MERGER AGREEMENT AND PLAN OF REORGANIZATION

between

CARACARA SILVER INC.

-and-

XTRACTION SERVICES, INC.

March 22, 2019

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MERGER AGREEMENT AND PLAN OF REORGANIZATION

This Agreement is entered into on March 22, 2019 by and between Caracara Silver Inc., a company incorporated pursuant to the *Business Corporations Act* (British Columbia) ("**Caracara**") and Xtraction Services, Inc., a Delaware corporation (the "**Company**").

WHEREAS the Parties have agreed, subject to the satisfaction of certain conditions precedent, to complete the steps described in Article 2 on the basis set out in this Agreement (collectively, the "**Transaction**") which will result in a reverse takeover of Caracara by the security holders of the Company and the listing for trading of the Resulting Issuer Common Shares (as hereinafter defined) of the Resulting Issuer (as hereinafter defined) on the Canadian Securities Exchange (the "**CSE**").

AND WHEREAS as part of the Transaction, the Parties have agreed, subject to the satisfaction of certain conditions precedent, to carry out a merger (the "**Merger**") pursuant to which Subco (as hereinafter defined) will merge with and into the Company, with the Company to survive the Merger and to become a wholly-owned subsidiary of Caracara, on the terms and subject to the conditions set forth in this Agreement, pursuant to which certain shareholders of the Company will exchange their Company Common Shares (as defined herein) for Resulting Issuer Common Shares or Resulting Issuer Proportionate Voting Shares, as applicable, pursuant to Article 2.

AND WHEREAS prior to the Effective Time (as hereinafter defined), Caracara will complete (i) the Name Change (as hereinafter defined), (ii) the Share Reorganization, and (iii) the Consolidation (as hereinafter defined);

AND WHEREAS the Parties intend that, for U.S. federal income tax purposes, the Merger (as defined herein) will qualify as a "reorganization" within the meaning of Section 368(a) of the Code (as defined herein), that each of Caracara, Subco and the Company will be "parties to a reorganization" within the meaning of Section 368(b) of the Code, that this Agreement shall constitute a "plan of reorganization" within the meaning of Treasury Regulation (as defined herein) Section 1.368-2(g) as provided in Section 2.11, and immediately following the Effective Time Caracara shall be treated as a U.S. domestic corporation for U.S. federal income tax purposes under Section 7874(b) of the Code.

AND WHEREAS the Parties wish to make certain representations, warranties, covenants and agreements in connection with the Transaction.

Now, therefore, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties and covenants herein contained, the Parties agree as follows:

ARTICLE 1
DEFINITIONS

1.1 **Definitions**In this Agreement (including the preamble, recitals and each Schedule hereto), the following terms have the meanings ascribed thereto as follows:

"**2018 Unit Offering**" means the issuance of an aggregate of 2,765 Company Units issued in three tranches closing on April 12, May 4 and May 16, 2018 by way of a non-brokered private placement by the Company.

"**Accredited Investor**" means an "accredited investor" as defined in Rule 501(a) under the U.S. Securities Act.

"**Accredited Investor Certificates**" has the meaning ascribed thereto in Section 8.1(j).

"**Acquisition**" means the reverse takeover of Caracara by the Company effected through the Merger and which acquisition shall constitute a Reverse Takeover of Caracara under the policies of the CSE.

"**Affiliate**" has the meaning ascribed thereto in the BCBCA.

"**Agency Agreement**" means the agency agreement dated March 22, 2019 among the Company and the Agents in respect of the Brokered Offering.

"**Agents**" means, collectively, Canaccord Genuity Corp., Gravitas Securities Inc., Haywood Securities Inc., PI Financial Corp. and Dominick Capital Corporation.

"**Agreement**" means this Agreement and any instrument supplemental or ancillary hereto; and the expressions "**Article**", "**section**", and "**subsection**" followed by a number means and refer to the specified Article, section or subsection of this Agreement.

"**Ancillary Agreements**" means all agreements, certificates and other instruments delivered or given pursuant to this Agreement.

"**Applicable Money Laundering Laws**" has the meaning ascribed thereto in Section 4.1(jj).

"**Applicable Securities Laws**" means applicable securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders having the force of law, in force from time to time.

"**Articles of Merger**" means articles of merger in the form reasonably agreed by the Parties to be properly executed and filed in accordance with the DGCL.

"**BCBCA**" means the *Business Corporation Act* (British Columbia), as amended, and the rules, regulations and policies made thereunder.

"**Brokered Offering**" means the issuance of 5,124 Subscription Receipts on March 22, 2019 by way of a private placement by Xtraction through the Agents, at a price of CAD$1,000 per Subscription Receipt for aggregate gross proceeds to the Company of CAD$5,124,000.

"**Business Day**" means any day, other than a Saturday, Sunday or statutory holiday in Toronto, Ontario, Vancouver British Columbia or in the State of Delaware.

"**Canadian Resident Holder**" means a beneficial owner of Company Common Shares (resulting from the conversion of a Company Convertible Debenture) immediately prior to the Effective Date, who is a resident of Canada for purposes of the Tax Act and any applicable income tax treaty or convention (other than a tax exempt person) or a partnership all members of which are residents of Canada for the purposes of the Tax Act and any applicable income tax treaty or convention (other than a tax exempt person).

"**Caracara**" means Caracara Silver Inc., a corporation existing under the BCBCA.

"**Company Alternative Transaction Offer**" has the meaning ascribed thereto in Section 6.5.

"**Caracara Assets**" means the property and assets of Caracara, of every kind and description and wheresoever situated.

"**Caracara's Closing Documents**" means the documents required to be delivered to the Company by Caracara

pursuant to Section 9.3 hereof.

"**Caracara Common Shares**" means the common shares in the capital of Caracara.

"**Caracara's Financial Statements**" means the audited financial statements of Caracara for the period ended June 30, 2018.

"**Caracara Meeting**" means the special meeting of the Caracara Shareholders to be scheduled for such date as may be agreed to by the Parties, for the consideration and, if deemed appropriate, approval of the Caracara Meeting Matters.

"**Caracara Meeting Materials**" means the notice of meeting, the Information Circular and form of proxy of Caracara to be distributed to Caracara Shareholders in connection with the Caracara Meeting.

"**Caracara Meeting Matters**" means, *inter alia*, the following items to be ratified for approval by the Caracara Shareholders with respect to Caracara as a condition of the Merger and the Reverse Takeover:

(A) if necessary, the approval of the Reverse Takeover;

(B) the election of directors following the Closing;

(C) the appointment of auditors following the Closing;

(D) the de-listing of the Caracara Common Shares from the NEX and the concurrent listing on the CSE;

(E) if necessary, the Name Change;

(F) if necessary, the Share Consolidation;

(G) the approval and adoption of the Resulting Issuer Equity Incentive Plan to be effective following the Closing;

(H) the approval of articles of amendment to effect the Share Reorganization; and

(I) such further or other matters as shall properly come before the Caracara Meeting.

"**Caracara Shareholders**" means the holders of Caracara Common Shares.

"**Caracara Stock Option Plan**" means the stock option plan of Caracara in effect as of the date hereof.

"**Caracara Warrants**" means the common share purchase warrants of Caracara.

"**Cash Consideration**" has the meaning ascribed thereto in Section 2.3(j).

"**Certificate of Merger**" means a certificate of merger in the form reasonably agreed by the Parties to be properly executed and filed in accordance with the DGCL.

"**Closing**" means the completion of the transactions contemplated herein.

"**Closing Date**" means the Business Day on which all conditions set forth in Article 8 (other than those

conditions that by their nature are to be satisfied or waived at the Closing, but subject to the satisfaction or waiver of those conditions) are satisfied or waived or such other Business Day as the Parties may agree to in writing.

"**Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Company**" means Xtraction Services, Inc., a corporation existing under the laws of Delaware.

"**Company Alternative Transaction Offer**" has the meaning ascribed thereto in Section 6.5.

"**Company Assets**" means the property and assets of the Company of every kind and description and wheresoever situated.

"**Company's Auditors**" means Marcum LLP.

"**Company Capitalization Spreadsheet**" means the spreadsheet attached to this Agreement as Schedule 1 as amended pursuant to Section 8.1(f) setting out the outstanding share capital of the Company, including the outstanding Company Common Shares (including the Company Common Shares issuable pursuant to the Company Convertible Debentures, Company Options, Company Warrants, Company Finder Warrants, Company Advisory Warrants, Company Services Agreements and Company Compensation Warrants).

"**Company Common Shares**" means the shares of common stock in the capital of the Company.

"**Company Compensation Warrants**" means the warrants issued to the Agents in connection with the Brokered Offering and Non-Brokered Subscription Receipt Offering, as identified on the Company Capitalization Spreadsheet.

"**Company Compensation Underlying Warrants**" means the common share purchase warrants of the Company issuable upon exercise of the Company Compensation Warrants.

"**Company Consulting and PR Warrants**" means the common share purchase warrants of the Company issued to a certain parties in connection with consulting and public relations services rendered such parties.

"**Company Convertible Debentures**" means, collectively, the Company May Convertible Debentures, the Company September Convertible Debentures and the Company Subscription Receipt Debentures.

"**Company Debenture Warrants**" means the common share purchase warrants of the Company issuable upon exercise of the Company Subscription Receipt Debentures.

"**Company Finder Warrants**" means the Company Warrants issued to the Finders in connection with the Non-Brokered Debenture Offering and the 2018 Unit Offering, as identified on the Company Capitalization Spreadsheet.

"**Company May Convertible Debentures**" means the convertible debentures of the Company issued pursuant to the 2018 Unit Offering.

"**Company Meeting Materials and Listing Statement Disclosure**" has the meaning ascribed thereto in Section 2.2(b).

"**Company Options**" means the outstanding incentive stock options of the Company issued pursuant to the Company Stock Incentive Plan, as set forth in the Company Capitalization Spreadsheet, with each such option entitling the holder to acquire one (1) Company Common Share, subject to adjustments, pursuant to the terms of

the applicable option agreement.

"**Company September Convertible Debentures**" means the convertible debentures of the Company issued pursuant to the Non-Brokered Debenture Offering.

"**Company Services Agreements**" means, collectively, the agreements entered into between the Company and certain service providers pursuant to which the Company has the obligation to issue Company Services Shares and Company Services Warrants to each such service provider.

"**Company Services Shares**" means the common shares of the Company issuable certain service providers pursuant to the applicable Company Services Agreement.

"**Company Services Warrants**" means the common share purchase warrants of the Company issuable to certain service providers pursuant to the applicable Company Services Agreement.

"**Company Shareholders**" means holders of the Company Common Shares.

"**Company Subscription Receipt Debentures**" means the convertible debentures of the Company issuable upon the conversion of the Subscription Receipts and the convertible debentures of the Company issuable to the Agents as partial compensation in connection with the Brokered Offering.

"**Company Subscription Receipt Debenture Indenture**" means the indenture entered into between the Company and Odyssey Trust Company on March 22, 2019, pursuant to which the Company Subscription Receipt Debentures were created and issued.

"**Company Stock Incentive Plan**" means the stock option plan of the Company dated July 19, 2018.

"**Company Units**" means the units of the Company issued pursuant to the 2018 Unit Offering, each consisting of one Company May Convertible Debenture and 250 Company Warrants.

"**Company Warrants**" means the common share purchase warrants of the Company.

"**Company Warrant Indenture**" means the indenture entered into between the Company and Odyssey Trust Company on March 22, 2019, pursuant to which the Company Compensation Underlying Warrants and the Company Debenture Warrants were created and issued.

"**Confidential Information**" means any information concerning the Company or Caracara (the "**Disclosing Party**") or its business, properties and assets made available to the other party or its representatives (the "**Receiving Party**"); provided that it does not include information which (i) is generally available to or known by the public other than as a result of improper disclosure by the Receiving Party or pursuant to a breach of Section 11.1 by the Receiving Party, or (ii) is obtained by the Receiving Party from a source other than the Disclosing Party, provided that (to the reasonable knowledge of the Receiving Party) such source was not bound by a duty of confidentiality to the Disclosing Party or another party with respect to such information.

"**Contract**" means, with respect to a Person, any contract, instrument, permit, concession, license, loan or credit agreement, note, bond, mortgage, indenture, lease or other agreement, partnership or joint venture agreement or other legally binding agreement, arrangement or understanding, whether written or oral, to which the Person is a party or by which, to the knowledge of such Person, the Person or its property and assets is bound or affected.

"**CSE**" means the Canadian Securities Exchange.

"**DGCL**" means the General Corporation Law of the State of Delaware.

"**Delisting**" means the voluntary delisting of the Company Common Shares from trading on the TSXV.

"**Disclosure Documents**" has the meaning ascribed thereto in Section 3.1(f).

"**Dissenting Shares**" has the meaning ascribed thereto in Section 2.8(a).

"**Effective Date**" means the effective date of the Merger, which shall be the date set forth in the Certificate of Merger and the Articles of Merger.

"**Effective Time**" means the time set out in the Certificate of Merger and the Articles of Merger on the Effective Date or such other time as Caracara and the Company may agree.

"**Employee**" means an officer or employee of the Company or a Person providing services in the nature of an employee to the Company.

"**Employee Plans**" has the meaning ascribed thereto in Section 4.1(aa).

"**Escrow Release Conditions**" has the meaning ascribed thereto in the Agency Agreement.

"**Escrowed Proceeds**" means the proceeds from the Brokered Offering and Non-Brokered Subscription Receipt Offering (less the Agents' fees and certain expenses of the Agents in connection therewith) held in escrow with an escrow agent until the satisfaction of the Escrow Release Conditions in respect thereof.

"**Exchange Ratio**" means the exchange ratio of one Resulting Issuer Common Share for each Company Common Share.

