

XS ACQUISITION PORTFOLIO LLC

and

XS FINANCIAL INC.

ARRANGEMENT AGREEMENT

Dated as of June 24, 2024

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SCHEDULE A PLAN OF ARRANGEMENT
SCHEDULE B FORM OF ARRANGEMENT RESOLUTION
SCHEDULE C FORM OF LOCK-UP AGREEMENT

ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT (this “**Agreement**”) is made as of the 24th day of June, 2024

BETWEEN:

XS ACQUISITION PORTFOLIO LLC, a limited liability company formed under the laws of Delaware,

(hereinafter referred to as “**Purchaser**”)

- and -

XS FINANCIAL INC., a corporation existing under the laws of British Columbia,

(hereinafter referred to as “**XS**” and together with Purchaser, the “**Parties**” and each, a “**Party**”)

WITNESSES THAT:

WHEREAS Purchaser wishes to acquire all of the issued and outstanding XS Shares;

AND WHEREAS Purchaser and XS propose to carry out the transactions contemplated by this Agreement by way of Plan of Arrangement under the provisions of the BCBCA;

AND WHEREAS the XS Board (including the Special Committee) has unanimously determined, after consultation with its legal and financial advisors, that the Arrangement is fair to the XS Securityholders and that the Arrangement and related transactions contemplated in this Agreement are in the best interests of XS; and each of the XS Board and Special Committee has unanimously resolved to recommend approval of the Arrangement Resolution to the XS Securityholders, all on the terms and subject to the conditions contained herein;

AND WHEREAS as a condition and inducement to XS’s willingness to enter into this Agreement, concurrently with the execution and delivery of this Agreement, Purchaser has delivered to XS the Equity Commitment Letter pursuant to which Blackwell Partners LLC – Series E, Star V Partners LLC and AMXS FinCo JV LLC (the “**Sponsors**”) have agreed to provide an indirect equity investment to Purchaser (of which XS is a third party beneficiary);

AND WHEREAS the Locked-Up Securityholders have concurrently with the execution and delivery of this Agreement entered into the Lock-Up Agreements.

NOW THEREFORE in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, the Parties hereto hereby covenant and agree as follows:

ARTICLE 1
DEFINITIONS, INTERPRETATION AND SCHEDULES

1.1 Definitions

In this Agreement (including the recitals hereof), unless the context otherwise requires, the following words and terms shall have the meanings ascribed to them below:

- (a) “**1934 Act**” means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated from time to time thereunder;
- (b) “**1940 Act**” means the United States Investment Company Act of 1940, as amended, and the rules and regulations promulgated from time to time thereunder;
- (c) “**Acquisition Proposal**” means, other than the transactions between the Parties contemplated by this Agreement, any proposal, offer, or expression of interest from any Person or group of Persons acting jointly or in concert, other than Purchaser or its affiliates, whether written or oral, direct or indirect, and whether or not delivered to the XS Securityholders, relating to:
 - (i) any issuance, sale, transfer or disposition (or any other arrangement having the same economic effect as a sale, transfer or disposition, including any license or lease thereof), directly or indirectly, individually or in the aggregate, in a single transaction or a series of related transactions, of:
 - (A) assets of XS and/or one or more of the XS Subsidiaries that represent 20% or more of the fair market value of such assets or contributing 20% or more of the revenues of XS and the XS Subsidiaries, taken as a whole; or
 - (B) 20% or more of the voting, equity, or equity-linked securities (or rights or interests in such voting or equity securities or securities convertible, exercisable or exchangeable therefore) of XS or any of the XS Subsidiaries;
 - (ii) any take-over bid, tender offer, exchange offer or any other similar transaction that, if consummated, would result in any Person or group of Persons legally or beneficially owning 20% or more of any class of voting, equity, or equity-linked securities (or securities convertible, exercisable or exchangeable therefore) of XS or any of the XS Subsidiaries;
 - (iii) any plan of arrangement, merger, amalgamation, consolidation, share exchange, issuer bid, business combination, reorganization, recapitalization, liquidation, dissolution, or any other similar transaction or series of related transactions involving XS or any of the XS Subsidiaries;
 - (iv) any other transaction or series of transactions similar to those referred to in paragraphs (i), (ii), or (iii), the consummation of which would reasonably be expected to impede, interfere with, prevent or delay the Arrangement and related transactions contemplated hereby; or

- (v) any public announcement of an intention to do any of the foregoing.
- (d) “**affiliate**” has the meaning ascribed thereto in the Canadian Securities Administrators’ National Instrument 45-106 – *Prospectus Exemptions*, unless stated otherwise; provided that, other than in the case of Sections 4.6 and 8.11, in no event shall Purchaser be considered an affiliate of any other portfolio company of any investment fund affiliated with Axar Capital Management LP;
- (e) “**Agreement**” means this arrangement agreement, together with the schedules attached hereto, as amended, amended and restated or supplemented from time to time;
- (f) “**Anti-Corruption Laws**” means the United States Foreign Corrupt Practices Act of 1977, as amended (and the regulations promulgated thereunder), the USA PATRIOT Act (and the regulations promulgated thereunder), the Currency and Foreign Transactions Reporting Act (and the regulations promulgated thereunder), *Lobbyist Act (Canada)*, *Corruption of Foreign Public Officials Act (Canada)*, Part IV of the *Criminal Code (Canada)*, the *Foreign Corrupt Practices Act (Canada)* (and the regulations promulgated thereunder) or any applicable Laws of similar effect of any other jurisdiction;
- (g) “**Arrangement**” means an arrangement pursuant to Section 288 of the BCBCA on the terms and conditions set forth in the Plan of Arrangement, subject to any amendment or supplement thereto made (i) in accordance therewith or herewith; (ii) at the direction of the Court either in the Interim Order or the Final Order (with the consent of both Purchaser and XS, each acting reasonably); or (iii) with the consent of both Purchaser and XS, each acting reasonably;
- (h) “**Arrangement Resolution**” means the special resolutions of the XS Securityholders to be considered and, if thought fit, passed at the XS Meeting, approving the Arrangement, including the delisting of the SV Shares from the CSE, substantially in the form attached as Schedule B;
- (i) “**Authorization**” means any authorization, order, permit, approval, grant, licence, registration, consent, right, notification, condition, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decision, decree, by-law, rule or regulation, whether or not having the force of Laws, and includes any Environmental Approval;
- (j) “**BCBCA**” means the *Business Corporations Act (British Columbia)*;
- (k) “**Business Day**” means any day, other than a Saturday, a Sunday or a statutory holiday in Vancouver, British Columbia or New York, New York;
- (l) “**Change in Recommendation**” shall have the meaning ascribed thereto in subsection 7.3(c)(i);
- (m) “**Claims**” means any and all debts, costs, expenses, liabilities, obligations, losses and damages, penalties, proceedings, actions, suits, assessments, reassessments or claims of whatsoever nature or kind including regulatory or administrative (whether or not under

- common law, on the basis of contract, negligence, strict or absolute liability or liability in tort, or arising out of requirements of applicable Laws), imposed on, incurred by, suffered by, or asserted against any Person or any property, absolute or contingent, and, except as otherwise expressly provided herein, includes all reasonable out-of-pocket costs, disbursements and expenses paid or incurred by such Person in defending any action;
- (n) “**Competition Act**” means the *Competition Act* (Canada) as amended, and the rules and regulations promulgated from time to time thereunder;
 - (o) “**Completion Deadline**” means October 21, 2024;
 - (p) “**Confidentiality Agreement**” means the confidentiality agreement between Axar Capital Management LP and XS dated January 25, 2024;
 - (q) “**Contracts**” means all contracts, subcontracts, leases, licenses, commitments, indentures, notes, bonds, security agreements or other legally binding instruments or agreements (whether written or oral);
 - (r) “**Convertible Notes**” means the unsecured convertible notes of XS previously issued on October 28, 2021 and October 10, 2022, in respect of which the aggregate amount of US\$40,753,454.87 was paid to the holders thereof in connection with the repayment thereof effective June 13, 2024;
 - (s) “**Court**” means the Supreme Court of British Columbia;
 - (t) “**CSE**” means the Canadian Securities Exchange;
 - (u) “**D&O Indemnified Parties**” shall have the meaning ascribed thereto in subsection 4.5(a);
 - (v) “**Debenture CofC Fee**” means the change of control fee in the amount of C\$208,600 that would be payable in respect of the Debentures in the event of completion of the Arrangement, which amount would be in addition to the Debenture Amount.
 - (w) “**Debenture Indenture**” means that certain Indenture, dated as of September 11, 2019, by and between XS and Odyssey Trust Company, in respect of the Debentures.
 - (x) “**Debentures**” means the convertible debentures of XS in the principal amount of C\$5,493,000, with accrued interest equal to C\$123,592.50, in each case, as of the date of this Agreement (the aggregate amount of such principal and interest, the “**Debenture Amount**”), which were originally issued on September 11, 2019;
 - (y) “**Depository**” means such Person as XS may appoint to act as depository in relation to the Arrangement, with the approval of Purchaser, acting reasonably;
 - (z) “**Dissent Rights**” means the rights of dissent exercisable by registered XS Shareholders as of the record date of the XS Meeting in respect of the Arrangement described in Article 3 of the Plan of Arrangement;

