAAP) in an adequate amount;

(c) security given by the Person to a public utility or any Governmental Entity when required in the ordinary course of business of the Person or a Subsidiary;

(d) undetermined or inchoate constructions or repair or storage liens arising in the ordinary course of business, payment for which is not yet due and a claim for which has not been filed or registered pursuant to law or for which notice in writing has not been given to the Person, but only if the aggregate amount thereof at the Closing Date would not constitute a Material Adverse Change;

(e) the right reserved to or vested in any Governmental Entity by any statutory provision or by the terms of any lease, licence, franchise, grant or permit of the Person, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition of their continuance.

"**Person**" means a natural person, partnership, limited liability partnership, corporation, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Entity, and pronouns have a similarly extended meaning.

"**Plans**" means all Employee benefit, fringe benefit, supplemental unemployment benefit, bonus, incentive, profit sharing, termination, change of control, compensation, pension plans, retirement, salary continuation, stock option, stock purchase, stock appreciation, health, welfare, medical, dental, accident, disability, life insurance and other plans, arrangements, agreements, programs, policies, practices or undertakings, whether oral or written, funded or unfunded, registered or unregistered, insured or self-insured, (a) that are sponsored or maintained or funded, in whole or in part, by any corporation or entity or to which the Corporation or Stockport, as the case may be, contributes or is obligated to contribute, in any such case, for the benefit of Employees, former Employees of any corporation or entity, and their respective beneficiaries, or (b) under which any corporation or entity has any liability; provided, however, the definition of "Plans" shall not include statutory plans with which the Corporation or Stockport, as the case may be, is required to comply, including the Canada Pension Plan, or any foreign equivalent, or plans administered pursuant to applicable health, tax, workers' compensation, workers' safety and insurance, and employment insurance legislation.

"**Proceeding**" has the meaning set forth in Section 9.5(b).

"**Public Statement**" has the meaning specified in Section 12.4.

"**Required Consents**" has the meaning specified in Section 5.5.

"**Restrictive Covenants**" has the meaning specified Section 10.3.

"**Restrictive Period**" has the meaning set forth in Section 10.3.

"**Resulting Issuer**" means the amalgamated corporation of Stockport and Sona and surviving listed issuer on the Exchange post-Transaction.

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

"**Shares**" means the common shares in the capital of Stockport, as constituted on the date hereof.

"**Sona Financial Statements**" means the audited financial statements of the Corporation for the period ended October 31, 2017 and the year-ended December 31, 2016, comprised of the balance sheet, statement of income and operations, statement of shareholders equity and statement of cash flow, all prepared in accordance with GAAP.

"**Sona Meeting**" means the special meeting of the shareholders of the Corporation for the purposes of approving the Continuance and Amalgamation by Special Resolutions.

"**Sona Shares**" means the common shares in the capital of the Corporation, as constituted on the date hereof.

"**Special Resolution**" means a resolution passed by the shareholders of either Sona or Stockport, by a majority of not less than two thirds of the votes cast by the shareholders who voted in person or by proxy at any general meeting of which notice of specifying the intention to propose the resolution as a special resolution has been given.

"**Stockport**" means Stockport Exploration Inc., a company incorporated under the federal laws of Canada pursuant to the CBCA.

"**Stockport's Closing Certificate**" has the meaning set forth in Section 9.3(b)(i).

"**Stockport Contracts**" has the meaning ascribed thereto in Section 4.1(w) of this Agreement.

"**Stockport Financial Statements**" means the audited financial statements of Stockport for the year ended October 31, 2017.

"**Stockport's Indemnified Persons**" has the meaning specified in Section 9.1.

"**Stockport Meeting**" means the special meeting of the shareholders of Stockport for the purposes of approving the Amalgamation by Special Resolution.

"**Stockport Options**" has the meaning ascribed thereto in Section 4.1(e) of this Agreement.

"**Stockport Property**" means Stockport's mineral property interest known as the KM61 property located in Ontario, Canada.

"**Stockport Warrants**" has the meaning ascribed thereto in Section 4.1(e) of this Agreement.

"**Subsidiary**" in relation to any Person means a corporate entity which is controlled by or under common control with the Person; and "**Subsidiaries**" means more than one of them.

"**Tax Reassessment**" has the meaning as specified in Section 9.5(g).

"**Tax**" and "**Taxes**" means, with respect to any Person, all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all value added taxes, GST, capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, ad valorem taxes, value added taxes, transfer taxes, franchise taxes, license taxes, withholding taxes, payroll taxes, employment taxes, pension plan premiums for government administered pension plans; excise, severance, social security premiums, workers compensation premiums, unemployment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, customs duties or other taxes, fees, imports, assessments or charges of any kind whatsoever, together with any interest and any penalties or additional amounts imposed by any taxing authority (domestic or foreign) on such

entity, and any interest, penalties, additional taxes and additions to tax imposed with respect to the foregoing.

"**Tax Laws**" means any Applicable Law that imposes Taxes or deals with the administration or enforcement of Liabilities for Taxes;

"**Tax Returns**" includes all returns, reports, declarations, designations, elections, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, made, prepared, filed or required to be made, prepared or filed with any Governmental Entity in respect of Taxes.

"**Third Party Development Tools**" has the meaning as specified in Section 3.1(pp).

"**Third Party Intellectual Property**" means any and all Intellectual Property Rights owned by a third party.

"**Transaction**" means a Change of Business, as that term is defined under the policies of the Exchange, including the Continuance, Amalgamation and Financing, in that order.

Section 1.2 Gender and Number.

Any reference in this Agreement or any Ancillary Agreement to gender includes all genders and words importing the singular number only shall include the plural and vice versa.

Section 1.3 Headings, etc.

The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect its interpretation.

Section 1.4 Currency.

All references in this Agreement or any Ancillary Agreement to dollars, unless otherwise specifically indicated, are expressed in lawful money of Canada.

Section 1.5 Certain Phrases, etc.

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

Section 1.6 Knowledge.

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of the Corporation or words to like effect, it shall be deemed to refer to the actual knowledge of Darren Rowles after due inquiry. Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of Stockport or words to like effect, it shall be deemed to refer to the actual knowledge of James Megann after due inquiry.

Section 1.7 Accounting Terms.

All accounting terms not specifically defined in this Agreement shall be interpreted in accordance with GAAP.

Section 1.8 Incorporation of Exhibits.

(a) The Exhibits attached to this Agreement for all purposes of this Agreement, form an integral part of it.

ARTICLE 2
AMALGAMATION

Section 2.1 Amalgamation

(a) Subject to the terms and conditions of this Agreement, the Corporation agrees to hold the Sona Meeting as soon as practicable for the purposes of approving by Special Resolutions, (i) the Continuance; and (ii) the Amalgamation to form the Resulting Issuer.

(b) Subject to the terms and conditions of this Agreement, Stockport agrees to hold the Stockport Meeting as soon as practicable for the purposes of approving by Special Resolution, the Amalgamation to form the Resulting Issuer.

(c) At the Effective Time on the Closing Date, all of the Shares and all of the Sona Shares will be exchanged for common shares of the Resulting Issuer on the bases as more particularly set out in the Amalgamation Agreement.

(d) After the Closing Date, the Convertible Notes will be the convertible notes of the Resulting Issuer, and shall be convertible into common shares of the Resulting Issuer in accordance with their terms, but making the necessary adjustments for the restructuring of the capital of Stockport as if the Convertible Notes had been converted into Shares immediately prior to the Amalgamation.

(e) After the Closing Date, all Stockport Options and Stockport Warrants will be exchanged by the Resulting Issuer for equivalent Exchanged Options and Exchanged Warrants pursuant to the Amalgamation.

Section 2.2 Meetings and Circular

For the purposes of the Sona Meeting and Stockport Meeting, the Corporation and Stockport will co-operate in good faith and jointly prepare the Circular for their use at such meetings, and the Circular will include Dissent Rights.

Section 2.3 Dissent Rights

For the purposes of the Sona Meeting and Stockport Meeting, shareholders who validly exercise their Dissent Rights in connection with the Amalgamation pursuant to and in the manner set forth in the Circular shall not be entitled to exchange their shares for common shares of the Resulting Issuer pursuant to the Amalgamation. However, if a shareholder of either the Corporation or Stockport fails to perfect or effectively withdraws such Dissent Rights or forfeits such Dissent Rights or if his, her or its rights as a shareholder are otherwise reinstated, such shareholder shall thereupon be deemed to have been exchanged for their Sona Shares or Shares, as the case may be, as of the Closing Date as prescribed herein. Registered shareholders of either the Corporation or Stockport entitled to vote on the Amalgamation may exercise Dissent Rights with respect to their shares in connection with the Amalgamation, pursuant to and

in the manner set forth in the Circular and in accordance with applicable laws. The Corporation or Stockport shall provide prompt notice to the other of any written notice of a dissent, withdrawal of such notice, and any other instruments served pursuant to such Dissent Rights received by them.

Section 2.4 Escrowed Shares

The Escrowed Shareholders shall execute and deliver to Stockport for filing with the Exchange, the Escrow Agreement in respect of their Exchanged Shares.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE CORPORATION

Section 3.1 Representations and Warranties of the Corporation.

The Corporation represents and warrants as follows to Stockport and acknowledges and confirms that Stockport is relying upon the representations and warranties in connection with the transactions contemplated by this Agreement, which representations and warranties are made as of the date of this Agreement and as of the Closing Date:

Corporate Matters

(a) **Incorporation and Qualification**. The Corporation is a company duly incorporated and existing under the laws of the Province of Nova Scotia, and has the corporate power to own and operate its Assets, carry on the Business and enter into and perform its obligations under this Agreement. The Corporation is duly qualified, licensed or registered to carry on business in all jurisdictions in which the nature of the Assets or the Business makes such qualification necessary.

(b) **Validity of Agreement**.

(i) The execution, delivery and performance by the Corporation of this Agreement and each of the Ancillary Agreements to which it is a party have been duly authorized by all necessary corporate action on the part of the Corporation.

(ii) The transactions under this Agreement or any of the Ancillary Agreements, do not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any of the terms or provisions of the constating documents or by-laws of the Corporation or any contracts or instruments to which the Corporation is a party or pursuant to which any of its Assets may be affected.

(iii) The transactions under this Agreement or any of the Ancillary Agreements, do not and will not result in a breach of, or cause the termination or revocation of, any Authorization held by the Corporation or necessary for the operation of the Business.

(iv) The transactions under this Agreement or any of the Ancillary Agreements, do not and will not result in the violation of any Applicable Law or judgment, decree, order, or award of an Governmental Entity applicable to the Corporation.

(c) **Required Authorizations**. Except for Authorization of the Exchange and any filings and notices in connection therewith, there is no requirement to make any filing with, give any

notice to, or obtain any Authorization of, any Governmental Entity as a condition to the Corporation's lawful completion of the transactions contemplated by this Agreement.

(d) **Execution and Binding Obligation**. This Agreement and each of the Ancillary Agreement to which the Corporation is a party entered into on the Closing of the transactions hereunder has been duly executed and delivered by the Corporation, and constitute legal, valid and binding obligations of the Corporation, enforceable against the Corporation in accordance with its terms subject only to any limitation under applicable laws relating to: (i) bankruptcy, winding-up, insolvency, arrangement and other laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

(e) **Authorized and Issued Capital**. The authorized capital of the Corporation consists of an unlimited number of common shares without nominal or par value of which at this date, 34,821,662 common shares (and no more) have been duly issued and are outstanding as fully paid and non-assessable. All of the Sona Shares have been issued or will have been issued in compliance with all Applicable Laws including, without limitation, applicable securities laws

(f) **No Other Agreements to Purchase**. Except for Stockport's right under this Agreement, no Person has any written or oral agreement, option or warrant or any right or privilege (whether by Applicable Law, pre-emptive or contractual) that is or may become binding on the Corporation with respect to the purchase, subscription, allotment or issuance of any of the unissued shares or other securities of the Corporation.

(g) **Dividends and Distributions**. Since the Financial Statement Date, the Corporation has not, directly or indirectly, declared or paid any dividends or declared or made any other distribution on any of its shares of any class and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of its shares of any class or agreed to do so.

(h) **Corporate Records.** The Corporate Records are complete and accurate and all corporate proceedings and actions reflected in the Corporate Records have been conducted or taken in compliance with all Applicable Laws and with the articles, by-laws or constating documents of the Corporation. Without limiting the generality of the foregoing: (i) the minute books contain complete and accurate minutes of all meetings of the directors and shareholders held since incorporation and all such meetings were properly called and held, (ii) the minute books contain all resolutions passed by the directors and shareholders (and committees, if any) and all such resolutions were properly passed, (iii) the share certificate books, register of shareholders and register of transfers are complete and accurate, all transfers have been properly completed and approved and any tax payable in connection with the transfer of any securities has been paid, and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers were properly elected or appointed, as the case may be.

Financial Matters

(i) **Books and Records**. All accounting and financial Books and Records of the Corporation have been fully, properly and accurately kept and completed in all material respects. All material financial transactions of the Corporation have been accurately recorded in the Books and Records of the Corporation for the periods noted therein and such books and records fairly present the financial position and the affairs of the Corporation for the periods noted therein. The Books and Records and other data and information are not recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process,

whether computerized or not) which are not available to the Corporation in the Ordinary Course.

(j) **Financial Statements of the Corporation**. The audited Sona Financial Statements of the Corporation dated as at the Financial Statement Date have been prepared in accordance with GAAP and present fairly:

(i) the assets, liabilities, (whether accrued, absolute, contingent or otherwise) and financial position of the Corporation as at the Financial Statement Date, and

(ii) the income and expenses of the Corporation during the period covered by the Sona Financial Statements;

A true, correct and complete copy of the Sona Financial Statements is attached as Exhibit A.

(k) **Bankruptcy.** The Corporation has not made any assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has been presented in respect of it. The Corporation has not initiated proceedings with respect to a compromise or arrangement with its creditors, or for winding-up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of the Corporation or the Assets and no execution or distress has been levied on any of the Assets, nor have proceedings been commenced in respect of any of the foregoing. The Corporation has not incurred any liability or not exceeded any assets necessary for the operation of the Business as a result of the dissolution or bankruptcy of any corporation that was controlled by the Corporation at any time.

(l) **Absence of Undisclosed Liabilities.** Except to the extent reflected or reserved against in the Sona Financial Statements, or incurred in the Ordinary Course since the Financial Statement Date, the Corporation does not have any material outstanding indebtedness or any material Liabilities or obligations (whether accrued, accruing, absolute, contingent or otherwise) and, except for such Liabilities which may be contemplated hereunder or which Stockport approves before being incurred, any Liabilities or obligations incurred in the Ordinary Course since the Financial Statement Date, will not have had a Material Adverse Effect on the financial condition of the Corporation as at the Closing Date.

(m) **Absence of Changes.** Since the Financial Statement Date, there has not been:

(i) any change in the condition or the operation of the Business, Assets or financial affairs of the Corporation which, individually or in the aggregate; or

(ii) any damage, destruction or loss, labour unrest or other event, development or condition, of any character (whether or not covered by insurance) which is not generally known or which has not been disclosed to Stockport,

which may have a Material Adverse Effect on the Business or Assets of the Corporation or the prospects thereof.

(n) **No Liabilities Resulting in Liens**. There is no indebtedness or Liability of the Corporation to any Person which might, by operation of law or otherwise, now or hereafter constitute or be capable of resulting in or forming a Lien, except a Permitted Lien, upon any of the Assets.

General Matters Relating to the Business

(o) **Conduct of Business in Ordinary Course**. Since the Financial Statement Date, the Business has been carried on in the Ordinary Course,. Without limiting the generality of the foregoing, the Corporation has not:

(i) sold, transferred or otherwise disposed of any Assets except for: (i) Assets which are obsolete and which individually or in the aggregate do not exceed $10,000, or (ii) inventory sold in the Ordinary Course;

(ii) made any capital expenditure or commitment therefor which individually or in the aggregate exceeded $50,000 in excess of the amount budgeted for same in the capital expenditure budget presented to Stockport;

(iii) discharged any secured or unsecured obligation or liability (whether accrued, absolute, contingent or otherwise) which individually or in the aggregate exceeded $10,000 save and except for any discharges in the Ordinary Course;

(iv) increased its indebtedness for borrowed money or made any loan or advance, or assumed, guaranteed or otherwise became liable with respect to the liabilities or obligation of any Person;

(v) made any bonus or profit sharing distribution or similar payment of any kind under a Plan, except as may be required by the terms of a Material Contract;

(vi) removed any auditor or director or terminated any officer or other Employee;

(vii) written off as uncollectible any Accounts Receivable which individually or in the aggregate is material to the Corporation or is in excess of $5,000;

(viii) granted any general increase in the rate of wages, salaries, bonuses or other remuneration of any Employees of the Corporation except as may be required by the terms of a Material Contract;

(ix) suffered any extraordinary loss, whether or not covered by insurance;

(x) suffered any material shortage or any cessation or interruption of inventory shipments, supplies or ordinary services;

(xi) cancelled or waived any material claims or rights;

(xii) compromised or settled any Legal Proceeding relating to the Assets, the Business or the Corporation;

(xiii) cancelled or reduced any of its insurance coverage;

(xiv) experienced any resignation of any Employees; or

(xv) authorized, agreed or otherwise committed, whether or not in writing, to do any of the foregoing;

In addition, the Corporation has not: (i) made, nor has agreed to make, any change in any method of accounting or auditing practice, or (ii) amended or approved any amendment to its constating documents, by-laws or capital structure.

(p) **No Material Adverse Change**. Since the Financial Statement Date, there has not been any Material Adverse Change in the affairs, prospects, operations or condition of the Corporation, the Assets or the Business and, to the knowledge of the Corporation, no event has occurred or circumstance exists which may result in such a Material Adverse Change.

(q) **Compliance with Applicable Laws**. To the knowledge of the Corporation, the Corporation is conducting the Business in compliance with all Applicable Laws other than acts of non-compliance which, in the aggregate, are not material, and the Corporation has not received notice that it has not conducted the Business or any past businesses in compliance with Applicable Laws.

(r) **Authorizations**. To the knowledge of the Corporation, the Corporation owns, holds, possesses or lawfully uses in the operation of the Business, all material Authorizations which are, in any manner, necessary for it to conduct the Business as presently or previously conducted or for the ownership and use of the Assets in compliance with all Applicable Laws. The only Authorizations material to the Corporation or the Business are the business licence for the operation of the Corporation's plant facilities at the Demised Premises (the "**Material Authorizations**"). Each Material Authorization is valid, subsisting and in good standing. The Corporation is not in default or breach of any Material Authorization and, no proceeding is pending or to the knowledge of the Corporation, threatened to revoke or limit any Material Authorization. All Material Authorizations are renewable by their terms or in the Ordinary Course without the need for the Corporation to comply with any special rules or procedures, agree to any materially different terms or conditions or pay any amounts other than routine filing fees.

Matters Relating to the Assets

(s) **Sufficiency of Assets**. The Business is the only business operation carried on by the Corporation and the Assets include all rights and property necessary to the conduct the Business after the Closing substantially in the same manner as it was conducted prior to the Closing. With the exception of inventory in transit, all of the Assets are situated at the Demised Premises.

(t) **Assets and Title to the Assets**. The Corporation owns (with good and marketable title) all of the properties and assets (whether real, personal or mixed and whether tangible or intangible) that it purports to own, including all the properties and assets reflected as being owned by the Corporation in its respective financial Books and Records and the Corporation has legal and beneficial ownership of such Assets free and clear of all Liens except for Permitted Liens.

(u) **No Options, etc.** No Person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming such for the purchase or other acquisition from the Corporation of any of the Assets other than pursuant to purchase orders for inventory sold in the Ordinary Course.

(v) **Condition of Tangible Assets**. To the knowledge of the Corporation, the buildings at the Demised Premises are structurally sound, and the equipment and other tangible personal property of the Corporation are in good operating condition and repair, having regard to their use and age, and all are adequate and suitable for the uses to which they are being put. To the knowledge of the Corporation, none of such buildings, equipment or other property is in need of maintenance or repairs except for ordinary routine maintenance and repairs that are not material in nature or cost.

(w) **Leases**. The Corporation is not a party to, or under any agreement to become a party to, any lease or facilities use permit with respect to real property..

(x) **Material Contracts**. Except for the Contracts disclosed in writing to Stockport (collectively, the "**Material Contracts**"), the Plans and the insurance policies disclosed in writing to Stockport, the Corporation is not a party to or bound by:

(i) any distributor, sales, advertising, agency or manufacturer's representative Contract;

(ii) any continuing Contract for the purchase of materials, supplies, equipment or services involving in the case of any such Contract more than $50,000 over the life of the Contract;

(iii) any Contract that expires or may be renewed at the option of any Person other than the Corporation, so as to expire more than one year after the date of this Agreement;

(iv) any trust indenture, mortgage, promissory note, loan agreement or other Contract for the borrowing of money, any currency exchange, commodities or other hedging arrangement or any leasing transaction of the type required to be capitalized in accordance with GAAP;

(v) any Contract for capital expenditures in excess of $50,000, individually, nor more than $200,000 in the aggregate;

(vi) any confidentiality, secrecy or non-disclosure Contract or any Contract with a competitor of the Business, or any Contract limiting the freedom of the Corporation to engage in any line of business, compete with any other Person, operate its assets at maximum production capacity or otherwise conduct its business or with a competitor of Business;

(vii) any Contract pursuant to which the Corporation is a lessor of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property having a payment obligation in excess of $50,000, per year;

(viii) any Contract with any Person with whom the Corporation does not deal at arm's length within the meaning of the ITA;

(ix) any agreement of guarantee, support, indemnification, assumption or endorsement of, or any similar commitment with respect to, the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or indebtedness of any other Person;

(x) any Contract made out of the Ordinary Course; or

(xi) any Contract which requires the consent of a third party prior to their being any change of control of the Corporation or any Subsidiary or which would entitle a third party to terminate the contract upon a change of control of the Corporation.

(y) **No Breach of Material Contracts**. To the knowledge of the Corporation, the Corporation has performed all of the obligations required to be performed by it and is entitled to all benefits under, and the Corporation has not received notice or advice alleging it to be in default of any Material Contract. Each of the Material Contracts is in full force and effect, unamended, and there exists no default or event of default or event,

occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default or event of default under any Material Contract. True, correct and complete copies of all Material Contracts have been delivered to Stockport.

(z) **No Breach of Other Contracts**. To the knowledge of the Corporation, the Corporation, has not violated or breached, in any material respect, any of the terms or conditions of any Contract, except for certain failures to perform which, would not have a Material Adverse Effect. The Corporation has not received notice of any such breach, and, to the knowledge of the Corporation, all the covenants to be performed by any other party to such Contract have been fully performed, in all material respects.

Accounts Receivable. All Accounts Receivable are *bona fide*, and, subject to an allowance for doubtful accounts that has been reflected on the books of the Corporation in accordance with GAAP and the policies, practices and procedures set forth in the Sona Financial Statements, collectible without set-off or counterclaim.

Intellectual Property Rights

(aa) **Corporation Intellectual Property**. The Corporation owns or has the valid license to, all Corporation Intellectual Property; and to the knowledge of the Corporation, the Corporation has not transferred ownership of, or agreed to transfer ownership of, or granted or agreed to grant any exclusive license to, any Corporation Intellectual Property to any third party.

(bb) **Title**. The Corporation owns each item of Corporation Owned Intellectual Property, free and clear of any Liens, and has the right to use same without payment to any third party.

(cc) **Corporation Registered Intellectual Property**. The Corporation has disclosed in writing to Stockport: (i) all Corporation Registered Intellectual Property which has not expired, including the owner of each item of Corporation Registered Intellectual Property and the jurisdictions in which it has been issued or registered or in which any application for such issuance and registration has been filed, or in which any other filing or recordation has been made; and (ii) all material Marks currently used by the Corporation and for which no applications have been filed; no actions (except for the payment of maintenance fees for patent applications due in the Ordinary Course, which fees have been or will be paid in the Ordinary Course) are required to be taken by the Corporation within 120 days of the date herefrom with respect to such Corporation Registered Intellectual Property in order to avoid prejudice to, impairment or abandonment of such Corporation Registered Intellectual Property; each item of Corporation Registered Intellectual Property is subsisting (or in the case of applications, applied for) and to the knowledge of the Corporation, is not invalid or unenforceable; and each item of Corporation Registered Intellectual Property has been filed, prosecuted, and maintained in good faith and in a commercially reasonable manner and all filings, payments and other actions required to be made or taken by the Corporation before the date of this Agreement to maintain the Corporation Registered Intellectual Property have been made and/or taken (except for the payment of maintenance fees for patents applications due in the ordinary course after the Closing, which fees have been or will be paid in the ordinary course); to the knowledge of the Corporation none of the Corporation Registered Intellectual Property is currently involved in any interference, inventorship dispute, reissue, reexamination, opposition proceeding, or cancellation proceeding; the Corporation has not received any written notice from any Person regarding any such proceeding; and no Person, other than the Corporation, has the right to prosecute or

enforce any Corporation Registered Intellectual Property, except for the possible right at law for licensees to enforce Intellectual Property Rights under which they are licensed.

(dd) **Third Party Intellectual Property**. The Corporation has disclosed in writing to Stockport, all Third Party Intellectual Property that is knowingly incorporated into, integrated into, or bundled with any of the Corporation Products as of the Closing Date (including any Third Party Intellectual Property used to provide any Corporation Products that are services) and identifies (i) the applicable Contract under which such Third Party Intellectual Property is licensed to Corporation or a Subsidiary and (ii) the Corporation Product(s) into or with which such Third Party Intellectual Property is incorporated, integrated, or bundled.

(ee) **Opinions**. The Corporation has not received any written opinion of counsel that any Corporation Product or the operation of the Business does or does not infringe, misappropriate, or violate any unexpired Intellectual Property Right of a third party or that any Intellectual Property Right of a third party is invalid or unenforceable and the Corporation are not aware of any earlier opinions that might present an impediment to the conduct of the Business.

(ff) **No Governmental Assistance**. The Corporation confirms that no (i) government funding (except for any governmental tax incentive programs relating to scientific research and experimental development); (ii) facilities of a university, college, other educational institution or research center; or (iii) funding from any Person (other than funds received in consideration for shares) was used in the development of the Corporation Owned Intellectual Property. The Corporation currently receives funding from the Atlantic Canada Opportunities Agency ("ACOA") and the Industrial Research Assistance Program ("IRAP") as part of its continuing research and development initiatives. No Contributor has performed services for any government, university, college or other educational institution or research center during a period of time during which such Contributor was also performing services for the Corporation.

(gg) **IP Assignment Agreement.** To the knowledge of the Corporation, the Corporation has secured from all current and former employees, consultants, independent contractors, directors and advisors who independently or jointly contributed to or participated in the conception, reduction to practice, creation or development of any Intellectual Property Rights for the Corporation (each a "**Contributor**"), unencumbered and exclusive ownership of, all of Intellectual Property Rights in such contribution that the Corporation does not already own by operation of law; (ii) and without limiting the foregoing, to the knowledge of the Corporation, the Corporation has obtained written proprietary information and invention disclosure and Intellectual Property Rights assignments from all Contributors.

(hh) **Employee Breaches**. To the Corporation's knowledge, no current or former employee, consultant or independent contractor of the Corporation: (i) is in violation of any term or covenant of any Contract relating to employment, invention disclosure (including patent disclosure), invention assignment, non-disclosure or any other Contract with any other party by virtue of such Employee's, consultant's or independent contractor's being employed by, or performing services for, the Corporation or using trade secrets or proprietary information of others without permission; or (ii) has developed any technology, software or other copyrightable, patentable or otherwise proprietary work for the Corporation that is subject to any agreement under which such employee, consultant or independent contractor has assigned or otherwise granted to any third party any rights (including Intellectual Property Rights) in or to such technology, software or other copyrightable, patentable or otherwise proprietary work.

(ii) **Confidential Information**. The Corporation has taken commercially reasonable steps to protect and preserve the confidentiality of its Confidential Information.

(jj) **Non-Infringement**. The Corporation has not brought any action, suit or proceeding for infringement or misappropriation of any Intellectual Property Right, or threatened to do any of the foregoing. To the knowledge of the Corporation, the operation of the Business, including the making, using or selling of any Corporation Product: (i) has not, does not, and will not infringe or misappropriate the Intellectual Property Rights of any third party; and (ii) does not constitute unfair competition or unfair trade practices under the laws of any jurisdiction; the Corporation has not been sued in any suit, action or proceeding or received any notice or, to the knowledge of the Corporation, threat which claims infringement or misappropriation of any Intellectual Property Rights of any third party or which contests the validity, ownership or right of the Corporation to own or exercise any Corporation Intellectual Property; no Corporation Intellectual Property, Corporation Registered Intellectual Property or Corporation Product is subject to any proceeding, order, judgment or settlement agreement that restricts the use, transfer, or licensing thereof by the Corporation, or which affects the validity, use or enforceability of any such Corporation Intellectual Property or Corporation Registered Intellectual Property; and all Corporation Products have been marked with the proper patent pending notice. All Works bear the proper registration notice where appropriate to do so.

(kk) **Corporation Intellectual Property Agreements**. To the knowledge of the Corporation: (i) the Corporation is not (and will not be as a result of the execution and delivery or effectiveness of this Agreement or the performance of the Corporation's obligations under this Agreement), in breach of any Corporation Intellectual Property Agreement; (ii) the consummation of the transactions contemplated by this Agreement will not result in, or give any Person the right to cause (A) any modification, cancellation, termination, suspension of, or acceleration or increase of any payments under any Corporation Intellectual Property Agreements, (B) a loss of, or Lien on, any Corporation Intellectual Property; or (C) the grant, assignment or transfer to any Person of any license or other right or interest to any Corporation Intellectual Property; (iii) no third party is in breach of a Corporation Intellectual Property Agreement; and (iv) no remuneration is payable to any third party pursuant to any Corporation Intellectual Property Agreement.