"**Financial Statements**" means the (i) unaudited consolidated financial statements of the Company as of and for the nine month period ended September 30, 2018, and (ii) unaudited annual consolidated financial statements of the Company as of and for the year ended December 31, 2017, and related notes thereto, in each case as will be included in the Listing Statement and Information Circular, together with such other financial statements of the Company as may be required to be included in the Listing Statement and Information Circular (which, for greater certainty, shall not include the pro forma financial statements of the Resulting Issuer).

"**Finders**" means the finders who assisted in obtaining subscriptions in the 2018 Unit Offering and the Non-Brokered Debenture Offering.

"**Forfeiture Action**" means the proceeds received from the sale of Company Common Shares to a Company Shareholder in the aggregate amount of $650,000 which amount may be subject to a forfeiture claim pursuant to a forfeiture judgment against such Company Shareholder in the U.S., as disclosed by the Company to Caracara.

"**Founders**" means Archytas Ventures, LLC, Khrysos Global, Inc. and Rhea Greenspan.

"**GAAP**" means United States generally accepted accounting principles as in effect from time to time, consistently applied.

"**Government Agency**" means and includes, without limitation, any national, federal government, province, state, municipality or other political subdivision of any of the foregoing, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing, including the TSXV and the CSE.

"**Government Official**" means (a) any official, officer, employee, or representative of, or any person acting in an official capacity for or on behalf of, any Government Agency, (b) any salaried political party official, elected member of political office or candidate for political office, or (c) any company, business, enterprise or other entity owned or controlled by any person described in the foregoing clauses.

"**IFRS**" means International Financial Reporting Standards.

"**include**" or "**including**" shall be deemed to be followed by the words "without limitation".

"**Information Circular**" means the management information circular of Caracara to be delivered to the Caracara Shareholders in connection with the Caracara Meeting.

"**Intellectual Property**" means all of the following that is currently owned by, issued to or licensed to the Company or other rights of the Company to use the following: (i) patent rights, issued patents, patent applications, patent disclosures, and registrations, inventions, discoveries, developments, concepts, ideas, improvements, processes and methods, whether or not such inventions, discoveries, developments, concepts, ideas, improvements, processes, or methods are patentable or registrable under patent or similar laws anywhere in the world; (ii) copyrights (including performance rights) to any original works of art or authorship, including source code and graphics, which are fixed in any medium of expression, including copyright registrations and applications therefor, anywhere in the world, whether or not registered or registrable; (iii) any and all common law or registered trade-mark rights, trade names, business names, trade-marks, proposed trade-marks, certification marks, service marks, distinguishing marks and guises, logos, slogans, goodwill, domain names and any registrations and applications therefor, anywhere in the world, whether or not registered or registrable; (iv) know-how, show-how, confidential information, trade secrets; (v) any and all industrial design rights, industrial designs, design patents, industrial design or design patent registrations and applications therefor, anywhere in the world, whether or not registered or registrable; (vi) any and all integrated circuit topography rights, integrated circuit topographies and integrated circuit topography applications, anywhere in the world, whether or not registered or registrable, (vii) any reissues, divisions, continuations, continuations-in- part, renewals, improvements, translations, derivatives, modifications and extensions of any of the foregoing; (viii) any other industrial, proprietary or intellectual property rights, anywhere in the world; and (ix) proprietary computer software (including but not limited to data, data bases and documentation).

"**Khrysos Agreement**" means the agreement entered into by and among Archytas Ventures, LLC, Khrysos Global Inc., Dwayne Dundore and the other parties thereto on December 7, 2017.

"**Laws**" means all laws, statutes, by-laws, rules, regulations, orders, decrees, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements of any Government Agency applicable to the Company or Caracara.

"**Listing** " means the listing of the Resulting Issuer Common Shares on the CSE (including the Resulting Issuer Common Shares issuable upon exercise or conversion of the Resulting Issuer Convertible Debentures, Resulting Issuer Options, Resulting Issuer Warrants, Resulting Issuer Finder Warrants, Resulting Issuer Compensation Warrants, Resulting Issuer Advisory Warrants and Resulting Issuer Consulting and PR Warrants).

"**Listing Statement**" means the listing statement of Caracara in the form approved by the CSE, pertaining to the Reverse Takeover and which shall be filed on SEDAR prior to the closing of the Acquisition.

"**Marijuana Related Activities**" means activities relating to the cultivation, possession or distribution of marijuana.

"**Material Adverse Change**" or "**Material Adverse Effect**" with respect to Caracara or the Company, as the case may be, means any change (including a decision to implement such a change made by the board of directors or by senior management who believe that confirmation of the decision by the board of directors is probable), event, violation, inaccuracy, circumstance or effect that is materially adverse to the business, assets (including intangible assets), liabilities, capitalization, ownership, financial condition or results of operations of Caracara or the Company, as the case may be, on a consolidated basis.

"**Mergeco**" means the Company, which shall be the surviving corporation of the Merger of Subco with and into the Company pursuant to the Merger.

"**Merger**" means the merger of Subco with and into the Company pursuant to the provisions of the DGCL in the manner contemplated in and pursuant to the terms and conditions of this Agreement.

"**Merging Companies**" means the Company and Subco.

"**Name Change**" means a change of the name of Caracara from "Caracara Silver Inc." to "Xtraction Services Corp." or such other name as is agreed to by the Company and Caracara.

"**NEX**" means the market on which former TSXV and Toronto Stock Exchange issuers that do not meet the TSXV's minimum listing requirements for Tier 2 issuers may continue to trade.

"**Non-Brokered Debenture Offering**" means the issuance of $3,506,000 aggregate principal of Company September Convertible Debentures issued in three tranches closing on September 10, September 21 and December 27, 2018 by way of a non-brokered private placement by the Company.

"**Non-Brokered Subscription Receipt Offering**" means, collectively, the issuance of 291 Subscription Receipts on March 22, 2019 by way of a non-brokered private placement by the Company at a price of CAD$1,000 per Subscription Receipt for aggregate gross proceeds to the Company of CAD$291,000 and the issuance of Subscription Receipts pursuant to a subsequent closing anticipated to be completed on or about March 27, 2019 by way of a non-brokered private placement by the Company.

"**Party**" means each of the Company and Caracara and "**Parties**" means the Company and Caracara.

"**Person**" includes an individual, corporation, partnership, joint venture, trust, unincorporated organization, the Crown or any agency or instrumentality thereof or any other juridical entity.

"**Princesa Option Agreement**" means the option agreement entered into between Caracara and Alcon Exploration Corp. on August 31, 2016.

"**Proportionate Voting Shares**" means the proportionate voting shares in the capital of Caracara carrying 1,000 votes per Proportionate Voting Share.

"**Related Person**" has the meaning ascribed thereto in the policies of the CSE.

"**Resulting Issuer**" has the meaning ascribed thereto in Section 2.5.

"**Resulting Issuer Advisory Warrants**" means the common share purchase warrants of the Resulting Issuer for which the Company Advisory Warrants shall be exchanged as provided in Section 2.3 hereof, with each such Resulting Issuer Advisory Warrant entitling the holder to purchase one Resulting Issuer Common Share pursuant to the terms thereof.

"**Resulting Issuer Common Shares**" means the common shares in the capital of the Resulting Issuer.

"**Resulting Issuer Consulting and PR Warrants**" means the common share purchase warrants of the Resulting Issuer for which the Company Consulting and PR Warrants shall be exchanged as provided in Section 2.3 hereof, with each such Resulting Issuer Consulting and PR Warrant entitling the holder to purchase one Resulting Issuer Common Share pursuant to the terms thereof.

"**Resulting Issuer Convertible Debentures**" means the convertible debentures of the Resulting Issuer for which Company Subscription Receipt Debentures shall be exchanged as provided in Section 2.3 hereof, with each such Resulting Issuer Convertible Debenture entitling the holder to purchase one unit of the Resulting Issuer comprising of Resulting Issuer Common Shares and common share purchase warrants of the Resulting Issuer, pursuant to the terms thereof.

"**Resulting Issuer Debenture Warrants**" means the common share purchase warrants of the Resulting Issuer issuable upon exercise of the Resulting Issuer Convertible Debentures as provided in Section 2.3 hereof, with each such Resulting Issuer Debenture Warrant entitling the holder to purchase one additional Resulting Issuer Common Share pursuant to the terms thereof.

"**Resulting Issuer Equity Incentive Plan**" means the Resulting Issuer equity incentive plan to be adopted by Caracara at the Effective Time subject to shareholder approval at the Caracara Meeting.

"**Resulting Issuer Compensation Warrants**" means the warrants of the Resulting Issuer for which Company Compensation Warrants shall be exchanged as provided in Section 2.3 hereof, with each such Resulting Issuer Compensation Warrant entitling the holder to purchase one unit of the Resulting Issuer comprising of one Resulting Issuer Common Share and one common share purchase warrant of the Resulting Issuer, pursuant to the terms thereof.

"**Resulting Issuer Compensation Underlying Warrants**" means the common share purchase warrants of the Resulting Issuer issuable upon exercise of the Resulting Issuer Compensation Warrants as provided in Section 2.3 hereof, with each such Resulting Issuer Compensation Underlying Warrant entitling the holder to purchase one additional Resulting Issuer Common Share pursuant to the terms thereof.

"**Resulting Issuer Finder Warrants**" means the common share purchase warrants of the Resulting Issuer for which Company Finder Warrants shall be exchanged as provided in Section 2.3 hereof, with each such Resulting Issuer Finder Warrant entitling the holder to purchase one additional Resulting Issuer Common Share pursuant to the terms thereof.

"**Resulting Issuer Options**" means the common share purchase options of the Resulting Issuer to be issued in exchange for the Company Options as provided in Section 2.3 hereof, with each such Resulting Issuer Option entitling the holder to purchase one Resulting Issuer Common Share.

"**Resulting Issuer Proportionate Voting Shares**" means the Proportionate Voting Shares in the capital of the Resulting Issuer.

"**Resulting Issuer Warrants**" means the common share purchase warrants of the Resulting Issuer for which Company Warrants shall be exchanged as provided in Section 2.3 hereof, with each such Resulting Issuer Warrant entitling the holder to purchase one additional Resulting Issuer Common Share pursuant to the terms thereof.

"**Reverse Takeover**" has the meaning ascribed thereto in Article IX of the CSE Listing Manual.

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

"**Share Consolidation**" means the consolidation of Caracara Common Shares to be effective prior to the Merger on the basis of one post-consolidation Caracara Common Share for every 6.262 outstanding Caracara Common Shares existing immediately before the consolidation.

"**Share Reorganization**" means the share reorganization that shall be completed by Caracara prior to the Effective Time pursuant to which the authorized share capital of Caracara, upon completion of the Share Organization, will consist of an unlimited number of Caracara Common Shares and 18,472 Proportionate Voting Shares.

"**Subscription Receipt Agreements**" means the subscription receipt agreement dated March 22, 2019 among Xtraction, the Agents and Odyssey Trust Company in respect of the Brokered Offering and the Non-Brokered Subscription Receipt Offering.

"**Subscription Receipts**" means the subscription receipts of Xtraction issued under the Brokered Offering and the Non-Brokered Subscription Receipt Offering, each, upon satisfaction of the applicable Escrow Release Conditions, automatically convertible into (1) one Company Subscription Receipt Debenture for no additional consideration in accordance with their terms as set out in the Agency Agreement and the Subscription Receipt Agreement.

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

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

"**Termination Date**" has the meaning given to the term in Section 10.1.

"**Treasury Regulations**" means the treasury regulations promulgated under the Code, as such Treasury Regulations may be amended from time to time.

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

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

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

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**Subco**" means a direct, wholly-owned subsidiary of Caracara to be incorporated under the DGCL for the sole purpose of completing the effecting the Merger in connection with the Acquisition.

"**Subco Common Stock**" means the common stock in the capital of Subco**.**

TRANSACTION

2.1 **Agreement to Merge.** Upon the terms and subject to the conditions contained in this Agreement, the Parties hereby agree to the Merger. Caracara shall incorporate Subco for purposes of the Merger with incorporation and organizational details satisfactory to the Company and, in its capacity as the sole stockholder of Subco, approve the Merger as soon as reasonably practicable with the intent that the same shall be completed on or before September 30, 2019

2.2 **Listing Statement.** Promptly after the execution of this Agreement, the Company and Caracara jointly shall prepare and complete the Listing Statement together with any other documents required by the DGLC, the BCBCA, Applicable Securities Laws, including the rules and polices of the TSXV in connection with the Delisting and of the CSE in connection with the Acquisition and the Listing, and other applicable Laws, and Caracara shall, as promptly as reasonably practicable after obtaining the approval of the CSE, cause the Listing Statement to be filed on SEDAR.

(b) Caracara represents, warrants and covenants that the Caracara Meeting Materials and the Listing Statement will comply in all material respects with all applicable Laws (including Applicable Securities Laws), and, without limiting the generality of the foregoing, that the Caracara Meeting Materials and the Listing Statement shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that Caracara shall not be responsible for the information relating to the Company or the Resulting Issuer that is furnished in writing by the Company for inclusion in the Caracara Meeting Materials or the Listing Statement (collectively, the "**Company Meeting Materials and Listing Statement Disclosure**").

(c) The Company represents and warrants that any Company Meeting Materials and Listing Statement Disclosure will comply in all material respects with all applicable Laws (including Applicable Securities Laws), and, without limiting the generality of the foregoing, that the Company Meeting Materials and Listing Statement Disclosure shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that the Company shall not be responsible for the information relating to the Caracara, Subco or the Resulting Issuer that is furnished in writing by Caracara or Subco for inclusion in the Listing Statement).