- (aa) “**Effective Date**” means the date on which the Arrangement becomes effective in accordance with Section 2.2(a);
- (bb) “**Effective Time**” means the time at which the Arrangement becomes effective which shall be 12:01 a.m. (Vancouver time) on the Effective Date;
- (cc) “**Employment Agreements**” means the employment agreements to be entered into between each of David Kivitz, Justin Vuong and Anthony Radbod and Xtraction, in each case, in form and substance reasonably acceptable to each of Purchaser and XS;
- (dd) “**Encumbrance**” means any mortgage, hypothec, pledge, assignment, charge, lien, claim, security interest, adverse interest, other third Person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, Contract or otherwise) capable of becoming any of the foregoing;
- (ee) “**Entitlement Agreements**” shall have the meaning ascribed thereto in Section 4.7 hereof;
- (ff) “**Environmental Approvals**” means all permits, certificates, licences, authorizations, consents, instructions, registrations, directions, approvals, decisions, decrees, conditions, notifications, orders, demands or Claims, whether or not having the force of Law, issued or required by any Governmental Entity pursuant to any Environmental Laws;
- (gg) “**Environmental Laws**” means all applicable Laws whether foreign or domestic, including applicable common law and civil law, for the protection of the natural environment and human health and safety and for the regulation of contaminants, pollutants, waste, toxic and Hazardous Substances, and includes Environmental Approvals;
- (hh) “**Equity Commitment Letter**” means the commitment letter dated the date hereof delivered by the Sponsors in favour of Purchaser, pursuant to which the Sponsors have committed to indirectly make an equity investment in Purchaser, in an amount equal to the aggregate Purchase Price payable pursuant to the Arrangement (such aggregate amount, the “**Equity Commitment**”);
- (ii) “**Fairness Opinion**” means the oral and subsequent written opinion of XS’s financial advisors addressed to the Special Committee to the effect that the consideration to be received pursuant to the Arrangement is fair, from a financial point of view, to the XS Securityholders;
- (jj) “**Final Order**” means the final order of the Court pursuant to section 291 of the BCBCA approving the Arrangement, in form and substance acceptable to both Purchaser and XS, each acting reasonably, as such order may be amended by the Court at any time prior to the Effective Date (with the consent of both Purchaser and XS, each acting reasonably) or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or as amended (with the consent of both Purchaser and XS, each acting reasonably) on appeal;
- (kk) “**Financial Indebtedness**” means in relation to a Person (the “**debtor**”), an obligation or liability (contingent or otherwise) of the debtor (a) for borrowed money (including overdrafts and including amounts in respect of principal, premium, interest or any other

sum payable in respect of borrowed money) or for the deferred purchase price of property or services, (b) under any loan, stock, bond, note, debenture or other similar instrument or debt security, (c) under any acceptance credit, bankers' acceptance, guarantee, letter of credit or other similar facilities, (d) under any conditional sale, hire purchase or title retention agreement with respect to property, under any capitalized lease arrangement, under any sale and lease back arrangement or under any lease or any other agreement having the commercial effect of a borrowing of money or treated as a finance lease or capital lease in accordance with applicable accounting principles, (e) under any foreign exchange transaction, any interest or currency swap transaction, any fuel or commodity hedging transaction or any other kind of derivative transaction, (f) in respect of any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution, (g) in respect of preferred stock (namely capital stock of any class that is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution, over the capital stock of any other class) or redeemable capital stock (namely any class or series of capital stock that, either by its terms, by the terms of any security into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed on a specified date or is redeemable at the option of the holder thereof at any time, or is convertible into or exchangeable for debt securities at any time), (h) for any amount raised under any transaction similar in nature to those described in paragraphs (a) to (g) of this definition, or otherwise having the commercial effect of borrowing money, or (i) under a guarantee, indemnity or similar obligation entered into by the debtor in respect of an obligation or liability of another Person which would fall within paragraphs (a) to (h) of this definition if the references to the debtor referred to the other Person;

- (ll) **“Governmental Entity”** means any: (i) supranational, international, multinational, national, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, stock exchange or agency, whether domestic or foreign; (ii) any subdivision, agency, commission, board or authority of any of the foregoing; or (iii) any quasi-governmental or private body exercising any regulatory, expropriation, land use or occupation, or taxing authority under or for the account of any of the foregoing, including without limitation the CSE;
- (mm) **“Hazardous Substance”** means any solid, liquid, gas, odour, heat, sound, vibration, radiation or combination of them which may impair the natural environment, injure or damage property or plant or animal life or harm or impair the health of any individual and includes any contaminant, waste, or substance or material defined, prohibited, regulated or reportable pursuant to any Environmental Law;
- (nn) **“IFRS”** means International Financial Reporting Standards as issued by the International Accounting Standards Board;
- (oo) **“including”** means including, without limitation;

- (pp) “**Intellectual Property**” means, with respect to a Person, all registered patents, copyrights, trade-marks, trade-names, service marks, logos, commercial symbols and industrial designs, (including applications for all of the foregoing, and renewals, divisions, extensions and reissues, where applicable, relating thereto) owned by or licensed to the Person or its Subsidiaries;
- (qq) “**Interim Order**” means the interim order of the Court pursuant to section 291 of the BCBCA made following the application as contemplated by Section 2.3(a) hereof, in form and substance acceptable to both Purchaser and XS, each acting reasonably, containing declarations and directions in respect of the notice to be given in respect of, and the conduct of, the XS Meeting and the Arrangement, as such order may be amended, supplemented or varied by the Court (with the consent of both Purchaser and XS, each acting reasonably);
- (rr) “**Investment Canada Act**” means the *Investment Canada Act* (Canada) as amended, and the rules and regulations promulgated from time to time thereunder;
- (ss) “**Laws**” means all laws, by-laws, statutes, rules, regulations, orders, ordinances, protocols, codes, guidelines, instruments, policies, notices, directions and judgments or other requirements of any Governmental Entity;
- (tt) “**Legal Action**” means any claims, actions, suits, demands, arbitrations, charges, indictments, hearings, orders, subpoenas, notices of assessment or reassessment, inquiries, audits, notices of violation, citations, summons, complaints, proceedings, whether civil, quasi-criminal or criminal, court, arbitral, administrative, regulatory or investigative;
- (uu) “**Liability**” means, in respect of any Person: (i) any right against such Person to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; (ii) any right against such Person to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to any equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured; and/or (iii) any obligation of such Person for the performance of any covenant or agreement (whether for the payment of money or otherwise), in each case, whether accrued, absolute, contingent or otherwise;
- (vv) “**Lock-Up Agreements**” means the voting and support agreements dated the date hereof and made between Purchaser and each of the Locked-Up Securityholders, in the form attached hereto as Schedule “C”;
- (ww) “**Locked-Up Securityholders**” means each of the officers and directors of XS and those other XS Securityholders set forth in the XS Disclosure Letter;
- (xx) “**Material Adverse Effect**” means any change, event, occurrence, effect, state of facts or circumstance that, individually or in the aggregate with other such changes, events, occurrences, effects, states of fact or circumstances, is or would reasonably be expected to (i) be or become material and adverse to the business, operations, results of operations, assets, liabilities or financial condition of XS and the XS Subsidiaries, taken as a whole or (ii) prevent or materially impede, interfere with or delay XS’s ability to perform or comply

with the covenants, agreements or obligations of XS herein or consummate the transactions contemplated by this Agreement, except, for purposes of clause (i) only, any such change, event, occurrence, effect, state of facts or circumstance to the extent resulting from or arising in connection with:

- (i) any general change or event affecting the industry in which XS and the XS Subsidiaries operate;
- (ii) any change in global, national or regional political conditions (including the outbreak or escalation of war or acts of terrorism) or in general economic, business, regulatory, political or market conditions or in national, international or global financial or capital markets;
- (iii) any change in applicable Laws or IFRS or in the interpretation thereof by any Governmental Entity;
- (iv) relating to the rate at which Canadian dollars can be exchanged for United States dollars or any relevant foreign currency or *vice versa*;
- (v) resulting from the announcement of this Agreement, the pendency of the transactions contemplated herein or compliance with the covenants herein or the satisfaction of the conditions herein;
- (vi) the actual or potential existence, occurrence or continuation of any force majeure events, including any earthquakes, floods, hurricanes, disasters, an outbreak or escalation of hostilities, disease, war, acts of terrorism, political instability or any other national, international or regional calamity, crisis, emergency, epidemic, pandemic or natural disaster, act of God or any governmental or other response to any of the foregoing; or
- (vii) any change in the market price or trading volume of any securities of XS (it being understood that the underlying cause of any such change may be taken into account when determining whether a Material Adverse Effect has occurred unless otherwise excluded pursuant to the terms of this definition);

provided, that, in the case of clauses (i) to (vi), such change, event, occurrence, effect, state of facts or circumstance may be taken into account in determining whether or not there has been, or whether or not there would reasonably be expected to be, a Material Adverse Effect to the extent such change, event, occurrence, effect, state of facts or circumstance has a disproportionate effect on XS and the XS Subsidiaries, taken as a whole, as compared to other participants in the industries in which XS and the XS Subsidiaries, taken as a whole, operates.

- (yy) “**Material Contract**” means any Contract currently in effect or was in effect during the 12 months preceding the date of this Agreement:

- (i) under which XS or any XS Subsidiary is lessee of, or holds or operates any property (other than real property) owned by any other party, for which the annual rental exceeds US\$250,000;
- (ii) with the same party for the purchase by XS or any XS Subsidiary of products or services, under which aggregate payments made by them were in excess of US\$250,000 for the 12-month period ending April 30, 2024;
- (iii) between XS or any XS Subsidiary and any Material Customer;
- (iv) with the same party or such party's affiliates for the sale by XS or any XS Subsidiary of products or services, under which aggregate payments received by XS and the XS Subsidiaries were in excess of US\$500,000 for the 12-month period ending April 30, 2024;
- (v) with the same party or such party's affiliates for the lease of any property (other than real property) by XS or any XS Subsidiary (pursuant to which XS or any XS Subsidiary is the lessor pursuant thereto) of products or services, under which aggregate payments received by XS and the XS Subsidiaries were in excess of US\$500,000 for the 12-month period ending April 30, 2024;
- (vi) which is a lease, sublease, license or right of way or occupancy agreement for real property by XS or any XS Subsidiary;
- (vii) under which XS or any XS Subsidiary has directly or indirectly guaranteed any liabilities or obligations of a third party;
- (viii) which is a partnership agreement, limited liability company agreement, joint venture or development agreement, alliance agreement, management or operating agreement, shareholders' agreement or other similar agreement or arrangement relating to the formation, creation, operation, management, business or control of any partnership or joint venture to which XS or any XS Subsidiary is bound;
- (ix) that is a shareholders agreement, registration rights agreement, voting trust, proxy or similar agreement, arrangement or commitment with respect to any shares or other equity interests of the Person or its subsidiaries or any other Contract relating to disposition, voting or dividends with respect to any shares or other equity securities of XS or any XS Subsidiary, in each case to which XS or any XS Subsidiary is a party, other than any such Contract between two or more wholly-owned XS Subsidiaries or between XS and one or more of its wholly-owned XS Subsidiaries;
- (x) relating to the acquisition or disposition of any business by XS or any XS Subsidiary or any interest therein (whether by merger, sale of shares or other ownership interests, sale of assets or otherwise);
- (xi) relating to any XS or XS Subsidiary agreement, option or commitment to (i) acquire any securities of any Person, or (ii) acquire any real property;