(ll) **Open Source Materials**. The Corporation has disclosed in writing to Stockport all software or other material that is distributed as "free software", "open source software" or under similar licensing or distribution terms (including but not limited to the GNU General Public License (GPL), GNU Lesser General Public License (LGPL), Mozilla Public License (MPL), BSD licenses, the Artistic License, the Netscape Public License, the Sun Community Source License (SCSL), the Sun Industry Standards License (SISL), the Apache License, and any license identified as an open source license by the Open Source Initiative (www.opensource.org)) ("**Open Source Materials**") and that is used by the Corporation and integrated or incorporated within any Corporation Product, and identifies for each item of Open Source Materials: (i) the applicable open source license; (ii) whether the item is distributed with any Corporation Products, and if so, the applicable Corporation Products; and (iii) whether or not the item was modified by the Corporation or any Subsidiary. The Corporation is in material respects in compliance with the terms and conditions of all licenses for the Open Source Materials.

(mm) **Use of Open Source Materials**. The Corporation has not: (i) incorporated Open Source Materials into, or combined Open Source Materials with, the Corporation Products; (ii) distributed Open Source Materials in conjunction with any Corporation Intellectual Property or Corporation Products; or (iii) used Open Source Materials, in such a way that, with respect to (i), (ii), or (iii) creates, or purports to create obligations for the

Corporation with respect to any Corporation Intellectual Property or grant, or purport to grant, to any third party, any rights or immunities under any Corporation Intellectual Property Rights, including using any Open Source Materials that require, as a condition of use, modification and/or distribution of such Open Source Materials that other software incorporated into, derived from or distributed with such Open Source Materials be: (A) disclosed or distributed in source code form, (B) be licensed for the purpose of making derivative works, or (C) be redistributable at no charge.

(nn) **Privacy Policies**. To the knowledge of the Corporation, the Corporation has complied with all Applicable Laws and their respective internal privacy policies relating to: (a) the privacy of users of their products and services and all Internet websites owned, maintained or operated by Corporation (the "**Corporation Websites**") and (b) the use, collection, storage, disclosure and transfer of any personally identifiable information collected by or provided to the Corporation or by third parties having authorized access to the records, databases and Corporation Websites of the Corporation. Each of the Corporation Websites and all materials distributed or marketed by the Corporation have at all times made all disclosures to users or customers required by Applicable Laws in effect as of the applicable dates and none of such disclosures made or contained in any Corporation Website or in any such materials have been inaccurate, misleading or deceptive or in violation of any applicable legal requirement. The Corporation's privacy practices conform, and at all times have conformed, in all material respects to their respective privacy policies. No claims have been asserted or, to the knowledge of the Corporation, are threatened against the Corporation by any Person alleging a violation of such Person's privacy, personal or confidentiality rights under the privacy policies of the Corporation. With respect to all personal and user information described in this Section, the Corporation has at all times implemented industry standard practices to protect the information against loss and against unauthorized access, use, modification, disclosure or other misuse. To the knowledge of the Corporation, there has been no unauthorized access to or other misuse of that information. The execution, delivery and performance of this Agreement, will comply with all Applicable Laws relating to privacy and with the Corporation's privacy policies. The Corporation has not received a complaint regarding the Corporation's collection, use or disclosure of personally identifiable information.

(oo) **Security Breaches**. The Corporation has not experienced any breach of security, or otherwise unauthorized access by third parties to, Confidential Information, including personally identifiable information in the Corporation's possession, custody or control.

(pp) **Development Tools**. The Corporation has disclosed in writing to Stockport, a complete list of all third party software development tools used by the Corporation in the Business as previously conducted or presently conducted (the "**Third Party Development Tools**"). The Corporation has sufficient right, title and interest in and to the Third Party Development Tools for the Business as previously conducted or presently conducted.

(qq) **Malicious Code**. None of the Corporation Products: (i) contains hidden files, viruses, time bombs, Trojan horses, or other malicious code or files designed to interrupt, destroy, or limit the functionality of any computer software or hardware, (ii) contains back doors, trap doors or other similar code designed to allow access into any computer software or hardware without going through normal built-in security checks and logs, or (iii) to the Corporation' knowledge, contains or are susceptible to any publicly identified vulnerability.

Particular Matters Relating to the Business

(rr) **Inventories**. The inventories of the Corporation do not include any material items which are slow-moving, below standard quality or of a quality or quantity not usable or saleable in the Ordinary Course the value of which has not been written down in the Books and Records to net realizable market value. The inventory levels of the Corporation have been maintained at levels sufficient for the continuation of the Business in the Ordinary Course. All inventories of the Corporation have been determined and valued in accordance with the policies, practices and procedures set forth in the Sona Financial Statements.

(ss) **Subsidiaries**. The Corporation has no Subsidiaries and holds no shares or other ownership, equity or proprietary interests in any other Person, including any joint venture.

(tt) **Environmental Matters**. The Corporation confirms that:

(i) the Corporation and the Business has been and is, operated in compliance with all applicable material Environmental Laws;

(ii) the Corporation has provided or made available to Stockport true and complete copies of all environmental audits, evaluations, assessments, studies or tests relating to the Corporation and the Business and Assets of the Business that, to its knowledge, exist;

(iii) there is no Environmental Law claim pending or, to the knowledge of the Corporation threatened against the Corporation;

(iv) the Corporation has not released any Hazardous Substance at, on or near the Demised Premises as a result of the conduct of the Business or otherwise in any manner that will give rise to a material liability if such release is not permitted by Environmental Law;

(v) the current and past operations of the Corporation have been and are in material compliance with all Environmental Laws, and to the knowledge of the Corporation there are no facts that could give rise to a notice of non-compliance by the Corporation with any Environmental Law, except for, in respect of all of the above, such non-compliance as would not individually or in aggregate be reasonably like to result in or give rise to any material Liability to the Corporation or materially impair the operations of the Business; and

(vi) the Corporation has not been convicted of an offence or been subject to any Legal Proceeding or been subject to any order or other sanction requiring investigation or remediation of any real property or been fined or otherwise sentenced for non-compliance with any Environmental Laws, and has not settled any prosecution or other proceeding in relation to any alleged non-compliance with any Environmental Laws short of conviction in connection therewith.

Employment Matters

(uu) **Directors.** At the Closing Date, no amounts will be due or owing to any of the members of the board of directors of the Corporation save and except in respect of any indemnification by the Corporation of the directors as provided in the constating documents of the Corporation.

(vv) **Employees**. The Corporation confirms that:

(i) to the knowledge of the Corporation, the Corporation is in compliance with all Applicable Laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages and hours of work;

(ii) to the knowledge of the Corporation, the Corporation has not nor is it engaged in any unfair labour practice and no unfair labour practice complaint, grievance or arbitration proceeding is pending or threatened against the Corporation;

(iii) no collective bargaining agreement is currently being negotiated by the Corporation with respect to any Employees of the Corporation and there are no collective agreements in force with respect to the Employees. No union representation question exists respecting the Employees of the Corporation. There is no labour strike, dispute, work slowdown or work stoppage pending or involving or threatened against the Corporation. No trade union has applied to have the Corporation declared a related employer pursuant to the *Labour Code* (British Columbia) or any similar labour legislation in any jurisdiction in which the Corporation carries on its Business;

(iv) all amounts due or accrued due for all salary, wages, bonuses, commissions, vacation with pay, overtime, pension benefits, profit sharing or other Employee benefits are reflected in the Books and Records;

(v) in the most recently completed Financial Year, the Corporation did not experienced the retirement or termination of employment of any Employees;

(vi) there are no Employees of the Corporation that:

(A) have been absent continually from work for a period in excess of one month during the last 6 months, as well as the reason for their absence, including all Employees on disability (whether short-term or long-term);

(B) are presently in receipt of workers' compensation benefits on account of their employment by the Corporation;

(C) are presently on unauthorized unpaid leave of absence (including maternity or paternal leave or unpaid sick leave) from the Corporation;

(D) are presently on lay-off from the Corporation with an existing right of recall pursuant to Applicable Law;

(vii) the Corporation has disclosed in writing to Stockport a correct and complete list of each Employee, director, independent contractor, consultant and agent of the Corporation, whether actively at work or not, their salaries, wage rates, commissions and consulting fees, bonus arrangements, profit sharing level and participation, benefits, positions, ages, status as full-time or part-time Employees and length of service. No Employee of the Corporation has any agreement as to length of notice or severance payment required to terminate his or her employment, other than such as results by Applicable Law from the employment of an Employee without an agreement as to notice or severance, or other than pursuant to the Employment Agreements; and

(viii) there has not been any resignation or termination of employment of any officer, director or Employee of the Corporation since the date of its incorporation, and,

to the Corporation' knowledge, there is no impending resignation or termination of employment of any such officer, director or Employee.

(ww) **Workers Compensation.** Except for claims by Employees under workers' compensation legislation which, if adversely determined, would not, either individually or in the aggregate, have a Material Adverse Effect, or rating assessment (for the purposes of workers' compensation legislation) in respect of the Corporation, there are no complaints, claims or charges pending or outstanding or, anticipated, nor are there any orders, decisions, directions or convictions currently registered or outstanding by any tribunal or agency against or in respect of the Corporation under or in respect of any workers' compensation legislation. There are no appeals pending before the Workers' Compensation Board or similar Governmental Entity in any jurisdiction in which the Corporation operates involving the Corporation, and all levies, assessments and penalties made against the Corporation pursuant to any applicable workers' compensation legislation have been paid.

(xx) **Employee Plans**.

The Corporation currently has no benefit Plans for Employees.

Other Matters

(yy) **Insurance**. The Assets are insured in such amounts and against such risks as set forth in the Corporation's insurance policies, copies of which have been provided to Stockport. All such insurance policies which are maintained by the Corporation set out, in respect of each policy, a description of the type of policy, the name of insurer, the coverage allowance, the expiration date, the annual premium and any pending claims. The Corporation is not in default with respect to any of the provisions contained in the insurance policies, the payment of any premiums under any insurance policy and has not failed to give any notice or to present any claim under any insurance policy in a due and timely fashion. There has not been any Material Adverse Change in the relationship of the Corporation with its insurers, the availability of coverage, or in the premiums payable pursuant to the policies. The Corporation maintains all insurance coverage as may be required by any Material Contract.

(zz) **Legal Proceedings**. There are no Legal Proceedings at law, or in equity, by any Person (including, without limitation, the Corporation), nor any arbitration, administrative or other proceeding by or before (or any investigation by) any Governmental Entity pending, or, to the knowledge of the Corporation, threatened against the Corporation, the Business or any of the Assets, and, to the knowledge of the Corporation, there is no valid basis for any such action, suit, proceeding, arbitration or investigation by or against the Corporation. The Corporation is not subject to any judgment, order or decree entered in any lawsuit or proceeding, nor has the Corporation settled any claim prior to being prosecuted in respect of it. The Corporation is not a plaintiff or complainant in any Legal Proceeding.

(aaa) **Customers and Suppliers**. The Corporation has disclosed in writing to Stockport a true and correct list setting forth the ten largest customers and the ten largest suppliers of the Corporation by dollar amount as at the date of the Sona Financial Statements. To the knowledge of the Corporation, there is no reason to believe that the benefits of any relationship with any of the major customers or suppliers of the Corporation will not continue after the Closing Date in substantially the same manner as prior to the date of this Agreement.

Tax Matters

(bbb) **Taxes**.

(i) Except for the deemed year ends that will occur upon the change in control of the Corporation on the Closing Date, since September 30, 2014, the Corporation has duly filed in the prescribed manner and within the prescribed time periods, all Tax Returns, if any, required to be filed by it before the Closing Date (including any and all tax elections available to it in relation to such Tax Returns), and all information returns as to which the non-filing or late filing could result in interest or penalties; and the Corporation has made complete and accurate disclosure in such Tax Returns and in all materials accompanying such Tax Returns, except in respect of a particular Tax Return to the extent that it may have been modified in a subsequent Tax Return, and except for any permitted extensions of time to file a Tax Return. The Corporation has paid all Taxes due and payable by it (if any) on or before the Closing Date, whether or not shown on such Tax Returns as being due and payable, and all Taxes payable under any assessment or reassessment made, except as such reassessment or assessment may be contested in good faith.

(ii) Other than those Liabilities reflected as reserves on the Sona Financial Statements, the Corporation has no Liability for Taxes for any period ending on or before the Closing Date. The Sona Financial Statements fully reflect accrued Liabilities for all Taxes which are not yet due and payable and for which Tax Returns are not yet required to be filed (due to any permitted extension of time or otherwise), and are sufficient of the payment of remittance of all Taxes which may become payable or remittable by the Corporation, whether or not disputed, in respect of any period ending before the Closing Date. No examination of any Tax Return of the Corporation by a Governmental Entity is currently in progress, except any Tax Return which has been filed by the Corporation, but has not yet been assessed by the appropriate Governmental Entity. There are no Liens or Taxes upon any property or assets of the Corporation, other than Liens for Taxes which are not yet due and payable.

(iii) There are no agreements, waivers or other arrangements providing for an extension of time with respect to any assessment or reassessment of Taxes, the filing of any Tax Return, or the payment of any Tax by, or levying of any governmental charge against the Corporation; however, the Corporation has applied to the Internal Revenue Service for an extension of time to file its first Tax Return.

(iv) There is no Legal Proceeding, audit, assessment, re-assessment or request for information outstanding for which notice has been provided to the Corporation or threatened against it with respect to Taxes or any matters under discussion with any Governmental Entity relating to any matters which could result in claims for additional Taxes. Stockport has been provided access to complete and accurate copies of each of (A) all audit reports, letter rulings, technical advice memoranda and similar documents issued by a Governmental Entity relating to the Taxes due from or with respect to the Corporation, (B) all agreements entered into by the Corporation with any Governmental Entity existing on the date hereof and (C) copies of any correspondence to or from any Governmental Entity.

(v) The Corporation has withheld from each payment made by it to any relevant Person the amount of all Taxes and other deductions required under any

applicable Tax Law to be withheld therefrom and has remitted all such amounts withheld and all other amounts required to be remitted and paid all instalments of Taxes due and payable before the Closing Date to the proper Governmental Entity within the time prescribed under any applicable Tax Law. All Persons performing services for the Corporation who are classified and treated as independent contractors qualify as independent contractors and not as employees under the Applicable Laws.

(vi) The Corporation is not, and at no time has been or, may be treated, as resident in or having a permanent establishment or otherwise deemed to be carrying on business in any manner (whether, without limitation, by or through a branch, office, fixed place of business, warehouse, Employees, independent contractors, or other service provider or representative) in any other jurisdiction other than Canada, for the purposes of any Taxes or Tax Laws and the Corporation has not been required, nor is it currently required, to file any Tax Returns with any Governmental Entity outside Canada.

(vii) The Corporation is duly and properly registered in each and every country, province, territory, state or other jurisdiction where required under applicable Tax Law and doing business and franchise taxes and any other equivalent local or regional Tax for which registration is required, and has timely and accurately complied in all material respects at all times with the laws and regulations governing such required registrations, and has timely and accurately complied in all material respects with the applicable Tax Law of such jurisdictions (including with respect to the payment of any Taxes required under such Tax Law). The Corporation has not received written notice of any claim made by any Governmental Entity, and has been otherwise advised in writing by a Governmental Entity, that the Corporation is or may be subject to Taxes in any jurisdiction where the Corporation does not file Tax Returns.

(viii) The Corporation does not own or lease any property (whether real or personal, tangible or intangible) in any country or jurisdiction that is (A) in the possession of its Employees or contractors or (B) licensed to its customers.

(ix) The Corporation is not a party to, is not bound by, nor has any obligation under any Tax sharing agreement, Tax indemnification agreement, Tax allocation agreement or other similar agreement, contract or arrangement with respect to Taxes, and the Corporation has no potential liability or obligation in respect of Taxes, as a result of, or pursuant to, any such agreement, contract or arrangement.

(x) There are no Tax Liens on any of the Assets except for Taxes not yet due and payable. The Corporation has not received a refund of any Taxes to which it was not entitled.

Other Matters

(ccc) **Indebtedness.** Except for the payment of salaries and other compensation payable in the Ordinary Course and reimbursement for out-of-pocket expenses in the Ordinary Course, the Corporation is not indebted to any shareholders of the Corporation (or any Affiliates of a shareholder of the Corporation), or any of the Corporation's directors, officers or Employees (or any Affiliate or associate thereof).

(ddd) **Conduct of Business.** To the best of the knowledge of the Corporation, the Corporation is not conducting Business in contravention, in any material respect, of any Material Contract or Applicable Laws.

(eee) **Brokers and Finders; Advisory Fees.** No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, advisor's fee based upon arrangements made by or on behalf of the Corporation in respect of the sale of the Transaction or other transaction resulting in a third party taking control of the Business.

(fff) **Full Disclosure**. Neither this Agreement nor any Ancillary Agreement to which the Corporation is a party contains any untrue statement of a material fact in respect of the affairs, prospects, operations or condition of the Corporation, the Assets or the Business. There is no fact known to the Corporation which has a Material Adverse Effect on the affairs, prospects, operations or condition of the Corporation, the Assets or the Business which has not been set forth in this Agreement.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF STOCKPORT

Section 4.1 Representations and Warranties of Stockport.

Stockport represents and warrants as follows to the Corporation and acknowledges and confirms that the Corporation and its shareholders are relying on such representations and warranties in connection with the transactions contemplated by this Agreement, which representations and warranties are made as of the date of this Agreement and as of the Closing Date:

(a) **Incorporation and Corporate Power**. Stockport is a corporation duly incorporated and existing under the federal laws of Canada pursuant to the CBCA, and has the corporate power to enter into and perform its obligations under this Agreement. Stockport is duly qualified, licensed or registered to carry on business in all jurisdictions in which the nature of its assets or business makes such qualification necessary or where Stockport owns or leases any assets or conducts any business.

(b) **Validity of Agreements**.

(i) The execution, delivery and performance by Stockport of this Agreement and each of the Ancillary Agreements to which it is a party have been duly authorized by all necessary corporate action on the part of Stockport.

(ii) The transactions under this Agreement or any of the Ancillary Agreements, do not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any of the terms or provisions of the constating documents or articles of Stockport or any contracts or instruments to which Stockport is a party or pursuant to which any of its assets or property may be affected.

(iii) The transactions under this Agreement or any of the Ancillary Agreements, do not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) result in a breach or a violation of, or conflict with, any of the terms or provisions of its constating documents or by-laws or any contracts or instruments to which it is a party or pursuant to which any of its assets or property may be affected.

(iv) The transactions under this Agreement or any of the Ancillary Agreements, do not and will not result in the violation of any judgment, decree, order or award of any Governmental Authority applicable to Stockport, or any Applicable Laws.

(c) **Required Authorizations.** Except for the Authorization of the Exchange and any filings and notices in connection therewith, there is no requirement to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Entity as a condition to the Corporation's lawful completion of the transactions contemplated by this Agreement.

(d) **Execution and Binding Obligation**. This Agreement and each of the Ancillary Agreements to which Stockport is a party have been duly executed and delivered by Stockport and constitute legal, valid and binding obligations of Stockport, enforceable against it in accordance with their respective terms subject only to any limitation under applicable laws relating to (i) bankruptcy, insolvency, arrangement or other similar laws of general application affecting creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies.

(e) **Authorized and Issued Capital.** The authorized capital of Stockport consists of an unlimited number of common shares without par value, of which 88,653,128 common shares are issued and outstanding as fully paid and non-assessable as of the date of this Agreement, and there are 1,196,000 outstanding share purchase warrants to acquire common shares of Stockport (the "**Stockport Warrants**") and 3,800,000 outstanding options to acquire common shares of Stockport (the "**Stockport Options**") on the date hereof, of which 100,000 Stockport Options are due to expire before the end of April 2018.

(f) **No Other Agreement to Purchase.** Except for the rights of the warrantholders, option holders, or noteholders under the Stockport Warrants, Stockport Options, or Convertible Notes, respectively, no Person has any written or oral agreement, option or warrant or any right or privilege (whether by Applicable Law, pre-emptive or contractual) that is or may become binding on Stockport with respect to the purchase, subscription, allotment or issuance of any of the unissued shares or other securities of Stockport.

(g) **Exchanged Shares.** The Exchanged Shares to be issued to the shareholders of the Corporation and Stockport pursuant to the Amalgamation Agreement shall, upon issuance, be duly and validly issued as full paid and non-assessable shares in the capital of the Resulting Issuer, and will, upon issuance, be duly listed for trading on the Exchange, subject to the satisfaction of conditions on issuance, if any, by the Exchange and the terms and conditions of the Escrow Agreement for the Escrowed Shares.

(h) **Exchanged Warrants and Exchanged Options.** The Exchanged Warrants and Exchanged Options to be issued in exchange for the Stockport Warrants and Stockport Options, respectively pursuant to the Amalgamation Agreement, will be duly and validly authorized and, upon exercise or deemed exercise of such Exchanged Warrants or Exchanged Options in accordance with their terms, and, upon receipt by the Resulting Issuer of the consideration therefor, such common shares will be issued as fully paid and non-assessable.

(i) **Dividends and Distributions.** Stockport has not, directly or indirectly, declared or paid any dividends or declared or made any other distribution on any of its shares of any class and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of its shares of any class or agreed to do so.

(j) **Exchange Rules and Securities Law.** Stockport is a reporting issuer under the Applicable Laws of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New

Brunswick and Nova Scotia (the "**Reporting Provinces**"). The common shares of Stockport are listed on the Exchange. Stockport is in all respects in good standing with and up to date as regards all filings and procedures required by Exchange and Stockport is not in default of any requirements under the applicable securities legislation of the Reporting Provinces, as amended, and any regulations pursuant thereto, or under any similar legislation applicable to Stockport in any other jurisdiction. Other than in connection with the transactions contemplated by this Agreement, the common shares of Stockport are not subject to any trading halt, suspension or cease trade order, and there is no action or threatened action to suspend or delist the common shares of Stockport by the Exchange or any other relevant securities regulatory authority having jurisdiction.

(k) **Corporate Records.** The Corporate Records are complete and accurate and all corporate proceedings and actions reflected in the Corporate Records have been conducted or taken in compliance with all Applicable Laws and with the articles or constating documents of Stockport. Without limiting the generality of the foregoing: (i) the minute books contain complete and accurate minutes of all meetings of the directors and shareholders held since incorporation and all such meetings were properly called and held, (ii) the minute books contain all resolutions passed by the directors and shareholders (and committees, if any) and all such resolutions were properly passed, (iii) the share certificate books, register of shareholders and register of transfers are complete and accurate, all transfers have been properly completed and approved and any tax payable in connection with the transfer of any securities has been paid, and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers were properly elected or appointed, as the case may be.

Financial Matters

(l) **Books and Records.** All accounting and financial Books and Records of Stockport have been fully, properly and accurately kept and completed in all material respects. All material financial transactions of Stockport have been accurately recorded in the Books and Records of Stockport for the periods noted therein and such books and records fairly present the financial position and the affairs of Stockport for the periods noted therein. The Books and Records of Stockport and other data and information are not recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which are not available to Stockport in the Ordinary Course.

(m) **Stockport Financial Statements.** The Stockport Financial Statements have been prepared in accordance with GAAP and present fairly the assets, liabilities, (whether accrued, absolute, contingent or otherwise) and financial position of Stockport as at the respective date of such financial statements, and the income and expenses of Stockport during the period covered by such financial statements. True, correct and complete copies of the Stockport Financial Statements are available on SEDAR.

(n) **Bankruptcy.** Stockport has not made any assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has been presented in respect of it. Stockport has not initiated proceedings with respect to a compromise or arrangement with its creditors, or for winding-up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of Stockport or its assets and no execution or distress has been levied on any of Stockport's assets, nor have proceedings been commenced in respect of any of the foregoing.

(o) **Absence of Undisclosed Liabilities.** Except to the extent reflected or reserved against in the Stockport Financial Statements, or incurred in the Ordinary Course since October 31,

2017, Stockport does not have any material outstanding indebtedness or any material Liabilities or obligations (whether accrued, accruing, absolute, contingent or otherwise) of the type required to be disclosed on a balance sheet prepared in accordance with GAAP.

(p) **Absence of Changes.** Since October 31, 2017, there has not been:

(i) any change in the condition or the operation of the business, assets or financial affairs of Stockport which, individually or in the aggregate; or

(ii) any damage, destruction or loss, labour unrest or other event, development or condition, of any character (whether or not covered by insurance) which is not generally known or which has not been disclosed to the Corporation,

which may have a Material Adverse Effect on the properties or assets of Stockport.

(q) **No Liabilities Resulting in Liens.** There is no indebtedness or Liability of Stockport to any Person which might, by operation of law or otherwise, now or hereafter constitute or be capable of resulting in or forming a Lien, except a Permitted Lien, upon any of the assets of Stockport.

General Matters Relating to the Business

(r) **No Business; Assets.** Stockport does not presently operate or engage in any business activities, operations or management of any nature or kind whatsoever. Other than as disclosed in the Stockport Financial Statements, Stockport does not hold, possess or have any undertaking, property or assets of any material value. Without limiting the foregoing, Stockport does not own, lease, or otherwise have an interest in any real property.

(s) **Conduct of Business in Ordinary Course.** Except for the matters contemplated by this Agreement, since October 31, 2017 Stockport has not:

(i) sold, transferred or otherwise disposed of any material property or assets;

(ii) made any capital expenditure or commitment;

(iii) discharged any secured or unsecured obligation or liability (whether accrued, absolute, contingent or otherwise);

(iv) increased its indebtedness for borrowed money or made any loan or advance, or assumed, guaranteed or otherwise became liable with respect to the liabilities or obligation of any Person;

(v) made any bonus or profit sharing distribution or similar payment of any kind under a Plan;

(vi) removed any auditor or director or terminated any officer or other Employee;

(vii) written off as uncollectible any Accounts Receivable which individually or in the aggregate is material to Stockport or is in excess of $5,000;

(viii) granted any general increase in the rate of wages, salaries, bonuses or other remuneration of any Employees of Stockport;

(ix) suffered any extraordinary loss, whether or not covered by insurance;

(x) cancelled or waived any material claims or rights;

(xi) compromised or settled any Legal Proceeding;

(xii) cancelled or reduced any of its insurance coverage;

(xiii) experienced any resignation of any Employees;

(xiv) entered into any transaction, contract or commitment; or

(xv) authorized, agreed or otherwise committed, whether or not in writing, to do any of the foregoing;

In addition, the Corporation has not: (i) made, nor has agreed to make, any change in any method of accounting or auditing practice, or (ii) amended or approved any amendment to its constating documents, or capital structure.

(t) **No Material Adverse Change.** Since October 31, 2017, there has not been any Material Adverse Change in the affairs, prospects, operations or condition of Stockport, its assets or its properties and no event has occurred or circumstance exists which may result in such a Material Adverse Change.

(u) **Compliance with Applicable Laws.** To the knowledge of Stockport, Stockport, at all times, conducted its operations in compliance with all Applicable Laws other than acts of non-compliance which, in the aggregate, are not material, and Stockport has not received notice that it has not operated in compliance with Applicable Laws.

(v) **Authorizations.** The only Authorizations material to Stockport or its operations are valid, subsisting and in good standing. Stockport is not in default or breach of any such Authorizations and, no proceeding is pending or to the knowledge of Stockport, threatened to revoke or limit any such Authorization.

(w) **Contracts.** Stockport has disclosed in writing to the Corporation all Contracts pursuant to which Stockport is a party or may be bound (the "**Stockport Contracts**").

(x) **Stockport Property.** The Stockport Property is in good standing under the laws of the jurisdiction in which the Stockport Property is located.

(y) **No Breach of Contracts.** To the knowledge of Stockport, Stockport has performed all of the obligations required to be performed by it and is entitled to all benefits under, and Stockport has not received notice or advice alleging it to be in default of any, Stockport Contract. True, correct and complete copies of all Stockport Contracts have been delivered to the Corporation.

(z) **Accounts Receivable.** All Accounts Receivable of Stockport are bona fide, and, subject to an allowance for doubtful accounts that has been reflected on the books of Stockport in accordance with GAAP, collectible without set-off or counterclaim.

(aa) **Subsidiaries.** Stockport has no Subsidiaries, other than 6321593 Canada Inc. and Minera Zapoteca, S.A. de C.V, and holds no shares or other ownership, equity or proprietary interests in any other Person, including any joint venture.

(bb) **Environmental Matters.** Stockport confirms that:

(i) Stockport has, at all times and from time to time, operated in compliance with all applicable material Environmental Laws;

(ii) Stockport has provided or made available to the Corporation true and complete copies of all environmental audits, evaluations, assessments, studies or tests relating to Stockport and any properties or assets of Stockport that, to its knowledge, exist;

(iii) there is no Environmental Law claim pending or, to the knowledge of Stockport threatened against Stockport;

(iv) Stockport has not released any Hazardous Substance as a result of the conduct of its operations at any time or otherwise in any manner that will give rise to a material liability;

(v) the current and past operations of Stockport have been and are in material compliance with all Environmental Laws, and to the knowledge of Stockport, there are no facts that could give rise to a notice of non-compliance by Stockport with any Environmental Law, except for, in respect of all of the above, such non-compliance as would not individually or in aggregate be reasonably like to result in or give rise to any material Liability to Stockport; and

(vi) Stockport has not been convicted of an offence or been subject to any Legal Proceeding or been subject to any order or other sanction requiring investigation or remediation of any real property or been fined or otherwise sentenced for non-compliance with any Environmental Laws, and has not settled any prosecution or other proceeding in relation to any alleged non-compliance with any Environmental Laws short of conviction in connection therewith.

Employment Matters.

(cc) Stockport has paid in full to, or accrued in accordance with GAAP, on behalf of its respective Employees and former Employees, all wages, salaries, overtime, vacation pay, bonuses, commissions, investment payments, and other compensation for all services performed by such Employees, all profit-sharing and other benefits, all severance or termination pay owing to any former Employee, and all amounts required to be reimbursed to any Employees.