(d) The Company, Caracara and their respective legal counsel shall be given a reasonable opportunity to review and comment on drafts of the Listing Statement, the Caracara Meeting Materials and other documents related thereto, and reasonable consideration shall be given to any comments made by the Company, Caracara and their respective counsel, provided that all information relating solely to Caracara and Subco included in the Caracara Meeting Materials and the Listing Statement shall be in form and content satisfactory to Caracara, acting reasonably, and all information relating solely to the Company included in the Caracara Meeting Materials and the Listing Statement shall be in form and content satisfactory to the Company, acting reasonably.

(e) Caracara and the Company shall promptly notify the other if at any time before the date of filing in respect of the Listing Statement, either Party becomes aware that the Listing Statement contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Listing Statement and the Parties shall

cooperate in the preparation of any amendment or supplement to such documents, as the case may be, as required or appropriate.

(f) Each of Caracara and the Company covenants and agrees with the other:

(i) except for non-substantive communications, it will furnish promptly to the other party, as applicable, a copy of each notice, report, schedule or other document delivered, filed or received by it in connection with: (A) the Merger; (B) any filings under Applicable Securities Laws; and (C) any dealings with any Government Agency in connection with the transactions contemplated herein; and

(ii) will immediately notify the other Party of any legal or governmental action, suit, investigation, injunction, complaint, action, suit, motion, judgement, regulatory investigation, regulatory proceeding or similar proceeding by any Person, Government Agency or other regulatory body, whether actual or threatened, with respect to the Acquisition or which could otherwise delay or impede the transactions contemplated hereby.

(g) Caracara represents, warrants, covenants and agrees with the Company that Caracara:

(i) prior to the Closing, will effect the Share Consolidation, Name Change and Share Amendment, subject to obtaining the requisite shareholder approval; and

(ii) except for non-substantive communications, will furnish promptly to the Company a copy of each notice, report, schedule or other document delivered, filed or received by it in connection with: (A) the Merger; (B) the Share Consolidation; (C) the Name Change; (D) the Share Reorganization; (E) the Resulting Issuer Equity Incentive Plan; (F) any other Caracara Meeting Matters or matters in respect of the Caracara Meeting (G) any filings under Applicable Securities Laws; and (H) any dealings with any Government Agency in connection with the transactions contemplated herein.

2.3 **Merger Events.**

(a) Upon the terms and subject to the conditions set forth in this Agreement and subject to Section 2.8, at the Effective Time, by virtue of the Merger and without any action on the part of the Company, Subco, Caracara or any Company Shareholder:

(i) all issued and outstanding Company Common Shares held by a Company Shareholder (other than any Company Common Shares held by the Founders) will automatically be exchanged for such number of Resulting Issuer Common Shares equal to the number of Company Common Shares held by such Company Shareholder;

(ii) all issued and outstanding Company Common Shares held by each Founder, will automatically be exchanged for such number of Resulting Issuer Proportionate Voting Shares as the number of Company Common Shares held by each such Founder divided by 1,000 (rounded down to the nearest whole number);

(iii) all Company Common Shares to be issued in connection with the conversion of the Company May Convertible Debentures and the Company September Convertible Debentures in connection with the Merger will be automatically exchanged for such number of Resulting Issuer Common Shares equal to the number of such Company Common Shares issued in connection with the conversion of the Convertible Debentures;

(b) each Company Common Share exchanged for a Resulting Issuer Common Share or Resulting Issuer Proportionate Voting Share pursuant to Sections 2.3(a)(i)(ii) and (iii) shall be cancelled;

(c) in accordance with the terms of the certificates representing the Company Warrants, Company Advisory Warrants, Company Consulting and PR Warrants and Company Finder Warrants, each holder of such security shall be entitled to receive (and such holder shall accept) upon the exercise of such holder's applicable security, in lieu of that number of Company Common Shares to which such holder was theretofore entitled, an equivalent number of Resulting Issuer Common Shares for the same aggregate consideration payable therefor. Each Company Warrant, Company Advisory Warrant, Company Consulting and PR Warrant and Company Finder Warrant shall continue to be governed by and be subject to the terms of the certificates evidencing such securities prior to the Effective Time;

(d) in accordance with the terms of the certificates representing the Company Compensation Warrants, each holder of a Company Compensation Warrant shall be entitled to receive (and such holder shall accept) upon exercise of such holder's Company Compensation Warrant, in lieu of that number of Company Common Shares and Company Compensation Underlying Warrants to which such holder was theretofore entitled, an equivalent number of Resulting Issuer Common Shares and Resulting Issuer Compensation Underlying Warrants for the same aggregate consideration payable therefor. Each Company Compensation Warrant shall continue to be governed by and be subject to the terms of the certificates evidencing such warrants prior to the Effective Time;

(e) in accordance with the terms of the Company Subscription Receipt Debenture Indenture, each holder of a Company Subscription Receipt Debenture shall be entitled to receive (and such holder shall accept): (i) upon the conversion of such holder's security, in lieu of that number of Company Common Shares and Company Debenture Warrants to which such holder was theretofore entitled, the equivalent number of Resulting Issuer Common Shares and Resulting Issuer Debenture Warrants for the same aggregate consideration payable therefor, or (ii) on the maturity date of the Company Subscription Receipt Debenture or upon redemption of such securities, the amount of cash which such holder would have been entitled to receive pursuant to the terms of the Company Subscription Receipt Debenture. Each Company Subscription Receipt Debenture Indenture shall be governed by and be subject to the terms of the Supplemental Debenture Indenture (as hereinafter defined);

(f) in accordance with the terms of the Company Warrant Indenture, each holder of a Company Compensation Underlying Warrant (upon exercise of a Company Compensation Warrant) and a Company Debenture Warrant (upon exercise of a Company Subscription Receipt Debenture) shall be entitled to receive (and such holder shall accept), in lieu of that number of Company Common Shares to which such holder was theretofore entitled, the equivalent number of Resulting Issuer Common Shares for the same aggregate consideration payable therefor. Each Company Compensation Underlying Warrant and Company Debenture Warrant shall be governed by and be subject to the terms of the Supplemental Warrant Indenture (as hereinafter defined);

(g) in accordance with the terms of the Company Services Agreements, each advisor to such agreements shall be entitled to receive (and shall accept) at such times as when such shares are issuable to it under the terms of the applicable Company Services Agreement, in lieu of that number of Company Common Shares to which such advisor was

theretofore entitled, the equivalent number of Resulting Issuer Common Shares;

(h) all Company Options outstanding immediately prior to the Effective Time will be cancelled and exchanged for Resulting Issuer Options on the following basis:

(i) the number of Resulting Issuer Common Shares subject to the Resulting Issuer Options will equal the number of Company Common Shares issuable upon exercise of the Company Options immediately prior to the Effective Time;

(ii) the exercise price of each Resulting Issuer Option will be as set forth in the Company Capitalization Spreadsheet;

(iii) each Resulting Issuer Option will otherwise be governed by the Resulting Issuer Equity Incentive Plan;

(iv) all other terms and conditions of each Resulting Issuer Option, including the term to expiry and vesting conditions, will be equivalent to the respective terms and conditions of the Company Option for which it was exchanged, to the extent practical;

(v) it is the intention of the parties that each Resulting Issuer Option shall continue to qualify following the Effective Time as an "incentive stock option" as defined in Section 422 of the Code to the extent permitted under Section 422 of the Code and to the extent the related Company Option qualified as an incentive stock option immediately prior to the Effective Time; and

(vi) the exercise price per share and the number of Resulting Issuer Common Shares purchasable pursuant to each exchanged for Company Option following the Effective Time as well as the terms and conditions of such option shall be determined in a manner in order to comply with Sections 424(a) and 409A of the Code;

(i) each share of Subco common stock registered in the name of Caracara issued and outstanding immediately prior to the Effective Time shall be converted into and become one share of common stock of Mergeco such that Mergeco shall be a wholly-owned subsidiary of the Resulting Issuer;

(j) any Resulting Issuer Common Shares to be issued in the United States or to, or for the account or benefit of, a U.S. Person and which the Company and Caracara believe, after reasonable inquiry by the Company and Caracara are not Accredited Investors and may not be issued pursuant to an available exemption under the U.S. Securities Act and applicable state securities laws, shall be converted into the right to receive from Caracara upon completion of the Merger, cash in the amount of $1.10 per Resulting Issuer Common Share that would have been issued to such Person. (the "**Cash Consideration**"); and

(k) any Resulting Issuer Warrants to be issued in the United States or to, or for the account or benefit of, a U.S. Person and which the Company and Caracara believe, after reasonable inquiry by the Company and Caracara are not Accredited Investors and may not be issued pursuant to an available exemption under the U.S. Securities Act and applicable state securities laws, shall not be issued to such Person and there will be no right to receive any renumeration in lieu thereof, including for certainty, the Cash Consideration.

2.4 **Share Certificates.**

On the Effective Date:

(a) the original stock certificate of Subco registered in the name of Caracara shall be cancelled and Caracara shall be issued a stock certificate for the number of shares of the common stock of Mergeco to be issued to Caracara as provided in Section 2.3 hereof;

(b) subject to the treatment of Dissenting Shares (as defined herein) in Section 2.8, hereof, certificates or other evidence representing the Company Common Shares, Company Warrants, Company Finder Warrants, Company Convertible Debentures, Company Options, Company Compensation Warrants, Company Advisory Warrants and Company Consulting and PR Warrants shall cease to represent any claim upon or interest in the Company other than the right of the holder to receive, pursuant to the terms hereof, Resulting Issuer Common Shares, Resulting Issuer Warrants, Resulting Issuer Finder Warrants, Resulting Issuer Convertible Debentures, Resulting Issuer Options, Resulting Issuer Compensation Warrants, Resulting Issuer Advisory Warrants and Resulting Issuer Consulting and PR Warrants in accordance with Section 2.3 hereof;

(c) upon the delivery and surrender by the holder thereof to the Resulting Issuer of certificates representing, or evidence of ownership on the Company's securities register of, Company Common Shares or Company Options, which have been converted into the right to receive Resulting Issuer Common Shares or Resulting Issuer Options, as applicable, in accordance with the provisions of Section 2.3 hereof, the Resulting Issuer shall on the Effective Date, or as soon as practicable thereafter following the date of receipt by the Resulting Issuer of the certificates representing the Company Common Shares and Company Options, deliver to each such holder certificates representing the number of Resulting Issuer Common Shares or Resulting Issuer Options to which such holder is entitled, provided that in the case of the Resulting Issuer Common Shares the same may be either in certificated or uncertificated form registered in the name of CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee and held by, or on behalf of, CDS, as depositary for the participants of CDS; provided, further, that notwithstanding anything to the contrary contained herein, all Resulting Issuer Common Shares or Resulting Issuer Options issued to former Company Shareholders, or any other Person, in the United States or otherwise holding Company Common Shares and Company Options that are subject to transfer restrictions imposed by the U.S. Securities Act shall be issued in the form of definitive certificates registered in the name of the holder thereof or its nominee, which certificates shall bear a U.S. Securities Act legend;

(d) the Resulting Issuer and Odyssey Trust Company shall enter into a supplemental debenture indenture immediately prior to the Effective Time (the "**Supplemental Debenture Indenture**"), pursuant to which the Resulting Issuer will assume the Company's obligations under the Company Subscription Receipt Debenture Indenture;

(e) the Resulting Issuer and Odyssey Trust Company shall enter into a supplemental warrant indenture immediately prior to the Effective Time (the "**Supplemental Debenture Indenture**"), pursuant to which the Resulting Issuer will assume the Company's obligations under the Company Warrant Indenture;

(f) all of the outstanding certificates which immediately prior to the Effective Date represented certificates of Company Warrants, Company Finder Warrants, Company Compensation Warrants, Company Advisory Warrants and Company Consulting Warrants shall be deemed for all purposes to evidence ownership of, and to represent, the right to acquire Resulting Issuer Common Shares in accordance with Section 2.3 hereof.

2.5 **Resulting Issuer.** Subject to the approval of holders of Caracara Common Shares, Caracara will, upon completion of the Merger, change its name to "Xtraction Services Corp." (the "**Resulting Issuer**"), and have a minimum of five (5) directors and the following will be the directors and officers of the Resulting Issuer immediately following the completion of the Merger:

Directors

Mr. David Kivitz (Chairman)

Antony Radbod

Gary Herman

Officers

Name	Title
David Kivitz	President and Chief Executive Officer
Antony Radbod	Chief Marketing Officer

2.6 **Merged Corporation.** The Certificate of Incorporation and the Bylaws of the Company shall be the Certificate of Incorporation and Bylaws of Mergeco, with any amendments thereto, to be made in accordance with applicable law at the Effective Time, as may be necessary to give effect to this Agreement, including the following provisions (i) through (vii):

(i) **Number of Directors.** The board of directors of Mergeco shall consist of a minimum of one (1) director and a maximum of two (2).

(ii) **Officers and Directors**. As of the Effective Time, the initial directors and officers of Mergeco shall be as designated by the Company prior to the Closing.

(iii) **Fiscal Year**. The fiscal year end of Mergeco shall be December 31 in each year, unless and until changed by resolution of the board of directors.

(iv) **Name**. The name of Mergeco shall be such name as designated by the Company.

(v) **Registered Office**. The registered office of Mergeco shall be the registered office of the Company.

(vi) **Authorized Capital.** The authorized capital of Mergeco shall be an unlimited amount of shares with no par value per share, all of which shall be common stock.

(vii) **Business and Powers**. There shall be no restriction on the business that Mergeco may carry on or on the powers that Mergeco may exercise.

2.7 **Fractional Shares.** No fractional Resulting Issuer Common Shares will be issued or delivered pursuant to the Merger. Any fractional share will be rounded down to the next lowest number of Resulting Issuer Common Shares and no consideration will be paid in lieu thereof.