- (xii) related to XS's or any XS Subsidiary's acquisition, sale, disposal or transfer of any assets, other than in the Ordinary Course of Business;
- (xiii) relating to indebtedness for borrowed money or the deferred purchase price of property (in either case, whether incurred, assumed, guaranteed or secured by any asset) owing by XS or any XS Subsidiary or pursuant to which any property or asset of XS or any XS Subsidiary is mortgaged, pledged or otherwise subject to an Encumbrance or under which XS or any XS Subsidiary is directly or indirectly liable for the indebtedness, liabilities or obligations of any Person;
- (xiv) relating to any interest rate, currency, equity or commodity swap, hedge, derivative, forward sale or off-take arrangement to which XS or any XS Subsidiary is bound;
- (xv) that is between XS or any XS Subsidiary and a Governmental Entity;
- (xvi) that limits or restricts or purports to limit or restrict the right or freedom of XS or any XS Subsidiary to engage in any line of business or to compete in any line of business or with any Person or in any geographic area;
- (xvii) that limits or restricts or purports to limit or restrict the right or freedom of XS or any XS Subsidiary to hire or solicit any Person;
- (xviii) that contains "most favoured nations", "take or pay", minimum purchase obligations or similar restrictive obligations of XS or any XS Subsidiary;
- (xix) providing for indemnification by XS or any XS Subsidiary of another Person for any reason;
- (xx) that is a collective bargaining agreement, labour contract, letter of understanding, letter of intent, voluntary recognition agreement or other Contract with any labour union, trade union, employee association or organization to which XS or any XS Subsidiary is bound (collectively, a "**Collective Agreement**");
- (xxi) that relates to the engagement or employment of any officer, employee or contractor of XS or any XS Subsidiary providing for annual or variable compensation in excess of US\$150,000;
- (xxii) that is a broker, dealer, sales agent, commission, franchise, agency or representative Contract to which XS or any XS Subsidiary is bound;
- (xxiii) relating to the license, lease, sublicense or similar disposition by XS or any XS Subsidiary of Intellectual Property;
- (xxiv) relating to the settlement of any Legal Action involving or affecting XS or any XS Subsidiary;
- (xxv) that is an Authorization of XS or any XS Subsidiary; or

- (xxvi) that would or would reasonably be expected to prevent, delay or impair XS's or any of its Subsidiaries to perform its obligations hereunder or their ability to consummate the Arrangement or the other transactions contemplated by this Agreement;
- (zz) “**MI 61-101**” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Administrators;
- (aaa) “**Needham Facility**” means that certain Credit Agreement, dated as of August 8, 2022, by and among Xtraction, each lender party thereto and Needham Bank (as amended by that certain (a) First Amendment, dated December 21, 2022, (b) Second Amendment, dated April 27, 2023 and (c) Third Amendment, dated June 4, 2024).
- (bbb) “**NI 52-109**” means National Instrument 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings* of the Canadian Securities Administrators;
- (ccc) “**Ordinary Course of Business**” when used in relation to the taking of any action by XS or the XS Subsidiaries means that the action (a) is consistent in nature, scope and magnitude with the past practices of XS and the XS Subsidiaries and is taken in the ordinary course of their normal day-to-day operations, and (b) does not require the authorization of the shareholder(s) of XS or any XS Subsidiary;
- (ddd) “**Parties**” shall have the meaning ascribed thereto on the first page of this Agreement;
- (eee) “**Person**” means an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;
- (fff) “**Plan of Arrangement**” means a plan of arrangement substantially in the form and content of Schedule A attached hereto and any amendment or variation thereto made in accordance with Article 5 of the Plan of Arrangement or Section 7.1 hereof or at the direction of the Court in the Final Order, with the consent of Purchaser and XS, each acting reasonably;
- (ggg) “**Purchase Price**” means the purchase price payable for each one (1) XS Share pursuant to the Arrangement, which shall be (i) C\$0.05265 per SV Share; and (ii) C\$52.65 per PV Share;
- (hhh) “**Purchaser**” shall have the meaning ascribed thereto on the first page of this Agreement;
- (iii) “**PV Shares**” means the proportionate voting shares in the capital of XS;
- (jjj) “**Registrar**” means the Registrar of Companies appointed under Section 400 of the BCBCA;
- (kkk) “**Related Parties**” or “**Related Party**” means a Party's respective former or current affiliates or Subsidiaries, and any of the foregoing's respective former or current direct or indirect equity holders, shareholders, controlling persons, stockholders, directors, officers,

employees, partners, other fiduciary agents, or other representatives or any of the foregoing's respective successors or assigns;

- (lll) “**Representatives**” has the meaning ascribed thereto in subsection 6.1(a);
- (mmm) “**Response Period**” shall have the meaning ascribed thereto in subsection 6.2(a)(v);
- (nnn) “**Securities Authorities**” means the applicable securities commissions and other securities regulatory authorities in Canada;
- (ooo) “**Statutory Plan**” means a statutory benefit plan which XS or any XS Subsidiary is required to participate in or comply with, including the Canada Pension Plan and plans administered pursuant to applicable health tax, workplace safety insurance and employment insurance legislation;
- (ppp) “**Subsidiary**” has the meaning specified in National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators in effect on the date of this Agreement, and “**Subsidiaries**” means more than one Subsidiary;
- (qqq) “**Superior Proposal**” means any *bona fide* unsolicited written Acquisition Proposal made by an arm's length third party that is made after the execution of this Agreement (and not obtained in connection with a violation of Section 6.1 of this Agreement) to acquire all or substantially all of the assets of XS (on a consolidated basis) or 100% of the XS Shares not beneficially owned by the party making such Acquisition Proposal and any joint actor or any of their respective affiliates, whether by way of a single or multistep transaction or a series of related transactions, and that the XS Board unanimously (excluding directors who abstain from voting) determines in good faith (based upon the advice from its financial advisors and outside legal counsel):
- (i) complies with applicable securities Laws;
 - (ii) is reasonably capable of being completed without undue delay, taking into account all legal, financial, regulatory and other aspects of such proposal and the party making such proposal;
 - (iii) is not subject to any financing condition;
 - (iv) is not subject to a due diligence or access to information condition;
 - (v) after taking into account all the terms and conditions of the Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal and the party or parties making such Acquisition Proposal, would, if consummated in accordance with its terms and taking into account the risk of non-completion, result in a transaction which (A) is more favourable to the XS Securityholders (other than Purchaser and its affiliates and any of their respective joint actors and their respective affiliates), from a financial point of view, than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by Purchaser pursuant to Section 6.2) and (B) the failure to

recommend such transaction to the XS Securityholders would be inconsistent with the XS Board's fiduciary duties under applicable Law;

- (rrr) “**SV Shares**” means the subordinate voting shares in the capital of XS;
- (sss) “**Tax**” and “**Taxes**” means all taxes, assessments, charges, dues, duties, rates, fees, imposts, levies and similar charges of any kind lawfully levied, assessed or imposed by any Governmental Entity, including all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, ad valorem taxes, value added taxes, transfer taxes (including, taxes relating to the transfer of interests in real property or entities holding interests therein), franchise taxes, licence taxes, withholding taxes, payroll taxes, employment taxes, employer health taxes, Canada Pension Plan and other government pension plan premiums, excise, severance, social security, workers' compensation, employment/unemployment insurance or compensation taxes or premiums, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, harmonized sales tax, customs duties or other taxes, fees, imports, assessments or charges of any kind whatsoever, including any requirement to pay or repay any amount to a Governmental Entity in respect of a tax credit, refund, rebate, governmental grant or subsidy, overpayment, or similar adjustment of Taxes, together with any tax indemnity obligation, interest and any penalties or additional amounts imposed by any Governmental Entity, with respect to the foregoing, and whether disputed or not;
- (ttt) “**Tax Act**” means the *Income Tax Act* (Canada), as amended;
- (uuu) “**Tax Returns**” means all returns, schedules, elections, declarations, reports, information returns, notices, forms, statements and other documents made, prepared or filed with any Governmental Entity or required to be made, prepared or filed with any Governmental Entity relating to Taxes, including all amendments, schedules, attachments or supplements thereto and whether in tangible or electronic form;
- (vvv) “**Termination Fee**” means an amount equal to US\$1,000,000;
- (www) “**Termination Fee Event**” shall have the meaning ascribed thereto in Section 7.5(c);
- (xxx) “**Transaction Documents**” means collectively, this Agreement, the XS Disclosure Letter, the Plan of Arrangement, the Equity Commitment Letter, the Employment Agreements, and any schedules, appendices or exhibits attached hereto and thereto;
- (yyy) “**Treasury Regulation**” means a United States Treasury regulation promulgated under the U.S. Tax Code;
- (zzz) “**U.S. Tax Code**” means the United States Internal Revenue Code of 1986, as amended;
- (aaaa) “**United States**” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

- (bbbb) **“Willful Breach”** means a material breach of this Agreement that is a consequence of an act or omission by the breaching party with the actual knowledge that the taking of such act or failure to act, as applicable, would, or would be reasonably expected to, cause a material breach of this Agreement;
- (cccc) **“XS”** shall have the meaning ascribed thereto on the first page of this Agreement;
- (dddd) **“XS Benefit Plan”** means all plans with respect to any employees of XS or the XS Subsidiaries or service providers or former employees or former service providers which XS or any XS Subsidiary is a party to or bound by or to which XS or the XS Subsidiaries has an obligation to contribute or with respect to which XS or the XS Subsidiaries may have any direct or indirect liability relating to retirement savings, pensions, bonuses, equity awards, profit sharing, deferred compensation, incentive compensation, life or accident insurance, hospitalization, health, medical or dental treatment or expenses, disability, unemployment insurance benefits, employee loans, vacation pay, severance or termination pay or other benefits, other than those benefits provided solely under a Statutory Plan;
- (eeee) **“XS Board”** means the board of directors of XS;
- (ffff) **“XS Circular”** means the notice of the XS Meeting to be sent to XS Securityholders and the management information circular to be prepared in connection with the XS Meeting, together with any amendments thereto or supplements thereto, and any other information circular or proxy statement which may be prepared in connection with the XS Meeting;
- (gggg) **“XS Disclosure Letter”** means the letter dated as of the date of the Agreement, delivered by XS to Purchaser pursuant to Section 3.3 with respect to certain matters in this Agreement;
- (hhhh) **“XS Financial Statements”** shall have the meaning ascribed thereto in subsection 3.2(n);
- (iiii) **“XS Meeting”** means the special meeting, including any adjournments or postponements thereof, of the XS Securityholders to be called in accordance with the Interim Order to consider and if thought fit, approve the Arrangement Resolution;
- (jjjj) **“XS Option Plans”** means the directors’, management, employees’ and consultants’ stock option plans in respect of the SV Shares and the PV Shares, most recently approved by the XS Shareholders on August 26, 2022;
- (kkkk) **“XS Optionholder”** means a holder of XS Options;
- (llll) **“XS Options”** means stock options issued pursuant to, or governed by, the XS Option Plans, as set forth in the XS Disclosure Letter;
- (mmmm) **“XS Public Disclosure Documents”** means all documents filed by or on behalf of XS on SEDAR on or after December 31, 2022 and before the date hereof that are publicly available on the date hereof;
- (nnnn) **“XS Securities”** means the XS Shares, XS Options and XS Warrants, collectively.