(dd) Stockport confirms that:

(i) to the knowledge of Stockport, Stockport is in compliance with all Applicable Laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages and hours of work;

(ii) to the knowledge of Stockport, Stockport has not nor is it engaged in any unfair labour practice and no unfair labour practice complaint, grievance or arbitration proceeding is pending or threatened against Stockport;

(iii) no collective bargaining agreement is currently being negotiated by Stockport with respect to any Employees of Stockport and there are no collective agreements in force with respect to the Employees. No union representation question exists respecting the Employees of Stockport. There is no labour strike, dispute, work slowdown or work stoppage pending or involving or threatened against Stockport. No trade union has applied to have Stockport declared a

related employer pursuant to the *Labour Relations Code* (British Columbia) or any similar labour legislation in any jurisdiction;

(iv) all amounts due or accrued due for all salary, wages, bonuses, commissions, vacation with pay, overtime, pension benefits, profit sharing or other Employee benefits are reflected in the Books and Records of Stockport;

(v) in the most recently completed Financial Year, Stockport did not experience the retirement or termination of employment of any of its Employees;

(vi) there are no Employees of Stockport that:

(A) have been absent continually from work for a period in excess of one month during the last 6 months, as well as the reason for their absence, including all Employees on disability (whether short-term or long-term);

(B) are presently in receipt of workers' compensation benefits on account of their employment by Stockport;

(C) are presently on unauthorized unpaid leave of absence (including maternity or paternal leave or unpaid sick leave) from Stockport;

(D) are presently on lay-off from Stockport with an existing right of recall pursuant to Applicable Law;

(vii) the Stockport has disclosed in writing to the Corporation a correct and complete list of each Employee, director, independent contractor, consultant and agent of Stockport, whether actively at work or not, their salaries, wage rates, commissions and consulting fees, bonus arrangements, profit sharing level and participation, benefits, positions, ages, status as full-time or part-time Employees and length of service. No Employee of Stockport has any agreement as to length of notice or severance payment required to terminate his or her employment, other than such as results by Applicable Law from the employment of an Employee without an agreement as to notice or severance.

(ee) **Workers Compensation.** Except for claims by Employees under workers' compensation legislation which, if adversely determined, would not, either individually or in the aggregate, have a Material Adverse Effect, or rating assessment (for the purposes of workers' compensation legislation) in respect of Stockport, there are no complaints, claims or charges pending or outstanding or, anticipated, nor are there any orders, decisions, directions or convictions currently registered or outstanding by any tribunal or agency against or in respect of Stockport under or in respect of any workers' compensation legislation. There are no appeals pending before the Workers' Compensation Board or similar Governmental Entity in any jurisdiction involving Stockport, and all levies, assessments and penalties made against Stockport pursuant to any applicable workers' compensation legislation have been paid.

(ff) **Employee Plans.** There is no Plan currently in effect with respect to Stockport or its Employees and Stockport has never maintained a Plan with respect to any of its Employees.

Other Matters

(gg) **Insurance.** The Stockport's insurance policies, copies of which have been provided to the Corporation, areall of the insurance policies which are maintained by Stockport

setting out, in respect of each policy, a description of the type of policy, the name of insurer, the coverage allowance, the expiration date, the annual premium and any pending claims. Stockport is not in default with respect to any of the provisions contained in the insurance policies, the payment of any premiums under any insurance policy and has not failed to give any notice or to present any claim under any insurance policy in a due and timely fashion. There has not been any Material Adverse Change in the relationship of Stockport with its insurers, the availability of coverage, or in the premiums payable pursuant to the policies. Stockport maintains all insurance coverage as may be required by any Stockport Contract.

(hh) **Legal Proceedings.** There are no Legal Proceedings at law, or in equity, by any Person (including, without limitation, Stockport), nor any arbitration, administrative or other proceeding by or before (or any investigation by) any Governmental Entity pending, or, threatened against or affecting Stockport or any of its properties or assets, and to the knowledge of Stockport there is no valid basis for any such action, suit, proceeding, arbitration or investigation by or against Stockport. Stockport is not subject to any judgment, order or decree entered in any lawsuit or proceeding, nor has Stockport settled any claim prior to being prosecuted in respect of it. Stockport is not a plaintiff or complainant in any Legal Proceeding.

(ii) **Taxes.**

(i) Stockport has duly filed in the prescribed manner and within the prescribed time periods, all Tax Returns, if any, required to be filed by it before the Closing Date (including any and all tax elections available to it in relation to such Tax Returns), and all information returns as to which the non-filing or late filing could result in interest or penalties; and Stockport has made complete and accurate disclosure in such Tax Returns and in all materials accompanying such Tax Returns, except in respect of a particular Tax Return to the extent that it may have been modified in a subsequent Tax Return, and except for any permitted extensions of time to file a Tax Return. Stockport has paid all Taxes due and payable by it (if any) on or before the Closing Date, whether or not shown on such Tax Returns as being due and payable, and all Taxes payable under any assessment or reassessment made, except as such reassessment or assessment may be contested in good faith.

(ii) Other than those Liabilities reflected as reserves on the Stockport Financial Statements, Stockport has no Liability for Taxes for any period ending on or before the Closing Date. The Stockport Financial Statements fully reflect accrued Liabilities for all Taxes which are not yet due and payable and for which Tax Returns are not yet required to be filed (due to any permitted extension of time or otherwise), and are sufficient of the payment of remittance of all Taxes which may become payable or remittable by Stockport, whether or not disputed, in respect of any period ending before the Closing Date. To the knowledge of Stockport, no examination of any Tax Return of Stockport by a Governmental Entity is currently in progress, except any Tax Return which has been filed by the Corporation, but has not yet been assessed by the appropriate Governmental Entity. There are no Liens or Taxes upon any property or assets of the Corporation, other than Liens for Taxes which are not yet due and payable.

(iii) There are no agreements, waivers or other arrangements providing for an extension of time with respect to any assessment or reassessment of Taxes, the filing of any Tax Return, or the payment of any Tax by, or levying of any governmental charge against Stockport.

(iv) There is no Legal Proceeding, audit, assessment, re-assessment or request for information outstanding for which notice has been provided to Stockport or threatened against it with respect to Taxes or to the knowledge of Stockport, any matters under discussion with any Governmental Entity relating to any matters which could result in claims for additional Taxes. Stockport has been provided access to complete and accurate copies of each of (A) all audit reports, letter rulings, technical advice memoranda and similar documents issued by a Governmental Entity relating to the Taxes due from or with respect to the Corporation, (B) all agreements entered into by the Corporation with any Governmental Entity existing on the date hereof and (C) copies of any correspondence to or from any Governmental Entity.

(v) Stockport has withheld from each payment made by it to any relevant Person the amount of all Taxes and other deductions required under any applicable Tax Law to be withheld therefrom and has remitted all such amounts withheld and all other amounts required to be remitted and paid all instalments of Taxes due and payable before the Closing Date to the proper Governmental Entity within the time prescribed under any applicable Tax Law. All Persons performing services for Stockport who are classified and treated as independent contractors qualify as independent contractors and not as employees under the Applicable Laws.

(vi) Stockport is not, and at no time has been or, to the knowledge of Stockport, may be treated, as resident in or having a permanent establishment or otherwise deemed to be carrying on business in any manner (whether, without limitation, by or through a branch, office, fixed place of business, warehouse, Employees, independent contractors, or other service provider or representative) in any other jurisdiction other than Canada, for the purposes of any Taxes or Tax Laws and Stockport has not been required, nor is it currently required, to file any Tax Returns with any Governmental Entity outside such jurisdiction, except for Minera Zapoteca, S.A. de C.V., a Mexican subsidiary, and two former Kenya subsidiaries, Stockport Exploration of Kenya Limited and Stockport Mining Kenya Limited.

(vii) Stockport is duly and properly registered in each and every country, province, territory, state or other jurisdiction where required under applicable Tax Law and doing business and franchise taxes and any other equivalent local or regional Tax for which registration is required, and has timely and accurately complied in all material respects at all times with the laws and regulations governing such required registrations, and has timely and accurately complied in all material respects with the applicable Tax Law of such jurisdictions (including with respect to the payment of any Taxes required under such Tax Law). Stockport has not received written notice of any claim made by any Governmental Entity, and has been otherwise advised in writing by a Governmental Entity, that Stockport is or may be subject to Taxes in any jurisdiction where Stockport does not file Tax Returns.

(viii) Stockport does not own or lease any property (whether real or personal, tangible or intangible) in any country or jurisdiction that is (A) in the possession of its Employees or contractors or (B) licensed to its customers.

(ix) Stockport is not a party to, is not bound by, nor has any obligation under any Tax sharing agreement, Tax indemnification agreement, Tax allocation agreement or other similar agreement, contract or arrangement with respect to Taxes, and

Stockport has no potential liability or obligation in respect of Taxes, as a result of, or pursuant to, any such agreement, contract or arrangement.

(x) There are no Tax Liens on any of the Assets except for Taxes not yet due and payable. Stockport has not received a refund of any Taxes to which it was not entitled.

Other Matters.

(jj) **Brokers and Finders; Advisory Fees.** No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, advisor's fee based upon arrangements made by or on behalf of Stockport in respect of transactions contemplated by this Agreement, other than a finder's fee of 7% payable to Numus Capital Corp. of Halifax, Nova Scotia, in connection with the Financing.

(kk) **No Withholding Taxes**. There are no withholding or other Taxes pursuant to any Applicable Laws that prevent, restrict or affect the delivery of the Exchanged Shares, Exchanged Options or Exchanged Warrants in accordance with this Agreement.

ARTICLE 5
PRE-CLOSING COVENANTS OF THE PARTIES

Section 5.1 Conduct of Business Prior to Closing – Corporation.

(a) During the period from the date of execution of this Agreement to the Closing Date, the Corporation will conduct the Business in the Ordinary Course;

(b) Without limiting the generality of Section 5.1(a) and without derogating from the obligation of the Corporation in Section 6.1(b), the Corporation will not:

(i) sell, transfer or otherwise dispose of any of the Assets except for: (A) Assets which are obsolete and which individually or in the aggregate do not exceed $10,000, or (B) inventory sold in the Ordinary Course;

(ii) make any capital expenditure or commitment therefor which individually or in the aggregate exceeds $20,000 in excess of the amount budgeted for same in the capital expenditure budget presented to Stockport;

(iii) discharge any secured or unsecured obligation or liability (whether accrued, absolute, contingent or otherwise) which individually or in the aggregate exceeds $10,000, save and except for any discharges pertaining to motor vehicle leases that come due;

(iv) increase its indebtedness for borrowed money or make any loan or advance or assume, guarantee or otherwise become liable with respect to the liabilities or obligations of any other Person;

(v) make any bonus or profit sharing distribution or similar payment of any kind except as may be required by any Plan or the terms of a Material Contract;

(vi) remove the auditor or any director or terminate any officer or other Employee;

(vii) write off as uncollectible any Accounts Receivable, which individually or in the aggregate is material to the Corporation or is in excess of $5,000;

(viii) grant any general increase in the rate of wages, salaries, bonuses or other remuneration of any Employees except as may be required by the terms of a Material Contract;

(ix) cancel or waive any material claims or rights;

(x) enter into any compromise or settlement of any Legal Proceeding or governmental investigation relating to the Assets, the Business, the Corporation;

(xi) cancel or reduce any of its insurance coverage;

(xii) declare or pay any dividend; or

(xiii) agree, whether or not in writing, to do any of the foregoing;

(c) Without limiting the generality of Section 5.1(a) and without derogating from the obligation of the Corporation in Section 6.1(b), the Corporation will

(i) maintain levels of inventories in accordance with past practice to carry on the Business in the Ordinary Course;

(ii) maintain the Assets in the current state of repair and condition;

(iii) comply with all Authorizations and contractual obligations under the Material Contracts;

(iv) maintain all Books and Records and Corporate Records in the usual, regular and ordinary manner;

(v) use their reasonable commercial efforts to preserve intact the current business organization of the Corporation, keep available the services of the present Employees and agents of the Corporation, except those who voluntarily terminate their employment or services, and maintain good relations with, and the goodwill of, the suppliers, customers, landlords, creditors, distributors and all other Persons having business relationships with the Corporation;

(vi) confer with Stockport concerning operational matters of a material nature;

(vii) use reasonable commercial efforts consistent with past practice to retain possession and control of its Assets and preserve the confidentiality of any Confidential Information;

(viii) using reasonable commercial efforts, conduct the Business in such a manner that on the Closing Date, the representations and warranties contained in this Agreement shall be true, correct and complete as if such representations and warranties were made on and as of such date; and

(ix) otherwise periodically as requested report to Stockport concerning the state of the Business and the Corporation.

Section 5.2 Conduct of Business Prior to Closing – Stockport

(a) During the period from the date of execution of this Agreement to the Closing Date, Stockport will conduct its operations in the Ordinary Course;

(b) Without limiting the generality of Section 5.2(a) and without derogating from the obligation of Stockport in Section 6.2(b), Stockport will not:

(i) sell, transfer or otherwise dispose of any of its property or assets;

(ii) make any capital expenditure or commitment;

(iii) discharge any secured or unsecured obligation or liability;

(iv) increase its indebtedness for borrowed money or make any loan or advance or assume, guarantee or otherwise become liable with respect to the liabilities or obligations of any other Person;

(v) make any bonus or profit sharing distribution or similar payment of any kind except as may be required by the terms of a Stockport Contract;

(vi) remove the auditor or any director or terminate any officer or other Employee;

(vii) write off as uncollectible any Accounts Receivable, which individually or in the aggregate is material to the Corporation or is in excess of $5,000;

(viii) grant any general increase in the rate of wages, salaries, bonuses or other remuneration of any Employees;

(ix) cancel or waive any material claims or rights;

(x) enter into any compromise or settlement of any Legal Proceeding or governmental investigation relating to the assets or properties or assets of Stockport;

(xi) cancel or reduce any of its insurance coverage;

(xii) declare or pay any dividend;

(xiii) issue or sell any securities of Stockport other than (a) pursuant to the Stockport Options, (b) pursuant to the Stockport Warrants or (c) pursuant to the Convertible Notes, or (d) in connection with the Financing; or

(xiv) agree, whether or not in writing, to do any of the foregoing;

(c) Without limiting the generality of Section 5.2(a) and without derogating from the obligation of Stockport in Section 6.2(b), Stockport will

(i) comply with all Authorizations and contractual obligations under the Stockport Contracts;

(ii) maintain all Books and Records and Corporate Records in the usual, regular and ordinary manner;

(iii) using reasonable commercial efforts, conduct its operations in such a manner that on the Closing Date, the representations and warranties contained in this Agreement shall be true, correct and complete as if such representations and warranties were made on and as of such date; and

(iv) otherwise periodically as requested report to the Corporation concerning the state of the operations of Stockport.

(d) The Corporation shall: (i) permit Stockport, and its Employees, agents, counsel, accountants or other representatives between the date of this Agreement and the Closing, without undue interference to the ordinary conduct of the Business, to have reasonable access during normal business hours and upon reasonable notice to: (w) the premises of the Corporation, (x) the Assets and, in particular to any information, including all Books and Records whether retained by the Corporation or otherwise, (y) all Contracts, and (z) the senior personnel of the Corporation, and (ii) furnish to Stockport or its Employees, agents, counsel, accountants or other representatives such financial and operating data and other information with respect to the Assets and the Corporation, as Stockport shall from time to time reasonably request.

(e) No investigations made by or on behalf of Stockport, whether under this Section 5.2(d) or any other provision of this Agreement or any Ancillary Agreement, shall have the effect of waiving, diminishing the scope of, or otherwise affecting any representation or warranty made in this Agreement or any Ancillary Agreement, provided, however, that if Stockport discovers or receives notice of any breach or potential breach or failure of any of the Corporation hereunder (each a "**Breach**"), Stockport shall notify the Corporation and provide the Corporation with three days to cure such Breach, and, following such cure period Stockport:

(i) shall either waive the Breach and close in accordance herewith on the Closing Date; or

(ii) shall elect not to close in accordance herewith and all obligations of Stockport and the Corporation (save and except for their respective obligations under Section 5.2(f), Section 5.3(c), Section 12.3, Section 12.4 and Section 12.6 which shall survive) shall terminate.

(f) Until the Closing and in the event of termination of this Agreement without Closing, Stockport will keep confidential any Confidential Information obtained from the Corporation or its agents and representatives, unless such Confidential Information: (i) is or becomes generally available to the public other than as a result of a disclosure in violation of this Agreement, (ii) becomes available to Stockport on a non-confidential basis from a source other than the Corporation or its respective agents and representatives, unless Stockport knows that such source is prohibited from disclosing the information to Stockport by a contractual, fiduciary or other legal obligation to the Corporation, or (iii) was known to Stockport on a non-confidential basis before its disclosure to Stockport by the Corporation or its respective agents and representatives. In the event Stockport is required by Applicable Law or by any by-law, rule or policy of any stock exchange to disclose any confidential information, Stockport will, to the extent not prohibited by Applicable Law or by any by-law, rule or policy of any stock exchange, provide the Corporation with prompt notice of such requirements so that the Corporation may seek a protective order or other appropriate remedy or waive compliance with the provisions of this Section 5.2(f). Subject to the next sentence, if this Agreement is terminated, promptly after such termination Stockport will return or cause to be returned or destroyed all documents, work papers and other material (whether in written, printed, electronic or computer printout form and including all copies) obtained from the Corporation or its respective agents and representatives in connection with this Agreement and not previously made public. Stockport may retain one copy of all such documents, work papers and other materials in a sealed envelope left with its solicitors, which sealed envelope is not to be opened except in circumstances where this Agreement

or the transaction contemplated herein are the subject of litigation or otherwise with the consent of the Corporation.

Section 5.3 Access for Due Diligence.

(a) Stockport shall: (i) permit the Corporation, and its Employees, agents, counsel, accountants or other representatives between the date of this Agreement and the Closing, without undue interference to the ordinary conduct of Stockport, to have reasonable access during normal business hours and upon reasonable notice to: (w) the premises of Stockport, (x) its assets and properties and, in particular to any information, including all Books and Records whether retained by Stockport or otherwise, (y) all Stockport Contracts, and (z) the senior personnel of Stockport, and (ii) furnish to the Corporation or its Employees, agents, counsel, accountants or other representatives such financial and operating data and other information with respect to the properties and assets and Stockport, as the Corporation shall from time to time reasonably request.

(b) No investigations made by or on behalf of the Corporation, whether under this Section 5.3 or any other provision of this Agreement or any Ancillary Agreement, shall have the effect of waiving, diminishing the scope of, or otherwise affecting any representation or warranty made in this Agreement or any Ancillary Agreement, provided, however, that if the Corporation discovers or receives notice of any breach or potential breach or failure of any of Stockport hereunder (each a "**Breach**"), the Corporation shall notify Stockport and provide Stockport with three days to cure such Breach, and, following such cure period the Corporation:

(i) shall either waive the Breach and close in accordance herewith on the Closing Date; or

(ii) shall elect not to close in accordance herewith and all obligations of Stockport and the Corporation (save and except for their respective obligations under Section 5.2(f), Section 5.3(c), Section 12.3, Section 12.4 and Section 12.6 which shall survive) shall terminate.

(c) Until the Closing and in the event of termination of this Agreement without Closing, the Corporation will keep confidential any Confidential Information obtained from Stockport or its respective agents and representatives, unless such Confidential Information: (i) is or becomes generally available to the public other than as a result of a disclosure in violation of this Agreement, (ii) becomes available to the Corporation on a non-confidential basis from a source other than Stockport or its respective agents and representatives, unless the Corporation knows that such source is prohibited from disclosing the information to the Corporation by a contractual, fiduciary or other legal obligation to Stockport, or (iii) was known to the Corporation on a non-confidential basis before its disclosure to the Corporation by Stockport or its respective agents and representatives. In the event the Corporation is required by Applicable Law or by any by-law, rule or policy of any stock exchange to disclose any confidential information, the Corporation will, to the extent not prohibited by Applicable Law or by any by-law, rule or policy of any stock exchange, provide the Corporation with prompt notice of such requirements so that the Corporation may seek a protective order or other appropriate remedy or waive compliance with the provisions of this Section 5.3(c). Subject to the next sentence, if this Agreement is terminated, promptly after such termination the Corporation will return or cause to be returned or destroyed all documents, work papers and other material (whether in written, printed, electronic or computer printout form and including all copies) obtained from Stockport or its respective agents and representatives in connection with this Agreement and not previously made public. The Corporation may

retain one copy of all such documents, work papers and other materials in a sealed envelope left with its solicitors, which sealed envelope is not to be opened except in circumstances where this Agreement or the transaction contemplated herein are the subject of litigation or otherwise with the consent of Stockport.

Section 5.4 Actions to Satisfy Closing Conditions.

(a) The Corporation shall take all such actions as are within their respective power to control and to use their reasonable commercial efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 6.1 including, using reasonable commercial efforts ensuring that during the period from the date of this Agreement to Closing and at Closing, there is no breach of any of their representations and warranties.

(b) Stockport shall take all such actions as are within its power to control and to use its reasonable commercial efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 6.2 including ensuring that during the period from the date of this Agreement to Closing and at Closing, there is no breach of any of its representations and warranties.

Section 5.5 Required Consents.

(a) The Corporation will use all reasonable commercial efforts to obtain, prior to Closing:

(i) the written consents of its nominees to act as directors and officers of the Resulting Issuer; and

(ii) the approval of its shareholders by Special Resolutions to the Continuance and Amalgamation at the Sona Meeting.

(b) Stockport will use all reasonable commercial efforts to obtain prior to the Closing:

(i) the written consents of its nominees to act as directors and officers of the Resulting Issuer;

(ii) the written acceptance of the Exchange to the Transaction contemplated herein; and

(iii) the approval of its shareholders by Special Resolution to the Amalgamation at the Stockport Meeting;

(the consents set out in Sections 5.5(a) and 5.5(b) above are collectively, the "**Required Consents**").

Such Required Consents listed in Section 5.5(a) above shall be upon such terms as are acceptable to Stockport, acting reasonably. Such Required Consents listed in Section 5.5(b) above shall be upon such terms as are acceptable to the Corporation, acting reasonably. The Parties will co-operate with each other in obtaining such Required Consents, and Stockport specifically authorizes the Corporation to disclose the name of Stockport, on a confidential basis, in order to comply with the obligations in this Section 5.5, notwithstanding any terms of confidentiality agreed upon between the Parties.

Section 5.6 Corporation's Covenants.

(a) The Corporation shall:

(i) conduct its Business in the ordinary course from the date hereof until the Closing Date; and

(ii) deliver to Stockport consents to act as directors or officers of Stockport, and deliver to Stockport and the Exchange Form 2A Personal Information Forms for each new director or officer of the Resulting Issuer.

Section 5.7 Filings and Authorizations.

Each of the Corporation and Stockport, as promptly as practicable after the execution of this Agreement, will (i) make, or cause to be made, all such filings and submissions under all Applicable Laws, as may be required for it to consummate the Transaction in accordance with the terms of this Agreement, (ii) use all reasonable commercial efforts to obtain, or cause to be obtained, all Authorizations necessary or advisable to be obtained by it in order to consummate such exchange, and (iii) use all reasonable efforts to take, or cause to be taken, all other actions necessary, proper or advisable in order for it to fulfil its obligations under this Agreement. The Corporation and Stockport will coordinate and cooperate with one another in exchanging such information and supplying such assistance as may be reasonably requested by each in connection with the foregoing including, without limitation, providing each other with all notices and information supplied or filed with any Governmental Entity or the Exchange (except for notices and information which the Corporation or Stockport, in each case acting reasonably, considers highly confidential and sensitive which may be filed on a confidential basis), and all notices and correspondence received from any Governmental Entity or the Exchange. Provided that the Shares qualify as "eligible property" for the purposes of section 85 of the ITA, Stockport will cooperate with the applicable shareholders of the Corporation for the purposes of any elections made by such shareholders pursuant to section 85 of the ITA.

Section 5.8 Notice of Untrue Representation or Warranty.

The Corporation shall promptly notify Stockport, and Stockport shall promptly notify the Corporation, upon any representation or warranty made by it contained in this Agreement or any Ancillary Agreement becoming untrue or incorrect during the period from the date of this Agreement to the Closing Date and for the purposes of this Section 5.8 each representation and warranty shall be deemed to be given at and as of all times during the period between the date of execution of this Agreement and the Closing Date. Any such notification shall set out particulars of the untrue or incorrect representation or warranty and details of any actions being taken by the Corporation or Stockport, as the case may be, to rectify that state of affairs. If such a notification is received, the party receiving the notification shall provide the notifying party three (3) Business Days to rectify the state of affairs, and, following such rectification period the party receiving the notification:

(a) shall either waive the problem identified and close in accordance herewith on the Closing Date; or

(b) shall elect not to close in accordance herewith and all obligations of Stockport and the Corporation (save and except for their respective obligations under Section 5.2(f), Section 5.3(c), Section 12.3, Section 12.4 and Section 12.6 which shall survive) shall terminate.

Section 5.9 Exception

The right to indemnification, payment, reimbursement, or other remedy based upon any representation or warranty set forth in Section 3.1 will not be affected by any knowledge acquired at any time, whether before or after the execution and delivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of such representation or warranty.

Section 5.10 Exclusive Dealing.

During the period from the date of this Agreement to the Closing Date, the Corporation shall not, directly or indirectly, solicit, initiate, or encourage any inquiries or proposals from, discuss or negotiate with, provide any non-public-information to, or consider the merits of any inquiries or proposals from, any Person (other than Stockport) relating to any transaction involving the sale of any shares of the shareholders or the Corporation, or the sale of the Business or any of the Assets (other than as permitted in this Agreement).

ARTICLE 6
CONDITIONS OF CLOSING

Section 6.1 Conditions for the Benefit of Stockport.

The Amalgamation is subject to the following conditions to be fulfilled or performed prior to Closing, which conditions are for the exclusive benefit of Stockport and may be waived, in whole or in part, by Stockport in its sole discretion.

(a) **Truth of Representations and Warranties**. The representations and warranties of the Corporation contained in Article 3 of this Agreement shall have been true and correct as of the date of this Agreement and shall be true and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such date and an officer of the Corporation shall have executed and delivered a certificate to that effect. The receipt of such certificate and the Closing shall not constitute a waiver by Stockport of any of the representations and warranties of the Corporation which are contained in this Agreement. Upon the delivery of such certificate, the representations and warranties of the Corporation in Article 3 shall be deemed to have been made on and as of the Closing Date with the same force and effect as if made on and as of such date;

(b) **Performance of Covenants**. The Corporation and shall have fulfilled or complied with all covenants contained in this Agreement to be fulfilled or complied with by each of them at or prior to the Closing, and the Corporation shall have executed and delivered a certificate to that effect. The receipt of such certificate and the Closing shall not constitute a waiver by Stockport of any of the covenants of the Corporation which are contained in this Agreement;

(c) **Consents**. All Required Consents shall have been obtained on terms acceptable to Stockport acting reasonably;

(d) **Due Diligence.** Stockport shall have completed its investigation into the Corporation, the Business, the Corporation's title to the Assets and all other matters it deems relevant and such investigation shall not have disclosed any matter which Stockport, acting reasonably, considers to be materially adverse to the Corporation, the Business or the Assets or materially adverse to its decision to complete the Transaction;

(e) **Deliveries**. The Corporation shall deliver or cause to be delivered to Stockport the following in form and substance satisfactory to Stockport acting reasonably:

(i) certified true copies of (i) the charter documents and by-laws of the Corporation as continued under the Continuance immediately prior to the Amalgamation, and (ii) all resolutions of the board of directors of the Corporation approving the completion of the Transaction contemplated by this Agreement;

(ii) the certificates referred to in Section 6.1(a) and Section 6.1(b);

(iii) the Amalgamation Agreement duly executed by the Corporation;

(iv) the Required Consents; and

(v) the Escrow Agreement duly executed by the Corporation and the former shareholders of the Corporation who are Escrowed Shareholders, as applicable.

(f) **Material Adverse Change.** There shall not have occurred any Material Adverse Change in the Assets or financial condition or the prospects of the Business or the Corporation.

(g) **Exercise of Dissent Rights**. The Corporation and Stockport shall not have received notices of dissent with respect to the Amalgamation from Sona Shareholders and Stockport Shareholders who collectively hold more than 5% of the total issued Sona Shares and Shares of Stockport, on a combined basis.

(h) **Proceedings**. All corporate and other proceedings to be taken in connection with the transactions contemplated in this Agreement shall be reasonably satisfactory in form and substance to Stockport, acting reasonably, and Stockport shall have received copies of all instruments and other evidence as it may reasonably request in order to establish the consummation of such transactions and the taking of all necessary corporate and other proceedings in connection therewith.

Section 6.2 Conditions for the Benefit of the Corporation.

The Amalgamation is subject to the following conditions to be fulfilled or performed prior to the Closing, which conditions are for the exclusive benefit of the Corporation and may be waived, in whole or in part, by the Corporation:

(a) **Truth of Representations and Warranties**. The representations and warranties of Stockport contained in this Agreement and in any Ancillary Agreement shall be true and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such date and Stockport shall have executed and delivered a certificate of a senior officer to that effect. The receipt of such certificate and the Closing shall not constitute a waiver of the representations and warranties of Stockport which are contained in this Agreement. Upon delivery of such declaration, the representations and warranties of Stockport in Article 4 shall be deemed to have been made on and as of the Closing Date with the same force and effect as if made on and as of such date.