2.8 **Dissenting Shares.**

(a) For purposes of this Agreement, "**Dissenting Shares**" means Company Common Shares held as of the Effective Time by a Company Shareholder who has properly exercised his, her or its appraisal rights with respect thereto under Section 262 of the DGCL (the

"**Dissenters' Rights Statute**"). Dissenting Shares shall not be converted into or represent the right to receive Resulting Issuer Common Shares or Resulting Issuer Proportionate Shares pursuant to Sections 2.3 and 2.4, but will be entitled to receive payment of the fair value of such shares in accordance with the provisions of the Dissenters' Rights Statute, except that (i) each Dissenting Share held by a Company Shareholder who shall thereafter withdraw such Company Shareholder's demand for appraisal or shall fail to perfect such Company Shareholder's right to such payment as provided in the Dissenters' Rights Statute will be deemed to be converted, as of the Effective Time, into the right to receive the Resulting Issuer Common Shares issuable in respect of such Company Common Shares pursuant to Sections 2.3 and 2.4, and (ii) Caracara shall deliver or cause to be delivered to such Company Shareholder certificates representing the Resulting Issuer Common Shares to which such holder is entitled pursuant to Sections 2.3 and 2.4.

(b) The Company shall give Caracara prompt notice of any written demands for appraisal of any Company Common Shares, withdrawals of such demands, and any other instruments that relate to such demands received by the Company. The Company shall not, except with the prior written consent of Caracara, make any payment with respect to any demands for appraisal of Company Common Shares or offer to settle or settle any such demands unless required by a court of competent jurisdiction.

2.9 **Effect of Merger.** At the Effective Time:

(a) Subco shall merge with and into the Company in accordance with the DGCL and the separate existence of Subco shall cease and the Company shall continue as the surviving corporation subsequent to the Merger in accordance with the terms and conditions prescribed in this Agreement; and

(b) all of the property, assets, rights and privileges of Subco shall become the property, assets, rights and privileges of the Company, and all of the liabilities and obligations of Subco shall become the liabilities and obligations of the Company, which will thereafter be referred to as Mergeco.

2.10 **Filing of Certificate of Merger and Articles of Merger.** Following the approval of the stockholders of the Merging Companies to the Merger and subject to the satisfaction or waiver of all of the conditions precedent set forth herein, the Company and Subco shall file the Certificate of Merger and such other documents as required under the DGCL to effect the Merger pursuant to the DGCL.

The Parties intend and agree that the transactions set forth in Sections 2.3 through 2.6 shall be completed as specified and that no single transaction of Sections 2.3 through 2.6 shall be completed without the intent of the Parties to complete the remaining transactions.

2.11 **U.S. Tax Treatment.** For U.S. federal income tax purposes, the Parties hereby agree that the transactions set forth in Section 2.3 (Merger Events) are intended to constitute and shall be adopted as, a "plan of reorganization" for the purposes of Section 361 of the Code within the meaning of Treasury Regulations Sections 1.368-2(g) and 1.368-3(a). Each Party agrees that, for U.S. federal income tax purposes, that (a) it shall report the Merger as a "reorganization" within the meaning of Section 368(a) of the Code and it shall not take any tax reporting position inconsistent with such treatment for U.S. federal, state and other relevant tax purposes; (b) it shall retain such records and file such information as is required to be retained and filed pursuant to Treasury Regulation Section 1.368-3(a) in connection with the Merger; and it shall not take any actions (other than those permitted under this Agreement) that would cause the Merger to not qualify as a "reorganization" within the meaning of Section 368(a) of the Code. At all times from and after the Effective Date, the Parties agree to treat Caracara as a United States domestic corporation for U.S. federal income tax purposes pursuant to Section 7874(b) of the Code. Each Party hereto agrees to act in good faith, consistent with

the intent of the Parties and the intended U.S. federal income tax treatment of the Merger as set forth in this Section 2.11. Notwithstanding the foregoing, no Party makes any representation, warranty or covenant to any other party or to any Company Common Shareholder or other holder of Company securities (including, without limitation, stock options, warrants, subscription receipts, debt instruments or other similar rights or instruments) that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code or that Caracara will be treated as a United States domestic corporation for U.S. federal income tax purposes under Section 7874(b) of the Code as a result of the Merger.

2.12 **Acknowledgment of Escrow**. The Company and Caracara acknowledge and agree that in accordance with the policies of the CSE and Applicable Securities Laws the Resulting Issuer Shares issued to certain holders of Company Common Shares (including holders of Company Common Shares who are Related Persons) may be subject to escrow and/or share resale restrictions under the policies of the CSE and Applicable Securities Laws. The Company and Caracara covenant to use commercially reasonable efforts to cause all Related Persons to enter into escrow agreements in accordance with the policies of the CSE.

REPRESENTATIONS AND WARRANTIES OF CARACARA

3.1 **Representations and Warranties of Caracara.** Caracara represents and warrants to and in favour of the Company as follows, and acknowledges that the Company is relying upon such representations and warranties in connection with the completion of the transactions contemplated herein:

(a) Caracara is, and upon incorporation Subco will be, a corporation incorporated and validly existing under the laws of the jurisdiction of its incorporation. Caracara has, and upon incorporation Subco will have, all requisite corporate power and authority to enter into and perform its obligations under this Agreement and any Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby, as applicable, and Caracara is duly qualified and holds all material permits, licenses, registrations, qualifications, consents and authorizations necessary or required to carry on its business as now conducted and to own, lease or operate the Caracara Assets, as applicable, and neither Caracara nor, to the knowledge of Caracara, any other Person, has taken any steps or proceedings, voluntary or otherwise, requiring or authorizing the dissolution or winding up of Caracara .

(b) The authorized capital of Caracara consists of: (i) an unlimited number of Caracara Common Shares, of which 24,402,901 Caracara Common Shares are issued and outstanding as fully paid and non-assessable shares in the capital of Caracara on a pre-consolidated basis, (ii) no Caracara Options are issued and outstanding pursuant to the Caracara Stock Option Plan and (iii) 16,213,333 Caracara Warrants are issued and outstanding. There are no other options, warrants, other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Caracara of any securities in Caracara or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire any shares of Caracara.

(c) Other than CSI Princesa Inc., Caracara has no direct or indirect subsidiaries nor any investment in any Person or any agreement, option or commitment to acquire any such investment. All of the issued and outstanding securities of CSI Princesa Inc. are held by Caracara.

(d) Caracara is a "reporting issuer" as that term is defined under Applicable Securities Laws in the provinces of Alberta and British Columbia and is not in default of the requirements

of the Applicable Securities Laws in such jurisdictions.

(e) Caracara is in compliance in all material respects with all of the policies and rules of the NEX.

(f) Caracara has filed all forms, reports, documents and information required to be filed by it, whether pursuant to Applicable Securities Laws or otherwise, with the applicable securities commissions (the "**Disclosure Documents**") and Caracara does not have any confidential filings with any securities authorities. As of the time the Disclosure Documents were filed with the applicable securities regulators and on SEDAR (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing): (i) each of the Disclosure Documents complied in all material respects with the requirements of the Applicable Securities Laws in the jurisdictions they were filed; and (ii) none of the Disclosure Documents contain any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(g) Caracara has been conducting its business in compliance in all material respects with all applicable Laws and regulations of each jurisdiction in which it carries on business and has not received a notice of non-compliance, and, to the knowledge of Caracara, there are no facts that would give rise to a notice of noncompliance with any such laws and regulations.

(h) No consent, approval, order or authorization of, or registration, declaration or filing with, any third party or governmental entity is required by or with respect to Caracara in connection with the execution and delivery of this Agreement by Caracara, the performance of its obligations hereunder or the consummation by Caracara of the transactions contemplated hereby other than: (i) the filing with and approval of the Certificate of Merger by the Secretary of State of Delaware; (ii) the approval of the Caracara Meeting Matters by the Caracara Shareholders; (iii) the filing of the Articles of Amendment to reflect the Caracara Meeting Matters, as applicable, and the Share Reorganization and Name Change; (iv) the approval of the de-listing of the Caracara Common Shares by the TSXV; (v) the approval of the listing of the Resulting Issuer Common Shares by the CSE (including the Resulting Issuer Common Shares issuable upon exercise or conversion of the Resulting Issuer Convertible Debentures (and underlying Resulting Issuer Debenture Warrants), Resulting Issuer Warrants, Resulting Issuer Compensation Warrants (and underlying Resulting Issuer Compensation Underlying Warrants), Resulting Issuer Finder Warrants, Resulting Issuer Advisory Warrants, Resulting Issuer Consulting and PR Warrants and Resulting Issuer Options); and (vi) any other consents, notice, approvals, orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not, individually or in the aggregate, have a Material Adverse Effect on Caracara or prevent or materially impair Caracara's ability to perform its obligations hereunder.

(i) Each of the execution and delivery of this Agreement, the performance by each of Caracara and Subco of its obligations hereunder and the consummation of the transactions contemplated in this Agreement, including the Merger and the issue of the Resulting Issuer Common Shares, Resulting Issuer Convertible Debentures, Resulting Issuer Warrants, Resulting Issuer Compensation Warrants, Resulting Issuer Finder Warrants, Resulting Issuer Advisory Warrants, Resulting Issuer Consulting and PR Warrants and Resulting Issuer Options upon the Merger, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a

default under, (whether after notice or lapse of time or both), (i) any statute, rule or regulation applicable to Caracara or Subco, including Applicable Securities Laws; (ii) the constating documents, bylaws or resolutions of Caracara or Subco; (iii) any mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or other document to which Caracara or Subco is or will be a party or by which it is or will be bound; or (iv) any judgment, decree or order binding Caracara or Subco or their respective assets.

(j) This Agreement has been duly authorized and executed by Caracara and constitutes a valid and binding obligation of Caracara and shall be enforceable against it in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principals when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable Law.

(k) Caracara's Financial Statements have, in each case, been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly, in all material respects, the financial position (including the assets and liabilities, whether absolute, contingent or otherwise as required by IFRS) of Caracara as at such dates and the results of its operations and its cash flows for the periods then ended and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of Caracara in accordance with IFRS and there has been no change in accounting policies or practices of Caracara since June 30, 2018.

(l) Caracara is a taxable Canadian corporation for Canadian tax purposes and all Taxes due and payable or required to be collected or withheld and remitted by Caracara have been paid, collected or withheld and remitted as applicable. All tax returns, declarations, remittances and filings required to be filed by Caracara have been filed with all appropriate Government Agencies and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading. Caracara has not received notice of any examination of any tax return of Caracara, and to the knowledge of Caracara, no such examination is currently in progress by any Government Agency and there are no issues or disputes outstanding with any Government Agency respecting any Taxes that have been paid, or may be payable, by Caracara. There are no agreements, waivers or other arrangements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to Caracara. There are no circumstances existing as of the date hereof that could result in the application of one or more of Sections 17, 78 or 80 to 80.04 of the Tax Act or any analogous provision of any Law of any province or territory of Canada to Caracara. Caracara (i) is not a party to, bound by, or obligated under any Tax allocation, indemnity, or sharing contract or arrangement; and (ii) is not liable for the Taxes of any other Person as a transferee or successor, by contract or otherwise, including under section 191.3 of the Tax Act.

(m) The value of consideration paid or received by Caracara in respect of the acquisition, sale or transfer of any property or the provision of any services to or from any person with whom it does not deal at "arm's length" (as defined for purposes of the Tax Act) has been equal to the fair market value of such property acquired, sold or transferred or services provided. Caracara has made or obtained records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the Tax Act for all transactions where subsection 247(3) of the Tax Act could apply.

(n) Caracara has established on its books and records reserves that are adequate for the payment of all Taxes not yet due and payable and there are no liens for Taxes on the assets of Caracara that are material, and there are no audits pending of the tax returns of Caracara (whether federal, state, provincial, local or foreign) and there are no claims which have been asserted relating to any such tax returns, which audits and claims, if determined adversely, would result in the assertion by any governmental agency of any deficiency that would result in a Material Adverse Effect.

(o) Caracara's auditors who audited Caracara's Financial Statements (as applicable) are independent public accountants.

(p) No holder of outstanding Caracara Common Shares is entitled to any pre-emptive or any similar rights to subscribe for any Caracara Common Shares or other securities of Caracara and, other than the Caracara Warrants, no rights to acquire, or instruments convertible into or exchangeable for, any securities in the capital of Caracara are outstanding.

(q) No legal or governmental actions, suits, judgments, investigations or proceedings are pending to which Caracara, or to the knowledge of Caracara, the directors, officers or employees of Caracara are a party or to which the Caracara Assets are subject and, to the knowledge of Caracara, no such proceedings have been threatened against or are pending with respect to Caracara, or with respect to the Caracara Assets and Caracara is not subject to any judgment, order, writ, injunction, decree or award of any Government Agency.

(r) Caracara is not party to any material contract, written or oral, or any other contract, written or oral other than:

(i) this Agreement; and

(ii) the Princesa Option Agreement.

(s) Neither Caracara nor, to the knowledge of Caracara, any other party thereto is in material default or breach of any material contract of Caracara and, to the knowledge of Caracara, there exists no condition, event or act which, with the giving of notice or lapse of time or both would constitute a material default or breach under any material contract of Caracara which would give rise to a right of termination on the part of any other party to a material contract of Caracara.

(t) Except for the trading halt imposed by the TSXV on August 13, 2018 following disclosure by Caracara of the Acquisition, no order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of Caracara (including the Caracara Common Shares) has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of Caracara, are pending, contemplated or threatened by any regulatory authority.

(u) Caracara is not a party to any agreement, nor, to the knowledge of Caracara, is there any shareholders agreement or other contract which in any manner affects the voting control of any of the securities of Caracara.