- (oooo) “**XS Securityholders**” means, at the applicable time, the holders of XS Securities;
- (pppp) “**XS Shareholders**” means the holders of XS Shares;
- (qqqq) “**XS Shares**” means the SV Shares and the PV Shares, collectively;
- (rrrr) “**XS Subsidiaries**” means Xtraction, XSF SPC LLC and CSI Princesa Inc.;
- (ssss) “**XS Transaction Expenses**” means (a) all costs, fees, and expenses incurred on or before the Effective Date by XS or any of its subsidiaries in connection with the preparation, execution, negotiation and performance of this Agreement and any other documents delivered in connection herewith and the other and the transactions contemplated hereby and thereby, including legal, accounting, consulting and financial advisory fees or fees of any third party incurred in connection with or otherwise incidental to the evaluation, negotiation or preparation of this Agreement and the transactions contemplated hereby and (b) all Change of Control Payments.
- (tttt) “**XS Warrantholder**” means a holder of XS Warrants;
- (uuuu) “**XS Warrants**” means the outstanding share purchase warrants to purchase XS Shares issued by XS as set forth in the XS Disclosure Letter; and
- (vvvv) “**Xtraction**” means Xtraction Services Inc.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into articles, sections, subsections, paragraphs and subparagraphs and the insertion of headings herein are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. The terms “**this Agreement**”, “**hereof**”, “**herein**”, “**hereto**”, “**hereunder**” and similar expressions refer to this Agreement and the schedules attached hereto and not to any particular article, section or other portion hereof and include any agreement, schedule or instrument supplementary or ancillary hereto or thereto. Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Agreement.

1.3 Number and Gender

In this Agreement, unless the context otherwise requires, words importing the singular only shall include the plural and *vice versa*, words importing the use of either gender shall include both genders and neuter.

1.4 Date for any Action

If the date on which any action is required to be taken hereunder by any Party hereto is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

1.5 Statutory References

Unless otherwise stated, any reference in this Agreement to a statute includes all regulations and rules made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

1.6 Currency

Unless otherwise stated, all references in this Agreement to amounts of money are expressed in lawful money of Canada.

1.7 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable Laws, the Parties hereto waive any provision of Law that renders any provision of this Agreement or any part thereof invalid or unenforceable in any respect.

1.8 Certain References

References to any Contract, licence, lease, agreement, indenture, arrangement or commitment shall be a reference to such Contract, licence, lease, agreement, indenture, arrangement or commitment, as amended, modified or supplemented from time to time in accordance with the terms thereof.

1.9 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature required to be made hereunder shall be made in a manner consistent with IFRS.

1.10 Knowledge

In this Agreement, references to “**the knowledge of XS**” or “**XS’s knowledge**” means the collective knowledge of David Kivitz, Justin Vuong and Anthony Radbod, after due inquiry of their direct reports with knowledge of the applicable subject area and without personal liability, other than for claims in respect of fraud.

1.11 Subsidiaries

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

1.12 Made Available

Any document or item will be deemed “delivered”, “provided” or “made available” within the meaning of this Agreement if such document or item is included in the electronic data room established by XS at least three Business Days prior to the date hereof.

1.13 Schedules

The following schedules are attached to, and are deemed to be incorporated into and form part of, this Agreement:

Schedule A	Plan of Arrangement
Schedule B	Form of Arrangement Resolution
Schedule C	Form of Lock-Up Agreement

ARTICLE 2 THE ARRANGEMENT

2.1 Arrangement

Purchaser and XS agree to implement the Arrangement in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement.

2.2 Effective Date of Arrangement

- (a) The Effective Date shall be the date that is three Business Days after all of the conditions set forth in Sections 5.1, 5.2 and 5.3 have been satisfied or waived in accordance with the terms of this Agreement and the Plan of Arrangement (other than conditions that, by their terms, are to be satisfied at completion of the Arrangement but subject to the satisfaction or, where permitted, waiver of such conditions by the applicable Party or Parties in whose favour such condition is), but in any event no later than the Completion Deadline, or on such other date as the Parties may agree to in writing; and the steps to be carried out pursuant to the Arrangement shall become effective in the order set out in the Plan of Arrangement. From and after the Effective Time, the Plan of Arrangement will have all of the effects provided by applicable Laws, including the BCBCA.
- (b) The closing of the Arrangement will occur remotely by way of the exchange of documents electronically between the Parties hereto on the Effective Date, or at such other time or place as may be agreed to by the Parties.

2.3 Interim Order

As promptly as reasonably practicable after the date of this Agreement and in any event within 15 days following the date hereof, XS shall apply to the Court pursuant to Section 291 of the

BCBCA and, in cooperation with Purchaser, prepare, file and diligently advance an application to the Court for the Interim Order, which Interim Order must provide, among other things:

- (a) for the calling and holding of the XS Meeting for the purpose of considering, and, if deemed advisable, approving the Arrangement Resolution, including the class of Persons to whom notice is to be provided in respect of the Arrangement and the XS Meeting and the manner in which such notice is to be provided;
- (b) for the XS Meeting to be called, held and conducted in accordance with the provisions of the BCBCA, the notice of articles and articles of XS, applicable Laws and the Interim Order;
- (c) that the requisite approval for the Arrangement Resolution shall be the affirmative vote of:
 - (i) 66 2/3% of the votes cast on the Arrangement Resolution by the holders of PV Shares present in person or represented by proxy at the XS Meeting;
 - (ii) 66 2/3% of the votes cast on the Arrangement Resolution by the holders of SV Shares present in person or represented by proxy at the XS Meeting;
 - (iii) 66 2/3% of the votes cast on the Arrangement Resolution by all XS Securityholders present in person or represented by proxy at the XS Meeting, voting together as a single class;
 - (iv) if required by MI 61-101, a majority of the votes cast by the holders of SV Shares present in person or represented by proxy at the XS Meeting, excluding for this purpose votes attached to SV Shares held by the holders of SV Shares required to be excluded by MI 61-101; and
 - (v) if required by MI 61-101, a majority of the votes cast by the holders of PV Shares present in person or represented by proxy at the XS Meeting, excluding for this purpose votes attached to PV Shares held by the holders of PV Shares required to be excluded by MI 61-101;
- (d) for the grant of Dissent Rights only to registered XS Shareholders as of the record date for XS Shareholders entitled to notice of and to vote at the XS Meeting, as set forth in the Plan of Arrangement;
- (e) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;
- (f) that each XS Securityholder and any other affected Person shall have the right to appear before the Court at the hearing of the application for the Final Order so long as they enter an appearance within a reasonable time and are in accordance with the procedures set out in the Interim Order;
- (g) that the XS Meeting may be adjourned or postponed from time to time by XS in accordance with the terms of this Agreement or as otherwise agreed to by the Parties without the need

for additional approval of the Court and without the necessity of first convening the meeting or first obtaining any vote of the XS Securityholders respecting the adjournment(s) or postponement(s);

- (h) confirmation of the record date for the purposes of determining the XS Securityholders entitled to receive notice of and vote at the XS Meeting in accordance with the Interim Order and exercise Dissent Rights and that the record date will not change as a result of any adjournments or postponements of the XS Meeting;
- (i) that the deadline for the submission of proxies by XS Securityholders for the XS Meeting shall be 48 hours (excluding Saturdays, Sundays and statutory holidays in Vancouver, British Columbia) prior to the XS Meeting, subject to waiver by XS in accordance with the terms of this Agreement; and
- (j) for such other matters as Purchaser or XS may reasonably require in connection with this Agreement, subject to obtaining the prior consent of Purchaser and XS, as applicable, such consent not to be unreasonably withheld or delayed, and subject to approval of the Court.

2.4 The XS Meeting

Subject to the receipt of the Interim Order and the terms of this Agreement and the Interim Order, XS shall:

- (a) convene and conduct the XS Meeting in accordance with the Interim Order, XS's notice of articles, articles and applicable Law as promptly as reasonably practicable, but in any event not later than 45 days following receipt of the Interim Order, for the purposes of considering the Arrangement Resolution and for any other proper purpose as may be set out in the XS Circular and agreed to by Purchaser, and not adjourn, postpone or cancel (or propose or permit the adjournment, postponement or cancellation of) the XS Meeting without the prior written consent of Purchaser, except as:
 - (i) required for quorum purposes (in which case the XS Meeting shall be adjourned and not cancelled); or
 - (ii) required by applicable Laws or a Governmental Entity;
- (b) not propose or submit for consideration at the XS Meeting any business other than the Arrangement without Purchaser's prior written consent;
- (c) subject to the terms of this Agreement, solicit proxies in favour of the approval of the Arrangement Resolution and against any resolution submitted by any Person that is inconsistent with the Arrangement Resolution and the completion of any of the transactions contemplated by this Agreement, including, if so requested by Purchaser, using established proxy solicitation services firms and co-operating with any service provider engaged by Purchaser to solicit proxies in favour of the Arrangement Resolution and against any resolution submitted by any Person that is inconsistent with the Arrangement Resolution;

- (d) promptly provide Purchaser with copies of or access to information regarding the XS Meeting generated by XS's transfer agent or any proxy solicitation services firm retained by XS, as requested from time to time by Purchaser;
- (e) consult with Purchaser in fixing the date of the XS Meeting and the record date for the XS Meeting, give notice to Purchaser of the XS Meeting, and allow Purchaser's representatives and outside legal counsel to attend the XS Meeting;
- (f) promptly advise Purchaser, at such times as Purchaser may reasonably request and on a daily basis on each of the last ten Business Days prior to the date of the XS Meeting, as to the aggregate tally of proxies (for greater certainty, specifying votes "for" and votes "against" the Arrangement Resolution) received by XS in respect of the Arrangement Resolution;
- (g) promptly advise Purchaser of any communication (written or oral) received from, or claims brought by (or, to the knowledge of XS, threatened to be brought by), any Person in opposition to the Arrangement, any written notice of dissent or purported exercise of Dissent Rights received by XS in relation to the Arrangement and any withdrawal of Dissent Rights received by XS and, subject to applicable Laws, provide Purchaser with an opportunity to review and comment upon any written communication sent by or on behalf of XS to any such Person and to participate in any discussions, negotiations or Legal Actions with or including any such Persons;
- (h) not settle, compromise or make any payment with respect to, or agree to settle, compromise or make any payment with respect to, any exercise or purported exercise of Dissent Rights without the prior written consent of Purchaser, such consent not to be unreasonably withheld, delayed or conditioned;
- (i) not, without Purchaser's prior written consent, change the record date for the XS Securityholders entitled to receive notice of and to vote at the XS Meeting (including in connection with any adjournment or postponement of the XS Meeting) unless required by applicable Laws or the Court; and
- (j) at the reasonable request of Purchaser from time to time, and in compliance with applicable Laws, XS shall, or shall direct its registrar and transfer agent to, provide Purchaser with lists of (i) the registered XS Shareholders and (ii) the holders of XS Securities, together with their addresses and respective holdings of such securities, and a list of non-objecting beneficial owners of XS Shares, together with their addresses and respective holdings of XS Shares. XS shall from time to time require that its registrar and transfer agent furnish Purchaser with such additional information, including updated or additional lists of the holders of the XS Securities and lists of holdings and other assistance as Purchaser may reasonably request.