(b) **Performance of Covenants**. Stockport shall have fulfilled or complied with all covenants contained in this Agreement and in any Ancillary Agreement to be fulfilled or complied with by it at or prior to the Closing and Stockport shall have executed and delivered a certificate of a senior officer to that effect. The receipt of such certificate and the Closing shall not constitute a waiver by the Corporation of the covenants of Stockport which are contained in this Agreement or any Ancillary Agreements;

(c) **Deliveries**. Stockport shall deliver or cause to be delivered to the Corporation the following in form and substance satisfactory to the Corporation acting reasonably:

(i) the certificates referred to in Section 6.2(a) and Section 6.2(b);

(ii) the Amalgamation Agreement duly executed by Stockport;

(iii) a certificate of amalgamation of the Resulting Issuer issued by the Director of Industries Canada;

(iv) the Required Consents, if any;

(v) a confirmation from the applicable escrow agent that the Escrowed Shares are deposited in escrow pending release pursuant to the terms of the Escrow Agreement; and

(vi) the Escrow Agreement duly executed by the former shareholders of Stockport who are Escrowed Shareholders, the Resulting Issuer, and the Escrow Agent.

(d) **Material Adverse Change.** There shall not have occurred any Material Adverse Change in with respect to Stockport.

(e) **Proceedings**. All corporate proceedings to be taken in connection with the transactions contemplated in this Agreement shall be reasonably satisfactory in form and substance to the Corporation, acting reasonably, and the Corporation shall have received copies of all the instruments and other evidence as it may reasonably request in order to establish the consummation of such transactions and the taking of all corporate proceedings in connection therewith.

Section 6.3 Conditions Precedent.

The Amalgamation is subject to the following terms and conditions to be fulfilled prior to the Closing, which conditions are true condition precedents:

(a) **No Legal Action.** No action or proceeding shall be pending or threatened by any Person in any jurisdiction, to enjoin, restrict or prohibit any of the transactions contemplated by this Agreement or the right of the Corporation to conduct the Business after Closing on substantially the same basis as heretofore operated; and

(b) **Financing**. The Corporation's completion of the Financing in escrow, subject only to the completion of the Amalgamation contemplated herein for the release of the subscription proceeds.

ARTICLE 7
CLOSING

Section 7.1 Date, Time and Place of Closing.

The completion of the transaction of Amalgamation contemplated by this Agreement shall take place at the offices of Salley Bowes Harwardt LC, 1750 – 1185 West Georgia Street, Vancouver, British Columbia, at the Effective Time on the Closing Date or at such other place, on such other date and at such other time as may be agreed upon in writing between the Corporation and Stockport.

Section 7.2 Closing Procedures.

Subject to satisfaction or waiver by the relevant Party of the conditions of closing, at the Closing, the Corporation shall deliver actual possession of the Sona Shares to Stockport, as well as evidence of its Continuance, and upon such delivery Stockport shall complete the Amalgamation by:

(a) the filing the Articles of Amalgamation for the Amalgamation with Industry Canada;

(b) the deposit of the Escrowed Shares into escrow with the Escrow Agent on behalf of the Escrowed Shareholders; and

(c) instruct its transfer agent, Computershare Investor Services Inc., to issue and deliver the balance of the Exchanged Shares to the former shareholders of the Corporation and Stockport;

in accordance with Section 2.1 above.

Section 7.3 Risk of Loss.

If, prior to the Closing, all or any material part of the Assets are destroyed or damaged by fire or any other casualty or are appropriated, expropriated or seized by any Governmental Entity, Stockport shall have the option, exercisable by notice in writing given within four Business Days of Stockport receiving notice in writing from the Corporation of such destruction, damage, expropriation or seizure:

(a) to complete the Transaction contemplated in this Agreement, in which event all proceeds of any insurance or compensation for expropriation or seizure, and all proceeds of any business interruption insurance which compensates for the business lost during the period less the sum of all deductibles shall be paid to Stockport; or

(b) to terminate this Agreement and not complete the Transaction contemplated in this Agreement, in which case all obligations of Stockport and the Corporation (save and except for their respective obligations under Section 5.2(f), Section 5.3(c), Section 12.3, Section 12.4 and Section 12.6 which shall survive) shall terminate immediately upon Stockport giving notice as required herein.

ARTICLE 8
TERMINATION

Section 8.1 Termination by Stockport.

If any of the conditions set forth in Section 6.1 have not been fulfilled or waived at or prior to May 31, 2018, or any obligation or covenant of the Corporation or any Subsidiary to be performed at or prior to such time has not been observed or performed by such time, Stockport may terminate this Agreement by notice in writing to the Corporation, and in such event Stockport shall be released from all obligations hereunder save and except for its obligations under Section 5.2(f), Section 12.3, Section 12.4 and Section 12.612.6 which shall survive. If Stockport waives compliance with any of the conditions, obligations or covenants contained in this Agreement, the waiver will be without prejudice to any of its rights of termination in the event of non-fulfilment, non-observance or non-performance of any other condition, obligation, or covenant in whole or in part.

Section 8.2 Termination by Corporation.

If any of the conditions set forth in Section 6.1 have not been fulfilled or waived at or prior to May 31, 2018, or any obligation or covenant of Stockport or any Subsidiary to be performed at or prior to such time has not been observed or performed by such time, the Corporation may terminate this Agreement by notice in writing to Stockport, and in such event the Corporation shall be released from all obligations hereunder save and except for its obligations under Section 5.3(c), Section 12.4 and Section 12.612.6 which shall survive. If the Corporation waives compliance with any of the conditions, obligations or covenants contained in this Agreement, the waiver will be without prejudice to any of its rights of termination in the event of non-fulfilment, non-observance or non-performance of any other condition, obligation, or covenant in whole or in part.

Section 8.3 Other Termination Rights.

(a) This Agreement may, by notice in writing given prior to or on the Closing Date, be terminated:

(i) by mutual consent of the Corporation and Stockport; or

(ii) if any of the conditions precedent set forth in Section 6.3 have not been fulfilled or waived at or prior to Closing;

and, in such event, each Party shall be released from all obligations under this Agreement, save and except for its obligations under Section 5.2(f), Section 5.3(c), Section 12.3, Section 12.4 and Section 12.6 which shall survive;

(b) This Agreement may also be terminated by Stockport in the circumstances and upon the terms set out in Section 7.3.

Section 8.4 Automatic Termination.

If the Closing has not occurred by May 31, 2018, this Agreement shall terminate and all obligations of Stockport and the Corporation (save and except for their respective obligations under Section 5.2(f), Section 5.3(c), Section 12.3, Section 12.4 and Section 12.6 which shall survive) shall terminate.

Section 8.5 Effect of Termination.

Each Party's right of termination under this Article 8 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. Nothing in Article 8 shall limit or affect any other rights or causes of action either Stockport or the Corporation may have with respect to the representations, warranties, covenants and indemnities in its favour contained in this Agreement.

ARTICLE 9
INDEMNIFICATION

Section 9.1 Indemnification in Favour of Stockport.

Subject to Section 9.3, Section 9.4 and Section 9.5 the Corporation shall, indemnify and save each Stockport its respective shareholders, directors, officers, employees, agents and representatives (collectively, the "**Stockport's Indemnified Persons**") harmless of and from any loss, liability, claim, damage (including incidental and consequential damage) or expense (whether or not involving a third-party claim) including legal expenses (collectively, "**Damages**") suffered by, imposed upon or asserted against any of Stockport's Indemnified Persons as a result of, in respect of, connected with, or arising out of, under, or pursuant to:

(a) any failure of any of the Corporation to perform or fulfil any covenant of the Corporation under this Agreement;

(b) any breach or inaccuracy of any representation or warranty given by the Corporation contained in this Agreement;

(c) any breach by the Corporation of any representation or warranty relating to Environmental Matters as provided in Section 3.1(tt).

Section 9.2 Indemnification in Favour of the Corporation.

Stockport shall indemnify and save the Corporation harmless of and from any Damages suffered by, imposed upon or asserted against any of the Corporation as a result of, in respect of, connected with, or arising out of, under or pursuant to:

(a) any failure of Stockport to perform or fulfil any covenant of Stockport under this Agreement; and

(b) any breach or inaccuracy of any representation or warranty given by Stockport contained in this Agreement.

Section 9.3 Time Limitations.

(a) The representations and warranties of the Corporation contained in this Agreement shall survive the Closing and, notwithstanding the Closing or any investigation made by or on behalf of Stockport, shall continue for a period of 2 years after the Closing Date and any claim in respect thereof shall be made in writing during such time period, except that:

(i) the representations and warranties of the Corporation set out in Section 3.1(a) to 3.1(j) (and the corresponding representations and warranties set out in the certificate to be delivered pursuant to Section 6.1(a) (the "**Corporation's Closing Certificate**")) shall survive and continue in full force and effect without limitation of time;

(ii) the taxation representations and warranties of the Corporation set out in Section 3.1(ccc)(i) to 3.1(ccc)(x) (and the corresponding representations and warranties set out in the Corporation's Closing Certificate) shall survive and continue in full force and effect until, but not beyond six months after the expiration of the reassessment period, if any, during which an assessment, reassessment or other form of recognized document adjusting tax balances or assessing liability for tax, interest or penalties under applicable tax legislation in respect of any taxation year to which such representations and warranties or obligations extend could be issued under such Tax legislation to the Corporation, provided the Corporation did not file any waiver or other document extending such period; and

(iii) a claim for any breach by the Corporation of any of the representations and warranties contained in this Agreement involving fraud or fraudulent misrepresentation may be made at any time subject only to applicable limitation periods imposed by Applicable Laws.

(b) The representations and warranties of Stockport contained in this Agreement shall survive the Closing and, notwithstanding the Closing or any investigation made by or on behalf of the Corporation, shall continue for a period of 2 years after the Closing Date and any claim in respect thereof shall be made in writing during such time period, except that:

(i) the representations and warranties set out in Sections 4.1(a) to (h) (and the corresponding representations and warranties set out in the certificate to be delivered pursuant to Section 6.2(b) (the "**Stockport's Closing Certificate**") shall survive and continue in full force and effect without limitation of time;

(ii) the taxation representations and warranties of Stockport set out in Section 4.1(ii)(i) to 4.1(ii)(x) (and the corresponding representations and warranties set out in Stockport's Closing Certificate) shall survive and continue in full force and effect until, but not beyond six months after the expiration of the reassessment period, if any, during which an assessment, reassessment or other form of recognized document adjusting tax balances or assessing liability for tax, interest or penalties under applicable tax legislation in respect of any taxation year to which such representations and warranties or obligations extend could be issued

under such Tax legislation to Stockport, provided Stockport did not file any waiver or other document extending such period; and

(iii) a claim for any breach by Stockport of any of the representations and warranties contained in this Agreement involving fraud or fraudulent misrepresentation may be made at any time subject only to applicable limitation periods imposed by Applicable Laws.

Section 9.4 Limitations on Amount.

(a) The Corporation will not have any liability (for indemnification or otherwise) with respect to the matters described in Section 9.1(a) until the total of all Damages with respect to such matters exceeds $50,000 and thereafter only for the amount by which such Damages exceed $50,000. Subject to Section 9.4(c), there shall not be any limitation for any Damages relating to Taxes and any Damages relating to Tax shall be subject to Section 9.5(g).

(b) Stockport will have no liability (for indemnification or otherwise) with respect to the matters described Section 9.2(a) until the total of all Damages with respect to such matters exceeds $50,000, and then only for the amount by which such Damages exceed $50,000.

(c) Notwithstanding any other provision of this Agreement, the Corporation shall not be liable under this indemnification Article 9, or any provision thereof, for an amount in excess of the amount equal to the deemed value of the Exchanged Shares.

Section 9.5 Procedure for Indemnification-Third Party Claims.

(a) Promptly after receipt by an indemnified party (an "**Indemnified Party**") under this Article 9 or Section 12.3 of a notice of the commencement of any proceeding against it, the Indemnified Party will, if a claim is to be made against an indemnifying party under such Section, give notice to the Indemnifying Party (an "**Indemnifying Party**") of the commencement of such claim. The failure to notify the Indemnifying Party will not relieve the Indemnifying Party of any liability that it may have to any Indemnified Party, except to the extent that the Indemnifying Party demonstrates that the defense of such action is prejudiced by the Indemnified Party's failure to give such notice.

(b) If any proceeding referred to in Section 9.5(a) (a "**Proceeding**") is brought against an Indemnified Party and it gives notice to the Indemnifying Party of the commencement of the Proceeding, the Indemnifying Party will, unless the claim involves taxes, be entitled to participate in the Proceeding. Subject to the next following sentence, to the extent that the Indemnifying Party wishes to assume the defense of the Proceeding with counsel satisfactory to the Indemnified Party, it may do so provided it reimburses the Indemnified Party for all of its out-of-pocket expenses arising prior to or in connection with such assumption. The Indemnifying Party may not assume defence of the Proceeding if: (i) the Indemnifying Party is also a party to the Proceeding and the Indemnified Party determines in good faith that joint representation would be inappropriate, or (ii) the Indemnifying Party fails to provide reasonable assurance to the Indemnified Party of its financial capacity to defend the Proceeding and provide indemnification with respect to the Proceeding. After notice from the Indemnifying Party to the Indemnified Party of its election to assume the defense of the Proceeding, the Indemnifying Party will not, as long as it diligently conducts such defense, be liable to the Indemnified Party under this Section 9.5 for any fees of other counsel or any other expenses with respect to the defense of the Proceeding, in each case subsequently incurred by the Indemnified Party in connection with the defense of the Proceeding, other than reasonable costs of

investigation. If the Indemnifying Party assumes the defense of a Proceeding: (i) it will be conclusively established for purposes of this Agreement that the claims made in that Proceeding are within the scope of, and subject to, indemnification, (ii) no compromise or settlement of such claims may be made by the Indemnifying Party without the Indemnified Party's consent not to be unreasonably withheld, unless (y) there is no finding or admission of any violation of Laws or any violation of the rights of any Person and no effect on any other claims that may be made against the Indemnified Party, and (z) the sole relief provided is monetary damages that are paid in full by the Indemnifying Party, and (iii) the Indemnified Party will have no liability with respect to any compromise or settlement of such claims effected without its consent. If notice is given to an Indemnifying Party of the commencement of any Proceeding and the Indemnifying Party does not, within ten days after receipt of such notice, give notice to the Indemnified Party of its election to assume the defense of the Proceeding, the Indemnifying Party will be bound by any determination made in the Proceeding or any compromise or settlement effected by the Indemnified Party.

(c) Notwithstanding the foregoing, if an Indemnified Party determines in good faith that there is a reasonable probability that a Proceeding may adversely affect it or its Affiliates other than as a result of monetary damages for which it would be entitled to indemnification under this Agreement, the Indemnified Party may, by notice to the Indemnifying Party, assume the exclusive right to defend, compromise, or settle the Proceeding. In such case, the Indemnifying Party will not be bound by any determination of a Proceeding so defended or any compromise or settlement effected without its consent (which may not be unreasonably withheld).

(d) Where the defence of a Proceeding is being undertaken and controlled by the Indemnifying Party, the Indemnified Party will use all reasonable efforts to make available to the Indemnifying Party those Employees whose assistance, testimony or presence is necessary to assist the Indemnifying Party in evaluating and defending any such claims. However, the Indemnifying Party shall be responsible for the expense associated with any Employees made available by the Indemnified Party to the Indemnifying Party pursuant to this Section 9.5(d), which expense shall be equal to an amount to be mutually agreed upon per person per hour or per day for each day or portion thereof that the Employees are assisting the Indemnifying Party and which expenses shall not exceed the actual cost to the Indemnified Party associated with the Employees.

(e) With respect to any Proceeding, the Indemnified Party shall make available to the Indemnifying Party or its representatives on a timely basis all documents, records and other materials in the possession of the Indemnified Party, at the expense of the Indemnifying Party, reasonably required by the Indemnifying Party for its use in defending any such claim and shall otherwise cooperate on a timely basis with the Indemnifying Party in the defence of such claim.

(f) With respect to any Proceeding for Damages suffered by, imposed upon or asserted against any of Stockport's Indemnified Persons as a result of, in respect of, connected with, or arising out of, under, or pursuant to any material breach or inaccuracy of any representation or warranty given by the Corporation contained in Section 3.1, if requested by any of Stockport's Indemnified Persons, the Corporation will participate in the compromise or settlement of such Proceeding, and will, as part of such settlement and where reasonable for the Corporation to do so, offer the plaintiff or complainant in such Proceeding a non-exclusive license to all or part of the Corporation Intellectual Property in furtherance of settlement of such Proceeding.

(g) With respect to any re-assessment for income, corporate, sales, excise, or other Tax (a "**Tax Reassessment**") or other liability enforceable by Lien against the property of the Indemnified Party, the Indemnifying Party's right to so contest shall only apply after payment of the re-assessment or the provision of such security as is necessary to avoid a Lien being placed on the property of the Indemnified Party.

Section 9.6 Procedure for Indemnification-Other Claims.

A claim for indemnification for any matter not involving a third-party claim may be asserted by notice to the Party from whom indemnification is sought.

Section 9.7 Exclusion of Other Remedies.

No Party shall have the right to bring any proceeding against any other Party for a breach of any representation, warranty, covenant or agreement contained in this Agreement, except for a proceeding brought in accordance with the provisions of this Article. This provision is not intended to preclude any proceeding by any Party against any other Party based on fraud or on a cause of action or right, including any statutory right, other than a cause of action in contract for tort) for breach of a representation, warranty, covenant or agreement contained in this Agreement.

ARTICLE 10
POST-CLOSING COVENANTS

Section 10.1 Access to Books and Records.

For a period of 6 years from the Closing Date or for such longer period as may be required by applicable Law, Stockport shall retain all original accounting Books and Records relating to the Corporation for the period prior to the Closing Date, but Stockport shall not be responsible or liable to the Corporation for or as a result of any accidental loss or destruction of or damage to any such Books and Records. So long as any such Books and Records are retained by Stockport pursuant to this Agreement, the Corporation shall have the reasonable right to inspect and to make copies (at its own expense) of them at any time upon reasonable request during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of the Corporation. Stockport shall have the right to have its representatives present during any such inspection.

Section 10.2 Further Assurances.

From time to time after the Closing Date, each Party shall, at the request of any other Party, execute and deliver such additional conveyances, transfers and other assurances as may be reasonably required to effectively carry out the intent of this Agreement.

Section 10.3 Exchanged Warrants and Exchanged Options.

After the Closing Date, all Stockport Options and Stockport Warrants will be exchanged by the Resulting Issuer for equivalent Exchanged Options and Exchanged Warrants pursuant to the Amalgamation.

ARTICLE 11
DISPUTE RESOLUTION

Section 11.1 Best Efforts to Settle Disputes.

(a) If any controversy, dispute, claim, question or difference (a "**Dispute**") arises with respect to this Agreement or its performance, enforcement, breach, termination or validity, the Parties shall use their best efforts to settle the Dispute. To this end, they shall

consult and negotiate with each other, in good faith and understanding of their mutual interests, to reach a just and equitable solution satisfactory to all Parties.

(b) Except as is expressly provided in this Agreement, if the Parties do not reach a solution pursuant to Section 11.1 (a) within a period of 30 Business Days following the first notice of the Dispute by any Party to the other, then upon written notice by any Party to the other, the Dispute shall be finally settled by arbitration in accordance with Section 11.2.

Section 11.2 Arbitration.

Any Disputes which cannot be resolved pursuant to Section 11.1 above, must be referred to binding arbitration as follows:

(a) All Disputes shall be referred to and finally resolved by arbitration by a mutually agreeable, single arbitrator (the "**Arbitrator**").

(b) In the event that the parties cannot mutually agree on the appointment of an Arbitrator within fifteen (15) days of written notice of a Party to refer the Dispute to binding arbitration, then the Arbitrator will be appointed by the British Columbia International Commercial Arbitration Centre ("**BCICAC**") of Vancouver, B.C., as the appointing authority. The case shall be administered by the BCICAC in accordance with its "Procedures for Cases under the BCICAC Rules" at Vancouver, British Columbia.

(c) Any arbitration shall determine with finality any Dispute, and the Arbitrator's decision shall be binding and final on the Parties, from which there shall be no appeal. In the event that one Party alleges a default or breach which the other denies, or a failure to satisfactorily cure a default, then the Arbitrator may make an order to relieve against forfeiture or set out the required terms to cure the default. An Arbitrator may award injunctive relief, and shall also decide all matters including the cost of the arbitration. The Arbitrator is authorized and instructed to award costs on a solicitor own client or special costs basis, as warranted, to the successful Party in connection with any arbitration.

ARTICLE 12
MISCELLANEOUS

Section 12.1 Notices.

Any notice, direction or other communication given under this Agreement or any Ancillary Agreement shall be in writing and given by delivering it or sending it by facsimile, electronic mail, or other similar form of recorded communication addressed:

(a) to Stockport at:

Stockport Exploration Inc.
Suite 2001, 1969 Upper Water Street
Halifax, Nova Scotia, B3J 3R7

Attention: Mr. James Megann, CEO

Facsimile: (902) 491-4281
Email: jmegann@stockportexploration.com

with a copy to (which does not serve as notice by itself):

Salley Bowes Harwardt Law Corporation
#1750 – 1185 West Georgia Street
Vancouver, B.C.
V6E 4E6

Attention: Paul A. Bowes

Facsimile: (604) 688-0778
Email: bowes@sbh.bc.ca

to the Corporation at:

Cox & Palmer LLP
Suite 1100, 1959 Upper Water St.
Halifax, Nova Scotia,
B3J 3E5

Attention: Gavin MacDonald

Facsimile: (902) 421-6262
E-mail: gmacdonald@coxandpalmer.com

Any such communication shall be deemed to have been validly and effectively given (i) if personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Vancouver time) and otherwise on the next Business Day, or (ii) if transmitted by facsimile, electronic mail or similar means of recorded communication on the Business Day following the date of transmission. Any Party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to such Party at its changed address.

Section 12.2 Time of the Essence.

Time shall be of the essence of this Agreement.

Section 12.3 Brokers.

Stockport shall indemnify and save harmless the Corporation from and against any and all claims, losses and costs whatsoever for any commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or have acted for Stockport.

Section 12.4 Announcements.

At all times prior to Closing, any press release or public statement or announcement (a "**Public Statement**") with respect to the transaction contemplated in this Agreement shall be made only with the prior written consent and approval of the Corporation and Stockport unless such Public Statement is required by Applicable Laws or by any stock exchange, in which case the Party required to make the Public Statement shall use its best efforts to obtain the approval of the other Party as to the form, nature and extent of the disclosure. After the Closing, any Public Statement by the Corporation shall be made only with the prior written consent and approval of Stockport unless the Public Statement is required by Applicable Laws or by any stock exchange, in which case the Corporation shall use its best efforts to obtain the approval of Stockport as to the form, nature and extent of the disclosure.

Section 12.5 Third Party Beneficiaries.

Except as otherwise provided in Article 9 and Section 12.3, the Corporation and Stockport intend that this Agreement shall not benefit or create any right or cause of action in, or on behalf of, any Person other than the Parties to this Agreement and no Person, other than the Parties to this Agreement shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum. Despite the foregoing, the Corporation acknowledges to each of Stockport's Indemnified Persons their direct rights against the Corporation under Section 9.1 of this Agreement. If a court determines that Section 9.1 does not create direct rights in favour of Stockport's Indemnified Persons, then Stockport acts as agent on behalf of each of Stockport's Indemnified Persons in contracting for their respective rights under those Sections. If the foregoing agency is ineffective in procuring their respective rights under those Sections for any reason, then Stockport acts as trustee on behalf of each of Stockport's Indemnified Persons and hold for their benefit their rights under Section 9.1.

Section 12.6 Expenses.

Except as otherwise expressly provided in this Agreement, all costs and expenses (including the fees and disbursements of legal counsel, investment advisers and accountants) incurred in connection with this Agreement, the Ancillary Agreements and the transactions contemplated therein shall be paid by the Party incurring such expenses.

Section 12.7 Amendments.

This Agreement may only be amended, supplemented or otherwise modified by written agreement signed by the Corporation and Stockport.

Section 12.8 Waiver.

(a) No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar); nor shall such waiver be binding unless executed in writing by Stockport or the Corporation to be bound by the waiver.

(b) No failure on the part of the Corporation or Stockport to exercise, and no delay in exercising any right under this Agreement shall operate as a waiver of such right, nor shall any single or partial exercise of any such right preclude any other or further exercise of such right or the exercise of any other right.

Section 12.9 Non-Merger.

Except as otherwise expressly provided in this Agreement, the covenants, representations and warranties shall not merge on and shall survive the Closing and, notwithstanding such Closing or any investigation made by or on behalf of any Party, shall continue in full force and effect. Closing shall not prejudice any right of one Party against any other Party in respect of anything done or omitted under this Agreement or in respect of any right to damages or other remedies.

Section 12.10 Entire Agreement.

This Agreement together with the Ancillary Agreements, constitutes the entire agreement between the Parties and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement except as specifically set forth herein and therein and neither the Corporation nor Stockport has relied or is relying on any other information, discussion or understanding in entering into and completing the transactions contemplated in this Agreement.

Section 12.11 Successors and Assigns.

(a) This Agreement shall become effective when executed by the Corporation and Stockport and after that time shall be binding upon and enure to the benefit of the Corporation, Stockport and their respective successors and permitted assigns.

(b) Except as provided in this Section 12.11, neither this Agreement nor any of the rights or obligations under this Agreement shall be assignable or transferable by any Party without the prior written consent of the other Party.

(c) Notwithstanding the provisions of paragraph 12.11(b) and for greater certainty, nothing in this Section 12.11 or any document executed pursuant hereto, shall release Stockport from the primary obligation to make the payments contemplated herein.

Section 12.12 Severability.

If any provision of this Agreement shall be determined by an arbitrator or any court of competent jurisdiction to be illegal, invalid or unenforceable, that provision shall be severed from this Agreement and the remaining provisions shall continue in full force and effect.

Section 12.13 Governing Law.

(a) This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

(b) Each of the Parties irrevocably attorns and submits to the exclusive jurisdiction of the Supreme Court of British Columbia.

Section 12.14 Counterparts and Electronic Delivery.

This Agreement may be executed in any number of counterparts, delivered by fax, email or other electronic means, and all such counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement.

STOCKPORT EXPLORATION INC.

Per: s/ “Jim Megann”
Jim Megann, President & CEO

SONA NANOTECH LTD.

Per: s/ “Darren Rowles”
Darren Rowles, President & CEO

EXHIBIT A

Sona Financial Statements

Financial Statements of

SONA NANOTECH LTD.

October 31, 2017 and December 31, 2016

(Expressed in Canadian Dollars)

December 22, 2017

Management's Report

The accompanying financial statements of **Sona Nanotech Ltd.** (the "Company") have been prepared by the Company's management. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and contain estimates based on management's judgment. Internal control systems are maintained by management to provide reasonable assurances that assets are safeguarded and financial information is reliable.

The Board of Directors of the Company is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements and the management discussion and analysis.

The Board of Directors meets with the Company's management and auditors and reviews internal control and financial reporting matters to ensure that management is properly discharging its responsibilities before approval.

(signed) *"Darren Rowles"*
Chief Executive Officer
Wales, United Kingdom

(signed) *"Robert Randall"*
Chief Financial Officer
Halifax, Canada

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

11th floor, 1050 West Pender Street, Vancouver, BC, Canada V6E 3S7

Tel: 604. 714. 3600 Fax: 604. 714. 3669 Web: manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Directors of
Sona Nanotech Ltd.

We have audited the accompanying financial statements of Sona Nanotech Ltd. which comprise the statements of financial position as at October 31, 2017 and December 31, 2016, and the statements of comprehensive loss, changes in deficiency and cash flows for the ten month period ended October 31, 2017 and the year ended December 31, 2016, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Sona Nanotech Ltd. as at October 31, 2017 and December 31, 2016, and its financial performance and cash flows for the 10 month period ended October 31, 2016 and the year ended December 31, 2016 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Sona Nanotech Ltd. to continue as a going concern.

/s/ Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
December 22, 2017

Sona Nanotech Ltd.
Statements of Financial Position
As at October 31, 2017 and December 31, 2016

Expressed in Canadian dollars

	October 31, 2017	December 31, 2016
	$	$
Assets		
Current assets		
Cash	**173,323**	35,406
Amounts receivables and other (note 3)	**142,506**	107,470
	315,829	142,876
Capital assets (note 4)	**20,316**	590
Total assets	**336,145**	143,466
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	**799,646**	557,718
Current portion of long-term debt (note 6)	**162,378**	107,093
	962,024	664,811
Long-term debt (note 6)	**172,246**	86,507
Total liabilities	**1,134,270**	751,319
Deficiency		
Shareholders' deficiency	**(798,125)**	(607,852)
Total liabilities and deficiency	**336,145**	143,466

Nature of operations and going concern (note 1)
Commitments and contingencies (note 11)

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board of Directors on December 22, 2017.

"Gerrard Marangoni" "*James Megann*"
Director Director

Sona Nanotech Ltd.
Statements of Loss and Comprehensive Loss
For the ten month period ended October 31, 2017 & year ended December 31, 2016

Expressed in Canadian dollars

	Ten-month period ended October 31, 2017 $	Year ended December 31, 2016 $
Expenses		
Consulting and wages	**171,576**	282,003
Rent and related costs (note 9)	**9,717**	11,385
Administrative costs	**10,255**	17,299
Depreciation expense (note 4)	**3,735**	61
Financing fee (note 9)	**-**	75,000
Interest on long-term debt (note 6)	**10,325**	7,093
Accreted interest on repayable government loans (note 6)	**5,521**	-
Accreted interest on convertible loans (note 6)	**-**	10,800
Travel costs	**20,425**	18,740
Sales and marketing costs	**1,573**	2,431
Professional fees	**29,550**	75,899
Management services (note 9)	**180,000**	218,000
Research and development costs	**6,449**	29,156
	(449,126)	(747,867)
Other income		
Repayable government loans fair value adjustment	**21,115**	41,660
Scientific research and experimental development tax credits	**-**	63,447
	21,115	105,107
Net loss and comprehensive loss for the period	**(428,011)**	(642,760)
Loss per share – basic and diluted	**(0.02)**	(0.02)
Weighted-average number of common shares outstanding		
Basic and diluted	**27,928,923**	27,190,155

The accompanying notes are an integral part of these financial statements.