(v) There is no agreement, plan or practice of Caracara relating to the payment of any management, consulting, service or other fee or any bonus, pensions, share of profits or retirement allowance, insurance, health or other employee benefit, other than in the ordinary course of business or in respect of professional service fees.

(w) Caracara has no employees. There are no employment contracts, agreements or

engagements, either oral or written, with any director or officer of Caracara.

(x) The minute books and records of Caracara made available to the Company in connection with the due diligence investigation of Caracara for the period from the date of incorporation to the date hereof are all of the minute books of Caracara and contain copies of all proceedings (or certified copies thereof or drafts thereof pending approval) of the shareholders, the directors and all committees of directors of Caracara to the date hereof and there have been no other meetings, resolutions or proceedings of the shareholders, directors or any committees of the directors of Caracara to the date hereof not reflected in such minute books.

(y) There is no Person acting at the request or on behalf of Caracara that is entitled to any brokerage or finder's fee or other compensation in connection with the transactions contemplated by this Agreement, by the Agency Agreement or pursuant to the Private Placement.

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

4.1 **Representations and Warranties of the Company.** The Company represents and warrants to and in favour of Caracara as follows, and acknowledges that Caracara is relying upon such representations and warranties in connection with the completion of the transactions contemplated herein:

(a) The Company is a corporation incorporated and validly existing under the laws of the jurisdiction of its incorporation. The Company has all requisite corporate power and corporate authority to enter into and perform its obligations under this Agreement and any Ancillary Agreement to which it is a party, subject to the adoption of this Agreement by the affirmative vote or consent of the holders of Company Common Shares representing a majority of the outstanding Company Common Shares (the "**Requisite Company Vote**"), and is duly qualified and holds all material permits, licences, registrations, qualifications, consents and authorizations necessary or required to carry on its business as now conducted and to own, lease or operate the Company Assets, and neither the Company nor, to the knowledge of the Company, any other Person, has taken any steps or proceedings, voluntary or otherwise, requiring or authorizing the dissolution or winding up of the Company and the Company has all requisite corporate power and corporate authority to enter into this Agreement and to carry out its obligations hereunder.

(b) The authorized share capital of the Company is an unlimited number of Company Common Shares, the number of Company Common Shares issued and outstanding is set out in the Company Capitalization Spreadsheet, each of which is outstanding as a fully paid and non-assessable share in the capital of the Company. Except as set forth in the Company Capitalization Spreadsheet and other than in connection with: (i) the Caracara Reverse Takeover and (ii) the Subscription Receipts, Company Warrants, Company Finder Warrants, Company Advisory Warrants, Company Advisory Shares, Company Consulting and PR Warrants, Company Compensation Warrants (and underlying Company Compensation Underlying Warrants), Company Convertible Debentures (and underlying Company Debenture Warrants) and Company Options, there are no options, warrants or other rights, shareholder rights plans, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by the Company of any shares of the Company or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of the Company.

(c) The Company has no direct or indirect subsidiaries nor any investment in any Person or any agreement, option or commitment to acquire any such investment.

(d) Except with respect to certain U.S. federal law relating to Marijuana Related Activities, the Company is conducting its business in material compliance with all applicable laws, rules, regulations, orders and directions of the Government Agencies of each jurisdiction in which its carries on its business and has not received a notice of material non-compliance, and, to the knowledge of the Company, there are no facts that would give rise to a notice of material non-compliance with any such laws, rules, regulations, orders and directions.

(e) No consent, approval, order or authorization of, or registration, declaration or filing with, any Government Agency is required by or with respect to the Company in connection with the execution and delivery of this Agreement by the Company, the performance of its obligations hereunder or the consummation by the Company of the transactions contemplated hereby other than the filing with and approval of the Certificate of Merger by the Secretary of State of Delaware, and (ii) any other consents, notice, approvals, orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not, individually or in the aggregate, have a Material Adverse Effect on the Company or prevent or materially impair the Company's ability to perform its obligations hereunder.

(f) The execution and delivery of this Agreement and the performance the Company of its obligations hereunder and the consummation of the transactions contemplated in this Agreement, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, (whether after notice or lapse of time or both), (i) any statute, rule or regulation applicable to the Company; (ii) the constating documents, by-laws or resolutions of the Company which are in effect at the date hereof; (iii) any material mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or other document to which the Company is a party or by which it is bound; or (iv) any judgment, decree or order binding the Company.

(g) This Agreement has been duly authorized and executed by the Company and constitutes a valid and binding obligation of the Company and shall be enforceable against it in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principals when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law.

(h) Other than this Agreement, in the ordinary course of business or as would not otherwise have a Material Adverse Effect, the Company is not currently party to any binding agreement in respect of: (i) the purchase of any material property or assets or any interest therein or the sale, transfer or other disposition of any material property or assets or any interest therein currently owned, directly or indirectly, by the Company whether by asset sale, transfer of shares or otherwise; or (ii) the change of control of the Company (whether by sale or transfer of shares or sale of all or substantially all of the property or assets of the Company or otherwise).

(i) The Financial Statements have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly, in all material respects, the financial position (including the assets and liabilities, whether absolute,

contingent or otherwise as required by IFRS) of the Company as at such dates and the results of its operations and its cash flows for the periods then ended and contain and reflect, to the extent required by IFRS, adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of the Company in accordance with IFRS and there has been no change in accounting policies or practices of the Company since September 30, 2018.

(j) The Company is a taxable U.S. corporation for U.S. federal income tax purposes and all Taxes due and payable or required to be collected or withheld and remitted, by the Company have been paid, collected or withheld and remitted as applicable, except for where the failure to pay such Taxes would not have a Material Adverse Effect. To the extent that failure to do so would not have a Material Adverse Effect, all tax returns, declarations, remittances and filings required to be filed by the Company have been filed with all appropriate Governmental Agencies and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading. The Company has not received notice of any examination of any tax return of the Company and to the knowledge of the Company, no examination of any tax return of the Company is currently in progress by any Governmental Agency and there are no issues or disputes outstanding with any Governmental Agency respecting any Taxes that have been paid, or may be payable, by the Company. There are no agreements, waivers or other arrangements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to the Company.

(k) The Company has established on its books and records reserves that the Company believes are adequate for the payment of all Taxes not yet due and payable and there are no liens for Taxes on the assets of the Company that are material, and to the knowledge of the Company there are no audits pending of the tax returns of the Company (whether federal, state, provincial, local or foreign) and there are no claims which have been asserted relating to any such tax returns, which audits and claims, if determined adversely, would result in the assertion by any governmental agency of any deficiency that would result in a Material Adverse Effect.

(l) Other than the Forfeiture Action, there are no legal or governmental actions, suits, judgments, investigations or proceedings to which the Company is a party or to which the property and assets of the Company are subject and, to the knowledge of the Company, no such proceedings have been threatened against or are pending with respect to the or with respect to its property and assets, and the Company is not subject to any judgment, order, writ, injunction, decree or award of any Government Agency, in each case, except as would not result in a Material Adverse Effect on the Company.

(m) Other than with respect to the Khrysos Agreement and certain obligations of the Company in connection with the May Convertible Debentures, the Company is not in violation of its constating documents or in default, in any material respect, in the performance or observance of any obligation, agreement, covenant or condition contained in any material contract to which it is a party or by which it or its property and assets may be bound and all material Contracts to which the Company is a party are in good standing in all respects and in full force and effect, in each case, except as would not result in a Material Adverse Effect.

(n) The Company owns or has the right to use all Company Assets owned or used in its business as now conducted, including: (i) all Contracts that are material to its business; and (ii) to the knowledge of the Company, all Company Assets necessary to enable it to

carry on its business as now conducted.

(o) There are no encumbrances or liens (registered or, to the knowledge of the Company, unregistered) against any of the Company Assets.

(p) Other than with respect to the Khrysos Agreement and certain obligations of the Company in connection with the May Convertible Debentures, neither the Company nor, to the knowledge of the Company, any other party thereto is in material default or breach of any Company contract and to the knowledge of the Company, there exists no condition, event or act which, with the giving of notice or lapse of time or both would constitute a material default or breach under any Company Contract, which in each case would result in a Material Adverse Effect on the Company.

(q) (i) The Company owns, or has obtained valid and enforceable licenses for, or other rights to use, the Intellectual Property except where the failure to have such rights would not have a Material Adverse Effect; (ii) the Company has no knowledge that the Company lacks any rights or licenses to use all Intellectual Property (as currently being used) necessary and material for the conduct of the business of the Company as now conducted; (iii) no third parties have rights to any Intellectual Property that is owned by the Company, other than rights acquired pursuant to non-exclusive licenses granted by the Company in the ordinary course of business or Intellectual Property licensed to the Company; (iv) to the knowledge of the Company has not failed to take any actions with respect to such applied for or registered Intellectual Property in a manner which would result in the abandonment, rejection, impeachment, cancellation, termination, lapsing, limitation, expungement or unenforceability of any of such applied for or registered Intellectual Property with the exception of United States federal trade-mark applications that might in the future be rejected or deemed unenforceable in relation to drug paraphernalia or marijuana; (v) all applications, registrations, filings, renewals and payments necessary to preserve the rights in and to the applied for or registered Intellectual Property that is owned by the Company and necessary and material to the operation of the business of the Company as now conducted have been or may later be legally filed, made, prosecuted and maintained, are in good standing or substantially reinstatable and are, recorded in the name of the Company, and the Company has not received any written notice indicating that any application for registration of the Intellectual Property that is owned by the Company has been finally rejected or finally denied by the applicable reviewing authority; and (vi) there is no pending or, to the knowledge of the Company, any threatened action, suit, proceeding or claim by any other Person challenging the validity or enforceability of any owned Intellectual Property owned by the Company.

(r) (i) The Company is the sole and exclusive legal and/or beneficial owner, as applicable, of, has good and marketable title to, and owns all right, title and interest in all Intellectual Property that is owned by the Company, free and clear of all encumbrances, liens, mortgages, hypothecations, security interests, charges or adverse interests whatsoever, options to purchase and restrictions or other adverse claims of any kind or nature, other than such security interests, liens and encumbrances granted in the ordinary course of business by the Company and licenses of owned Intellectual Property granted to third parties in the ordinary course of business by the Company, and the Company has no knowledge of any claim of adverse ownership in respect thereof; (ii) no consent of any person is necessary to permit the Company to make, use, reproduce, license, sell, modify, update, enhance or otherwise exploit any Intellectual Property that is owned by the Company; and (iii) none of the Intellectual Property that is owned by the Company comprises an improvement to any Intellectual Property that would give any third Person

any rights to any such Intellectual Property, including, without limitation, rights to license any such Intellectual Property.

(s) The Company has no knowledge of any pending or threatened, action, suit, proceeding or claim by others challenging the Company's rights in or to any material Intellectual Property owned by the Company, and the Company has no knowledge of any facts which form a reasonable basis for any such claim and the Company has not received any written notice or claim challenging its ownership or right to use any of the Intellectual Property, in each case, except as would not result in a Material Adverse Effect on the Company.

(t) There are no third-party consents required to be obtained in order for the Company to complete the Reverse Takeover.

(u) No order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of the Company has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of the Company, are pending, contemplated or threatened by any Government Agency.

(v) The Company is not a party to any agreement, nor to the knowledge of the Company, is there any shareholders' agreement or other contract, which in any manner affects the voting control of any of the securities of the Company.

(w) The Company does not own any real property; and any real property or building held under lease by the Company is held by it under valid and subsisting leases enforceable against the respective lessors thereof with the exclusive right to occupy and use such leased premises (other than any common areas thereof), subject to such exceptions as are not material, individually or in the aggregate, to the Company.

(x) Except for employment contracts entered into in the ordinary course of business and agreements in respect of the grant of Company Options, there are no agreements with holders of Company Common Shares to which the Company is a party or any pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the securities of the Company.

(y) The Company is not a party to or bound by any collective agreement and is not currently conducting negotiations with any labour union or employee association.

(z) The Company is in material compliance with all laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages except as would not result in a Material Adverse Effect on the Company, and has not and is not engaged in any unfair labour practice and there has never been any material labour disruption.

(aa) Other than the Company Stock Incentive Plan and the stock options proposed to be issued as set forth in the Company Capitalization Spreadsheet and employee plans established or entered into in the ordinary course of business by the Company, the Company does not have any agreements, plans or practices relating to the payment of any management, consulting, service or other fees or any bonuses, pensions, share of profits or retirement allowance, insurance, health or other employee benefits or any plan for retirement, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to, or required to be contributed to, by the Company for the benefit of any current or former director, officer, employee or consultant of the Company (each an

"**Employee Plans**"). The Company has made available to Caracara the opportunity to review true and complete copies of documents, contracts and arrangements relating to the Employee Plans. The Employee Plans been established, operated in the ordinary course and administered in all material respects in accordance with their terms and applicable laws.

(bb) Other than employment and independent contractor agreements with its executive officers and other agreements related to the advancement of funds to the Company by, and issuance of securities of the Company to, directors, officers and employees of the Company, affiliated entities thereof, or individuals related thereto by blood, marriage or adoption, to the Company's knowledge, (i) none of the directors, officers or employees of the Company or any associate or Affiliate has any material interest, direct or indirect, in any material transaction or any proposed material transaction with the Company that materially affects, is material to or will materially affect the Company; (ii) the Company is not indebted to: (1) any director, officer or shareholder of the Company (other than in respect of the reimbursement of expenses incurred on behalf of the Company in the ordinary course of business); (2) any individual related to any of the foregoing by blood, marriage or adoption; or (3) any corporation controlled, directly or indirectly, by any one or more of those Persons referred to in this subsection 4.1(bb).