2.5 Circular

- (a) Subject to Purchaser's compliance with Section 2.5(c), as promptly as reasonably practicable following execution of this Agreement and in any event so as to permit the XS Meeting to occur by the date specified in Section 2.4(a), XS will prepare and, after

obtaining the Interim Order, file, in consultation with Purchaser and its advisors, the XS Circular in all jurisdictions where the same is required and mail the XS Circular to the XS Securityholders and such other Persons as required under applicable Laws and the Interim Order.

- (b) XS shall ensure that the XS Circular complies in all material respects with all applicable Laws, and, without limiting the generality of the foregoing, that the XS Circular will not contain any misrepresentation (other than in each case with respect to any information relating to Purchaser or its representatives that is furnished in writing by or on behalf of Purchaser for inclusion in the XS Circular pursuant to Section 2.5(c)), and shall provide the XS Securityholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the XS Meeting. Without limiting the generality of the foregoing, but subject to the terms of this Agreement, the XS Circular must include:
 - (i) all information, disclosure and other documentation required by MI 61-101 (including in respect of the Fairness Opinion), and such other financial, operational and other information and disclosure required under applicable Law; and
 - (ii) a statement that each director and executive officer of XS intends to vote all their XS Securities that he or she directly or indirectly owns, if any, in favour of the Arrangement Resolution, to the extent it is able, following its commercially reasonable efforts to obtain the confirmations required in order to allow it to make such statement.
- (c) Purchaser shall furnish to XS all such information regarding Purchaser as may be required by the Interim Order or applicable Laws or as may be reasonably required by XS in the preparation of the XS Circular for inclusion in the XS Circular and in any amendments or supplements to such documents or other documents related thereto. Purchaser shall ensure that no such information will contain any misrepresentation.
- (d) Purchaser and its advisors shall be given a reasonable opportunity to review and comment on the XS Circular and other related documents, prior to the XS Circular being filed and being printed and mailed to (i) the XS Securityholders and (ii) such other Persons as required under applicable Laws and the Interim Order, and reasonable consideration shall be given to any comments made by Purchaser and its advisors, provided that all information relating solely to Purchaser included in the XS Circular and other related documents shall be in form and substance satisfactory to Purchaser, acting reasonably. XS shall provide Purchaser with a final copy of the XS Circular prior to the mailing of it to (i) the XS Securityholders and (ii) such other Persons as required under applicable Laws and the Interim Order.
- (e) Each Party shall promptly notify the other Parties if at any time before the Effective Date it becomes aware that the XS Circular contains a misrepresentation, or that otherwise requires an amendment or supplement to the XS Circular, and the Parties shall co-operate in the preparation of any amendment or supplement to the XS Circular as required or appropriate, and XS shall promptly as practicable mail or otherwise publicly disseminate

or cause to be mailed or otherwise publicly disseminated any amendment or supplement to the XS Circular to (i) the XS Securityholders and (ii) such other Persons as required under applicable Laws and the Interim Order and, if required by the Court or applicable Laws, file or cause to be filed the same with any Governmental Entity and as otherwise required.

- (f) XS shall keep Purchaser informed of any requests or comments made by any Securities Authorities in connection with the XS Circular.

2.6 Final Order

If: (a) the Interim Order is obtained; and (b) the Arrangement Resolution is passed at the XS Meeting by the XS Securityholders as provided for in the Interim Order and as required by applicable Law, subject to the terms of this Agreement, XS shall take all steps necessary or desirable to have the hearing before the Court of the application for the Final Order pursuant to the BCBCA held as promptly as reasonably practicable, and in any event (but subject to availability of the Court) within five Business Days, following the approval of the Arrangement Resolution at the XS Meeting, and as promptly as reasonably practicable thereafter, make any additional filings required under the BCBCA to give effect to the Arrangement in accordance with the terms and conditions of this Agreement.

2.7 Court Proceedings

In connection with all proceedings relating to obtaining the Interim Order and the Final Order, XS shall, subject to the terms of this Agreement:

- (a) diligently pursue, and co-operate with Purchaser in diligently pursuing, the Interim Order and the Final Order;
- (b) provide Purchaser and their legal counsel with a reasonable opportunity to review and comment upon drafts of all materials to be filed with, or submitted to, the Court or the Registrar in connection with the Arrangement (including drafts of the petition for the Interim Order and Final Order, affidavits, and the Interim Order and Final Order) and give reasonable and due consideration to all such comments of Purchaser and their legal counsel; provided that, all information relating to Purchaser included in such materials shall be in a form and substance satisfactory to Purchaser, acting reasonably;
- (c) provide to Purchaser and their legal counsel, on a timely basis, with copies of any notice of appearance, evidence or other documents served on XS or its legal counsel in respect of the application for the Interim Order or the Final Order, or any appeal from them and any notice, written or oral, indicating the intention of any Person to appeal, or oppose the granting of, the Interim Order or the Final Order;
- (d) ensure that all material filed with the Court in connection with the Arrangement is consistent in all material respects with the terms of this Agreement and the Plan of Arrangement;
- (e) not file any material with the Court in connection with the Arrangement or serve any such material, or agree to modify or amend any material so filed or served, except as contemplated by this Agreement or with Purchaser's prior written consent, such consent

not to be unreasonably withheld, delayed or conditioned; provided that, Purchaser is not required to agree or consent to any increase in or variation in the form of the Purchase Price or other modification or amendment to such filed or served materials that expands or increases Purchaser's obligations, or diminishes or limits the Purchaser's rights, set forth in any such filed or served materials or under this Agreement and the Arrangement;

- (f) oppose any proposal from any Person that the Final Order contain any provision inconsistent with this Agreement;
- (g) if XS is required by the terms of the Final Order or by applicable Laws to return to Court with respect to the Final Order, it shall do so only after notice to, and in consultation and co-operation with, Purchaser; and
- (h) not unreasonably object to legal counsel to Purchaser making such submissions on the hearing of the application for the Interim Order and the application for the Final Order as such counsel considers appropriate; provided that, Purchaser advises XS of the nature of any submissions prior to the hearing and such submissions are consistent in all material respects with this Agreement and the Plan of Arrangement.

2.8 Payment of Purchase Price

Purchaser will, following receipt of the Final Order and at least one (1) Business Day prior to the Effective Date, transfer or cause to be transferred to the Depositary sufficient funds in order to provide the Depositary with sufficient funds to pay the aggregate Purchase Price payable for the XS Shares outstanding pursuant to the Plan of Arrangement (other than with respect to XS Shareholders exercising Dissent Rights as provided in the Plan of Arrangement), into escrow with the Depositary (the terms and conditions of such escrow to be satisfactory to Purchaser and XS, each acting reasonably).

2.9 Treatment of Options and Warrants

At the Effective Time, all XS Options and XS Warrants that are not exercised or terminated prior to the Effective Time shall, notwithstanding the terms of the XS Option Plans or the certificates or indentures representing the XS Warrants, be cancelled without any further action by any XS Optionholder or XS Warrantholder, without any payment in respect of such XS Options or XS Warrants, all pursuant to the Plan of Arrangement. At the Effective Time, the XS Option Plans and any certificates or indentures representing the XS Warrants shall automatically terminate without any further action pursuant to the Plan of Arrangement.

2.10 Delivery of FIRTPA Certificate

At or prior to the Effective Date, XS shall deliver, or cause to be delivered, to Purchaser a certificate, dated as of the Effective Date, in form and substance reasonably satisfactory to Purchaser, pursuant to Treasury Regulation Sections 1.897-2(h) and 1.1445-2(c), issued by XS certifying that an interest in XS and each of the XS Subsidiaries is not a United States real property interest within the meaning of Section 897 of the U.S. Tax Code, and proof reasonably satisfactory to Purchaser that XS has provided notice of such certificate to the U.S. Internal Revenue Service in accordance with the provisions of Treasury Regulation Section 1.897-2(h)(2).

2.11 Tax Treatment and Withholding Taxes

Any Person shall be entitled to deduct or withhold from any Purchase Price or amount otherwise payable to any other Person hereunder such amounts as such Person is required or reasonably believes is required or permitted to deduct or withhold with respect to such payment under the Tax Act, the U.S. Tax Code or any provision of provincial, state, local or foreign Tax Law, in each case as amended. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall be treated for all purposes under this Agreement as having been paid to the Person in respect of which such deduction or withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate taxing authority.

2.12 Collateral Benefits

The XS Board represents and warrants that it has formed a committee of independent directors meeting the requirements of MI 61-101 (the “**Special Committee**”) to determine whether the value of any additional benefit that any related party of XS is expected to receive in connection with the Arrangement is or is not a “collateral benefit” as defined in MI 61-101 or is otherwise required to be disclosed in the XS Circular.

2.13 Lock-Up Agreements

XS shall, concurrently with the execution and delivery to Purchaser of this Agreement, deliver to Purchaser duly executed Lock-Up Agreements, in the form attached hereto as Schedule C, from each of the Locked-Up Securityholders.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of Purchaser

Purchaser hereby represents and warrants to XS, and hereby acknowledges that XS is relying upon such representations and warranties in connection with entering into this Agreement and agreeing to complete the Arrangement, as follows:

- (a) Organization. Purchaser is validly existing under the laws of its jurisdiction of formation and is duly qualified as a corporation to do business in each jurisdiction in which the nature of its business makes such qualification necessary.
- (b) Authority. Purchaser has all necessary power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement, and to perform its obligations hereunder and under such other agreements and instruments. The execution and delivery of this Agreement by Purchaser and all other agreements and instruments to be executed by it as contemplated by this Agreement, and the completion by Purchaser of the transactions contemplated herein and therein have been authorized by Purchaser’s board of directors, and no other corporate proceedings on the part of Purchaser are necessary to authorize this Agreement or to complete the transactions contemplated hereby or thereby. This Agreement has been executed and delivered by Purchaser and constitutes a legal, valid and binding obligation

of Purchaser, enforceable against Purchaser in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other applicable Laws relating to or affecting creditors' rights generally, and to general principles of equity.