Sona Nanotech Ltd.
Statements of Changes in Deficiency
As at October 31, 2017 and December 31, 2016

Expressed in Canadian dollars

	Number of Common Shares	Common Shares	Equity Portion of Convertible Loans	Deficit	Total
		$	$	$	$
Balance, January 1, 2016	**26,321,662**	**360,500**	-	**(561,392)**	**(200,892)**
Net loss and comprehensive loss for the period	-	-	-	(642,760)	(642,760)
Equity portion of convertible loans	-	-	10,800	-	10,800
Shares issued pursuant to private placement (note 7)	1,500,000	225,000	-	-	225,000
Balance, December 31, 2016	**27,821,662**	**585,500**	**10,800**	**(1,204,152)**	**(607,852)**
Net loss and comprehensive loss for the period	-	-	-	(428,011)	(428,011)
Shares issued pursuant to private placement (note 7)	2,600,000	260,000	-	-	260,000
Share issuance costs (note 7)	-	(22,262)	-	-	(22,262)
Balance, October 31, 2017	**30,421,662**	**823,238**	**10,800**	**(1,632,163)**	**(798,125)**

The accompanying notes are an integral part of these financial statements.

Sona Nanotech Ltd.
Statement of Changes in Cash Flows
For the ten month period ended October 31, 2017 and year ended December 31, 2016

Expressed in Canadian dollars

	Ten month period ended October 31, 2017	Year ended December 31, 2016
	$	$
Operating activities		
Net loss for the period	**(428,011)**	(642,760)
Changes to loss not involving cash:		
Depreciation	**3,735**	61
Accreted interest (note 6)	**5,521**	10,800
Interest expense (note 6)	**10,325**	7,093
Non-cash professional fees (note 7)	**-**	75,000
Increase in accounts receivable and other	**(35,036)**	(67,645)
Increase in accounts payable and accrued liabilities	**241,928**	289,341
Net cash used in operating activities	**(201,538)**	(328,110)
Financing activities		
Proceeds from long-term debt (note 6)	**125,219**	246,507
Repayment of long-term debt (note 6)	**(41)**	(60,000)
Proceeds received upon the completion of private placement (note 7)	**260,000**	150,000
Share issuance costs associated with private placement (note 7)	**(22,262)**	-
Net cash provided by financing activities	**362,916**	336,507
Investing activities		
Additions to fixed assets (note 4)	**(23,461)**	(651)
Net cash used in financing activities	**(23,461)**	(651)
Increase in cash	**137,917**	7,746
Cash, beginning of period	**35,406**	27,660
Cash, end of period	**173,323**	35,406
Non-cash financing activities		
Common shares issued for financing fee	**-**	75,000

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Sona Nanotech Ltd. (the "Company" or "Sona") was incorporated on January 21, 2014 under the laws of the Canada Business Corporations Act. The Company is in the business of researching and developing gold nano-rod products. Sona's head office is located at Suite 2001, 1969 Upper Water Street, Halifax, Nova Scotia, Canada, B3J 3R7. The registered office of Sona is located at Suite 1100, 1959 Upper Water Street, Halifax, Nova Scotia, Canada, B3J 3N2.

The Company's operations have been financed through the sale of common shares and the debt described in Note 6. The Company has incurred significant operating losses since inception and has an accumulated deficit of $1,632,163 as at October 31, 2017 (December 31, 2016 - $1,204,152).

These financial statements have been prepared on a going-concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. For the ten month period-ended October 31, 2017, the Company incurred a net loss of $428,011 (year ended December 31, 2016 - $642,760). The Company has limited revenue from customers and negative cash flow from operations. In addition to its working capital requirements, the Company must secure sufficient funding to further develop its gold nano-rod products and to fund its general operating costs. Such circumstances create material uncertainties that may cast significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there can be no assurance that these initiatives will be successful or sufficient.

The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and operating requirements and eventually to generate positive cash flows from operations. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues and expenses and balance sheet classifications that would be necessary were the going concern assumption determined to be inappropriate and these adjustments could be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in these financial statements, except as discussed below.

a) Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Board of Directors approved these financial statements for issue on December 22, 2017.

b) Basis of presentation

These annual financial statements are presented in Canadian dollars, the Company's functional currency and have been prepared on the historical costs basis.

c) Critical accounting judgments and estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical accounting judgments and estimates in applying accounting policies that have the most significant impact on the amounts recognized in the financial statements are outlined below.

Calculation of initial fair value and carrying amount of long-term debt
The initial fair value of the Atlantic Canada Opportunities Agency ("ACOA") loans is determined by using a discounted cash flow analysis for the loans, which require a number of assumptions. The difference between the face value and the initial fair value of the ACOA loans is recorded in the statement of loss and comprehensive loss as government assistance. The carrying amount of the ACOA loans requires management to adjust the long-term debt to reflect actual and revised estimated cash flows whenever revised cash flow estimates are made or new information related to market conditions is made available. Management recalculates the carrying amount by computing the present value of the estimated future cash flows at the original effective interest rate. Any adjustments are recognized in the statement of loss as accreted interest and adjustments after initial recognition.

The significant assumptions used in determining the discounted cash flows include estimating the amount and timing of future revenue for the Company and the discount rate. As the ACOA loans are repayable based on a percentage of gross revenue, if any, the determination of the amount and timing of future revenue significantly impacts the initial fair value of the loans, as well as the carrying value of the ACOA loans at each reporting date. The Company is in the research stage for researching and developing gold nano-rod products; accordingly, determination of the amount and timing of revenue, if any, requires significant judgment by management. If the Company expected no future revenues, no repayments would be required on the ACOA loans and the amounts recorded for the ACOA loans on the statement of financial postion would be $nil. The discount rate determined on initial recognition of the ACOA loans is used to determine the present value of estimated future cash flows expected to be required to settle the debt. In determining the appropriate discount rates, the Corporation considered the interest rates of similar long-term debt arrangements, with similar terms. The ACOA loan is repayable based on a percentage of gross revenue, if any; accordingly, finding financing arrangements with similar terms is difficult and management was required to use significant judgment in determining the appropriate discount rates. Management used a discount rates ranging from 8.1% to 12.0% to discount the ACOA loan.

If the weighted average discount rate used in determining the initial fair value and the carrying value at each reporting date of all ACOA loans, with repayment terms based on future revenue, had been determined to be higher by 10% (resulting in a discount rates ranging from 8.9% to 13.2%), or lower by 10% (resulting in a discount rates ranging from 7.3% to 10.8%), the carrying value of the long-term debt at October 31, 2017 would have been an estimated $4,600 lower or $4,800 higher, respectively. If the total forecasted revenue was reduced by 10% or increased by 10%, the carrying value of the long-term debt at October 31, 2017 would not have been materially impacted.

d) Cash

Cash is comprised of cash on hand and current operating bank accounts.

e) Income taxes

Current income taxes
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in the statements of changes in equity and not in the statements of loss and comprehensive loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. The Company recognizes interest and penalties, if any, related to uncertain tax positions in income tax expense.

Deferred income taxes
Deferred income taxes are calculated using the liability method on temporary differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, can be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted, or substantively enacted, at the reporting date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside of profit or loss is recognized outside of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive loss or directly in equity.

f) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. Financial assets and financial liabilities are initially measured at fair value.

Financial assets are classified into one of the following specified categories: fair value through profit or loss ("FVTPL"), held-to-maturity, available-for-sale ("AFS") and loans and receivables. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified as FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in the statement of loss.

The Company's financial instruments are classified and subsequently measured as follows:

Asset / liability	**Classification**	**Subsequent measurement**
Cash	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Long-term debt	Other financial liabilities	Amortized cost

Financial Assets
Subsequent to initial recognition, loans and receivables are measured at amortized cost.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated fair value of the financial asset has declined.

Financial Liabilities
Financial liabilities are classified as other financial liabilities and are measured at amortized cost subsequent to initial measurement at fair value.

Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount reported on the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

g) Loss per share

Loss per share is calculated based on the weighted average number of shares outstanding during the year.

h) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. There were no material provisions recorded within the financial statements as at October 31, 2017.

i) Government assistance

Non-repayable government assistance is recorded in the period earned as other income or netted against expenses. During the ten month period- ended October 31, 2017, the Company recorded $91,648 (December 31, 2016 – $190,429) of non-repayable government grants as an offset against consulting and wages. Repayable government loans are recorded initially at fair value, with the difference between book value and fair value recorded as other income. During the ten month period-ended October 31, 2017, the Company recorded $21,115 as other income (December 31, 2016 – $41,660). At October 31, 2017, $139,374 (December 31, 2016 – $92,096) of government assistance, including government loans, is included in amounts receivable.

j) Research and development tax credits

Refundable investment tax credits relating to scientific research and experimental development expenditures are recorded in the accounts in the fiscal period in which the qualifying expenditures are incurred provided there is reasonable assurance that the tax credits will be realized. Refundable investment tax credits, in connection with research and development activities, are accounted for as other income. Amounts recorded for refundable investment tax credits are calculated based on the expected eligibility and tax treatment of qualifying scientific research and experimental development expenditures recorded in the Corporation's consolidated financial statements.

k) Standards, interpretations and amendments to published standards that are not yet effective

IFRS 9, Financial Instruments ("IFRS 9")
IFRS 9, issued on July 24, 2014, is the IASB's replacement of IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting of financial instruments. IFRS 9 is mandatorily effective for periods beginning on or after January 1, 2018 with early adoption permitted. Management is currently assessing the impact of the adoption of IFRS 9 on the financial statements of the Company and does not intend to early adopt this standard.

IFRS 15, Revenue from contracts with customers ("IFRS 15")
In May 2014, the IASB issued IFRS 15. IFRS 15 replaces IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and some revenue related Interpretations. IFRS 15 establishes a new control-based revenue recognition model and provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. The new standard is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively. IFRS 15 allows for early adoption, but the Company does not intend to do so at this time. Management does not expect the adaptation of IFRS 15 to impact the financial statements of the Company.

IFRS 16, Leases ("IFRS 16")
IFRS 16 was issued on January 13, 2016 and replaces the current guidance in IAS 17, *Leases* ("IAS 17"). IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. Management is currently assessing the impact of the adoption of IFRS 16 on the financial statements of the Company and the Company does not intend to early adopt this standard.

3. ACCOUNTS RECEIVABLES AND OTHER

	October 31, 2017	December 31, 2016
	$	$
Sales tax receivable	1,598	3,563
Government assistance receivable	139,374	92,096
Prepaid expenses	1,534	10,560
Deposits	-	1,251
	142,506	107,470

4. CAPITAL ASSETS

COST	Office Equipment	Laboratory equipment	Total
	$	$	$
As at January 1, 2016	-	-	-
Additions	651	-	651
As at December 31, 2016	651	-	651
Additions	2,249	21,212	23,461
As at October 31, 2017	2,900	21,212	24,112
Accumulated depreciation			
As at January 1, 2016	-	-	-
Depreciation charge	61	-	61
As at December 31, 2016	61	-	61
Depreciation charge	329	3,406	3,735
As at October 31, 2017	390	3,406	3,796
Carrying amount			
Balance, December 31, 2016	590	-	590
Balance, October 31, 2017	2,510	17,806	20,316

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	October 31, 2017	December 31, 2016
	$	$
Trade payables and accruals	799,646	551,274
Government remittances payable	-	6,444
	799,646	557,718

6. LONG-TERM DEBT

	October 31, 2017	December 31, 2016
	$	$
Atlantic Canada Opportunities Agency ("ACOA") under the Business Development Program interest-free loan with a maximum contribution of $479,476. Annual repayment are calculated at 5% of gross product revenue. As at October 31, 2017, the amount drawn down on the loan was $229,500 (December 31, 2016 – $128,167).	172,246	86,507
Brigus Capital Inc. ("Brigus") loan with an interest rate of 1% per month, repayable on demand (see below)	117,093	107,093
Numus Financial Inc. ("Numus") loan with an interest rate of prime +1% per annum, repayable on demand	45,285	-
	334,624	193,600
Less: current portion	(162,378)	(107,093)
	172,246	86,507

	October 31, 2017	December 31, 2016
	$	$
Balance – beginning of period	193,600	-
Borrowings, net of $21,115 (2016 - $41,660) allocated to other income	125,219	246,507
Loan repayment	(41)	(60,000)
Equity portion of convertible loan	-	(10,800)
Accreted interest on repayable government loans	5,521	-
Accreted interest on convertible loans	-	10,800
Accrued interest	10,325	7,093
Balance – end of period	334,624	193,600
Less: current portion	(162,378)	(107,093)
Non-current portion	172,246	86,507

The Brigus loan is convertible into common shares of the Company at a deemed value of $0.10 per share for all outstanding principal and interest at Brigus's discretion. The loan has been initially recorded at a value of $149,200, and the equity component of the loan has been valued at $10,800. The initial recorded value of the loan, in the amount of $149,200 has been accreted to the face value of the loan over the initial term of 6 months. As at December 31, 2016 the loan has been fully accreted. In preparing the allocation of value between the loan and the equity component of the loan, the Company estimated an interest rate of 15% for a similar debt instrument with no conversion option.

The minimum annual principal repayments of long-term debt over the next five years, excluding the ACOA loan repayments which are not determinable at this time, are as follows:

Year ending October 31, 2018	$144,959

7. SHARE CAPITAL

a) Common shares

Authorized share capital of the Company consists of an unlimited number of fully paid common shares without par value.

	Number of shares	Amount
		$
Outstanding, January 1, 2016	26,321,662	360,500
Shares issued pursuant to private placement	1,000,000	150,000
Shares issued for services	500,000	75,000
Outstanding, December 31, 2016	27,821,662	585,500
Shares issued pursuant to private placement	2,600,000	260,000
Share issuance costs	-	(22,262)
Outstanding, October 31, 2017	30,421,662	823,238

Private Placement Financing

During the year ended December 31, 2016, the Company completed non-brokered private placement financings for 1,000,000 shares at a price of $0.15 per share for gross proceeds of $150,000. The Company also issued 500,000 shares to a director of the Company as a financing fee. The shares were issued at a price of $0.15 per share for a value of $75,000.

During the period ended October 31, 2017, the Company completed non-brokered private placement financings for aggregate gross proceeds of $260,000. The Company issued 2,600,000 common shares at a price of $0.10 per share. Total costs associated with the private placement, consisting of finders fees paid to a related party and professional fees, were $22,262.

8. INCOME TAXES

The provision for income taxes reported differs from the amounts computed by applying the applicable income tax rates to the net loss before tax provision due to the following:

	Ten month period ended October 31, 2017	Year ended December 31, 2016
	$	$
Loss before income taxes	428,011	621,960
Statutory rate	31.0%	31.0%
Tax recovery at statutory rate	132,683	192,808
Tax effect of permanent differences	11,379	12,716
Tax recovery on losses and deductible temporary differences not recognized in the current or prior period	(144,062)	(205,524)
Income tax recovery	-	-

Deferred income tax assets and liabilities of the Company as at October 31, 2017 and December 31, 2016 are as follows:

	2017 $	2016 $
Deferred income tax assets:		
Losses carried forward	516,299	378,915
Capital assets	1,177	20
Share issuance costs	5,521	-
	522,997	378,935
Deferred income tax liabilities	-	-
	522,997	378,935
Unrecognized deferred income tax assets	(522,997)	(378,935)
Net deferred income tax assets	-	-

Non-capital losses

As at October 31, 2017, the Company had approximately $1,665,480 in losses available to reduce future taxable income. The benefit of these losses has not been recorded in the accounts as realization is not considered probable. These losses may be claimed no later than:

		$
During the year ended	2033	450
	2034	25,485
	2035	533,455
	2036	662,918
	2037	443,172
		1,665,480

9. RELATED PARTY TRANSACTIONS

During the ten month period-ended October 31 2017, the Company incurred costs for management services from a related party, Numus Financial Inc. ("Numus"), a company controlled by certain directors of Sona, in the amount of $180,000 (December 31, 2016 – $218,000), incurred rent and office costs from Numus in the amount of $12,150 (December 31, 2016 – $14,850), recognized other cost reimbursements from Numus of $12,390 (December 31, 2016 – $46,744), received a loan in the amount of $45,000 (December 31, 2016 – $nil) and accrued interest on the loan of $325 (December 31, 2016 – nil). As at October 31, 2017, the amount owing to Numus was $589,669 (December 31, 2016 – $345,738).

During the ten month period-ended October 31, 2017, Numus Capital Corp. ("Numus Capital"), a company controlled by certain directors of Sona, assisted the Company in securing subscribers in the private placements during the ten month period-ended October 31, 2017. The Company incurred Numus Capital finders' fees of 8%, or $20,800 (December 31, 2016 – $nil).

During the year ended December 31, 2016, the Company received a loan of $160,000 from Brigus Capital Inc. ("Brigus"), a company controlled by a director of Sona. During ten month period-ended October 31, 2017, the Company accrued interest of $10,000 (December 31, 2016 – $7,093) and made loan repayments of $nil (December 31, 2016 - $60,000). As at October 31, 2017, the amount owing to Brigus was $117,094 (December 31, 2016 – $107,094).

During the period ended December 31, 2016, the Company issued 500,000 common shares as a financing fee at a price $0.15 per share for an aggregate value of $75,000.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Capital Management

The Company manages its capital to ensure that it will be able to continue as a going-concern while maximizing the return to stakeholders through the optimization of debt and equity balances.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue equity or return capital to shareholders.

b) Fair Values of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The carrying amounts reported in the statement of financial position for cash, accounts receivable and accounts payable and accrued liabilities approximate their fair values based on the immediate or short-term maturities of these financial instruments.

c) Financial Risk Management Objectives

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk and interest rate risk. Where material, these risks are reviewed and monitored.

d) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date.

Cash is held with a reputable bank in Canada. The long-term credit rating of these banks, as determined by Standard and Poor's, was A+.

e) Liquidity Risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they become due. The Company has a planning and budgeting process to monitor operating cash requirements, including amounts projected for capital expenditures, which are adjusted as input variables change. These variables include, but are not limited to, the ability of the Company to generate revenue from current and prospective customers, general and administrative requirements of the Company and the availability of capital markets. As these variables change, liquidity risks may necessitate the need for the Company to issue equity or obtain debt financing. Refer to note 1 for further details related to the ability of the Company to continue as a going concern.

The Company is currently pursuing financing alternatives. There can be no assurance that additional future financings will be available on acceptable terms or at all. If the Company is unable to obtain additional financing when required, the Company may have to substantially reduce or eliminate planned expenditures.

Accounts payables and accrued liabilities are paid in the normal course of business generally according to their terms.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the remaining contractual maturities of the Company's financial liabilities as at October 31, 2017, excluding the ACOA loan repayments which are not determinable at this time, are as follows :

	Within 1 year	2-3 years	4-5 years	Over 5 years	Total
	$	$	$	$	$
Accounts payable and accrued liabilities	799,646	-	-	-	799,646
Loan payable	162,378	-	-	-	162,378
	962,024	-	-	-	962,024

f) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk exposure arises from the Company entering into transactions which are denominated in currencies other than its functional currency.

The Company is not exposed to material currency risk on its cash, accounts payable and accrued liabilities that are held in currencies that are not in the transacting entity's functional currency.

g) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

An immaterial amount of interest rate exposure exists in respect of cash balances and the long-term debt on the statement of financial position. The majority of the loans are at a nil or fixed interest rate and the interest on the cash balances is insignificant. As a result, the Company is not exposed to material cash flow interest rate risk on its cash balances.

h) Fair Value Measurements Recognized in the Statement of Financial Position

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

At October 31, 2017, the Company had no financial instruments that were measured and recognized on the statement of financial position at fair value. In addition, there were no transfers between levels during the period.

11. COMMITMENTS AND CONTINGENCIES

As at October 31, 2017, the Company has a management services agreement with Numus for the provision of management services at a fee of $18,000 per month, continuing until both parties mutually agree to terminate.

12. PROPOSED TRANSACTION WITH STOCKPORT EXPLORATION INC.

During the year-ended October 31, 2017, the Company entered into a letter of intent with Stockport Exploration Inc. (“Stockport”) relating to the proposed acquisition of the Company by Stockport, a public company incorporated and domiciled in Canada. The proposed transaction with Stockport will be effected through an exchange of securities with all of the security holders of the Company (the “Transaction”).

Pursuant to the proposed Transaction with Stockport, Stockport intends to complete a share consolidation on the basis of four (4) old common shares of Stockport for one (1) new common share of Stockport (the “Consolidation”). Post-Consolidation, Stockport will acquire all of the issued securities and control of the Company, and in consideration, subject to the acceptance of the TSX Venture Exchange, will issue approximately 22,163,282 common shares (post-Consolidation) to the security holders of Sona. This will represent approximately 50% of the issued and outstanding common shares after completion of the Consolidation. The proposed Transaction is subject to regulatory and shareholder approvals prior to completion.

13. SUBSEQUENT EVENT

On December 20, 2017, the Company completed a non-brokered private placement for aggregate gross proceeds of $360,000 at a price per share of $0.10, resulting in the issuance of 3,600,000 common shares.

EXHIBIT B

Amalgamation Agreement

AMALGAMATION AGREEMENT

THIS MEMORANDUM OF AGREEMENT made this 22nd day of March, 2018.

BETWEEN:

STOCKPORT EXPLORATION INC., a corporation existing under the laws of Canada (hereinafter referred to as "Stockport")

OF THE FIRST PART

- and -

SONA NANOTECH LTD., a corporation existing under the laws of Canada (hereinafter referred to as "Sona")

OF THE SECOND PART

WHEREAS Stockport and Sona have agreed to amalgamate and continue as one corporation pursuant to the *Canada Business Corporations Act* upon the terms and conditions hereinafter set out;

AND WHEREAS the authorized capital of Stockport consists of an unlimited number of common shares without par value (the "Stockport Common Shares");

AND WHEREAS the authorized capital of Sona consists of an unlimited number of common shares without nominal or par value (the "Sona Common Shares");

AND WHEREAS each party hereto has made full and complete disclosure to the other parties of its known assets and liabilities;

NOW THEREFORE THIS AGREEMENT WITNESSES as follows:

1. **Definitions**. In this Agreement:

(a) "Amalco" means the corporation continuing from the Amalgamation;

(b) "Amalgamating Corporation" means Stockport or Sona; and "Amalgamating Corporations" means both of them;

(c) "Amalgamation" means the amalgamation of Stockport and Sona, pursuant to section 181 of the CBCA, as contemplated by this Agreement;

(d) "Articles of Amalco" mean the Form 9 Articles of Amalgamation of Amalco, a copy of which is attached hereto as Appendix I and forms a part of this Agreement;

(e) "Business Day" means any day, other than Saturday or Sunday or a day that is a statutory holiday in Canada or the Province of Nova Scotia;

(f) "CBCA" means the *Canada Business Corporations Act*, as amended;

(g) "Certificate of Amalgamation" means the certificate of amalgamation issued by the Director in respect of the Amalgamation;

(h) "Circular" means the joint management information circular of Stockport and Sona to be delivered to each of their shareholders in respect of the Amalgamation;

(i) "Director" means the Director appointed under the CBCA;

(j) "Dissent Rights" means such rights of dissent as provided in the manner set forth in section 190 of the CBCA in connection with the Amalgamation for the shareholders of either Stockport or Sona, as more particularly described in the Circular;

(k) "Effective Date" means the date of the Certificate of Amalgamation;

(l) "Exchange" means the TSX Venture Exchange;

(m) "Letter of Transmittal" means the letter of transmittal sent to the shareholders of the Amalgamating Corporations with the Circular for the exchange of their shares into Amalco Common Shares; and

(n) "Transfer Agent" means Computershare Investor Services Inc., the transfer agent of Stockport.

2. **Amalgamation**. Stockport and Sona hereby agree to amalgamate and continue as one corporation under the provisions of the CBCA upon the terms and conditions hereinafter set out.

3. **Name**. The name of Amalco shall be "Sona Nanotech Inc."

4. **Registered Office**. The place where the registered office of Amalco is to be situated is Suite 1750 -- 1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6.

5. **Capital**. The authorized capital of Amalco shall consist of an unlimited number of common shares without par value (the "Amalco Common Shares").

6. **Business Restrictions**. There shall be no restrictions on the businesses which Amalco is authorized to carry on.

7. **Articles**. The Articles of Amalco shall be in the form attached as Appendix I to this Agreement until repealed, amended, altered or added to.

8. **By-laws**. The By-laws of Amalco shall be in the form attached as Appendix II to this Agreement until repealed, amended, altered or added to.

9. **Number of Directors**. The number of directors of Amalco shall not be less than three and not more than fifteen. The number of directors of Amalco and the number of directors to be elected at the annual meeting of shareholders shall be such number as shall be determined by resolution passed by the board of directors of Amalco prior to the sending of the notice of such meeting of shareholders.

10. **Restrictions on Share Transfers**. If Amalco is not or ceases to be a "distributing corporation" (as that term is defined under the CBCA), then the right to transfer shares of Amalco will be restricted in the manner specified in the Articles of Amalco.

11. **First Directors**. The first directors of Amalco shall be persons whose names and addresses are set out below, who shall hold office until the first annual meeting of Amalco until their successors are elected or appointed:

NAME	**ADDRESS**
James Megann	222 Canterbury Lane Fall River, NS B3T 1T3
Daniel Whittaker	1488 Birchdale Avenue Halifax, NS B3H 4E3
Dr. Andrew Neil Smith	71 Ridgepark Lane Halifax, NS B3N 3J2
Robert McKay	428 Haig Street Espanola, ON P5E 1B7
Zephaniah Mbugua	c/o Direct Investments Company Limited PO Box 18511-00500 Nairobi, Kenya

12. **First Officers**. The first officers of Amalco shall be the persons whose names and addresses are set out below, who shall the hold offices set out opposite their names at the will of the board of directors:

Name	Office	Address
Darren Rowles	President & Chief Executive Officer	10 Ogwen Drive Cynocoed, Cardiff UK CF23 6L1
Robert Randall	Chief Financial Officer & Secretary	5388 Russell Street Halifax, NS B3K 1W8

13. **Securities Exchange**. On the Effective Date:

(a) every Four (4) issued and outstanding Stockport Common Shares will be exchanged for one (1) Amalco Common Share;

(b) every 1.5802 issued and outstanding Sona Common Shares will be exchanged for one (1) Amalco Common Share;

(c) every Four (4) Stockport stock options will be exchanged for one (1) Amalco stock option and the exercise price shall be increased to four (4) times the existing exercise price; and

(d) every Four (4) Stockport share purchase warrants will be exchanged for one (1) Amalco share purchase warrant and the exercise price shall be increased to four (4) times the existing exercise price.

Notwithstanding the foregoing, in the event that the shares of any one of the Amalgamating Corporations are held by or on behalf of another of the Amalgamating Corporations, then such shares will be cancelled when the Amalgamation becomes effective without any repayment of capital in respect thereof, and no provision is or will be made for the conversion of such shares into Amalco Common Shares.

14. **Fractional Shares**. No fractional securities shall be issued by Amalco pursuant to Section 13. Any exchange or replacement contemplated in Section 13 hereof that results in less than a whole number shall be rounded to the nearest lower whole number, and no cash or other consideration shall be paid or payable in lieu of such fraction securities.

15. **Restrictions on Securities**. The parties acknowledge and agree that the Amalco Common Shares, stock options and share purchase warrants to be issued to the shareholders, option holders and warrant holders, as applicable, of the Amalgamating Corporations pursuant to Section 13 hereof will be subject to compliance with applicable securities laws. The issuance of the Amalco Common Shares, stock options and share purchase warrants, as applicable, to persons in the United States in connection with the Amalgamation shall be conditional on the availability of an exemption from the registration requirements of the U.S. Securities Act, and such Amalco Common Shares, stock

options and share purchase warrants, as applicable, shall be "restricted securities" as such term is defined in Rule 144 under the U.S. Securities Act, and shall bear a legend to that effect. In addition, certain of the Amalco Common Shares, stock options and share purchase warrants to be issued to the shareholders, option holders and warrant holders, as applicable, of the Amalgamating Corporations will be subject to escrow or resale restrictions as required by the policies of the Exchange.

16. **Certificates**. On the Effective Date, the registered holders of the Amalgamating Corporations' common shares shall cease to be holders of such shares and shall be deemed to be registered holders of Amalco Common Shares, to which they are entitled in accordance with Section 13 hereof, and on or after the Effective Date the holders of certificates representing Amalgamating Corporations' common shares may surrender such certificates to the Transfer Agent, together with a completed Letter of Transmittal, and, upon such surrender, subject to any applicable escrow or resale restrictions imposed by the Exchange, the Transfer Agent will deliver such certificates representing the number of Amalco Common Shares to which they are so entitled pursuant to a direction from Stockport. On the Effective Date, the option holders and warrant holders of the Amalgamating Corporations' stock options and share purchase warrants shall cease to be holders of such stock options and share purchase warrants and shall be deemed to be holders of Amalco stock options and share purchase warrants, to which they are entitled in accordance with Section 13 hereof, and on or after the Effective Date the holders of certificates representing Amalgamating Corporations' stock options and share purchase warrants may surrender such certificates to Amalco, and, upon such surrender, subject to any applicable escrow or resale restrictions imposed by the Exchange, Amalco will deliver such certificates representing the number of stock options and share purchase warrants to which they are so entitled pursuant to a direction from Stockport.