(cc) The insurance policies of the Company are valid and enforceable and in full force and effect, are underwritten by unaffiliated and reputable insurers, are sufficient for all applicable requirements of law and provide insurance, including liability and product liability insurance, in such amounts and against such risks as is customary for corporations engaged in businesses similar to that carried on by the Company, except the Company does not currently have directors' and officers' insurance or employment practices liability insurance. The Company is not in default in any material respect with respect to the payment of any premium or material compliance with any of the provisions contained in any such insurance policy and has not failed to give any notice or present any claim within the appropriate time therefor.

(dd) Copies of the minute books and records of the Company made available to Caracara in connection with the due diligence investigation of the Company for the period from the date of incorporation to the date hereof are all of the minute books of the Company and contain copies of all constating documents, bylaws, shareholder minutes, directors minutes and committee minutes of the Company as of the Closing Date.

(ee) Other than the Finders and the Agents, there is no Person acting or purporting to act at the request or on behalf of the Company that is entitled to any brokerage or finder's fee or other compensation in connection with the transactions contemplated hereby, by the Agency Agreement or pursuant to the Brokered Offering.

(ff) Since December 31, 2018 there has not occurred a Material Adverse Effect.

(gg) Other than as disclosed in the Financial Statements, the Forfeiture Action, in this Agreement and in the ordinary course of business, the Company does not have any liabilities or obligations of any nature, whether known or unknown, absolute, accrued, contingent or otherwise and whether due or to become due, that, individually or in the aggregate, that would have a Material Adverse Effect on the Company.

(hh) The Company is not aware of any pending change to any applicable law that would reasonably be expected to have a Material Adverse Effect on the business of the Company.

(ii) To the knowledge of the Company, no director, officer, employee, consultant,

representative or agent of the foregoing, has (i) violated any anti-bribery or anti-corruption laws applicable to the Company, including but not limited to the U.S. Foreign Corrupt Practices Act and Canada's Corruption of Foreign Public Officials Act, or (ii) offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, that goes beyond what is reasonable and customary and/or of modest value: (A) to any Government Official, whether directly or through any other person, for the purpose of influencing any act or decision of a Government Official in his or her official capacity; inducing a Government Official to do or omit to do any act in violation of his or her lawful duties; securing any improper advantage; inducing a Government Official to influence or affect any act or decision of any Government Agency; or assisting any representative of the Company in obtaining or retaining business for or with, or directing business to, any person; or (B) to any person in a manner which would constitute or have the purpose or effect of public or commercial bribery, or the acceptance of or acquiescence in extortion, kickbacks, or other unlawful or improper means of obtaining business or any improper advantage. To the knowledge of the Company, no director, officer, employee, consultant, representative or agent of foregoing, has (i) conducted or initiated any review, audit, or internal investigation that concluded the Company, or any director, officer, employee, consultant, representative or agent of the foregoing violated such laws or committed any material wrongdoing, or (ii) made a voluntary, directed, or involuntary disclosure to any Government Agency responsible for enforcing anti-bribery or anti-corruption laws, in each case with respect to any alleged act or omission arising under or relating to non-compliance with any such laws, or received any notice, request, or citation from any person alleging non-compliance with any such laws.

(jj) The operations of the Company is and has been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Government Agency, excluding U.S. federal law relating to Marijuana Related Activities, (collectively, the "**Applicable Money Laundering Laws**") and no action, suit or proceeding by or before any Government Agency involving the Company with respect to Applicable Money Laundering Laws is, to the knowledge of the Company, pending or threatened.

(kk) The Company holds all material permits, licenses, approvals, consents, orders, markings, certificates and like authorizations necessary for it to own, lease and license its property and assets and carry on its business, as now carried on as of the date of this Agreement, in each jurisdiction where such business is carried on, as now carried on as of the date of this Agreement, including, but not limited to, permits, licenses, approvals, consents, orders, certificates and like authorizations from Governmental Agencies.

(ll) The Company is not an "investment company" pursuant to the United States Investment Company Act of 1940, as amended.

SURVIVAL OF REPRESENTATIONS AND WARRANTIES

5.1 **No Survival of Representations and Warranties.** The representations and warranties made by the Parties and contained in this Agreement or in any Ancillary Agreement shall not survive the Closing.

COVENANTS OF THE COMPANY

The Company hereby covenants and agrees with Caracara as follows until the earlier of the Effective Date or the termination of this Agreement in accordance with its terms:

6.1 **Necessary Consents.** The Company shall use its commercially reasonable efforts to obtain from the Company's directors, stockholders and all federal, state or other governmental or administrative bodies such approvals or consents as are required to complete the transactions contemplated herein.

6.2 **Ordinary Course.** The Company will operate its business in a prudent and business-like manner in the ordinary course and in a manner consistent with past practice.

6.3 **Non-Solicitation.** The Company hereby covenants and agrees from the date hereof until the Termination Date not to, directly or indirectly, solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Acquisition, and without limiting the generality of the foregoing, not to induce or attempt to induce any other person to initiate any shareholder proposal or "takeover bid," exempt or otherwise, within the meaning of the *Securities Act* (British Columbia), for securities or assets of the Company, nor to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Acquisition, including, without limitation, allowing access to any third party (other than its representatives) to conduct due diligence, nor to permit any of its officers or directors to authorize such access, except as required by statutory obligations or in respect of which the Company board of directors determines, in its good faith judgement, after receiving advice from its legal advisors, that failure to recommend such alternative transaction to the Company Shareholders would be a breach of their fiduciary duties under applicable law. In the event the Company or any of its Affiliates, including any of their officers or directors, receives any form of offer or inquiry in respect of the foregoing, the Company shall forthwith (in any event within one Business Day following receipt thereof) notify Caracara of such offer or inquiry and provide Caracara with such details as it may request.

6.4 **Restrictive Covenants.** The Company hereby covenants and agrees until the earlier of the Closing Date and the Termination Date not to, without Caracara's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed):

(a) issue any debt, equity or other securities, except as contemplated by the Company Capitalization Spreadsheet including pursuant to the conversion of the Company Convertible Debentures, the exercise of any outstanding options or convertible securities existing on the date hereof, or in connection with funds received from Archytas Ventures, LLC or such other Person as required for working capital purposes;

(b) make any loans, advances or other payments other than (i) in the ordinary course of business, as contemplated in the Information Circular or as reflected in the Financial Statements or (ii) the payment of professional fees or expenses in connection with or ancillary to the transactions contemplated herein;

(c) borrow money or incur any indebtedness for money borrowed other than in connection with funds received from Archytas Ventures, LLC or such other Person as required for working capital purposes;

(d) expend or commit to expend any amounts which individually or in the aggregate exceed $25,000, other than in the ordinary course of business and in respect of any liability or

expense related to the Acquisition and in respect of expenses related to the preparation of the audited financial statements of the Company for the period ended December 31, 2018 and December 31, 2017;

(e) declare or pay any dividends or distribute any of the Company's properties or Company Assets to shareholders or otherwise dispose of any of the Company's properties or Company Assets other than in the ordinary course of business and other than the sale of certain assets to Khrysos Global, Inc.;

(f) alter or amend the Company's articles or by-laws in any manner which may adversely affect the success of the transactions contemplated herein, except as required to give effect to the matters contemplated herein, including to increase the number of authorized Company Common Shares;

(g) except as otherwise permitted or contemplated herein or in the Information Circular, enter into any transaction or material contract which is not in the ordinary course of business or engage in any business enterprise or activity materially different from that carried on by the Company as of the date hereof;

(h) use funds from its treasury to address or pay any tax liabilities of any Company Shareholder;

(i) make capital expenditures, other than in the ordinary course of business of the Company or as contemplated in the Information Circular; or

(j) agree to do any of the forgeoing.

6.5 **Company Alternative Transaction.** Notwithstanding any other provision of this Agreement, if at any time the Company receives a bona fide offer, whether written or oral (a "**Company Alternative Transaction Offer**") from a third party to acquire all or substantially all of the assets or shares of the Company or to enter into an arrangement or agreement which would materially interfere with the Acquisition which the Company wishes to pursue at the instruction of its board of directors or a committee thereof, including without in any way limiting the generality of the foregoing, any such arrangement or agreement resulting from an unsolicited offer or proposal from a third party, then the Company may: (a) furnish information with respect to the Company to the person making such Company Alternative Transaction Offer and its representatives and allow such person and its representatives access to the Company's facilities and properties and engage in discussions and negotiations with the person making such Company Alternative Transaction Offer and its representatives; and (b) enter into an agreement with respect to a Company Alternative Transaction Offer; provided that the Company has delivered written notice to Caracara of the intention of the Company to enter into an agreement with respect to such Company Alternative Transaction Offer and the Company terminates this Agreement pursuant to Section 10.1 and has previously paid or, concurrently with such termination pays, a cash payment to Caracara in an amount equal to the lesser of: (i) the reasonable expenses incurred by Caracara in connection with the transactions contemplated by this Agreement including all legal, accounting and other professional fees incurred, and (ii) CAD$250,000 (the "**Company Termination Fee**"), which payment shall constitute full and final compensation and remedy to Caracara for any breach or the non-performance of this Agreement and any and all fees and expenses associated therewith.

6.6 **All Other Action.** The Company shall cooperate fully with Caracara and will use all reasonable commercial efforts to assist Caracara in its efforts to complete the Acquisition, unless such cooperation and efforts would subject the Company to liability or would be in breach of applicable statutory or regulatory requirements.

6.7 **Securities Law Matters.** The Company shall obtain and provide to Caracara prior to the Closing

Date any evidence, which may, without limitation, include Accredited Investor Certificates or representation letters from each Company Shareholder, or any other holder of securities to be exchanged for Resulting Issuer Common Shares or Resulting Issuer Warrants pursuant to Sections 2.3 and 2.4, who is resident in the United States or otherwise a U.S. Person or consents to the Merger from within the United States who have not previously represented to the Company their status as an Accredited Investor that Caracara determines, acting reasonably, to be necessary, as a condition of and to establish that the issuance of the Resulting Issuer Common Shares or Resulting Issuer Warrants contemplated hereunder to be issued in connection with the Merger or otherwise pursuant to this Agreement, shall be exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and all applicable state securities laws.

COVENANTS OF CARACARA

Caracara hereby covenants and agrees with the Company as follows until the earlier of the Effective Date or the termination of this Agreement in accordance with its terms:

7.1 **Necessary Consents.** Caracara shall use its reasonable efforts to obtain from Caracara's directors, shareholders, the TSXV, the CSE and all federal, provincial, municipal or other governmental or administrative bodies such approvals or consents as are required to complete the transactions contemplated herein (including approval of the Caracara Shareholders of the Caracara Meeting Matters and the approval of the CSE of the listing of Resulting Issuer Common Shares to be issued to Company Shareholders in exchange for the Company Common Shares held by them, and the issuance of the Resulting Issuer Common Shares underlying the Resulting Issuer Convertible Debentures (and underlying Resulting Issuer Debenture Warrants), Resulting Issuer Warrants, Resulting Issuer Compensation Warrants (and underlying Resulting Issuer Compensation Underlying Warrants), Resulting Issuer Finder Warrants, Resulting Issuer Advisory Warrants, Resulting Issuer Consulting and PR Warrants and Resulting Issuer Options to be issued pursuant to this Agreement).

7.2 **Ordinary Course.** Caracara will operate its business in a prudent and business-like manner in the ordinary course and in a manner consistent with past practice.

7.3 **Caracara Meeting.** Caracara shall:

(a) convene and conduct the Caracara Meeting in accordance with Caracara's constating documents and applicable Laws as soon as possible and in any event no later than 30 days following the filing of the Information Circular, and not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Caracara Meeting without the prior written consent of the Company, except:

(i) in the case of an adjournment, as required for quorum purposes; or

(ii) as required or permitted under Section 7.3(f).

(b) solicit proxies in favour of the approval of the Transaction, including the Consolidation, the Share Reorganization and the Name Change, as required, and against any resolution submitted by any Caracara Shareholder that is inconsistent with such resolutions and the completion of any of the transactions contemplated by this Agreement;

(c) consult with the Company in fixing the date of the Caracara Meeting, give notice to the Company of the Caracara Meeting and allow the Company's representatives and legal counsel to attend the Caracara Meeting;

(d) promptly advise the Company, at such times as the Company may reasonably request and

at least on a daily basis on each of the last 10 Business Days prior to the date of the Caracara Meeting, as to the aggregate tally of the proxies received by Caracara in respect of the Consolidation, the Share Reorganization and the Name Change;

(e) not change the record date for the Caracara Shareholders entitled to vote at the Caracara Meeting in connection with any adjournment or postponement of the Caracara Meeting;

(f) at the request of the Company, adjourn or postpone the Caracara Meeting to a date specified by the Company that is not later than 15 Business Days after the date on which the Caracara Meeting was originally scheduled.

7.4 **Information Circular.** Caracara shall:

(a) promptly prepare and complete, in collaboration with the Company, the Information Circular together with any other documents required by applicable Laws in connection with the Caracara Meeting, and Caracara shall cause the Circular and such other documents to be filed and sent to each Caracara Shareholder and other Person as required by applicable Laws, in each case so as to permit the Caracara Meeting to be held by the date agreed to by the Parties;

(b) ensure that the Circular complies in material respects with applicable Laws, does not contain any misrepresentation (other than in respect of Company Meeting Materials and Listing Statement Disclosure for which the Company is responsible) and provides the Caracara Shareholders with sufficient information to permit them to form a reasoned judgement concerning the matters to be placed before the Caracara Meeting and to comply with applicable Canadian Securities Laws and the rules and policies of the CSE. Without limiting the generality of the foregoing, the Circular must include (i) a statement that the Caracara Board has unanimously, after receiving legal and financial advice, determined that the Transaction, including the Share Consolidation, the Share Reorganization and the Name Change, is in the best interests of Caracara and recommends that the Caracara Shareholders vote in favour of the Transaction, including the Share Consolidation, the Share Reorganization and the Name Change (the "**Board Recommendation**"), and (ii) a statement that each director and senior officer of Caracara intends to vote all of such individual's Caracara Common Shares in favour of the Transaction, including the Share Consolidation, the Share Reorganization and the Name Change and against any resolution submitted by any Caracara Shareholder that is inconsistent with the Share Consolidation, the Share Reorganization and the Name Change; and

(c) shall promptly notify the Company if it becomes aware that the Circular contains a misrepresentation, or otherwise requires an amendment or supplement. Caracara shall co-operate in the preparation of any such amendment or supplement as required or appropriate, and Caracara shall promptly mail, file or otherwise publicly disseminate any such amendment or supplement to the Caracara Shareholders and, if required by Law, file the same with the Securities Authorities or any other Governmental Entity as required.