- (c) No Conflict. Subject to the receipt of the approvals set out in this subsection 3.1(c), the execution and delivery by Purchaser of this Agreement and the performance by it of its obligations hereunder and the completion of the transactions contemplated hereby, do not and will not result in a violation, contravention or breach of or constitute a default under (with notice or lapse of time of both), or entitle any Person to terminate, accelerate, modify or call any obligations or rights under, require any consent to be obtained under or give rise to any termination rights under any provision of:

- (i) Purchaser's constating documents,
- (ii) any Law, and
- (iii) any Contract to which Purchaser is bound,

in each case, except as would not, or would not reasonably be expected to, prevent or materially impede, interfere with or delay the completion of the Arrangement.

- (d) Consents and Approvals. Assuming the truth and accuracy of the representations and warranties of XS set forth in Section 3.3, no consent, approval, order or Authorization of or declaration or filing with, any Governmental Entity or other Person is required to be obtained or made by Purchaser or any of its affiliates in connection with the Arrangement and the transactions contemplated herein other than:

- (i) the Interim Order and any approvals required by the Interim Order;
- (ii) the Final Order and any approvals required by the Final Order;
- (iii) any filings or approvals required under the BCBCA, the rules and policies of CSE or under other applicable securities Laws; and
- (iv) any other consents, approvals, orders, authorizations, declarations or filings of or with a Governmental Entity or any Person with respect to which the failure to obtain or make the same would not, or would not reasonably be expected to, prevent or materially impede, interfere with or delay the completion of the Arrangement.

- (e) Litigation. There is no Legal Action in progress or, to the knowledge of Purchaser, threatened against or relating to Purchaser before any Governmental Entity which individually or in the aggregate could, or could reasonably be expected to, prevent or materially impede, interfere with or delay the completion of the Arrangement. There is no bankruptcy, liquidation, winding-up or other similar proceeding pending or in progress, or, to the knowledge of Purchaser, threatened against or relating to Purchaser before any Governmental Entity. Purchaser is not subject to any outstanding judgment, order, writ,

injunction or decree that would prevent or materially impede, interfere with or delay the consummation of the transactions contemplated by this Agreement.

- (f) Reporting Status. Purchaser is not a reporting issuer or its equivalent in any of the provinces and territories of Canada and its securities are not listed or posted for trading on any stock exchange or market.
- (g) Ownership of XS Shares. Purchaser does not, directly or indirectly and whether alone or together with any Person under common control with Purchaser or a Person acting jointly or in concert with Purchaser, beneficially own or exercise control or direction over any securities of XS.
- (h) Equity Commitment. The Sponsors have all necessary power and authority to execute, deliver and perform the Equity Commitment Letter and to perform their respective obligations thereunder. The Equity Commitment Letter has been duly executed and delivered by the Sponsors and is in full force and effect and constitutes the valid and binding obligation of the Sponsors, enforceable against each of them in accordance with its terms.
- (i) Information. The information provided by Purchaser for inclusion or incorporation by reference in the XS Circular will contain no untrue statement of a material fact and will not omit to state a material fact that is required to be stated or that is necessary to make the statements not misleading in light of the circumstances in which they were made.

3.2 Representations and Warranties of XS

Except as disclosed in the XS Public Disclosure Documents or except as expressly permitted by this Agreement, XS hereby represents and warrants to Purchaser, and hereby acknowledges that Purchaser is relying upon such representations and warranties in connection with entering into this Agreement and agreeing to complete the Arrangement, as follows:

- (a) Organization. XS and each XS Subsidiary is validly subsisting and has full corporate, limited liability company and legal power, as applicable and authority to own its property and assets and to conduct its business as currently owned and conducted. XS and each XS Subsidiary is duly organized and validly existing under the laws of its jurisdiction of incorporation or organization and is qualified to do business in every jurisdiction where the nature of the business or the location or character of the property and assets owned or leased by it requires it to be so registered, licensed or otherwise qualified.
- (b) Capitalization of XS. XS is authorized to issue an unlimited number of SV Shares and PV Shares. As at the date of this Agreement, there were: (i) 77,728,044 SV Shares and 26,156.997 PV Shares outstanding (which, pursuant to the articles of XS, if converted, would result in the issuance of 26,156,997 SV Shares); (ii) XS Options outstanding, exercisable to acquire an aggregate of 10,972,519 SV Shares and 28,338 PV Shares; and (iii) XS Warrants outstanding, exercisable to acquire 25,320,077 SV Shares. In addition to the foregoing, the Debentures are outstanding as of the date of this Agreement and the principal and accrued interest on the Debentures is equal to the Debenture Amount as of the date hereof. On the maturity date of the Debentures, principal in the amount of

C\$5,493,000 and accrued interest in the amount of C\$109,860 will be payable to the holders of the Debentures in accordance with the terms of the Debenture Indenture, and, if the holders of the Debentures tender such Debentures in connection with a Change of Control Purchase Offer (as defined in the Debenture Indenture), the Debenture CofC Fee will also be payable to the holders of Debentures. The Convertible Notes were repaid in full and cancelled on June 13, 2024. Except for the XS Options, the XS Warrants and Debentures, and except pursuant to this Agreement and the transactions contemplated hereby, as of the date of this Agreement, there are no options, warrants, conversion privileges or other rights, Contracts, arrangements or commitments (pre-emptive, contingent or otherwise) obligating XS to issue or sell any securities of or interest in XS. All issued and outstanding XS Shares have been authorized and are validly issued and outstanding as fully paid and non-assessable shares, free of pre-emptive rights. As of the date of this Agreement there are no outstanding equity securities or securities containing equity-like features or bonds, debentures or other evidences of indebtedness of XS having the right to vote with the XS Shareholders on any matter or entitled to share in the earnings of XS or any XS Subsidiary or in the assets of XS or any XS Subsidiary upon liquidation. There are no outstanding contractual obligations of XS to repurchase, redeem or otherwise acquire any outstanding XS Shares or, to the knowledge of XS, with respect to the voting or disposition of any outstanding XS Shares in each case other than as set forth in the XS Disclosure Letter. Other than the Lock-Up Agreements, XS is not party to any shareholder, pooling, voting trust or similar agreement relating to the issued and outstanding securities of XS. All XS Options and XS Warrants have been duly authorized and validly issued and XS is in compliance with their terms. A complete and accurate list of the XS Options and the XS Warrants is set forth in the XS Disclosure Letter together with (i) the name of each holder thereof, (ii) the number of PV Shares or SV Shares the subject of such XS Option or XS Warrant and (iii) the exercise or strike price of such XS Option or XS Warrant. The applicable exercise or strike price of each of XS Option and XS Warrant exercisable for SV Shares exceeds the Purchase Price payable in respect of the SV Shares and the applicable exercise or strike price of each of XS Option and XS Warrant exercisable for PV Shares exceeds the Purchase Price payable in respect of the PV Shares. XS does not have any Financial Indebtedness, other than pursuant to the Debentures, the amount of US\$62,067,617 outstanding under the Needham Facility as of the date hereof and as otherwise incurred in the Ordinary Course of Business.

- (c) Authority. XS has all necessary power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by XS as contemplated by this Agreement, and to perform its obligations hereunder and under such other agreements and instruments. The execution and delivery of this Agreement by XS and all other agreements and instruments to be executed by XS as contemplated by this Agreement, and the completion by XS of the transactions contemplated herein and therein have been authorized by each of the XS Board and the Special Committee and, subject to obtaining the approval of XS Securityholders in accordance with Section 2.3(c), the Interim Order and the Final Order in the manner contemplated herein and filings under the BCBCA and with the CSE, including the filing of all documentation required pursuant to the BCBCA and CSE to give effect to the Arrangement, no other corporate proceedings on the part of XS are necessary to authorize this Agreement or to complete the transactions contemplated hereby or thereby other than in connection with the approval by the XS Board and the Special Committee of

the XS Circular. This Agreement has been executed and delivered by XS and constitutes a legal, valid and binding obligation of XS, enforceable against XS in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other applicable Laws relating to or affecting creditors' rights generally, and to general principles of equity.

- (d) No Conflict; Consents and Approvals. Subject to the receipt of the approvals set out in Section 3.2(b), the execution and delivery by XS of this Agreement and the performance by it of its obligations hereunder and the completion of the transactions contemplated hereby, do not and will not:
- (i) result in a violation, contravention or breach of or constitute a default under (with notice or lapse of time of both), or entitle any Person to terminate, accelerate, modify or call any obligations or rights under, require any Authorization, exemption, permit, ruling, filing or waiver to be obtained from, or notice to, any Person under or give rise to any termination rights under any provision of,
 - (A) the constating documents of XS or the XS Subsidiaries,
 - (B) any Law or rules or policies of the CSE, or
 - (C) any Material Contract to which XS or any XS Subsidiary is bound.
 - (ii) give rise to any right of termination or acceleration of Financial Indebtedness, or cause any Financial Indebtedness owing by XS or the XS Subsidiaries to come due before its stated maturity or cause any available credit to cease to be available;
 - (iii) result in the imposition of any Encumbrance upon any of the property or assets of XS or the XS Subsidiaries or give any Person the right to acquire any of XS or the XS Subsidiaries' assets, or restrict, hinder, impair or limit the ability of XS or the XS Subsidiaries to conduct its business as and where it is now being conducted; or
 - (iv) require any consent, approval, order or Authorization of, or declaration or filing with, any Governmental Entity or other Person to be obtained by XS or the XS Subsidiaries in connection with the execution and delivery of this Agreement or the consummation by XS and the XS Subsidiaries of the transactions contemplated hereby other than:
 - (A) the Interim Order and any approvals required by the Interim Order;
 - (B) the Final Order and any approvals required by the Final Order;
 - (C) any filings or approvals required under the BCBCA, the rules and policies of CSE or under other applicable securities Laws; or
 - (D) any other consents, approvals, orders, authorizations, declarations or filings of or with a Governmental Entity with respect to which the failure to obtain or make the same would not, or would not reasonably be expected to,

prevent or materially impede, interfere with or delay the completion of the Arrangement.