17. **Lost Certificates**. In the event any certificate which immediately prior to the Effective Date represented one or more outstanding shares, stock options or share purchase warrants of an Amalgamating Corporation that are to be exchanged pursuant to Section 13 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder thereof, as applicable, claiming such certificate to be lost, stolen or destroyed, the transfer agent in respect thereof will issue in exchange for such lost, stolen or destroyed certificate, one (1) or more certificates representing one (1) or more Amalgamating Corporation's shares, stock options or share purchase warrants, as applicable, to which they are entitled and, in each case deliverable pursuant to Section 13. In exchange for any lost, stolen, destroyed certificate, the holder to whom certificates representing such Amalgamating Corporation's shares, stock options or share purchase warrants, as applicable, are to be issued shall, as a condition precedent to the issuance thereof, give a bond satisfactory to Stockport and the Transfer Agent in such sum as they may direct or otherwise indemnify Amalco in a manner satisfactory to Amalco against any claim that may be made against

Amalco with respect to the certificate alleged to have been lost, stolen or destroyed.

18. **Dissenting Shareholders**. Amalgamating Corporation shareholders who validly exercise their Dissent Rights in connection with the Amalgamation pursuant to and in the manner set forth in the Circular shall not be entitled to exchange their shares for Amalco Common Shares pursuant to the Amalgamation. However, if a shareholder of an Amalgamating Corporation fails to perfect or effectively withdraws such Dissent Rights or forfeits such Dissent Rights or if his, her or its rights as a shareholder of an Amalgamating Corporation are otherwise reinstated, such shareholder shall thereupon be deemed to have been exchanged for their Amalgamating Corporation's shares, as of the Effective Date as prescribed herein. Registered shareholders of an Amalgamating Corporation entitled to vote on the Amalgamation may exercise Dissent Rights with respect to their shares in connection with the Amalgamation, pursuant to and in the manner set forth in the Circular and in accordance with applicable laws. Each Amalgamating Corporation shall provide prompt notice to the other of any written notice of a dissent, withdrawal of such notice, and any other instruments served pursuant to such Dissent Rights received by an Amalgamating Corporation.

19. At any time before the issue of the Certificate of Amalgamation, this Agreement may be terminated by the unanimous agreement of all parties hereto, notwithstanding the approval of this Agreement by the shareholders or the Boards of Directors of the Amalgamating Corporations or any of them.

20. Upon the shareholders of Stockport and Sona approving this Agreement in accordance with the provisions of the CBCA, Stockport shall within three (3) Business Days complete and send to the Director Articles of Amalco in prescribed form providing for the Amalgamation and such other related documents as may be required pursuant to the CBCA.

21. This Agreement shall be governed by and construed in accordance with the laws of the Province of Nova Scotia and the federal laws of Canada applicable therein.

22. The parties hereto declare having required that this Agreement and all accessory documents be drawn up in the English language. *Les parties aux présentes déclarent avoir exigé que la présente convention ainsi que tous les documents accessoires soient rédigés en langue anglaise.*

IN WITNESS WHEREOF this Agreement has been duly executed by the parties hereto, by their duly authorized signatories.

STOCKPORT EXPLORATION INC.

Per:__s/ "James Megann_____
Authorized Signatory

SONA NANOTECH LTD.

Per:____s/ "Wade Dawe_____
Authorized Signatory

APPENDIX I

Articles of Amalgamation

Innovation, Science and Economic Development Canada
Corporations Canada

Innovation, Sciences et Développement économique Canada
Corporations Canada

Canada Business Corporations Act (CBCA)
FORM 9
ARTICLES OF AMALGAMATION
(Section 185)

1 - Corporate name of the amalgamated corporation

SONA NANOTECH INC.

2 - The province or territory in Canada where the registered office is situated (do not indicate the full address)

British Columbia

3 - The classes and any maximum number of shares that the corporation is authorized to issue

An unlimited number of common shares without par value

4 - Restrictions, if any, on share transfers

If the Corporation is not or ceases to be a "distributing corporation", then no shares of the Corporation shall be transferred without the prior approval of the directors by resolution of the board.

5 - Minimum and maximum number of directors (for a fixed number of directors, indicate the same number in both boxes)

Minimum number 3 **Maximum number** 15

6 - Restrictions, if any, on the business the corporation may carry on

None

7 - Other provisions, if any

None

8 - The amalgamation has been approved pursuant to that section or subsection of the Act which is indicated as follows:

◉	**183 - Long form: approved by special resolution of shareholders**		○	**184(1) - Vertical short-form: approved by resolution of directors**		○	**184(2) - Horizontal short-form: approved by resolution of directors**

9 - Declaration

I hereby certify that I am a director or an authorized officer of the following corporation:

Name of the amalgamating corporations	Corporation number	Signature
Sona Nanotech Ltd.	-	
	-	
Stockport Exploration Inc.	0426859 - 8	
	-	

Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding $5,000 or to imprisonment for a term not exceeding six months or to both (subsection 250(1) of the CBCA).

Canada

Instructions
FORM 9
ARTICLES OF AMALGAMATION

Filing this application costs $200.

You are providing information required by the CBCA. Note that both the CBCA and the *Privacy Act* allow this information to be disclosed to the public. It will be stored in personal information bank number IC/PPU-049.

Item 1
Set out the proposed name of the amalgamated corporation that complies with sections 10 and 12 of the CBCA. If this name is not the same one as one of the amalgamating corporations, articles of amalgamation must be accompanied by a Nuans Name Search Report dated not more than ninety (90) days prior to the receipt of the articles by Corporations Canada. A numbered name may be assigned under subsection 11(2) of the CBCA without a Nuans Name Search Report.

Item 2
Set out the name of the province or territory within Canada where the registered office is to be situated.

Item 3
Set out the details required by paragraph 6(1)(c) of the CBCA, including details of the rights, privileges, restrictions and conditions attached to each class of shares. All shares must be without nominal or par value and must comply with the provisions of Part V of the CBCA.

Item 4
If restrictions are to be placed on the right to transfer shares of the corporation, set out a statement to this effect and the nature of such restrictions.

Item 5
State the number of directors. If cumulative voting is permitted, the number of directors must be fixed.

Item 6
If restrictions are to be placed on the business the corporation may carry out, set out the restrictions.

Item 7
Set out any provisions, permitted by the CBCA or its Regulations to be set out in the by-laws of the corporation, that are to form part of the articles, including any pre-emptive rights or cumulative voting provisions.

Item 8
Indicate whether the amalgamation is under section 183 or subsection 184(1) or 184(2) of the CBCA.

Item 9
A director or officer of the amalgamating corporations shall sign the articles.

If space in items 3, 4, 6, 7 and 9 is insufficient, please attach a schedule.

Also Include:

- Form 2 - Initial Registered Office Address and First Board of Directors
- A statutory declaration from a director or officer of each amalgamating corporation in accordance with subsection 185(2) of the CBCA.
- A Nuans Name Search Report, if applicable
- Fee of $200, payable by credit card (American Express, Visa or Master Card) or by cheque made payable to the Receiver General for Canada

For more information, consult the Corporations Canada Website (corporationscanada.ic.gc.ca) or call toll-free (within Canada) **1-866-333-5556 or** (from outside Canada) **(613) 941-9042**.

Send documents:

By e-mail: IC.corporationscanada.IC@canada.ca

By mail: Corporations Canada
235 Queen Street
Ottawa, Ontario K1A 0H5

Canada

APPENDIX II

By-laws of Amalco

BY-LAW NO. 1

of

SONA NANOTECH INC.
(the "Corporation")

TABLE OF CONTENTS

PAGE

PART 1 - INTERPRETATION **1**
1.1 Interpretation 1
PART 2 - SEAL **1**
2.1 Seal 1
PART 3 - DIRECTORS **1**
3.1 Number 1
3.2 Term of Office 1
3.3 Vacation of Office 1
3.4 Election and Removal 1
3.5 Committee of Directors 2
PART 4 - MEETINGS OF DIRECTORS **2**
4.1 Place of Meeting 2
4.2 Notice 2
4.3 Omission of Notice 2
4.4 Adjournment 2
4.5 Quorum 3
4.6 Telephone Participation 3
4.7 Voting 3
4.8 Resolution in Lieu of Meeting 3
PART 5 - REMUNERATION OF DIRECTORS **3**
5.1 Remuneration of Directors 3
PART 6 - SUBMISSION OF CONTRACTS OR TRANSACTIONS TO SHAREHOLDERS FOR APPROVAL **3**
6.1 Submission of Contracts or Transactions to Shareholders for Approval 3
PART 7 - FOR THE PROTECTION OF DIRECTORS AND OFFICERS **3**
7.1 Conflict of Interest 3
7.2 For the Protection of Directors and Officers 4
PART 8 - INDEMNITIES TO DIRECTORS AND OFFICERS **4**
8.1 Indemnities to Directors and Officers 4
PART 9 - OFFICERS **4**
9.1 Appointment 4
9.2 Remuneration and Removal 5
9.3 Powers and Duties 5
9.4 Duties May Be Delegated 5
9.5 Chairman of the Board 5
9.6 Vice-Chairman of the Board 5
9.7 President 5
9.8 Vice-President 5
9.9 Secretary 5
9.10 Treasurer 5
9.11 Assistant Secretary and Assistant Treasurer 5
9.12 Managing Director 5
9.13 General Manager or Manager 6
9.14 Vacancies 6
PART 10 - SHAREHOLDERS' MEETINGS **6**
10.1 Annual Meeting 6
10.2 Special Meetings 6
10.3 Notice 6
10.4 Waiver of Notice 6

PAGE

10.5 Omission of Notice 6
10.6 Votes 6
10.7 Chairman of the Meeting 7
10.8 Proxies 7
10.9 Adjournment 8
10.10 Quorum 8
10.11 Resolution in lieu of meeting 8
10.12 Meeting Held by Electronic Means 8
10.13 Persons Entitled to be Present 8
PART 11 - SECURITIES 9
11.1 Allotment and Issuance of Shares 9
11.2 Uncertificated Share or Form of Share Certificate 9
11.3 Shareholder Entitled to Certificate, Acknowledgment or Written Notice 9
11.4 Delivery by Mail 9
PART 12 - TRANSFER OF SECURITIES 9
12.1 Transfer Agent and Registrar 9
12.2 Securities Registers 9
12.3 Surrender of Certificates 9
12.4 Shareholder Indebted to the Corporation 9
12.5 Lost, Apparently Destroyed or Wrongfully Taken Security Certificates 10
12.6 Consent Required for the Transfer of Shares 10
12.7 Form of Instrument of Transfer 10
12.8 Signing of Instrument of Transfer 10
PART 13 - DIVIDENDS 11
13.1 Dividends 11
13.2 Unclaimed Dividends 11
PART 14 - VOTING SHARES AND SECURITIES IN OTHER BODIES CORPORATE 11
14.1 Voting Shares and Securities in Other Bodies Corporate 11
PART 15 - INFORMATION AVAILABLE TO SHAREHOLDERS 11
15.1 Confidential Information Not Available to Shareholders 11
15.2 Availability of Corporate Records to Shareholders 11
PART 16 - NOTICES 12
16.1 Service 12
16.2 Securities Registered In More Than One Name 12
16.3 Persons Becoming Entitled By Operation of Law 12
16.4 Deceased Security Holders 12
16.5 Signature to Notices 12
16.6 Computation of Time 12
16.7 Proof of Service 12
PART 17 - CHEQUES, DRAFTS AND NOTES 12
17.1 Cheques, Drafts and Notes 12
PART 18 - CUSTODY OF SECURITIES 13
18.1 Custody of Securities 13
PART 19 - EXECUTION OF INSTRUMENTS 13
19.1 Execution of Instruments 13
PART 20 - FINANCIAL YEAR 14
20.1 Financial Year 14
PART 21 - BORROWING OF MONEY 14
21.1 Borrowing of Money 14
21.2 Powers May Be Delegated 14
21.3 Powers Supplement 14

BY-LAW NO. 1

A By-Law relating generally to the conduct of the affairs of the Corporation.

PART 1 - INTERPRETATION

1.1 **Interpretation.** In this By-Law and all other by-laws of the Corporation, unless the context otherwise specifies or requires:

(a) "Act" means the *Canada Business Corporations Act*, R.S.C. 1985 c. 44, as from time to time amended and every statute that may be substituted therefor and, in the case of such substitution, any references in the by-laws of the Corporation to provisions of the Act shall be read as references to the substituted provisions therefor in the new statute or statutes;

(b) "Regulations" means the Regulations under the Act as published or from time to time amended and every regulation that may be substituted therefor and, in the case of such substitution, any references in the by-laws of the Corporation to provisions of the Regulations shall be read as references to the substituted provisions therefor in the new regulations;

(c) "by-law" means any By-Law of the Corporation from time to time in force and effect;

(d) all terms which are contained in the by-laws and which are defined in the Act or the Regulations shall have the meanings given to such terms in the Act or the Regulations;

(e) words importing the singular number only shall include the plural and vice versa and words importing a specific gender shall include the other genders; and

(f) the headings used in the by-laws are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

PART 2 - SEAL

2.1 **Seal.** The Corporation may but need not have a corporate seal. Any corporate seal adopted for the Corporation shall be such as the Board of Directors may by resolution from time to time approve.

PART 3 - DIRECTORS

3.1 Number. Subject to any unanimous shareholder agreement, the business and affairs of the Corporation shall be managed by a Board of Directors consisting of the number of Directors set out in the articles of the Corporation or, where a minimum or maximum number is provided for in the articles, such number of Directors shall be as determined from time to time by resolution of the Board of Directors. Subject to the Act, at least 25% of the Directors of the Corporation must be resident Canadians. However, if the Corporation has less than four Directors, at least one Director must be a resident Canadian.

3.2 Term of Office. A Director's term of office (subject to (a) the provisions of the articles of the Corporation; (b) the provisions of the Act; (c) any unanimous shareholder agreement; and (d) any expressly stated term of office) shall be from the date on which he is elected or appointed until the annual meeting next following.

3.3 Vacation of Office. The office of a Director shall be vacated: (a) if he becomes bankrupt or suspends payment of his debts generally or compounds with his creditors or makes an authorized assignment or is declared insolvent; (b) if he is found to be a mentally incompetent person; (c) if by notice in writing to the Corporation he resigns his office, which resignation shall be effective at the time it is received by the Corporation or at the time specified in the notice, whichever is later; (d) if he dies; or (e) if he is removed from office by the shareholders in accordance with paragraph 3.4.

3.4 Election and Removal. Subject to Section 107 of the Act, the shareholders of the Corporation shall elect, at the first meeting of shareholders and at each succeeding annual meeting at which an election of Directors is required, Directors to hold office for a term expiring not later than the close of the first annual meeting of

shareholders following his election, but, if qualified, is eligible for re-election. If Directors are not elected at a meeting of shareholders, the incumbent Directors continue in office until their successors are elected. Provided always that the shareholders of the Corporation may, by ordinary resolution passed at a special meeting of shareholders, remove any Director or Directors from office and a vacancy created by the removal of a Director may be filled at the meeting of the shareholders at which the Director is removed.

3.5 Committee of Directors. The Directors may appoint from among their number a committee of Directors and subject to Section 115 of the Act may delegate to such committee any of the powers of the Directors. Subject to the by-laws and any resolution of the Board of Directors, the committee of Directors, if any, may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit and may from time to time adopt, amend or repeal rules or procedures in this regard. Subject to the Act, except to the extent otherwise determined by the Board of Directors or, failing such determination, as determined by the committee of Directors, the provisions of paragraphs 4.1 to 4.8, inclusive, shall apply, mutatis mutandis, to such committee, except that no member of the committee need be a resident Canadian and no meeting of the committee requires a resident Canadian to be present thereat.

PART 4 - MEETINGS OF DIRECTORS

4.1 Place of Meeting. Meetings of the Directors may be held within or outside Canada.

4.2 Notice. A meeting of Directors may be convened by the Chairman of the Board, the Vice-Chairman of the Board, the Managing Director, the Chief Executive Officer if he is a Director, the President if he is a Director, a Vice-President who is a Director or any two Directors at any time and the Secretary, when directed or authorized by any of such officers or any two Directors, shall convene a meeting of Directors. Subject to Section 114(5) of the Act, the notice of any meeting convened as aforesaid need not specify the purpose of or the business to be transacted at the meeting. Notice of any such meeting shall be served in the manner specified in paragraph 16.1 of this By-Law not less than two days (exclusive of the day on which the notice is delivered or sent but inclusive of the day for which notice is given) before the meeting is to take place; provided always that a Director may in any manner waive notice of a meeting of Directors and attendance of a Director at a meeting of Directors snail constitute a waiver of notice of the meeting except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called; provided further that meetings of Directors may be held at any time without notice if all the Directors are present (except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called) or if all of the absent Directors waive notice before or after the date of such meeting.

If the first meeting of the Directors following the election of Directors by the shareholders is held immediately thereafter, then for such meeting or for a meeting of the Directors at which a Director is appointed to fill a vacancy in the Board, no notice shall be necessary to the newly elected or appointed Directors or Director in order to legally constitute the meeting, provided that a quorum of the Directors is present.

4.3 Omission of Notice. The accidental omission to give notice of any meeting of Directors to, or the non-receipt of any notice by, any person shall not invalidate any resolution passed or any proceeding taken at such meeting.

4.4 Adjournment. Any meeting of Directors may be adjourned from time to time by the chairman of the meeting, with the consent of the meeting, to a fixed time and place. Notice of any adjourned meeting of Directors is not required to be given if the time and place of the adjourned meeting is announced at the original meeting. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The Directors who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment. Any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

4.5 Quorum. A majority of the Directors shall form a quorum for the transaction of business and, notwithstanding any vacancy among the Directors, a quorum of Directors may exercise all the powers of Directors. No business shall be transacted at a meeting of Directors unless a quorum of the Board of Directors is present and, except as otherwise permitted by the Act, not less than 25% of the Directors present are resident Canadians.

4.6 Telephone Participation. A Director may, if all of the Directors of the Corporation consent, participate in a meeting of Directors by means of such telephone or other electronic communication facilities as permit all persons participating in the meeting to hear each other and a Director participating in such a meeting by such means is deemed to be present at that meeting.

4.7 Voting. Questions arising at any meeting of the Board of Directors shall be decided by a majority of votes. In case of an equality of votes the chairman of the meeting in addition to his original vote shall not have a second or casting vote.

4.8 Resolution in Lieu of Meeting. Notwithstanding any of the provisions of this By-Law but subject to the Act or any unanimous shareholder agreements a resolution in writing, signed by all of the Directors entitled to vote on that resolution at a meeting of the Directors is as valid as if it had been passed at a meeting of the Directors.

PART 5 - REMUNERATION OF DIRECTORS

5.1 Remuneration of Directors. The remuneration to be paid to the Directors shall be such as the Board of Directors shall from time to time determine and such remuneration shall be in addition to the salary paid to any officer or employee of the Corporation who is also a member of the Board of Directors. The Board of Directors may also award special remuneration to any Director undertaking any special services on the Corporation's behalf other than the routine work ordinarily required of a Director by the Corporation and the confirmation of any such resolution or resolutions by the shareholders shall not be required. The Directors shall also be entitled to be paid their travelling and other expenses properly incurred by them in connection with the affairs of the Corporation.

PART 6 - SUBMISSION OF CONTRACTS OR TRANSACTIONS TO SHAREHOLDERS FOR APPROVAL

6.1 Submission of Contracts or Transactions to Shareholders for Approval. The Board of Directors in its discretion may submit any contract, act or transaction for approval or ratification at any annual meeting of the shareholders or at any special meeting of the shareholders called for the purpose of considering the same and, subject to the provisions of Section 120 of the Act, any such contract, act or transaction that shall be approved or ratified or confirmed by a resolution passed by a majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Act or by the Corporation's articles or any other By-Law) shall be as valid and as binding upon the Corporation and upon all the shareholders as though it had been approved, ratified or confirmed by every shareholder of the Corporation.

PART 7 - FOR THE PROTECTION OF DIRECTORS AND OFFICERS

7.1 Conflict of Interest. In supplement of and not by way of limitation upon any rights conferred upon Directors and officers by Section 120 of the Act, it is declared that no Director or officer shall be disqualified by his office from, or vacate his office by reason of, holding any office or place of profit under the Corporation or under any body corporate in which the Corporation shall be a shareholder, or by reason of being otherwise in any way directly or indirectly interested in or contracting with the Corporation either as vendor, purchaser or otherwise or being concerned in any contract or arrangement made or proposed to be entered into with the Corporation in which he is in any way directly or indirectly interested either as vendor, purchaser or otherwise nor shall any Director or officer be liable to account to the Corporation or any of its shareholders or creditors for any profit arising from any such office or place of profit; and, subject to the provisions of Section 120 of the Act, no contract or arrangement entered into by or on behalf of the Corporation in which any Director or officer shall be in any way directly or indirectly interested shall be avoided or voidable and no Director or officer shall be liable to account to the Corporation or any of its shareholders or creditors for any profit realized by or from any such contract or arrangement by reason of any fiduciary relationship. A Director or officer of the Corporation who is a party to a material contract or proposed material contract with the Corporation, or is a Director or an officer of, or has a material interest in, any person who is a party to a material contract or proposed material contract with the Corporation shall disclose the nature and extent of his interest at the time and in the manner provided in the Act.

Except as provided in the Act, no such Director of the Corporation shall vote in any resolution to approve such contracts but each such Director may be counted to determine the presence of a quorum at the meeting of Directors where such vote is being taken.

7.2 For the Protection of Directors and Officers. Except as otherwise provided in the Act, no Director or officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, including any person with whom or which any moneys, securities or effects shall be lodged or deposited or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever which may happen in the execution or the duties of his respective office or trust or in relation thereto unless the same shall happen by or through his failure to exercise the powers and to discharge the duties of his office honestly and in good faith with a view to the best interests of the Corporation and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Directors for the time being of the Corporation shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Corporation, except such as shall have been submitted to and authorized or approved by the Board of Directors. If any Director or officer of the Corporation shall be employed by or shall perform services for the Corporation otherwise than as a Director or officer or shall have an interest in a person which is employed by or performs services for the Corporation, the fact of his being a shareholder, Director or officer of the Corporation shall not disentitle such Director or officer or such person, as the case may be, from receiving proper remuneration for such services.

PART 8 - INDEMNITIES TO DIRECTORS AND OFFICERS

8.1 Indemnities to Directors and Officers. Subject to the provisions of Section 124 of the Act, the Corporation shall indemnify a Director or officer, a former Director or officer, or a person who acts or acted at the Corporation's request as a Director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a Director or officer of the Corporation or such body corporate, if (a) he acted honestly and in good faith with a view to the best interests of the Corporation; and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful. The Corporation shall also indemnify any such person in such other circumstances as the Act or law permits or requires. Nothing in this By-Law shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this by-law to the extent permitted by the Act or law.

PART 9 - OFFICERS

9.1 Appointment. The Board of Directors may annually or more often as may be required appoint a Chairman of the Board, a Vice-Chairman of the Board, a President, a Managing Director, one or more Vice-Presidents, a Secretary, a Treasurer, one or more Assistant Secretaries, one or more Assistant Treasurers and/or a general Manager or Manager. Notwithstanding the foregoing, each incumbent officer shall continue in office until the earliest of (a) his resignation, which resignation shall be effective at the time a written resignation is received by the Corporation or at the time specified in the resignation, whichever is later, (b) the appointment of his successor, (c) his ceasing to be a Director if such is a necessary qualification of his appointment, (d) the meeting at which the Board of Directors annually appoint the officers of the Corporation, (e) his removal, and (f) his death. A Director may be appointed to any office of the Corporation but none of the officers except the Chairman of the Board, the Vice-Chairman of the Board and the Managing Director need be a member of the Board of Directors. Two or more of the aforesaid offices may be held by the same person. In case and whenever the same person holds the offices of Secretary and Treasurer he may but need not be known as the Secretary-Treasurer. The Board of Directors may from time to time appoint such other officers and agents as it shall deem necessary who shall have such authority and shall perform such duties as may from time to time be prescribed by the Board of Directors. The Board of Directors may from time to time and subject to the provisions of the Act, vary, add to or limit the duties and powers of any officer.

9.2 Remuneration and Removal. The remuneration of all officers appointed by the Board of Directors shall be determined from time to time by resolution of the Board of Directors. The fact that any officer or employee is a Director or shareholder of the Corporation shall not disqualify him from receiving such remuneration as may be determined. All officers, in the absence of agreement to the contrary, shall be subject to removal by resolution of the Board of Directors at any time, with or without cause.

9.3 Powers and Duties. All officers shall sign such contracts, documents or instruments in writing as require their respective signatures and shall respectively have and perform all powers and duties incident to their respective offices and such other powers and duties respectively as may from time to time be assigned to them by the Board of Directors.

9.4 Duties May Be Delegated. In case of the absence or inability to act of any officer of the Corporation except the Managing Director or for any other reason that the Board of Directors may deem sufficient, the Board of Directors may delegate all or any of the powers of such officer to any other officer or to any Director for the time being.

9.5 Chairman of the Board. The Chairman of the Board (if any) shall, when present, preside as chairman at all meetings of the Directors, the committee of Directors (if any) and the shareholders.

9.6 Vice-Chairman of the Board. If the Chairman of the Board is absent or is unable or refuses to act, the Vice-Chairman of the Board (if any) shall, when present, preside as Chairman annual meetings of the Directors, the committee of Directors (if any) and the shareholders.

9.7 President. The President shall be the chief executive officer of the Corporation unless otherwise determined by the Board of Directors. The President shall be vested with and may exercise all the powers and shall perform all the duties of the Chairman of the Board and/or Vice-Chairman of the Board if none be appointed or if the Chairman of the Board and the Vice-Chairman of the Board are absent or are unable or refuse to act; provided, however, that unless he is a Director he shall not preside as chairman at any meeting of Directors or of the committee of Directors (if any) or, subject to paragraph 10.7 of this by-law, at any meeting of shareholders.

9.8 Vice-President. The Vice-President or, if more than one, the Vice-Presidents, in order of seniority, shall be vested with all the powers and shall perform all the duties of the President in the absence or inability or refusal to act of the President; provided, however, that a Vice-President who is not a Director shall not preside as chairman at any meeting of Directors or of the committee of Directors (if any) or, subject to paragraph 10.7 of this by-law, at any meeting of shareholders.

9.9 Secretary. The Secretary shall give or cause to be given notices for all meetings of the Directors, the committee of Directors (if any) and the shareholders when directed to do so and shall have charge of the minute and record books of the Corporation and, subject to the provisions of paragraph 12.1 of this by-law, of the records (other than accounting records) referred to in Section 20 of the Act.

9.10 Treasurer. Subject to the provisions of any resolution of the Board of Directors, the Treasurer shall have the care and custody of all the funds and securities of the Corporation and shall deposit the same in the name of the Corporation in such bank or banks or with such other depositary or depositories as the Board of Directors may direct. He shall keep or cause to be kept the accounting records referred to in Section 20 of the Act. He may be required to give such bond for the faithful performance of his duties as the Board of Directors in its uncontrolled discretion may require but no Director shall be liable for failure to require any such bond or for the insufficiency of any such bond or for any loss by reason of the failure of the Corporation to receive any indemnity thereby provided.

9.11 Assistant Secretary and Assistant Treasurer. The Assistant Secretary or, if more than one, the Assistant Secretaries in order of seniority, and the Assistant Treasurer, or, if more than one, the Assistant Treasurers in order of seniority, shall respectively perform all the duties of the Secretary and the Treasurer, respectively, in the absence or inability or refusal to act of the Secretary or the Treasurer, as the case may be.

9.12 Managing Director. The Managing Director shall be a member of the Board of Directors, and a resident Canadian and shall exercise such powers and have such authority as may be delegated to him by the Board of Directors in accordance with the provisions of Section 115 of the Act.

9.13 General Manager or Manager. The Board of Directors may from time to time appoint one or more General Managers or Managers and may delegate to him or them full power to manage and direct the business and affairs of the Corporation (except such matters and duties as by law must be transacted or performed by the Board of Directors and/or by the shareholders) and to employ and discharge agents and employees of the Corporation or may delegate to him or them any lesser authority. A General Manager or Manager shall conform to all lawful orders given to him by the Board of Directors of the Corporation and shall at all reasonable times give to the Directors or any of them all information they may require regarding the affairs of the Corporation. Any agent or employee appointed by a General Manager or Manager shall be subject to discharge by the Board of Directors.

9.14 Vacancies. If the office of any officer of the Corporation shall be or become vacant by reason of death, resignation, disqualification or otherwise, the Board of Directors may appoint a person to fill such vacancy.

PART 10 - SHAREHOLDERS' MEETINGS

10.1 Annual Meeting. Subject to the provisions of Section 133 of the Act, the annual meeting of the shareholders shall be held on such day in each year and at such time as the Board of Directors may determine at any place within Canada or, if all of the shareholders entitled to vote at such meeting so agree, outside Canada. A meeting held under paragraph 10.12 of this by-law shall be deemed to be held at the place where the registered office of the Corporation is located.

10.2 Special Meetings. Special meetings of the shareholders may be convened by order of the Chairman of the Board, the Vice-Chairman of the Board, the Managing Director, the Chief Executive Officer if he is a director, the President if he is a director, a Vice-President if he is a director or by the Board of Directors at any date and time and at any place within Canada or, if all of the shareholders entitled to vote at such meeting so agree, outside Canada.

10.3 Notice. A printed, written or typewritten notice stating the day, hour and place of meeting shall be given by serving such notice on each shareholder entitled to vote at such meeting, on each Director and on the auditor of the Corporation in the manner specified in paragraph 16.1 of this by-law, not less than twenty-one days or more than fifty days (in each case exclusive of the day on which the notice is delivered or sent and of the day for which notice is given) before the date of the meeting. Notice of a meeting at which special business, as defined in Section 135(5) of the Act, is to be transacted shall state (a) the nature of that: business in sufficient detail to permit the shareholder to form a reasoned judgment thereon, and (b) the text of any special resolution to be submitted to the meeting. Provided that a meeting of shareholders may be held for any purpose on any day and at any time without notice if all of the shareholders and all other persons entitled to attend such meeting are present in person or, where appropriate, represented by proxy at the meeting (except where a shareholder or other person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called) or if all of the shareholders and all other persons entitled to attend such meeting who are not present in person or, where appropriate, represented by proxy thereat waive notice before or after the date of such meeting.