7.5 **Non-Solicitation.** Caracara hereby covenants and agrees from the date hereof until the Termination Date not to, directly or indirectly, solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Acquisition, and without limiting the generality of the foregoing, not to induce or attempt to induce any other person to initiate any shareholder proposal or "takeover bid," exempt or otherwise, within the

meaning of the *Securities Act* (British Columbia), for securities or assets of Caracara, nor to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Acquisition, including, without limitation, allowing access to any third party (other than its representatives) to conduct due diligence, nor to permit any of its officers or directors to authorize such access, except as required by statutory obligations or in respect of which the Caracara board of directors determines, in its good faith judgement, after receiving advice from its legal advisors, that failure to recommend such alternative transaction to the Caracara Shareholders would be a breach of their fiduciary duties under applicable law. In the event Caracara or any of its Affiliates, including any of their officers or directors, receives any form of offer or inquiry in respect of the foregoing, Caracara shall forthwith (in any event within one Business Day following receipt) notify the Company of such offer or inquiry and provide the Company with such details as it may request.

7.6 **Restrictive Covenants.** Caracara hereby covenants and agrees until the Termination Date not to, without the Company's prior written consent:

(a) issue any debt, equity or other securities, other than in connection with the exercise of any outstanding Caracara Warrant or the transactions contemplated herein;

(b) borrow money or incur any indebtedness for money borrowed;

(c) sell, pledge, dispose of or encumber any assets for consideration;

(d) make any loans, advances or other payments other than payment of professional fees or expenses in connection with or ancillary to the transactions contemplated herein;

(e) declare or pay any dividends or distribute any of Caracara's properties or assets to Caracara Shareholders or otherwise;

(f) alter or amend Caracara's articles or bylaws in any manner which may adversely affect the success of the transactions contemplated herein, except as required to give effect to the matters contemplated herein;

(g) use funds from its treasury to address or pay any tax liabilities of any Caracara Shareholders;

(h) make capital expenditures, other than in the ordinary course of business of Caracara;

(i) except as otherwise permitted or contemplated herein, enter into any transaction or material contract which is not in the ordinary course of business or engage in any business enterprise or activity materially different from that carried on by Caracara as of the date hereof;

(j) merge or consolidate with any Person, acquire any material assets, except for acquisitions of inventory, equipment and raw materials in the ordinary course of business, or acquire any equity interests in, or otherwise make any investment in, any Person;

(k) provide any guarantee in respect of the obligations of any person;

(l) increase the compensation, in any form, of any director, officer, employee or consultant of Caracara;

(m) incur any expense in excess of $5,000 individually or in the aggregate, other than those expenses incurred in connection with the transactions contemplated by this Agreement;

(n) or agree to do any of the foregoing.

7.7 **Caracara Alternative Transaction**. Notwithstanding any other provision of this Agreement, if

at any time Caracara receives a bona fide offer, whether written or oral (an "**Caracara Alternative Transaction Offer**") from a third party to acquire all or substantially all of the assets of Caracara or Caracara Common Shares or to enter into an arrangement or agreement which would materially interfere with the Acquisition which Caracara wishes to pursue at the instruction of its board of directors or a committee thereof, including without in any way limiting the generality of the foregoing, any such arrangement or agreement resulting from an unsolicited offer or proposal from a third party, then Caracara may: (a) furnish information with respect to Caracara to the person making such Caracara Alternative Transaction Offer and its representatives and allow such person and its representatives access to Caracara's facilities and properties and engage in discussions and negotiations with the person making such Caracara Alternative Transaction Offer and its representatives; and (b) enter into an agreement with respect to an Caracara Alternative Transaction Offer; provided that Caracara has delivered written notice to the Company of the intention of Caracara to enter into an agreement with respect to such Caracara Alternative Transaction Offer and Caracara terminates this Agreement pursuant to Section 10.1 and has previously paid or, concurrently with such termination pays, a cash payment to the Company in an amount equal to the lesser of (i) the reasonable expenses incurred by the Company in connection with the transactions contemplated by this Agreement including all legal, accounting and other professional fees incurred, and (ii) CAD$250,000 (the "**Caracara Termination Fee**"), which payment shall constitute full and final compensation and remedy to the Company for any breach or the non-performance of this Agreement and any and all fees and expenses associated therewith.

7.8 **All Other Action.** Caracara shall cooperate fully with the Company and will use all reasonable commercial efforts to assist the Company in its efforts to complete the Acquisition, unless such co-operation and efforts would subject Caracara to liability or would be in breach of applicable statutory or regulatory requirements.

7.9 **Subco.** Subco shall be validly subsisting and in good standing under the DGCL immediately prior to the Merger. Caracara covenants and agrees that Subco shall not carry on any business, shall not enter into any contracts, agreements, commitments, indentures or other instruments prior to the Closing Date other than as required to effect the Merger.

7.10 **Section 85 Election** A Canadian Resident Holder whose Company Common Shares are exchanged for Resulting Issuer Common Shares pursuant to the Merger shall be entitled to make a joint income tax election, pursuant to section 85 of the Tax Act (and any analogous provision of provincial income tax law) (a "**Section 85 Election**") with respect to that exchange. If so requested by the Canadian Resident Holder, Caracara shall, within a timely period after receiving a completed Section 85 Election from such Canadian Resident Holder, sign and return a copy of a completed Section 85 Election to the Canadian Resident Holder for filing with the Canada Revenue Agency (or the applicable provincial tax authority). Neither the Company, the Resulting Issuer nor any successor corporation shall be responsible for the proper completion of any joint election form nor, except for the obligation to sign and return duly completed joint election forms in a timely manner, for any taxes, interest or penalties resulting from the failure of a Canadian Resident Holder to properly complete or file such joint election forms in the form and manner and within the time prescribed by the Tax Act (or any applicable provincial legislation).

CONDITIONS PRECEDENT

8.1 **Conditions for the Benefit of Caracara.** The transactions contemplated herein are subject to the following conditions to be fulfilled or performed on or prior to the Closing Date, which conditions are for the exclusive benefit of Caracara and may be waived, in whole or in part, by Caracara in its sole discretion:

(a) **Truth of Representations and Warranties.** The representations and warranties of the Company contained in this Agreement or in any Ancillary 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 in all material respects with the same force and effect as if such representations and warranties had been made on and as of such Closing Date except as affected by transactions contemplated or permitted by this Agreement and an officer of the Company shall provide a certificate addressed to Caracara at Closing confirming the foregoing.

(b) **Performance of Obligations.** The Company shall have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in this Agreement and in any Ancillary Agreement to be fulfilled or complied with by them at or prior to the Closing Date and an officer of the Company shall provide a certificate addressed to Caracara at Closing confirming the foregoing.

(c) **Approvals and Consents.** All required approvals, consents and authorizations of third parties in respect of the transactions contemplated herein, including without limitation all necessary shareholder and regulatory approvals, shall have been obtained on terms acceptable to Caracara acting reasonably, including the approval of the TSXV, the approval of the CSE, the approval of the Caracara Meeting Matters by the Caracara Shareholders and the approval of the Merger by the Company Shareholders.

(d) **Private Placement.** The Subscription Receipts shall have been converted into Company Subscription Receipt Debentures in accordance with the terms of the Subscription Receipts, provided that such conversion may occur immediately prior to the Effective Time, and the Escrowed Proceeds shall have been released from escrow.

(e) **No Material Adverse Change.** There shall have been no Material Adverse Change in the business, results of operations, assets, liabilities, financial condition or affairs of the Company since December 31, 2018.

(f) **Deliveries.** The Company shall deliver or cause to be delivered to Caracara the (i) closing documents as set forth in Section 9.2 in a form satisfactory to Caracara acting reasonably, (ii) a spreadsheet containing the terms of all Company Warrants, Company Options, Company Finder Warrants, Company Compensation Warrants, Company Advisory Warrants, Company Advisory Shares, Company Consulting and PR Warrants and Company Subscription Receipt Debentures to be exchanged or deemed exchange, as applicable, for Resulting Issuer Warrants, Resulting Issuer Options, Resulting Issuer Finder Warrants, Resulting Issuer Compensation Warrants, Resulting Issuer Advisory Warrants, Resulting Issuer Consulting and PR Warrants and Resulting Issuer Subscription Receipt Debentures, respectively, pursuant to Sections 2.3 and updated Company Capitalization Spreadsheet in order to account for any changes to the capitalization of the Company.

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

(h) **No Legal Action or Prohibition of Law.** There shall be no action or proceeding pending or threatened by any Person in any jurisdiction, or any applicable Laws proposed, enacted, promulgated or applied, to enjoin, restrict or prohibit any of the transactions

contemplated by this Agreement or which could reasonably be expected to result in a Material Adverse Effect on the Company.

(i) **Securities Law Exemptions.** The issuance of all securities of the Resulting Issuer contemplated hereunder to be issued in connection with the Merger or otherwise pursuant to this Agreement shall be exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and all applicable state securities laws.

(j) **No Transfers** At least five (5) Business Days prior to the Closing Date, the Company will have obtained from each Company Shareholder, or any other holder of securities to be exchanged for Resulting Issuer Common Shares, Resulting Issuer Warrants, Resulting Issuer Finder Warrants, Resulting Issuer Compensation Warrants, Resulting Issuer Advisory Warrants or Resulting Issuer Options pursuant to Sections 2.3 and 2.4, who is resident in the United States or otherwise a U.S. Person or consents to the Merger from within the United States, and who has not previously represented to the Company such holder's status as an Accredited Investor, as a condition of receiving Resulting Issuer Common Shares, Resulting Issuer Warrants, Resulting Issuer Finder Warrants, Resulting Issuer Compensation Warrants, Resulting Issuer Advisory Warrants or Resulting Issuer Options upon completion of the Merger, a certificate in a form satisfactory to Caracara as to their status as an Accredited Investor, together with any supporting information as reasonably requested by Caracara in order to confirm their status and the availability of an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws for the issuance of such for Resulting Issuer Common Shares, Resulting Issuer Warrants, Resulting Issuer Finder Warrants, Resulting Issuer Compensation Warrants, Resulting Issuer Advisory Warrants or Resulting Issuer Options, as applicable (the "**Accredited Investor Certificates**").

8.2 **Conditions for the Benefit of the Company.** The transactions contemplated herein are subject to the following conditions to be fulfilled or performed on or prior to the Closing Date, which conditions are for the exclusive benefit of the Company and may be waived, in whole or in part, by the Company in its sole discretion:

(a) **Truth of Representations and Warranties.** The representations and warranties of Caracara contained in this Agreement or in any Ancillary 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 in all material respects with the same force and effect as if such representations and warranties had been made on and as of such Closing Date except as affected by transactions contemplated or permitted by this Agreement and an officer of Caracara shall provide a certificate to the Company at Closing confirming the foregoing.

(b) **Performance of Obligations.** Caracara shall have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in this Agreement and in any Ancillary Agreement to be fulfilled or complied with by Caracara at or prior to the Closing Date and an officer of Caracara shall provide a certificate to the Company at Closing confirming the foregoing.

(c) **No Material Adverse Change.** There shall have been no Material Adverse Change in the business, results of operations, assets, liabilities, financial condition or affairs of Caracara since December 31, 2018 other than a reduction of its cash position in order to pay ongoing operating expenses and professional fees or other expenses in connection with the Acquisition.

(d) **Approvals and Consents.** All required approvals, consents and authorizations of third parties in respect of the transactions contemplated herein, including without limitation all

necessary shareholder and regulatory approvals, shall have been obtained on terms acceptable to the Company acting reasonably, including approval of the Caracara Meeting Matters by the Caracara Shareholders and the approval of the Merger by the Company Shareholders. In addition, Caracara shall have effected the Name Change on terms satisfactory to the Company.

(e) **Private Placement.** The Brokered Offering shall have been completed and the gross proceeds raised in connection with the Brokered Offering shall not be less than CAD$5,000,000. The Subscription Receipts shall have been converted into Company Convertible Debentures in accordance with the terms of the Subscription Receipts, provided that such conversion may occur immediately prior to the Effective Time, and the Escrowed Proceeds shall have been released from escrow.

(f) **Share Consolidation.** Caracara shall have completed the Share Consolidation on or prior to the Effective Time.

(g) **Issuance.** The Resulting Issuer Common Shares that are issued as consideration for the Company Common Shares (i) shall be issued as fully paid and non-assessable Resulting Common Issuer Shares, free and clear of any and all encumbrances, liens, charges and demands of whatsoever nature, (ii) shall be freely tradable in Canada under Applicable Securities Laws (subject to restrictions under National Instrument 45-102 *Resale of Securities*) except those restrictions imposed pursuant to escrow requirements of the CSE or Applicable Securities Laws, and (iii) the Resulting Issuer Common Shares to be issued to Company Shareholders in exchange for the Company Common Shares held by them, and the issuance of the Resulting Issuer Common Shares underlying the Resulting Issuer Warrants, Resulting Issuer Finder Warrants, Resulting Issuer Compensation Warrants (and underlying Resulting Issuer Compensation Underlying Warrants), Resulting Issuer Advisory Warrants, Resulting Issuer Options and Resulting Issuer Convertible Debentures (and Resulting Issuer Debenture Warrants) to be issued pursuant to this Agreement, shall have been conditionally approved for listing on the CSE, such listing to be conditional only on conditions standard for transactions such as the transactions contemplated herein.