- (e) Change of Control Payments. Except as disclosed in the XS Disclosure Letter, the consummation of the transactions contemplated hereby will not result in or accelerate the time for payment, or vesting of, or increase the amount of any severance, unemployment compensation, “golden parachute”, bonus, termination payments or otherwise, becoming due to any director or officer of XS or the XS Subsidiaries or increase any benefits otherwise payable under any pension or benefits plan of XS or the XS Subsidiaries or result in the acceleration of the time of payment or vesting of any such benefits (such payments, the “**Change of Control Payments**”).
- (f) Solvency. None of XS nor any XS Subsidiary is an insolvent Person under applicable Law or will so become as a result of the transactions contemplated hereby, has made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof or has had any petition for a receiving order presented in respect of it. None of XS nor any XS Subsidiary has initiated a Legal Action with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver has been appointed in respect of XS nor any XS Subsidiary or any of their properties or assets and no execution or distress has been levied upon any of their properties or assets. No Legal Action has been taken or authorized by or against XS or any XS Subsidiary by any other Person in connection with the dissolution, liquidation, winding up, bankruptcy or insolvency of XS or any XS Subsidiary or with respect to any amalgamation, merger, consolidation, arrangement or reorganization of, or relating to, XS or any XS Subsidiary and, to the knowledge of XS, no such Legal Action has been threatened by any other Person.
- (g) XS Subsidiaries.
 - (i) Other than the XS Subsidiaries, XS does not have any direct or indirect Subsidiaries. Other than the XS Subsidiaries, none of XS nor any XS Subsidiary holds any equity securities in any other Person.
 - (ii) All of the shares of each XS Subsidiary are legally and beneficially owned by XS. There are no equity, equity-linked securities or securities containing equity-like features, options, warrants, debentures, conversion privileges or other rights, Contracts, arrangements or commitments (pre-emptive, contingent or otherwise) obligating XS to issue or sell any of the foregoing of the XS Subsidiaries or any other securities or obligations of any kind convertible or exchangeable for shares of the XS Subsidiaries.
 - (iii) Each of the XS Subsidiaries is validly subsisting and has full corporate and legal power and authority to own its property and assets and to conduct its business as currently owned and conducted. Each of the XS Subsidiaries is registered, licensed or otherwise qualified as a foreign corporation in each jurisdiction where the nature of the business or the location or character of the property and assets owned or leased by it requires it to be so registered, licensed or otherwise qualified, other

than those jurisdictions where the failure to be so registered, licensed or otherwise qualified would not be material to such XS Subsidiary.

- (iv) Other than in respect of Xtraction, each XS Subsidiary is a holding company and does not, and has never, conducted any business or operations or had any employees, assets or liabilities (including Financial Indebtedness). Other than Xtraction, no XS Subsidiary is, or has ever been, a party to any Contract.
 - (v) The XS Disclosure Letter contains a complete and accurate list of all directors and officers of each XS Subsidiary.
- (h) Company Authorizations. Each of XS and each of the XS Subsidiaries has obtained all Authorizations necessary for the ownership, operation, development, maintenance, or use of its material assets or otherwise in connection with the material business or operations of XS and the XS Subsidiaries and such Authorizations are in full force and effect. Each of XS and each of the XS Subsidiaries has fully complied with and is in compliance with all Authorizations, except, in each case, for such non-compliance which, individually or in the aggregate, would not be material to XS and the XS Subsidiaries, taken as a whole. There is no Legal Action pending or, to the knowledge of XS, threatened regarding any of such Authorizations. None of XS nor any XS Subsidiary has received any notice, whether written or oral, of revocation or non-renewal of any such Authorizations, or of any intention of any Person to revoke or refuse to renew any of such Authorizations, except in each case, for revocations or non-renewals which, individually or in the aggregate, would not be material to XS and the XS Subsidiaries, taken as a whole, and all such Authorizations continue to be effective in order for each of XS and each of the XS Subsidiaries to continue to conduct its business as it is currently being conducted. No Person other than XS or the XS Subsidiaries owns or has any proprietary, financial or other interest (direct or indirect) in any of such Authorizations.
- (i) Absence of Changes. Since December 31, 2023, other than as set forth in the XS Disclosure Letter: (i) there has occurred no change, event, occurrence, effect, state of facts or circumstance that, individually or in the aggregate, has had, or would reasonably be expected to have, a Material Adverse Effect; and (ii) with the exception of matters relating to this Agreement, none of XS nor the XS Subsidiaries has taken any action that, if taken on or prior to the date hereof, would be required to be disclosed against Schedule 4.2 of the XS Disclosure Letter.
- (j) Material Contracts. A copy of each Material Contract (together with all amendments, supplements, waivers and other changes thereto) has been made available to Purchaser. Each of XS and each of the XS Subsidiaries has performed in all material respects all of its obligations required to be performed by it to date under the Material Contracts to which XS or the XS Subsidiaries is a party or bound. None of XS nor any XS Subsidiary is in breach or default under any Material Contract to which it is a party or bound, nor does XS or the XS Subsidiaries have knowledge of any condition that with the passage of time or the giving of notice or both would result in such a breach or default, except as would not be material to XS and the XS Subsidiaries, taken as a whole. None of XS nor any XS Subsidiary knows of, nor has XS or any XS Subsidiary received written notice of, any

breach or default under (nor, to the knowledge of XS, does there exist any condition which with the passage of time or the giving of notice or both would result in such a breach or default under) any such Material Contract by any other party thereto, except as would not be material to XS and the XS Subsidiaries, taken as a whole. All contracts that are material to XS and the XS Subsidiaries are with XS and the XS Subsidiaries. All Material Contracts are legal, valid, binding and in full force and effect and are enforceable by XS or the XS Subsidiaries in accordance with their respective terms (subject to bankruptcy, insolvency and other applicable Laws affecting creditors' rights generally, and to general principles of equity) and are the product of fair and arms' length negotiations between the parties thereto. None of XS nor any XS Subsidiary has provided notice to, or received written notice from, any party to a Material Contract of an intention to (i) cancel, terminate, renegotiate or change the scope of rights or obligations under any such Material Contract; (ii) reduce or alter such party's usage of the services or products of XS and the XS Subsidiaries; (iii) reduce the frequency or volume of purchase orders (or similar documents) submitted to XS and the XS Subsidiaries.

- (k) No Contracts or Commitments. There are no agreements, covenants, undertakings or other commitments of or on behalf of XS or the XS Subsidiaries under which the completion of the Arrangement or other transactions contemplated herein would: (i) have the effect of imposing restrictions or obligations on XS or the XS Subsidiaries; (ii) give a third party a right to terminate any Authorization with respect to any assets of XS; or (iii) impose restrictions on the ability of XS or the XS Subsidiaries to pay any dividends or make other distributions to its shareholders.
- (l) Customers and Suppliers. The XS Disclosure Letter sets forth a list of the top ten (10) customers (by gross revenues generated from sales and services provided to such customers) of XS and the XS Subsidiaries (the "**Material Customers**") for the fiscal year ended December 31, 2023 and for the three month period ended March 31, 2024. Neither XS nor any of its Subsidiaries has purchased goods or services from any vendor, supplier or any other Person in an amount greater than USD\$10,000 (individually) or from any group of Persons in an amount greater than USD\$50,000 (in the aggregate) pursuant to a Contract or otherwise during either of (a) the fiscal year ended December 31, 2023 or (b) the three month period ended March 31, 2024. Other than as disclosed in the XS Disclosure Letter and reconciliations for billing discrepancies incurred in the Ordinary Course of Business, there is no current dispute between XS or any of the XS Subsidiaries and any customer or supplier of XS or any of the XS Subsidiaries.
- (m) Employment Agreements. Other than as disclosed in the XS Disclosure Letter:
 - (i) XS has provided Purchaser with an accurate and complete list of all (i) employees currently employed by XS and the XS Subsidiaries, including each employee on leave of absence or layoff status, along with the position, date of hire, full-time or part-time and hourly or salaried status, compensation and benefits, scheduled or contemplated increases in compensation, scheduled or contemplated promotions, accrued but unused sick, overtime and vacation pay and service credited for purposes of vesting and eligibility to participate under any company plan with respect to such employees and an indication of any individual who is party to a

written Employment Agreement with XS; and (ii) independent contractors currently engaged by XS, including each independent contractors' date of engagement, compensation, scheduled or contemplated increases in compensation.

- (ii) XS has provided Purchaser with a copy of each employment agreement and Collective Agreement relating to XS and the XS Subsidiaries and all such agreements have not been amended or otherwise varied since the date noted thereon;
- (iii) to the best knowledge of XS, each of XS and each of the XS Subsidiaries is and has been operated in all respects in compliance with all applicable Laws relating to wages, labour, human rights, employment and employees;
- (iv) there is no Legal Action pending or, to the knowledge of XS, threatened involving any employee of XS or the XS Subsidiaries;
- (v) each of XS and each of the XS Subsidiaries is not a party to any written or oral policy, agreement, obligation or understanding providing for (either alone or upon the occurrence of any additional or subsequent events) (A) a bonus or any other payment, severance or termination payments to, or any employment or consulting agreement with any director, officer, employee or independent contractor of XS or the XS Subsidiaries, and (B) the acceleration of a payment, funding, or increase the amount of compensation due to any such individual, that would be triggered by XS entering into this Agreement or the completion of the Arrangement, other than the Entitlement Agreements;
- (vi) each of XS and each of the XS Subsidiaries does not have any employee or consultant whose employment or Contract with XS or the XS Subsidiaries cannot be terminated by XS or the XS Subsidiaries in accordance with the respective terms thereof, as applicable;
- (vii) to the best knowledge of XS, no officer of XS intends to terminate his, her or their employment with XS within the 12 month period following the Effective Date;
- (viii) no offer of employment or engagement has been made by XS and each of the XS Subsidiaries that has not yet been accepted, or which has been accepted but the employment or engagement has not yet started;
- (ix) each of XS and each of the XS Subsidiaries is not: (a) a party to any collective bargaining agreement; (b) to the knowledge of XS, subject to any application for certification or threatened or apparent union-organizing campaigns for employees not covered under a collective bargaining agreement; or (c) subject to any current, or to the knowledge of XS, pending or threatened strike, lockout, slowdown or work stoppage;
- (x) neither XS and nor any of the XS Subsidiaries has implemented any layoff of employees that could implicate any applicable employment standards or labour relations legislation, or any similar federal, provincial, state or local Law; or

- (xi) there is no Legal Action pending or in progress or, to the knowledge of XS, threatened against or relating to XS or the XS Subsidiaries relating to the alleged violation by XS or the XS Subsidiaries (or their directors or officers) of any Law pertaining to labour relations or employment matters. Neither XS nor any of the XS Subsidiaries has committed any unfair labour practice, nor has XS or any of the XS Subsidiaries received written notice that a charge or complaint of unfair labour practice has been filed or, to the knowledge of XS, threatened against XS or any of the XS Subsidiaries before any labour relations board or any other Governmental Entity. There has been no complaint or charge of discrimination filed or, to the knowledge of XS, threatened against XS or any of the XS Subsidiaries with any human rights Governmental Entity.
- (n) Financial Matters. XS's audited financial statements as at and for the financial year ended December 31, 2023 (the "**XS Annual Financials**") and interim unaudited financial statements for the 3-month period ended March 31, 2024 (the "**XS Interim Financials**", and together with the XS Annual Financials, the "**XS Financial Statements**") were prepared in accordance with IFRS and present fairly, in all material respects, the, assets, liabilities, revenues, earnings and combined financial position and results of operations of XS and the XS Subsidiaries at the respective dates indicated, and their financial performance and cash flows for the year then ended, except, in the case of the XS Interim Financials subject to normal year-end adjustments and the absence of notes thereto and applicable disclosures required by IFRS (which, in each case, are not material, individually or in the aggregate). XS and the XS Subsidiaries do not have any Liability or obligation, whether accrued, absolute, contingent or otherwise, or any related party transactions or off-balance sheet transactions not reflected in the XS Annual Financials except (i) liabilities and obligations incurred in the Ordinary Course of Business since December 31, 2023 (other than as related to any breach of Contract), and (ii) liabilities and obligations incurred in connection with this Agreement. All accounts receivable of XS and the XS Subsidiaries (i) are bona fide and valid receivables arising from sales actually made or services actually performed and were incurred in the Ordinary Course of Business, (ii) are properly reflected on XS's and XS Subsidiaries' books and records and balance sheets in accordance with IFRS, consistently applied.