10.4 Waiver of Notice. A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of a meeting of shareholders and attendance of any such person at a meeting of shareholders shall constitute a waiver of notice of the meeting except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10.5 Omission of Notice. The accidental omission to give notice of any meeting or any irregularity in the notice of any meeting or the non-receipt of any notice by any shareholder or shareholders, Director or Directors or the auditor of the Corporation shall not invalidate any resolution passed or any proceedings taken at any meeting of shareholders.

10.6 Votes. Every question submitted to any meeting of shareholders shall be decided in the first instance by a show of hands unless a person entitled to vote at the meeting has demanded a ballot and in the case of an equality of votes the chairman of the meeting shall both on a show of hands and on a ballot have a second or casting vote in addition to the vote or votes to which he may be otherwise entitled.

A ballot may be demanded either before or after any vote by show of hands by any person entitled to vote at the meeting. If at any meeting a ballot is demanded on the election of a chairman or on the question of adjournment it shall be taken forthwith without adjournment. If at any meeting a ballot is demanded on any other

question or as to the election of Directors, the vote shall be taken by ballot in such manner and either at once, later in the meeting or after adjournment as the chairman of the meeting directs. The result of a ballot shall be deemed to be the resolution of the meeting at which the ballot was demanded. A demand for a ballot may be withdrawn.

Where two or more persons hold the same share or shares jointly, one of these holders present at a meeting of shareholders may, in the absence of the other or others, vote the share or shares but if two or more of those persons who are present, in person or by proxy, vote, they shall vote as one on the share or shares jointly held by them.

At any meeting unless a ballot is demanded a declaration by the chairman of the meeting that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

10.7 Chairman of the Meeting. In the event that the Chairman of the Board and the Vice-Chairman of the Board are absent and the Chief Executive Officer is absent or is not a Director and the President is absent or is not a Director and there is no Vice-President present who is a Director, the persons who are present and entitled to vote shall choose another Director as chairman of the meeting and if no Director is present or if all the Directors present decline to take the chair then the persons who are present and entitled to vote shall choose one of their number to be chairman.

10.8 Proxies. Votes at meetings of shareholders may be given either personally or by proxy or, in the case of a shareholder who is a body corporate or association, by an individual authorized by the Board of Directors or governing body of the body corporate or association to represent it at meetings of shareholders of the Corporation. At every meeting at which he is entitled to vote, every shareholder and/or person appointed by proxy and/or individual so authorized to represent a shareholder who is present in person shall have one vote on a show of hands. Upon a ballot at which he is entitled to vote, every shareholder present in person or represented by proxy or by an individual so authorized shall (subject to the provisions, if any, of the articles of the Corporation) have one vote for every share held by him.

A proxy shall be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a body corporate or association, by an officer or attorney thereof duly authorized and is valid only at the meeting in respect of which it is given or any adjournment thereof.

A person appointed by proxy need not be a shareholder.

Subject to the provisions of the Act and the Regulations, a proxy may be in the following form:

> The undersigned shareholder of hereby appoints _____ of _____ or failing him, _____ of _____ as the nominee of the undersigned to attend and act for the undersigned and on behalf of the undersigned at the meeting of the shareholders of the said Corporation to be held on the _____ day of _____, 20___ and at any adjournment or adjournments thereof in the same manner, to the same extent and with the same power as if the undersigned were present at the said meeting or such adjournment or adjournments thereof.
>
> DATED this _____ day of _____, 20___.
>
> _____
>
> Signature of Shareholder

The Board of Directors may from time to time make regulations regarding the lodging of proxies at some place or places other than the place at which a meeting or adjourned meeting of shareholders is to be held and for particulars of such proxies to be emailed or sent by fax or delivered in writing before the meeting or adjourned meeting to the Corporation or any agent of the Corporation for the purpose of receiving such particulars and providing that proxies so lodged may be voted upon as though the proxies themselves were produced at the meeting or adjourned meeting and votes given in accordance with such regulations shall be valid and shall be counted. The

chairman of any meeting of shareholders may, subject to any regulations made as aforesaid, in his discretion accept emailed, faxed or written communication as to the authority of any person claiming to vote on behalf of and to represent a shareholder notwithstanding that no proxy conferring such authority has been lodged with the Corporation, and any votes given in accordance with such emailed, faxed or written communication accepted by the chairman of the meeting shall be valid and shall be counted.

10.9 Adjournment. The chairman of any meeting may with the consent of the meeting adjourn the same from time to time to a fixed time and place and no notice of such adjournment need be given to the shareholders unless the meeting is adjourned by one or more adjournments or an aggregate of thirty days or more in which case notice of the adjourned meeting shall be given as for an original meeting. Any business may be brought before or dealt with at any adjourned meeting for which no notice is required which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same held in accordance with the terms of the adjournment and a quorum is present thereat. The persons who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment.

10.10 Quorum. A quorum at any meeting of shareholders (unless a greater number of persons are required to be present or a greater number of shares are required to be represented by the Act or by the articles or any other by-law) shall be two persons present in person and each entitled to vote thereat. If the Corporation has only one shareholder, or only one holder of any class or series of shares, the shareholder present in person or by proxy constitutes a meeting. No business shall be transacted at any meeting unless the requisite quorum be present at the time of the transaction of such business. If a quorum is not present at the time appointed for a meeting of shareholders or within such reasonable time thereafter as the shareholders present may determine, the persons present and entitled to vote may adjourn the meeting, to a fixed time and place but may not transact any other business and the provisions of paragraph 10.9 with regard to notice shall apply to such adjournment.

10.11 Resolution in lieu of meeting. Notwithstanding any of the provisions of this by-law a resolution in writing signed by all of the shareholders entitled to vote on that resolution at a meeting of the shareholders is, subject to Section 142 of the Act, as valid as if it had been passed at a meeting of the shareholders.

10.12 Meeting Held by Electronic Means. Any person entitled to attend a meeting of shareholders may vote and otherwise participate in the meeting by means of a telephonic, electronic or other communication facility made available by the Corporation that permits all participants to communicate adequately with each other during the meeting. A person participating in a meeting of shareholders by such means is deemed to be present at the meeting.

Directors who call (but not shareholders who requisition) a meeting of shareholders may determine that:

(a) the meeting shall be held, in accordance with the Regulations, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting; and

(b) any vote shall be held, in accordance with the Regulations, entirely by means of a telephonic, electronic or other communication facility that the Corporation has made available for that purpose.

Any vote at a meeting of shareholders may be carried out by means of a telephonic, electronic or other communication facility, if the facility:

(a) enables the votes to be gathered in a manner that permits their subsequent verification; and

(b) permits the tallied votes to be presented to the Corporation without it being possible for the Corporation to identify how each shareholder or group of shareholders voted.

10.13 Persons Entitled to be Present. The only persons entitled to be present at a meeting of the shareholders shall be those entitled to attend or vote at the meeting, the Directors, auditor, legal counsel of the Corporation and others who, although not entitled to attend or vote, are entitled or required under any provision of the Act, the articles of the Corporation, the by-laws or unanimous shareholder agreement to be present at the meeting. Any other person may be admitted only on the invitation of the chairperson of the meeting or with the consent of the meeting.

PART 11 - SECURITIES

11.1 Allotment and Issuance of Shares. Subject to the provisions of Section 25 of the Act, the articles, by-laws and any unanimous shareholder agreement, shares in the capital of the Corporation may be allotted and issued by the Board of Directors at such times and on such terms and conditions and to such persons or class of persons as the Board of Directors determines.

11.2 Uncertificated Share or Form of Share Certificate. The shares of the Corporation's capital stock may be represented by certificates or be uncertificated. Each share certificate issued by the Corporation must comply with, and be signed as required by, the Canada Business Corporations Act.

11.3 Shareholder Entitled to Certificate, Acknowledgment or Written Notice. Unless the shares of which the shareholder is the registered owner are uncertificated shares, each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name, or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate; provided that in respect of a share held jointly by several persons, the Corporation is not bound to issue more than one share certificate or acknowledgment and delivery of a share certificate or an acknowledgment to one of several joint shareholders or to one of the joint shareholders' duly authorized agent will be sufficient delivery to all. The Corporation must send to a holder of an uncertificated share a written notice containing the information required for the contents of a share certificate by the *Canada Business Corporations Act* within a reasonable time after the issue or transfer of such share.

11.4 Delivery by Mail. Any share certificate or non-transferable written acknowledgement of a shareholder's right to obtain a share certificate, or written notice of the issue or transfer of an uncertificated share may be sent to the shareholder by mail at the shareholder's registered address and neither the Corporation nor any director, officer or agent of the Corporation is liable for any loss to the shareholder because the share certificate, acknowledgement or written notice is lost in the mail or stolen.

PART 12 - TRANSFER OF SECURITIES

12.1 Transfer Agent and Registrar. The Board of Directors may from time to time appoint or remove one or more transfer agents and/or branch transfer agents and/or branch registrars (which may or may not be the same individual or body corporate) for the securities issued by the Corporation in registered form (or for such securities of any class or classes) and may provide for the registration of transfers of such securities (or such securities of any class or classes) in one or more places and such transfer agents and/or branch transfer agents and/or registrars and/or branch registrars shall keep all necessary books and registers of the Corporation for the registering of such securities (or such securities of the class or classes in respect of which any such appointment has been made). In the event of any such appointment in respect of the shares (or the shares of any class or classes) of the Corporation, all share certificates or acknowledgments issued by the Corporation in respect of the shares (or the shares of the class or classes in respect of which any such appointment has been made) of the Corporation shall be countersigned by or on behalf of one of the said transfer agents and/or branch transfer agents and by or on behalf of one of the said registrars and/or branch registrars, if any.

12.2 Securities Registers. A central securities register of the Corporation shall be kept at the registered office of the Corporation or at such other office or place in Canada as may from time to time be designated by the Board of Directors and a branch securities register or registers may be kept at such office or offices of the Corporation or other place or places, either in or outside Canada, as may from time to time be designated by the Board of Directors.

12.3 Surrender of Certificates. Subject to the Act and the provisions of paragraph 12.5, no transfer of a security issued by the Corporation shall be registered unless the security certificate representing the security to be transferred has been surrendered or, if no security certificate has been issued by the Corporation in respect of such security, unless a duly executed instrument of transfer in respect thereof has been delivered to the Corporation or its transfer agent, as the case may be.

12.4 Shareholder Indebted to the Corporation. If so provided in the articles of the Corporation, the Corporation has a lien on a share registered in the name of a shareholder or his equal representative for a debt of that shareholder to the Corporation. Such lien on a share of the Corporation may, subject to the Act, be enforced as follows:

(a) where such share is redeemable pursuant to the articles of the Corporation, by redeeming such share and applying the redemption price to such debt;

(b) by purchasing such share for cancellation for a price equal to the book value of such share and applying the proceeds to such debt;

(c) by selling such share to any third party whether or not such party is at arm's length to the Corporation including, without limitation, any officer or Director of the Corporation, for the best price which the Board of Directors in their sole discretion consider to be obtainable for such share and applying the proceeds to such debt;

(d) by refusing to permit the registration of a transfer of such share until such debt is paid; or

(e) by any other means permitted by law.

12.5 Lost, Apparently Destroyed or Wrongfully Taken Security Certificates. If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the requirements of the *Canada Business Corporations* Act are satisfied and the directors receive:

(a) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed;

(b) an indemnity bond sufficient in the Corporation's judgment to protect the Corporation from any loss that the Corporation may suffer by issuing a new certificate; and

(c) any other reasonable requirements imposed by the directors.

A person entitled to a share certificate may not assert against the Corporation a claim for a new share certificate where a share certificate has been lost, apparently destroyed or wrongfully taken if that person fails to notify the Corporation of that fact within a reasonable time after that person has notice of it and the Corporation registers a transfer of the shares represented by the certificate before receiving a notice of the loss, apparent destruction or wrongful taking of the share certificate.

12.6 Consent Required for the Transfer of Shares. If the Corporation is not a "distributing corporation" (as defined in the Act), no share of the Corporation may be sold, transferred or otherwise disposed of without the consent of the Directors and the Directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

12.7 Form of Instrument of Transfer. The instrument of transfer in respect of any share must be either in the form, if any, on the back of the Corporation's share certificates of that class or series or in some other form that may be approved by the directors or by the transfer agent or registrar for those shares."

12.8 Signing of Instrument of Transfer. If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Corporation and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgements deposited with the instrument of transfer, or if the shares are uncertificated shares, then all of the shares registered in the name of the shareholder on the central securities register:

(a) In the name of the person named as transferee in that instrument of transfer; or

(b) If no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having transfer registered.

PART 13 - DIVIDENDS

13.1 Dividends. The Board of Directors may from time to time declare and the Corporation may pay dividends on the issued and outstanding shares in the capital of the Corporation subject to the provisions (if any) of the articles of the Corporation.

The Board of Directors shall not declare and the Corporation shall not pay a dividend if there are reasonable grounds for believing that:

(a) the Corporation is, or after the payment would be, unable to pay its liabilities as they become due; or

(b) the realizable value of the Corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes.

The Corporation may pay a dividend by issuing fully paid shares of the Corporation and, subject to the foregoing, the Corporation may pay a dividend in money or property.

In case several persons are registered as the joint holders of any shares, any one of such persons may give effectual receipts for all dividends and payments on account of dividends and/or redemption of shares (if any) subject to redemption.

13.2 Unclaimed Dividends. Any dividend unclaimed after a period of six years from the date on which it has been declared to be payable shall be forfeited and shall revert to the Corporation.

PART 14 - VOTING SHARES AND SECURITIES IN OTHER BODIES CORPORATE

14.1 Voting Shares and Securities in Other Bodies Corporate. All of the shares or other securities carrying voting rights of any other body corporate held from time to time by the Corporation may be voted at any and all meetings of shareholders or holders of other securities (as the case may be) of such other body corporate and in such manner and by such person or persons as the Board of Directors of the Corporation shall from time to time determine. The duly authorized signing officers of the Corporation may also from time to time execute and deliver for and on behalf of the Corporation proxies and/or arrange for the issuance of voting certificates and/or other evidence of the right to vote in such names as they may determine without the necessity of a resolution or other action by the Board of Directors.

PART 15 - INFORMATION AVAILABLE TO SHAREHOLDERS

15.1 Confidential Information Not Available to Shareholders. Except as provided by the Act, no shareholder shall be entitled to discovery of any information respecting any details or conduct of the Corporation's business which in the opinion or the Board of Directors it would be inexpedient in the interests of the Corporation to communicate to the public.

15.2 Availability of Corporate Records to Shareholders. The Board of Directors may from time to time, subject to rights conferred by the Act, determine whether and to what extent and at what time and place and under what conditions or regulations the documents, books and registers and accounting records of the Corporation or any of them shall be open to the inspection of shareholders and no shareholder shall have any right to inspect any document or book or register or accounting record of the Corporation except as conferred by statute or authorized by the Board of Directors or by a resolution of the shareholders.

PART 16 - NOTICES

16.1 Service. Any notice or other document required by the Act, the Regulations, the articles or the by-laws to be sent to any shareholder or Director or to the auditor shall be delivered personally or sent by prepaid mail or by email or fax to any such shareholder at his latest address as shown in the records of the Corporation or its transfer agent and to any such Director at his latest address as shown in the records of the Corporation or in the last notice filed under Section 106 or 113 of the Act, and to the auditor at his business address; provided always that notice may be waived or the time for the notice may be waived or abridged at any time with the consent in writing of the person entitled thereto. If a notice or document is sent to a shareholder by prepaid mail in accordance with this paragraph and the notice or document is returned on three consecutive occasions because the shareholder cannot be found, it shall not be necessary to send any further notices or documents to the shareholder until he informs the Corporation in writing of his new address.

16.2 Securities Registered In More Than One Name. All notices or other documents with respect to any securities of the Corporation registered in more than one name shall be given to whichever of such persons is named first in the records of the Corporation and any notice or other document so given shall be sufficient notice or delivery to all of the holders of such securities.

16.3 Persons Becoming Entitled By Operation of Law. Subject to Section 51 of the Act, every person who by operation of law transfer or by any other means whatsoever shall become entitled to any securities of the Corporation shall be bound by every notice or other document in respect of such securities which, previous to his name and address being entered in the records of the Corporation, shall have been duly given to the person or persons from whom he derives his title to such securities.

16.4 Deceased Security Holders. Subject to Section 51 of the Act, any notice or other document delivered or sent by post, email or fax or left at the address of any security holder as the same appears in the records of the Corporation shall, notwithstanding that such security holder be then deceased, and whether or not the Corporation has notice of his decease, be deemed to have been duly served in respect of the securities held by such security holder (whether held solely or with any other person or persons) until some other person be entered in his stead in the records of the Corporation as the holder or one of the holders thereof and such service shall for all purposes be deemed a sufficient service of such notice or document on his heirs, executors or administrators and on all persons, if any, interested with him in such securities.

16.5 Signature to Notices. The signature of any Director or officer of the Corporation to any notice or document to be given by the Corporation may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

16.6 Computation of Time. Where a given number of days' notice or notice extending over a period is required to be given under any provisions of the articles or by-laws of the Corporation the day of service or posting of the notice of document shall not, unless it is otherwise provided, be counted in such number of days or other period.

16.7 Proof of Service. With respect to every notice or other document sent by post it shall be sufficient to prove that the envelope or wrapper containing the notice or other document was properly addressed as provided in paragraph 16.1 of this by-law and put into a Post Office or into a letter box. A certificate of an officer of the Corporation in office at the time of the making of the certificate or of a transfer officer of any transfer agent or branch transfer agent of shares of any class of the Corporation as to facts in relation to the sending or delivery of any notice or other document to any security holder, Director, officer or auditor or publication of any notice or other document shall be conclusive evidence thereof and shall be binding on every security holder, Director, officer or auditor of the Corporation, as the case may be.

PART 17 - CHEQUES, DRAFTS AND NOTES

17.1 Cheques, Drafts and Notes. All cheques, drafts or orders for the payment of money and all notes and acceptances and bills of exchange shall be signed by such officer or officers or person or persons, whether or not officers of the Corporation, and in such manner as the Board of Directors may from time to time designate.

PART 18 - CUSTODY OF SECURITIES

18.1 Custody of Securities. All shares and other securities owned by the Corporation shall be lodged (in the name of the Corporation) with a chartered bank or a trust company or in a safety deposit box or, if so authorized by resolution of the Board of Directors, with such other depositories or in such other manner as may be determined from time to time by the Board of Directors.

All shares and other securities belonging to the Corporation may be issued or held in the name of a nominee or nominees of the Corporation (and if issued or held in the names of more than one nominee shall be held in the names of the nominees jointly with right of survivorship) and shall be endorsed in blank with endorsement guaranteed in order to enable transfer to be completed and registration to be effected.

PART 19 - EXECUTION OF INSTRUMENTS

19.1 Execution of Instruments. Contracts, documents or instruments in writing requiring the signature of the Corporation may be signed by:

(a) any one of the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the President, the Managing Director, a Director or a Vice-President together with any one of the Secretary, the Treasurer, the Secretary-Treasurer, an Assistant Secretary, an Assistant Treasurer, and an Assistant Secretary-Treasurer; or

(b) any two Directors; or

(c) any one of the aforementioned officers together with any one Director;

and all contracts, documents and instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The Board of Directors shall have power from time to time to appoint any officer or officers, or any person or persons, on behalf of the Corporation either to sign contracts, documents and instruments in writing generally or to sign specific contracts, documents or instruments in writing.

The corporate seal of the Corporation, if any, may be affixed to contracts, documents and instruments in writing signed as aforesaid or by any officer or officers, person or persons, appointed as aforesaid by the Board of Directors but any such contract, document or instrument is not invalid merely because the corporate seal, if any, is not affixed thereto.

The term "contracts, documents or instruments in writing" as used in this by-law shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of shares, share warrants, stocks, bonds, debentures or other securities and all paper writings.

In particular without limiting the generality of the foregoing:

(a) any one of the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the President, the Managing Director, a Director or a Vice-President together with any one of the Secretary, the Treasurer, the Secretary-Treasurer, an Assistant Secretary, an Assistant Treasurer and an Assistant Secretary-Treasurer; or

(b) any two Directors; or

(c) any one of the aforementioned officers together with any one Director;

shall have authority to sell, assign, transfer, exchange, convert or convey any and all shares, stocks, bonds, debentures, rights, warrants or other securities owned by or registered in the name of the Corporation and to sign and execute (under the seal of the Corporation or otherwise) all assignments, transfers, conveyances, powers of attorney and other instruments that may be necessary for the purpose of selling, assigning, transferring, exchanging, converting or conveying any such shares, stocks, bonds, debentures, rights, warrants or other securities.

The signature or signatures of any one of the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the President, the Managing Director, a Director or a Vice-President together with any one of the Secretary, the Treasurer, the Secretary-Treasurer, an Assistant Secretary, an Assistant Treasurer and an Assistant Secretary-Treasurer, or any Director or Directors of the Corporation and/or of any other officer or officers, person or persons, appointed as aforesaid by the Board of Directors may, if specifically authorized by the Board of Directors, be printed, engraved, lithographed or otherwise mechanically reproduced upon any contracts, documents or instruments in writing or bonds, debentures or other securities of the Corporation executed or issued by or on behalf of the Corporation and all contracts, documents or instruments in writing or bonds, debentures or other securities of the Corporation on which the signature or signatures of any one or more of the foregoing officers or Directors or the officers or persons authorized as aforesaid shall be so reproduced pursuant to such authorization by the Board of Directors shall be deemed to have been manually signed by each such officer, Director or person whose signature is so reproduced and shall be as valid to all intents and purposes as if they had been signed manually and notwithstanding that any such officer, director or person whose signature is so reproduced may have ceased to hold office at the date of the delivery or issue of such contracts, documents or instruments in writing or bonds, debentures or other securities of the Corporation.

PART 20 - FINANCIAL YEAR

20.1 Financial Year. The financial year of the Corporation shall terminate on such date in each year as the Board of Directors may from time to time determine.

PART 21 - BORROWING OF MONEY

21.1 Borrowing of Money. In addition to, and without limiting such other powers which the Corporation may by law possess, the Directors of the Corporation may without authorization of the shareholders:

(a) borrow money upon the credit of the Corporation;

(b) issue, reissue, sell or pledge debt obligations of the Corporation; and

(c) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

The words “debt obligation” as used in this paragraph mean a bond, debenture, note or other evidence of indebtedness or guarantee of the Corporation, whether secured or unsecured.

21.2 Powers May Be Delegated. The Directors may from time to time by resolution delegate the powers conferred on them by paragraph 21.1 of this By-Law to a Director, a committee of Directors or an officer of the Corporation.

21.3 Powers Supplement. The powers hereby conferred shall be deemed to be in supplement of and not in substitution for any powers to borrow money for the purposes of the Corporation possessed by its Directors or officers independently of a borrowing By-Law.

EXHIBIT C

Escrow Agreement

FORM 5D

ESCROW AGREEMENT
(VALUE/SURPLUS SECURITY)

THIS AGREEMENT is made as of the ____ day of _____, 2018

AMONG:

> **SONA NANOTECH INC.**, a body corporate, amalgamated under the federal laws of Canada, having an office located at 2001-1969 Upper Water Street, Halifax, Nova Scotia, B3J 3R7
>
> (the **"Issuer"**)

AND:

> **COMPUTERSHARE INVESTOR SERVICES INC.**, a company incorporated under the laws of Canada, having an office located at 1500 Robert-Bourassa Blvd, 7th Floor, Montreal, Quebec, H3A 3S8
>
> (the **"Escrow Agent"**)

AND:

> **EACH OF THE UNDERSIGNED SECURITYHOLDERS OF THE ISSUER**
> (a **"Securityholder"** or **"you"**)
>
> (collectively, the **"Parties"**)

This Agreement is being entered into by the Parties under TSX Venture Exchange (the "**Exchange**") Policy 5.4 - *Escrow, Vendor Consideration and Resale Restrictions* (the **Policy**) in connection with the Issuer's amalgamation and Change of Business as defined under the policies of the Exchange. The Issuer is a Tier 2 Technology or Life Sciences Issuer as described in Policy 2.1 - *Initial Listing Requirements*.

For good and valuable consideration, the Parties agree as follows:

PART 1 ESCROW

1.1 Appointment of Escrow Agent

The Issuer and the Securityholders appoint the Escrow Agent to act as escrow agent under this Agreement. The Escrow Agent accepts the appointment.

1.2 Deposit of Escrow Securities in Escrow

(1) You are depositing the securities **(escrow securities)** listed opposite your name in Schedule "A" with the Escrow Agent to be held in escrow under this Agreement. You will immediately deliver or cause to be delivered to the Escrow Agent any share certificates or other evidence of these securities which you have or which you may later receive.

(2) If you receive any other securities (**additional escrow securities)**:

(a) as a dividend or other distribution on escrow securities;

(b) on the exercise of a right of purchase, conversion or exchange attaching to escrow securities, including securities received on conversion of special warrants;

(c) on a subdivision, or compulsory or automatic conversion or exchange of escrow securities; or

(d) from a successor issuer in a business combination, if Part 6 of this Agreement applies,

you will deposit them in escrow with the Escrow Agent. You will deliver or cause to be delivered to the Escrow Agent any share certificates or other evidence of those additional escrow securities. When this Agreement refers to **escrow securities,** it includes additional escrow securities.

(3) You will immediately deliver to the Escrow Agent any replacement share certificates or other evidence of additional escrow securities issued to you.

1.3 Direction to Escrow Agent

The Issuer and the Securityholders direct the Escrow Agent to hold the escrow securities in escrow until they are released from escrow under this Agreement.

PART 2 RELEASE OF ESCROW SECURITIES

2.1 Release Provisions

The provisions of Schedules B(1), B(2), B(3) and B(4) are incorporated into and form part of this Agreement:

Value Security Escrow Agreement for Tier 1 Issuer – Schedule B(1);
Value Security Escrow Agreement for Tier 2 Issuer – Schedule B(2);
Surplus Security Escrow Agreement for Tier 1 Issuer – Schedule B(3); and
Surplus Security Escrow Agreement for Tier 2 Issuer – Schedule B(4).

2.2 Additional escrow securities

If you acquire additional escrow securities in connection with the transaction to which this agreement relates, those securities will be added to the securities already in escrow, to increase the number of remaining escrow securities. After that, all of the escrow securities will be released in accordance with the applicable release schedule.

2.3 Additional Requirements for Tier 2 Surplus Escrow Securities

Where securities are subject to a Tier 2 Surplus Security Escrow Agreement (Schedule B(4) of Form 5D), the following additional conditions apply:

(1) The escrow securities will be cancelled if the asset, property, business or interest therein in consideration of which the securities were issued, is lost, or abandoned, or the operations or development of such asset, property or business is discontinued.

(2) The Escrow Agent will not release escrow securities from escrow under Schedule B(4) unless the Escrow Agent has received, within the 15 days prior to the release date, a certificate from the Issuer that:

(a) is signed by two directors or officers of the Issuer;

(b) is dated not more than 30 days prior to the release date;

(c) states that the assets for which the escrow securities were issued (the "Assets") were included as assets on the balance sheet of the Issuer in the most recent financial statements filed by the Issuer with the Exchange; and

(d) states that the Issuer has no reasonable knowledge that the Assets will not be included as assets on the balance sheet of the Issuer in the next financial statements to be filed by the Issuer with the Exchange.

(3) If, at any time during the term of this Agreement, the Escrow Agent is prohibited from releasing escrow securities on a release date specified Schedule B(4) as a result of section 2.3(2) above, then the Escrow Agent will not release any further escrow securities from escrow without the written consent of the Exchange.

(4) If as a result of this section 2.3, the Escrow Agent does not release escrow securities from escrow for a period of five years, then:

(a) the Escrow Agent will deliver a notice to the Issuer, and will include with the notice any certificates that the Escrow Agent holds which evidence the escrow securities; and

(b) the Issuer and the Escrow Agent will take such action as is necessary to cancel the escrow securities.

(5) For the purposes of cancellation of escrow securities under this section, each Securityholder irrevocably appoints the Escrow Agent as his or her attorney, with authority to appoint substitute attorneys, as necessary.

2.4 Delivery of Share Certificates for Escrow Securities

The Escrow Agent will send to each Securityholder any share certificates or other evidence of that Securityholder's escrow securities in the possession of the Escrow Agent released from escrow as soon as reasonably practicable after the release.

2.5 Replacement Certificates

If, on the date a Securityholder's escrow securities are to be released, the Escrow Agent holds a share certificate or other evidence representing more escrow securities than are to be released, the Escrow Agent will deliver the share certificate or other evidence to the Issuer or its transfer agent and request replacement share certificates or other evidence. The Issuer will cause replacement share certificates or other evidence to be prepared and delivered to the Escrow Agent. After the Escrow Agent receives the replacement share certificates or other evidence, the Escrow Agent will send to the Securityholder or at the Securityholder's direction, the replacement share certificate or other evidence of the escrow securities released. The Escrow Agent and Issuer will act as soon as reasonably practicable.

2.6 Release upon Death

(1) If a Securityholder dies, the Securityholder's escrow securities will be released from escrow. The Escrow Agent will deliver any share certificates or other evidence of the escrow securities in the possession of the Escrow Agent to the Securityholder's legal representative provided that:

(a) the legal representative of the deceased Securityholder provides written notice to the Exchange of the intent to release the escrow securities as at a specified date which is at least 10 business days and not more than 30 business days prior to the proposed release; and

(b) the Exchange does not provide notice of its objection to the Escrow Agent prior to 10:00 a.m. (Vancouver time) or 2:00 p.m. (Halifax time) on such specified date.