(h) **Minimum Cash Position**. Caracara shall provide, in a form acceptable to the Company, evidence that Caracara's net cash balance is no less than $925,000, prior to giving effect to any reasonable expenses of Caracara related to the Transaction.

(i) **Deliveries.** Caracara shall deliver or cause to be delivered to the Company Caracara's Closing Documents as set forth in Section 9.3 in a form satisfactory to the Company, acting reasonably.

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

(k) **No Legal Action or Prohibition of Law.** There shall be no action or proceeding pending or threatened by any Person in any jurisdiction, or any applicable Laws proposed, enacted, promulgated or applied, to enjoin, restrict or prohibit any of the transactions contemplated by this Agreement or which could reasonably be expected to result in a Material Adverse Effect on Caracara.

CLOSING

9.1 **Time of Closing.** The Closing of the transactions contemplated herein shall be completed at the offices of Wildeboer Dellelce LLP, Wildeboer Dellelce Place, Suite 800, 365 Bay Street, Toronto, Ontario at 10:00 a.m. (EST) on the Closing Date.

9.2 **Company Closing Documents.** On the day of Closing, the Company shall deliver to Caracara the following documents:

(a) a certified copy of the resolutions of the directors and shareholders (if required) of the Company approving and authorizing the transactions herein contemplated;

(b) a certificate of an officer of the Company addressed to Caracara certifying the matters set forth in Sections 8.1(a), 8.1(b) and 8.1(c);

(c) a certified copy of the constating documents of the Company; and

(d) such other closing documents as may be reasonably requested by Caracara and are customary for a transaction in the nature of the Acquisition.

9.3 **Caracara's Closing Documents.** On the day of Closing, Caracara shall deliver to the Company the following documents:

(a) certificates in the respective names of the holders or, if permitted pursuant to Section 2.4 hereof, confirmation of electronic registration of the Resulting Issuer Common Shares and Resulting Issuer Convertible Debentures issuable to such holders of Company Common Shares and Company Subscription Receipt Debentures, respectively, pursuant to the Merger (such certificates or electronic registration to be registered and prepared in accordance with a written direction to be provided by the Company prior to Closing, and shall bear any legends required by the U.S. Securities Act or other Applicable Securities Laws);

(b) executed copies of the Supplemental Debenture Indenture and Supplemental Warrant Indenture;

(c) certificates or option agreements in the respective names of the holders of the Resulting Issuer Options issuable to such holders of the Company Options pursuant to the Merger (such certificates or option agreements to be prepared in accordance with a written direction to be provided by the Company prior to Closing);

(d) copies of the list of defaulting issuers (or equivalent) published by the Alberta and British Columbia securities commissions showing that Caracara does not appear on a list of defaulting reporting issuers maintained by each such securities commission;

(e) a certified copy of the resolutions of the directors of Caracara and Subco, and of Caracara as the sole stockholder of Subco, approving and authorizing the transactions herein contemplated and a certified copy of the resolutions of the Caracara Shareholders approving the Caracara Meeting Matters;

(f) a certified copy of the constating documents of Caracara and Subco including the articles of amendment of Caracara to affect the Name Change;

(g) certificates of good standing (or the equivalent) for Caracara and Subco;

(h) approval of the TSXV for the delisting of the Caracara Common Shares from the TSXV;

(i) conditional acceptance of the CSE of the Acquisition as a Reverse Takeover;

(j) conditional acceptance of the CSE of the listing of that number of the Resulting Issuer Common Shares equal to the number of Resulting Issuer Common Shares issued and outstanding or reserved for issuance pursuant to the exercise of Resulting Issuer Options and Resulting Issuer Warrants after the Merger; and

(k) such other closing documents as may be reasonably requested by the Company and are customary for a transaction in the nature of the Acquisition.

TERMINATION

10.1 **Termination.** This Agreement shall terminate with the Parties having no obligations to each other, other than, if applicable, in respect of the Company Termination Fee or the Caracara Termination Fee, the expense provisions contained in Section 11.8, the confidentiality provisions contained in Section 11.1 on the day (the "**Termination Date**") on which the earliest of the following events occurs:

(a) by mutual written agreement of the parties to terminate this Agreement;

(b) upon provision of a notice pursuant to and in any of the circumstances provided for in Section 6.5 or Section 7.7;

(c) any applicable regulatory or Government Agency having notified in writing either Caracara or the Company of its determination to not permit the Merger to proceed, in whole or in part, and the parties have used commercially reasonable efforts to appeal or reverse such determination, or modify the Merger on a basis that is not prejudicial to either party hereto in order to address such determination;

(d) (A) by the Company if any of the conditions set forth in Section 8.2 are not satisfied, and such condition is incapable of being satisfied, by September 30, 2019; or (B) by Caracara if any of the conditions set forth in Sections 8.1 are not satisfied, and such condition is incapable of being satisfied, by September 30, 2019, except that the right to terminate this Agreement under this Section 10.1(d) shall not be available to either Party whose failure to fulfill any of its obligations or breach of any of its representations and warranties under this Agreement has been the principal cause of, or resulted in, the foregoing conditions, as applicable, being incapable of being satisfied by September 30, 2019; or

(e) the Closing of the Merger has not occurred on or before 5:00 p.m. (Toronto time) on September 30, 2019.

10.2 **Effect of Termination.**Each Party's right of termination under this Article 10 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 10 shall limit or affect any other rights or causes of action any Party may have with respect to the representations, warranties, covenants and indemnities in its favor contained in this Agreement.

GENERAL

11.1 **Confidential Information.** No disclosure or announcement, public or otherwise, in respect of this Agreement or the transactions contemplated herein will be made by Caracara or the Company or its representatives without the prior agreement of the other party as to timing, content and method, hereto, provided that the obligations herein will not prevent any party from making, after consultation with the other party, such disclosure as its counsel advises is required by applicable law or the rules and policies of the TSXV or CSE.

Except as and only to the extent required by applicable law, a Receiving Party will not disclose or use, and it will cause its representatives not to disclose or use, any Confidential Information furnished, or to be furnished, by a Disclosing Party or its representatives to the Receiving Party or its representatives at any time or in any manner other than for purposes of evaluating and completing the transactions proposed in this Agreement.

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

11.2 **Counterparts.** This Agreement may be executed in several counterparts (by original, e-mail or facsimile signature), each of which when so executed shall be deemed to be an original and each of such counterparts, if executed by each of the Parties, shall constitute a valid and enforceable agreement among the Parties.

11.3 **Severability.** In the event that any provision or part of this Agreement is determined by any court or other judicial or administrative body to be illegal, null, void, invalid or unenforceable, that provision shall be severed to the extent that it is so declared and the other provisions of this Agreement shall continue in full force and effect.

11.4 **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to the conflict of law principles therein.

11.5 **Knowledge.** Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of Caracara or the Company, as applicable, it shall be deemed to refer to the actual knowledge after having made due inquiry of the executive officers of the particular company.

11.6 **Successors and Assigns.** This Agreement shall accrue to the benefit of and be binding upon each of the Parties hereto and their respective heirs, executors, administrators and assigns, provided that this Agreement shall not be assigned by any one of the Parties without the prior written consent of the other Parties.

11.7 **Interpretation.** The division of this Agreement into Articles, sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Schedules and other documents attached or referred to in this Agreement are an integral part of this Agreement.

11.8 **Expenses.** Each of the Parties hereto shall be responsible for its own costs and charges incurred with respect to the transactions contemplated herein including, without limitation, all costs and charges incurred prior to the date hereof and all legal and accounting fees and disbursements relating to preparing this Agreement or any Ancillary Agreement or otherwise relating to the transactions contemplated herein; provided, however (and for greater certainty), the Company shall be responsible for paying all costs and fees payable to the CSE in connection with their review of the proposed Acquisition (including the review of the personal

information forms to be submitted by the proposed executive officers and directors of the Resulting Issuer following completion of the Acquisition) and all listing fees in connection with any securities issued pursuant to the Acquisition.

11.9 **Further Assurances.** Each of the Parties hereto will, without further consideration, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such other documents, instruments of transfer, conveyance, assignment and assurances and secure all necessary consents and authorizations as may be reasonably requested by another party and take such further action as the other may reasonably require to give effect to any matter provided for herein.

11.10 **Entire Agreement.** This Agreement and the schedules referred to herein constitute the entire agreement among the Parties hereto and supersede all prior communications, agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, with respect to the subject matter hereof, including the letter of intent of the Parties dated May 9, 2018, as amended. None of the Parties hereto shall be bound or charged with any oral or written agreements, representations, warranties, statements, promises, information, arrangements or understandings not specifically set forth in this Agreement or in the schedules, documents and instruments to be delivered on the Closing Date pursuant to this Agreement. The Parties hereto further acknowledge and agree that, in entering into this Agreement and in delivering the schedules, documents and instruments to be delivered on the Closing Date, they have not in any way relied, and will not in any way rely, upon any oral or written agreements, representations, warranties, statements, promises, information, arrangements or understandings, express or implied, not specifically set forth in this Agreement or in such schedules, documents or instruments.

11.11 **Notices.** Any notice required or permitted to be given hereunder shall be in writing and shall be effectively given if (i) delivered personally, (ii) sent prepaid courier service or mail, or (iii) sent by facsimile, e-mail or other similar means of electronic communication addressed as follows:

in the case of notice to Caracara:

Caracara Silver Inc.
Simpson Tower
Suite 2702-401 Bay Street
Toronto, Ontario
M5H 2Y4

Attention: Nicholas Tintor
Email: **[e-mail redacted – personal information]**

with copies to:

DLA Piper (Canada) LLP
Suite 6000, 1 First Canadian Place
PO Box 367, 100 King St. W.
Toronto, Ontario
M5X 1E2

Attention: Vaughn MacLellan
Email: vaughn.maclellan@dlapiper.com

in the case of notice to the Company:

Xtraction Services, Inc.
15701 SR-50, Suite 203
Clermont, Florida
34711
Attention: David Kivitz, Chief Executive Officer
Email: **[e-mail redacted – personal information]**

with copies to:

Wildeboer Dellelce LLP
Wildeboer Dellelce Place
Suite 800, 365 Bay Street
Toronto, Ontario
M5H 2V1

Attention: Jeff Hergott
Email: jhergott@wildlaw.ca

and

Pepper Hamilton LLP
400 Berwyn Park
899 Cassatt Road
Berwyn, Pennsylvania
19312-1183

Attention: Scott R. Jones
Email: jonessr@pepperlaw.com

Any notice, designation, communication, request, demand or other document given or sent or delivered as aforesaid shall:

(a) if delivered as aforesaid, be deemed to have been given, sent, delivered and received on the date of delivery;

(b) if sent by mail as aforesaid, be deemed to have been given, sent, delivered and received on the fourth Business Day following the date of mailing, unless at any time between the date of mailing and the fourth Business Day thereafter there is a discontinuance or interruption of regular postal service, whether due to strike or lockout or work slowdown, affecting postal service at the point of dispatch or delivery or any intermediate point, in which case the same shall be deemed to have been given, sent, delivered and received in the ordinary course of the mail, allowing for such discontinuance or interruption of regular postal service, and

(c) if sent by facsimile or other means of electronic communication, be deemed to have been given, sent, delivered and received on the Business Day of the sending if sent during normal business hours (otherwise on the following Business Day).

11.12 **Waiver.** Any Party hereto which is entitled to the benefits of this Agreement may, and has the right to, waive any term or condition hereof at any time on or prior to the Closing Date, provided however that

such waiver shall be evidenced by written instrument duly executed on behalf of such Party.

11.13 **Amendments.** No modification or amendment to this Agreement may be made unless agreed to by the Parties hereto in writing.

11.14 **Remedies Cumulative.** The rights and remedies of the Parties under this Agreement are cumulative and in addition to and not in substitution for any rights or remedies provided by law. Any single or partial exercise by any Party hereto of any right or remedy for default or breach of any term, covenant or condition of this Agreement does not waive, alter, affect or prejudice any other right or remedy to which such Party may be lawfully entitled for the same default or breach.

11.15 **Currency.** Unless otherwise indicated, all dollar amounts referred to in this Agreement are in the lawful money of the United States.

11.16 **Number and Gender.** In this Agreement, unless there is something in the subject matter or context inconsistent therewith:

(a) words in the singular number include the plural and such words shall be construed as if the plural had been used;

(b) words in the plural include the singular and such words shall be construed as if the singular had been used; and

(c) words importing the use of any gender shall include all genders where the context or the Party referred to so requires, and the rest of the sentence shall be construed as if the necessary grammatical and terminological changes had been made.

11.17 **No Third-Party Beneficiaries.** No provision in this Agreement is intended to or shall create any rights with respect to the subject matter of this Agreement in any third party.

11.18 **Time of Essence.** Time shall be of the essence hereof.

The parties have duly executed this Agreement on the first date written above.

CARACARA SILVER INC.

By: *(Signed) "Nicholas Tintor"*

Name: Nicholas Tintor
Title: President and Chief Executive Officer

XTRACTION SERVICES, INC.

By: *(Signed) "David Kivitz"*

Name: David Kivitz
Title: Chief Executive Officer

SCHEDULE 1
COMPANY CAPITALIZATION SPREADSHEET

[REDACTED]

SCHEDULE 2
APPROVALS AND THIRD-PARTY CONSENTS

Approval of the de-listing of the Common Shares by the TSXV.

Approval of the listing of the Resulting Issuer Common Shares by the CSE.