(2) Prior to delivery the Escrow Agent must receive:

(a) a certified copy of the death certificate; and

(b) any evidence of the legal representative's status that the Escrow Agent may reasonably require.

2.7 Exchange Discretion to Terminate

If the Escrow Agent receives a request from the Exchange to halt or terminate the release of escrow securities from escrow, then the Escrow Agent will comply with that request, and will not release any escrow securities from escrow until it receives the written consent of the Exchange.

2.8 Discretionary Applications

The Exchange may consent to the release from escrow of escrow securities in other circumstances and on terms and on conditions it deems appropriate. Securities may be released from escrow provided that the Escrow Agent receives written notice from the Exchange.

PART 3 EARLY RELEASE ON CHANGE OF ISSUER STATUS

3.1 Early Release – Graduation to Tier 1

(1) When a Tier 2 Issuer becomes a Tier 1 Issuer, the release schedule for its escrow securities changes.

(2) If the Issuer reasonably believes that it meets the Initial Listing Requirements of a Tier 1 Issuer as described in Policy 2.1 – *Initial Listing Requirements*, the Issuer may make application to the Exchange to be listed as a Tier 1 Issuer. The Issuer must also concurrently provide notice to the Escrow Agent that it is making such an application.

(3) If the graduation to Tier 1 is accepted by the Exchange, the Exchange will issue an Exchange Bulletin confirming final acceptance for listing of the Issuer on Tier 1. Upon issuance of this Bulletin the Issuer must immediately:

(a) issue a news release:

(i) disclosing that it has been accepted for graduation to Tier 1; and

(ii) disclosing the number of escrow securities to be released and the dates of release under the new schedule; and

(b) provide the news release, together with a copy of the Exchange Bulletin, to the Escrow Agent.

(4) Upon completion of the steps in section 3.1(3) above, the Issuer's release schedule will be replaced as follows:

Applicable Schedule Pre-Graduation	Applicable Schedule Post-Graduation
Schedule B(2)	Schedule B(1)
Schedule B(4)	Schedule B(3)

(5) Within 10 days of the Exchange Bulletin confirming the Issuer's listing on Tier 1, the Escrow Agent must release any escrow securities from escrow securities which under the new release schedule would have been releasable at a date prior to the Exchange Bulletin.

PART 4 DEALING WITH ESCROW SECURITIES

4.1 Restriction on Transfer, etc.

Unless it is expressly permitted in this Agreement, you will not sell, transfer, assign, mortgage, enter into a derivative transaction concerning, or otherwise deal in any way with your escrow securities or any related share certificates or other evidence of the escrow securities. If a Securityholder is a private company controlled by one or more Principals of the Issuer, the Securityholder may not participate in a transaction that results in a change of its control or a change in the economic exposure of the Principals to the risks of holding escrow securities.

4.2 Pledge, Mortgage or Charge as Collateral for a Loan

Subject to Exchange acceptance, you may pledge, mortgage or charge your escrow securities to a financial institution as collateral for a loan, provided that no escrow securities or any share certificates or other evidence of escrow securities will be transferred or delivered by the Escrow Agent to the financial institution for this purpose. The loan agreement must provide that the escrow securities will remain in escrow if the lender realizes on the escrow securities to satisfy the loan.

4.3 Voting of Escrow Securities

Although you may exercise voting rights attached to your escrow securities, you may not, while your securities are held in escrow, exercise voting rights attached to any securities (whether in escrow or not) in support of one or more arrangements that would result in the repayment of capital being made on the escrow securities prior to a winding up of the Issuer.

4.4 Dividends on Escrow Securities

You may receive a dividend or other distribution on your escrow securities, and elect the manner of payment from the standard options offered by the Issuer. If the Escrow Agent receives a dividend or other distribution on your escrow securities, other than additional escrow securities, the Escrow Agent will pay the dividend or other distribution to you on receipt.

4.5 Exercise of Other Rights Attaching to Escrow Securities

You may exercise your rights to exchange or convert your escrow securities in accordance with this agreement.

PART 5 PERMITTED TRANSFERS WITHIN ESCROW

5.1 Transfer to Directors and Senior Officers

(1) You may transfer escrow securities within escrow to existing or, upon their appointment, incoming directors or senior officers of the Issuer or any of its material operating subsidiaries, if the Issuer's board of directors has approved the transfer and provided that:

(a) you make application to transfer under the Policy at least 10 business days and not more than 30 business days prior to the date of the proposed transfer; and

(b) the Exchange does not provide notice of its objection to the Escrow Agent prior to 10:00 a.m. (Vancouver time) or 2:00 p.m. (Halifax time) on such specified date.

(2) Prior to the transfer the Escrow Agent must receive:

(a) a certified copy of the resolution of the board of directors of the Issuer approving the transfer;

(b) a certificate signed by a director or officer of the Issuer authorized to sign, stating that the transfer is to a director or senior officer of the Issuer or a material operating subsidiary and that any required acceptance from the Exchange the Issuer is listed on has been received;

(c) an acknowledgment in the form of Form 5E signed by the transferee; and

(d) a transfer power of attorney, completed and executed by the transferor in accordance with the requirements of the Issuer's transfer agent.

5.2 Transfer to Other Principals

(1) You may transfer escrow securities within escrow:

(a) to a person or company that before the proposed transfer holds more than 20% of the voting rights attached to the Issuer's outstanding securities; or

(b) to a person or company that after the proposed transfer

(i) will hold more than 10% of the voting rights attached to the Issuer's outstanding securities, and

(ii) has the right to elect or appoint one or more directors or senior officers of the Issuer or any of its material operating subsidiaries,

provided that:

(c) you make an application to transfer under the Policy at least 10 business days and not more than 30 business days prior to the date of the proposed transfer; and

(d) the Exchange does not provide notice of its objection to the Escrow Agent prior to 10:00 a.m. (Vancouver time) or 2:00 p.m. (Halifax time) on such specified date.

(2) Prior to the transfer the Escrow Agent must receive:

(a) a certificate signed by a director or officer of the Issuer authorized to sign, stating that:

(i) the transfer is to a person or company that the officer believes, after reasonable investigation, holds more than 20% of the voting rights attached to the Issuer's outstanding securities before the proposed transfer; or

(ii) the transfer is to a person or company that:

(A) the officer believes, after reasonable investigation, will hold more than 10% of the voting rights attached to the Issuer's outstanding securities; and

(B) has the right to elect or appoint one or more directors or senior officers of the Issuer or any of its material operating subsidiaries

after the proposed transfer; and

(iii) any required approval from the Exchange or any other exchange on which the Issuer is listed has been received;

(b) an acknowledgment in the form of Form 5E signed by the transferee; and

(c) a transfer power of attorney, completed and executed by the transferor in accordance with the requirements of the Issuer's transfer agent.

5.3 Transfer upon Bankruptcy

(1) You may transfer escrow securities within escrow to a trustee in bankruptcy or another person or company entitled to escrow securities on bankruptcy provided that:

(a) you make application to transfer under the Policy at least 10 business days and not more than 30 business days prior to the date of the proposed transfer; and

(b) the Exchange does not provide notice of its objection to the Escrow Agent prior to 10:00 a.m. (Vancouver time) or 2:00 p.m. (Halifax time) on such specified date.

(2) Prior to the transfer, the Escrow Agent must receive:

(a) a certified copy of either

(i) the assignment in bankruptcy filed with the Superintendent of Bankruptcy, or

(ii) the receiving order adjudging the Securityholder bankrupt;

(b) a certified copy of a certificate of appointment of the trustee in bankruptcy;

(c) a transfer power of attorney, duly completed and executed by the transferor in accordance with the requirements of the Issuer's transfer agent; and

(d) an acknowledgment in the form of Form 5E signed by

(i) the trustee in bankruptcy or

(ii) on direction from the trustee, with evidence of that direction attached to the acknowledgement form, another person or company legally entitled to the escrow securities.

5.4 Transfer Upon Realization of Pledged, Mortgaged or Charged Escrow Securities

(1) You may transfer escrow securities you have pledged, mortgaged or charged under section 4.2 to a financial institution as collateral for a loan within escrow to the lender on realization provided that:

(a) you make application to transfer under the Policy at least 10 business days and not more than 30 business days prior to the date of the proposed transfer; and

(b) the Exchange does not provide notice of its objection to the Escrow Agent prior to 10:00 a.m. (Vancouver time) or 2:00 p.m. (Halifax time) on such specified date.

(2) Prior to the transfer the Escrow Agent must receive:

(a) a statutory declaration of an officer of the financial institution that the financial institution is legally entitled to the escrow securities;

(b) evidence that the Exchange has accepted the pledge, mortgage or charge of escrow securities to the financial institution;

(c) a transfer power of attorney, executed by the transferor in accordance with the requirements of the Issuer's transfer agent; and

(d) an acknowledgement in the form of Form 5E signed by the financial institution.

5.5 Transfer to Certain Plans and Funds

(1) You may transfer escrow securities within escrow to or between a registered retirement savings plan (RRSP), registered retirement income fund (RRIF) or other similar registered plan or fund with a trustee, where the beneficiaries of the plan or fund are limited to you and your spouse, children and parents provided that:

(a) you make application to transfer under the Policy at least 10 business days and not more than 30 business days prior to the date of the proposed transfer; and

(b) the Exchange does not provide notice of its objection to the Escrow Agent prior to 10:00 a.m. (Vancouver time) or 2:00 p.m. (Halifax time) on such specified date.

(2) Prior to the transfer the Escrow Agent must receive:

(a) evidence from the trustee of the transferee plan or fund, or the trustee's agent, stating that, to the best of the trustee's knowledge, the annuitant of the RRSP or RRIF or the beneficiaries of the other registered plan or fund do not include any person or company other than you and your spouse, children and parents;

(b) a transfer power of attorney, executed by the transferor in accordance with the requirements of the Issuer's transfer agent; and

(c) an acknowledgement in the form of Form 5E signed by the trustee of the plan or fund.

5.6 Effect of Transfer Within Escrow

After the transfer of escrow securities within escrow, the escrow securities will remain in escrow and released from escrow under this Agreement as if no transfer has occurred, on the same terms that applied before the transfer. The Escrow Agent will not deliver any share certificates or other evidence of the escrow securities to transferees under this Part 5.

5.7 Discretionary Applications

The Exchange may consent to the transfer within escrow of escrow securities in other circumstances and on such terms and conditions as it deems appropriate.

PART 6 BUSINESS COMBINATIONS

6.1 Business Combinations

This Part applies to the following **(business combinations)**:

(a) a formal take-over bid for all outstanding securities of the Issuer or which, if successful, would result in a change of control of the Issuer;

(b) a formal issuer bid for all outstanding equity securities of the Issuer;

(c) a statutory arrangement;

(d) an amalgamation;

(e) a merger; or

(f) a reorganization that has an effect similar to an amalgamation or merger.

6.2 Delivery to Escrow Agent

(1) You may tender your escrow securities to a person or company in a business combination. At least five business days prior to the date the escrow securities must be tendered under the business combination, you must deliver to the Escrow Agent:

(a) a written direction signed by you that directs the Escrow Agent to deliver to the depositary under the business combination any share certificates or other evidence of the escrow securities and a completed and executed cover letter or similar document and, where required, transfer power of attorney completed and executed for transfer in accordance with the requirements of the Issuer's depository, and any other documentation specified or provided by you and required to be delivered to the depositary under the business combination;

(b) written consent of the Exchange; and

(c) any other information concerning the business combination as the Escrow Agent may reasonably require.

6.3 Delivery to Depositary

(1) As soon as reasonably practicable, and in any event no later than three business days after the Escrow Agent receives the documents and information required under section 6.2, the Escrow Agent will deliver to the depositary, in accordance with the direction, any share certificates or other evidence of the escrow securities, and a letter addressed to the depositary that

(a) identifies the escrow securities that are being tendered;

(b) states that the escrow securities are held in escrow;

(c) states that the escrow securities are delivered only for the purposes of the business combination and that they will be released from escrow only after the Escrow Agent receives the information described in section 6.4;

(d) if any share certificates or other evidence of the escrow securities have been delivered to the depositary, requires the depositary to return to the Escrow Agent, as soon as practicable, the share certificates or other evidence of escrow securities that are not released from escrow into the business combination; and

(e) where applicable, requires the depositary to deliver or cause to be delivered to the Escrow Agent, as soon as practicable, share certificates or other evidence of additional escrow securities that you acquire under the business combination.

6.4 Release of Escrow Securities to Depositary

(1) The Escrow Agent will release from escrow the tendered escrow securities provided that:

(a) you or the Issuer make application to release the tendered securities under the Policy on a date at least 10 business days and not more than 30 business days prior to the date of the proposed release date; and

(b) the Exchange does not provide notice of its objection to the Escrow Agent prior to 10:00 a.m. (Vancouver time) or 2:00 p.m. (Halifax time) on such specified date;

(c) the Escrow Agent receives a declaration signed by the depositary or, if the direction identifies the depositary as acting on behalf of another person or company in respect of the business combination, by that other person or company, that

(i) the terms and conditions of the business combination have been met or waived; and

(ii) the escrow securities have either been taken up and paid for or are subject to an unconditional obligation to be taken up and paid for under the business combination.

6.5 Escrow of New Securities

(1) If you receive securities **(new securities)** of another issuer **(successor issuer)** in exchange for your escrow securities, the new securities will be subject to escrow in substitution for the tendered escrow securities, unless, immediately after completion of the business combination,

(a) the successor issuer is an exempt issuer as defined in the National Policy;

(b) the escrow holder was subject to a Value Security Escrow Agreement and is not a Principal of the successor issuer; and

(c) the escrow holder holds less than 1% of the voting rights attached to the successor issuer's outstanding securities. (In calculating this percentage, include securities that may be issued to the escrow holder under outstanding convertible securities in both the escrow holder's securities and the total securities outstanding.)

6.6 Release from Escrow of New Securities

(1) The Escrow Agent will send to a Securityholder share certificates or other evidence of the Securityholder's new securities as soon as reasonably practicable after the Escrow Agent receives:

(a) a certificate from the successor issuer signed by a director or officer of the successor issuer authorized to sign

(i) stating that it is a successor issuer to the Issuer as a result of a business combination;

(ii) containing a list of the securityholders whose new securities are subject to escrow under section 6.5;

(iii) containing a list of the securityholders whose new securities are not subject to escrow under section 6.5;

(b) written confirmation from the Exchange that it has accepted the list of Securityholders whose new securities are not subject to escrow under section 6.5.

(2) The escrow securities of the Securityholders, whose securities are not subject to escrow under section 6.5, will be released, and the Escrow Agent will send any share certificates or other evidence of the escrow securities in the possession of the Escrow Agent in accordance with section 2.4.

(3) If your new securities are subject to escrow, unless subsection (4) applies, the Escrow Agent will hold your new securities in escrow on the same terms and conditions, including release dates, as applied to the escrow securities that you exchanged.

(4) If the Issuer is a Tier 2 Issuer and the successor issuer is a Tier 1 Issuer, the release provisions in section 3.1(4) relating to graduation will apply.

PART 7 RESIGNATION OF ESCROW AGENT

7.1 Resignation of Escrow Agent

(1) If the Escrow Agent wishes to resign as escrow agent, the Escrow Agent will give written notice to the Issuer and the Exchange.

(2) If the Issuer wishes to terminate the Escrow Agent as escrow agent, the Issuer will give written notice to the Escrow Agent and the Exchange.

(3) If the Escrow Agent resigns or is terminated, the Issuer will be responsible for ensuring that the Escrow Agent is replaced not later than the resignation or termination date by another escrow agent that is acceptable to the Exchange and that has accepted such appointment, which appointment will be binding on the Issuer and the Securityholders.

(4) The resignation or termination of the Escrow Agent will be effective, and the Escrow Agent will cease to be bound by this Agreement, on the date that is 60 days after the date of receipt of the notices referred to above by the Escrow Agent or Issuer, as applicable, or on such other date as the Escrow Agent and the Issuer may agree upon (the "resignation or termination date"), provided that the resignation or termination date will not be less than 10 business days before a release date.

(5) If the Issuer has not appointed a successor escrow agent within 60 days of the resignation or termination date, the Escrow Agent will apply, at the Issuer's expense, to a court of competent jurisdiction for the appointment of a successor escrow agent, and the duties and responsibilities of the Escrow Agent will cease immediately upon such appointment.

(6) On any new appointment under this section, the successor Escrow Agent will be vested with the same powers, rights, duties and obligations as if it had been originally named herein as Escrow Agent, without any further assurance, conveyance, act or deed. The predecessor Escrow Agent, upon receipt of payment for any outstanding account for its services and expenses then unpaid, will transfer, deliver and pay over to the successor Escrow Agent, who will be entitled to receive, all securities, records or other property on deposit with the predecessor Escrow Agent in relation to this Agreement and the predecessor Escrow Agent will thereupon be discharged as Escrow Agent.

(7) If any changes are made to Part 8 of this Agreement as a result of the appointment of the successor Escrow Agent, those changes must not be inconsistent with the Policy and the terms of this Agreement and the Issuer to this Agreement will fie a copy of the new Agreement with the Exchange.

PART 8 OTHER CONTRACTUAL ARRANGEMENTS

8.1 Corporate Securityholders

If a Securityholder is a company or corporate entity, then such Securityholder agrees to execute and deliver to the Issuer the undertaking of holding company attached hereto as Schedule B(5) for delivery to the Exchange.

8.2 Escrow Agent Not a Trustee

The Escrow Agent accepts duties and responsibilities under this Agreement, and the escrow securities and any share certificates or other evidence of these securities, solely as a custodian, bailee and agent. No trust is intended to be, or is or will be, created hereby and the Escrow Agent shall owe no duties hereunder as a trustee.

8.3 Escrow Agent Not Responsible for Genuineness

The Escrow Agent will not be responsible or liable in any manner whatever for the sufficiency, correctness, genuineness or validity of any escrow security deposited with it.

8.4 Escrow Agent Not Responsible for Furnished Information

The Escrow Agent will have no responsibility for seeking, obtaining, compiling, preparing or determining the accuracy of any information or document, including the representative capacity in which a party purports to act, that the Escrow Agent receives as a condition to a release from escrow or a transfer of escrow securities within escrow under this Agreement.

8.5 Escrow Agent Not Responsible after Release

The Escrow Agent will have no responsibility for escrow securities that it has released to a Securityholder or at a Securityholder's direction according to this Agreement.

8.6 Indemnification of Escrow Agent

The Issuer and each Securityholder hereby jointly and severally agree to indemnify and hold harmless the Escrow Agent, its affiliates, and their current and former directors, officers, employees and agents from and against any and all claims, demands, losses, penalties, costs, expenses, fees and liabilities, including, without limitation, legal fees and expenses, directly or indirectly arising out of, in connection with, or in respect of, this Agreement, except where same result directly and principally from gross negligence, wilful misconduct or bad faith on the part of the Escrow Agent. This indemnity survives the release of the escrow securities, the resignation or termination of the Escrow Agent and the termination of this Agreement.

8.7 Additional Provisions Respecting the Escrow Agent

(1) The Escrow Agent will be protected in acting and relying reasonably upon any notice, direction, instruction, order, certificate, confirmation, request, waiver, consent, receipt, statutory declaration or other paper or document (collectively referred to as "**Documents**") furnished to it and purportedly signed by any officer or person required to or entitled to execute and deliver to the Escrow Agent any such Document in connection with this Agreement, not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth or accuracy of any information therein contained, which it in good faith believes to be genuine.

(2) The Escrow Agent will not be bound by any notice of a claim or demand with respect thereto, or any waiver, modification, amendment, termination or rescission of this Agreement unless received by it in writing, and signed by the other Parties and approved by the Exchange, and, if the duties or indemnification of the Escrow Agent in this Agreement are affected, unless it has given its prior written consent.

(3) The Escrow Agent may consult with or retain such legal counsel and advisors as it may reasonably require for the purpose of discharging its duties or determining its rights under this Agreement and may rely and act upon the advice of such counsel or advisor. The Escrow Agent will give written notice to the Issuer as soon as practicable that it has retained legal counsel or other advisors. The Issuer will pay or reimburse the Escrow Agent for any reasonable fees, expenses and disbursements of such counsel or advisors.

(4) In the event of any disagreement arising under the terms of this Agreement, the Escrow Agent will be entitled, at its option, to refuse to comply with any and all demands whatsoever until the dispute is settled either by a written agreement among the Parties or by a court of competent jurisdiction.

(5) The Escrow Agent will have no duties or responsibilities except as expressly provided in this Agreement and will have no duty or responsibility under the Policy or arising under any other agreement, including any agreement referred to in this Agreement, to which the Escrow Agent is not a party.

(6) The Escrow Agent will have the right not to act and will not be liable for refusing to act unless it has received clear and reasonable documentation that complies with the terms of this Agreement. Such documentation must not require the exercise of any discretion or independent judgment.

(7) The Escrow Agent is authorized to cancel any share certificate delivered to it and hold such Securityholder's escrow securities in electronic, or uncertificated form only, pending release of such securities from escrow.

(8) The Escrow Agent will have no responsibility with respect to any escrow securities in respect of which no share certificate or other evidence or electronic or uncertificated form of these securities has been delivered to it, or otherwise received by it.

(9) Any entity resulting from the merger, amalgamation or continuation of Computershare or succeeding to all or substantially all of its transfer agency business (by sale of such business or otherwise), shall thereupon automatically become the Escrow Agent hereunder without further act or formality. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their successors and assigns.

8.8 Limitation of Liability of Escrow Agent

The Escrow Agent will not be liable to any of the Parties hereunder for any action taken or omitted to be taken by it under or in connection with this Agreement, except for losses directly, principally and immediately caused by its bad faith, wilful misconduct or gross negligence. Under no circumstances will the Escrow Agent be liable for any special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages hereunder, including any loss of profits, whether foreseeable or unforeseeable. Notwithstanding the foregoing or any other provision of this Agreement, in no event will the collective liability of the Escrow Agent under or in connection with this Agreement to any one or more Parties, except for losses directly caused by its bad faith or wilful misconduct, exceed the amount of its annual fees under this Agreement or the amount of three thousand dollars ($3,000.00), whichever amount shall be greater.

8.9 Remuneration of Escrow Agent

The Issuer will pay the Escrow Agent reasonable remuneration for its services under this Agreement, which fees are subject to revision from time to time on 30 days' written notice. The Issuer will reimburse the Escrow Agent for its expenses and disbursements. Any amount due under this section and unpaid 30 days after request for such payment, will bear interest from the expiration of such period at a rate per annum equal to the then current rate charged by the Escrow Agent, payable on demand.

PART 9 INDEMNIFICATION OF THE EXCHANGE

9.1 Indemnification

(1) The Issuer and each Securityholder jointly and severally:

(a) release, indemnify and save harmless the Exchange from all costs (including legal cost, expenses and disbursements), charges, claims, demands, damages, liabilities, losses and expenses incurred by the Exchange;

(b) agree not to make or bring a claim or demand, or commence any action, against the Exchange; and

(c) agree to indemnify and save harmless the Exchange from all costs (including legal costs) and damages that the Exchange incurs or is required by law to pay as a result of any person’s claim, demand or action,

arising from any and every act or omission committed or omitted by the Exchange, in connection with this Agreement, even if said act or omission was negligent, or constituted a breach of the terms of this Agreement.

(2) This indemnity survives the release of the escrow securities and the termination of this Agreement.

PART 10 NOTICES

10.1 Notice to Escrow Agent

Documents will be considered to have been delivered to the Escrow Agent on the next business day following the date of transmission, if delivered by fax, the date of delivery, if delivered by hand during normal business hours or by prepaid courier, or 5 business days after the date of mailing, if delivered by mail, to the following:

Computershare Investor Services Inc.
1500 Robert-Bourassa Blvd, 7th Floor
Montreal, Quebec, H3A 3S9

Attention : Colleen Nielsen, Relationship Manager
Fax **:** (514) 982-7580

10.2 Notice to Issuer

Documents will be considered to have been delivered to the Issuer on the next business day following the date of transmission, if delivered by fax, the date of delivery, if delivered by hand or by prepaid courier, or 5 business days after the date of mailing, if delivered by mail, to the following:

Sona Nanotech Inc.
Suite 2001, 1969 Upper Water Street
Halifax, Nova Scotia, B3J 3R7

Attention: James Megann, Director
Fax: (902) 491-4281

10.3 Deliveries to Securityholders

Documents will be considered to have been delivered to a Securityholder on the date of delivery, if delivered by hand or by prepaid courier, or 5 business days after the date of mailing, if delivered by mail, to the address on the Issuer's share register.

Any share certificates or other evidence of a Securityholder's escrow securities will be sent to the Securityholder's address on the Issuer's share register unless the Securityholder has advised the Escrow Agent in writing otherwise at least ten business days before the escrow securities are

released from escrow. The Issuer will provide the Escrow Agent with each Securityholder's address as listed on the Issuer's share register.

10.4 Change of Address

(1) The Escrow Agent may change its address for delivery by delivering notice of the change of address to the Issuer and to each Securityholder.

(2) The Issuer may change its address for delivery by delivering notice of the change of address to the Escrow Agent and to each Securityholder.

(3) A Securityholder may change that Securityholder's address for delivery by delivering notice of the change of address to the Issuer and to the Escrow Agent.

10.5 Postal Interruption

A party to this Agreement will not mail a Document if the party is aware of an actual or impending disruption of postal service.

PART 11 GENERAL

11.1 Interpretation – "holding securities"

Unless the context otherwise requires, all capitalized terms that are not otherwise defined in this Agreement, shall have the meanings as defined in Policy 1.1 - *Interpretation* or in Policy 5.4 - *Escrow, Vendor Consideration and Resale Restrictions.*

When this Agreement refers to securities that a Securityholder "holds", it means that the Securityholder has direct or indirect beneficial ownership of or control or direction over the securities.

11.2 Enforcement by Third Parties

The Issuer enters this Agreement both on its own behalf and as trustee for the Exchange and the Securityholders of the Issuer, and this Agreement may be enforced by either the Exchange, or the Securityholders of the Issuer, or both.

11.3 Termination, Amendment, and Waiver of Agreement

(1) Subject to subsection 11.3(3), this Agreement shall only terminate:

(a) with respect to all the Parties:

(i) as specifically provided in this Agreement;

(ii) subject to subsection 11.3(2), upon the agreement of all Parties; or

(iii) when the Securities of all Securityholders have been released from escrow pursuant to this Agreement; and

(b) with respect to a Party:

(i) as specifically provided in this Agreement; or

(ii) if the Party is a Securityholder, when all of the Securityholder's Securities have been released from escrow pursuant to this Agreement.

(2) An agreement to terminate this Agreement pursuant to section 11.3(1)(a)(ii) shall not be effective unless and until the agreement to terminate

(a) is evidenced by a memorandum in writing signed by all Parties;

(b) if the Issuer is listed on the Exchange, the termination of this Agreement has been consented to in writing by the Exchange; and

(c) has been approved by a majority vote of securityholders of the Issuer excluding in each case, Securityholders.

(3) Notwithstanding any other provision in this Agreement, the obligations set forth in section 9.1 shall survive the termination of this Agreement and the resignation or removal of the Escrow Agent.

(4) No amendment or waiver of this Agreement or any part of this Agreement shall be effective unless the amendment or waiver:

(a) is evidenced by a memorandum in writing signed by all Parties;

(b) if the Issuer is listed on the Exchange, the amendment or waiver of this Agreement has been approved in writing by the Exchange; and

(c) has been approved by a majority vote of securityholders of the Issuer excluding in each case, Securityholders.

(5) No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision (whether similar or not), nor shall any waiver constitute a continuing waiver, unless expressly provided.

11.4 Severance of Illegal Provision

Any provision or part of a provision of this Agreement determined by a court of competent jurisdiction to be invalid, illegal or unenforceable shall be deemed stricken to the extent necessary to eliminate any invalidity, illegality or unenforceability, and the rest of the Agreement

and all other provisions and parts thereof shall remain in full force and effect and be binding upon the parties hereto as though the said illegal and/or unenforceable provision or part thereof had never been included in this Agreement.

11.5 Further Assurances

The Parties will execute and deliver any further documents and perform any further acts reasonably requested by any of the Parties to this agreement which are necessary to carry out the intent of this Agreement.

11.6 Time

Time is of the essence of this Agreement.

11.7 Consent of Exchange to Amendment

The Exchange must approve any amendment to this Agreement if the Issuer is listed on the Exchange at the time of the proposed amendment.

11.8 Additional Escrow Requirements

A Canadian exchange may impose escrow terms or conditions in addition to those set out in this Agreement.

11.9 Governing Laws

The laws of British Columbia and the applicable laws of Canada will govern this Agreement.

11.10 Counterparts

The Parties may execute this Agreement by fax or e-mail and in counterparts, each of which will be considered an original and all of which will be one agreement.

11.11 Singular and Plural

Wherever a singular expression is used in this Agreement, that expression is considered as including the plural or the body corporate where required by the context.

11.12 Language

This Agreement has been drawn up in the English language at the request of all parties. Cet acte a été rédigé en anglais à la demande de toutes les parties.

11.13 Benefit and Binding Effect

This Agreement will benefit and bind the Parties and their heirs, executors, administrators, successors and permitted assigns and all persons claiming through them as if they had been a Party to this Agreement.

11.14 Entire Agreement

This is the entire agreement among the Parties concerning the subject matter set out in this Agreement and supersedes any and all prior understandings and agreements.

11.15 Successor to Escrow Agent

Any corporation with which the Escrow Agent may be amalgamated, merged or consolidated, or any corporation succeeding to the business of the Escrow Agent will be the successor of the Escrow Agent under this Agreement without any further act on its part or on the part or any of the Parties, provided that the successor is recognized by the Exchange.

The Parties have executed and delivered this Agreement as of the date set out above.

COMPUTERSHARE INVESTOR SERVICES INC.

_____
Authorized signatory

_____
Authorized signatory

SONA NANOTECH INC.

_____
Authorized signatory

_____
Authorized signatory