None of XS nor any XS Subsidiary is a party to, or has any commitment to become a party to, any joint venture, off-balance sheet arrangement or any similar Contract (including any Contract relating to any transaction or relationship between or among XS or any XS Subsidiary, on the one hand, and any unconsolidated affiliate, including any structured finance, special purpose of limited purpose entity or person, on the other hand) where the result, purpose or effect of such Contract is to avoid disclosure of any material transaction involving, or material liabilities of, XS or any XS Subsidiary, in the published financial statements of XS or the XS Public Disclosure Documents.

XS maintains internal control over financial reporting (as such term is defined in NI 52-109). Such internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS and includes policies and procedures that (A) pertain to the maintenance of records that in reasonable detail

accurately and fairly reflect the transactions and dispositions of the assets of XS; (B) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of XS are being made only with authorizations of management and directors of XS; and (C) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets of XS that could have a material effect on its financial statements. To the knowledge of XS, as of the date of this Agreement (x) there are no material weaknesses (as such term is defined in NI 52-109) in the design and implementation or maintenance of internal controls over financial reporting of XS that would reasonably be expected to adversely affect the ability of XS to record, process, summarize and report financial information; and (y) there is no fraud, whether or not material, that involves management or other employees who have a significant role in the internal control over financial reporting of XS.

None of XS, the XS Subsidiaries, nor, to XS's knowledge, any director, officer, employee, auditor, accountant or representative of XS or the XS Subsidiaries has received or otherwise had or obtained knowledge of any complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods of XS or the XS Subsidiaries or their respective internal accounting controls, including any complaint, allegation, assertion or claim that XS or the XS Subsidiaries have engaged in questionable accounting or auditing practices, which has not been resolved to the satisfaction of the audit committee of the XS Board.

- (o) Books and Records. The corporate records and minute books of XS and the XS Subsidiaries have been maintained in accordance with all applicable Laws and are complete and accurate in all material respects. The financial books and records and accounts of XS and the XS Subsidiaries, in all material respects: (i) have been maintained in accordance with good business practices on a basis consistent with prior years and past practice, in accordance with IFRS; (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and acquisitions and dispositions of assets of XS and the XS Subsidiaries; and (iii) accurately and fairly reflect the basis for the XS Financial Statements.
- (p) Litigation. There is no Legal Action pending or in progress or, to the knowledge of XS, threatened against or relating to XS or the XS Subsidiaries or affecting any of its properties or assets before any Governmental Entity which individually or in the aggregate is, or would reasonably be to be, material to XS and the XS Subsidiaries, taken as a whole, or that would prevent or materially impede, interfere with or delay the consummation of the transactions contemplated by this Agreement, other than as set forth in the XS Disclosure Letter. None of XS, the XS Subsidiaries nor any of their respective properties or assets is subject to any outstanding judgment, order, writ, injunction or decree that involves or may involve, or restricts or may restrict, the right or ability of each of XS and each of the XS Subsidiaries to conduct its business in all material respects as it has been carried on prior to the date hereof, or that would prevent or materially impede, interfere with or delay the consummation of the transactions contemplated by this Agreement or that would, or would be reasonably expected to be, material to XS and the XS Subsidiaries, taken as whole, other than as set forth in the XS Disclosure Letter.

(q) Interest in Properties.

Neither XS nor any of the XS Subsidiaries owns or has any interest in any material real or personal property.

(r) Records and Data. XS has delivered to Purchaser, or provided Purchaser with access to, all material information in its possession or under its control relating to XS, whether in writing, graphic, machine readable, electronic or physical form, including (i) all plans, client lists, equipment and parts lists, instructions, and material records and procedures, and (ii) all other applicable material records, data and reports.

(s) Hedging and Prepayment Contracts. None of XS nor any XS Subsidiary is party to or bound by, nor has XS or any XS Subsidiary incurred an obligation or Liability under or in respect of, any Contract or arrangement that is in substance an interest rate swap, currency swap or any other rate fixing agreement for a financial transaction or any call arrangement of any sort or any forward sale agreement for commodities or any other commodities hedging or speculation arrangements.

(t) Off-Balance Sheet Transactions. None of XS nor any of the XS Subsidiaries is party to or bound by any operating leases or any “off-balance sheet” transactions or arrangements.

(u) Title and Rights re: Other Assets. XS or one of the XS Subsidiaries holds good, valid and marketable title to all of their respective assets, free and clear of all Encumbrances, and there are no back-in rights, earn-in rights, purchase options, rights to first refusal or similar provisions or rights which would affect XS’s interest in any of the foregoing-described assets.

(v) Intellectual Property. Each of XS and each of the XS Subsidiaries owns or has the right to use all Intellectual Property required to carry on its business as currently conducted and proposed to be conducted. To the knowledge of XS, there has been no claim of infringement by XS or the XS Subsidiaries or breach by XS or the XS Subsidiaries of any Intellectual Property rights or industrial rights of any other Person, and XS and the XS Subsidiaries have not received any notice or have any knowledge that the conduct of its business infringes on any Intellectual Property rights or industrial rights of any other Person.

(w) Operational Matters. Except as disclosed in the XS Disclosure Letter:

- (i) all payments and obligations due and payable, or performable, as the case may be, on or prior to the date hereof under, with respect to, or on account of, any direct or indirect assets of XS and the XS Subsidiaries and any of its joint ventures, have been: (A) duly paid; (B) duly performed; or (C) provided for prior for the date hereof; and
- (ii) all costs, expenses, and liabilities payable on or prior to the date hereof under the terms of any Contracts and agreements to which XS or the XS Subsidiaries is directly or indirectly bound, have been properly and timely paid, except for such

expenses that are being currently paid prior to delinquency in the Ordinary Course of Business.

(x) Other Operational Matters.

- (i) Any and all operations of XS and the XS Subsidiaries and, to the knowledge of XS, any and all operations by third parties, on or in respect of the assets and properties of XS and the XS Subsidiaries, have been conducted in accordance with reasonable and prudent industry practices and in compliance with applicable Laws in all material respects other than as set forth in the XS Disclosure Letter; and
- (ii) in respect of the assets and properties of XS and the XS Subsidiaries that are operated by such entity, as applicable, if any, XS or the XS Subsidiaries hold all valid Authorizations and similar rights and privileges that are required and necessary under applicable Laws to operate the assets and properties of XS and the XS Subsidiaries as presently operated, free and clear of all Encumbrances.

(y) Insurance. The XS Disclosure Letter lists each insurance policy maintained by XS or any XS Subsidiary, including a description of the type of insurance and the name of the insurer. To the knowledge of XS, each of XS and each of the XS Subsidiaries maintains policies of insurance in such amounts and in respect of such risks as are appropriate for such companies and such policies are in full force and effect as of the date hereof and such coverage provided thereunder is sufficient to comply with applicable Law and all Contracts to which XS or any XS Subsidiary is bound. All such insurance policies are in full force and effect. Since the respective dates of such insurance policies, no written notice or cancellation or non-renewal with respect to such insurance policy has been received by XS or any XS Subsidiary and, to the knowledge of XS, no party to any such insurance policy has repudiated any provision thereof. None of XS nor any XS Subsidiary has received any written notice of denial of coverage, reservation of rights or rejection of tender for any claim with respect to any such insurance policy. None of XS nor any XS Subsidiary is in default with respect to its obligations under any such insurance policies. To the knowledge of XS, there are no circumstances or occurrences which would or might form the basis of a material increase in premiums for the current insurance coverage maintained by XS or any XS Subsidiary. There are no pending claims under such policies. None of XS nor any XS Subsidiary has failed to give any notice or present any claim under any such policies in a due and timely fashion.

(z) Environmental. Except to the extent that any violation or other matter referred to in this subsection does not, individually or in the aggregate, have a Material Adverse Effect on XS:

- (i) each of XS and each of the XS Subsidiaries is and has been in compliance with, and is not in violation of, any Environmental Laws;
- (ii) to the knowledge of XS, no facts, events or conditions relating to the operations or property of XS or the XS Subsidiaries will prevent, hinder or limit continued

compliance with Environmental Laws, or give rise to any Claims against XS or any of the XS Subsidiaries or any remediation obligations or liabilities;

- (iii) no orders, notifications, directives, demands, Claims, instructions, directions or notices have been issued and remain outstanding by any Governmental Entity or other Person pursuant to any Environmental Laws relating to the operations, business or assets of XS or the XS Subsidiaries;
- (iv) each of XS and each of the XS Subsidiaries has reported to the proper Governmental Entity the occurrence of any event which is required to be so reported by any Environmental Laws;
- (v) XS has made available to Purchaser all material audits, assessments, investigation reports, studies, plans, regulatory correspondence and similar information with respect to environmental, health, and safety matters, in the possession of XS or the XS Subsidiaries;
- (vi) none of XS or any of the XS Subsidiaries is subject to any past or present fact, condition or circumstance (including any threatened Claim) that could reasonably be expected to result in Liability under any Environmental Laws;
- (vii) to the best knowledge of XS, XS and each of the XS Subsidiaries have obtained all Environmental Approvals necessary as at the date hereof for the operation of the business carried on by XS and the XS Subsidiaries, and each Environmental Approval is valid, subsisting and in good standing in all material respects and neither XS nor the XS Subsidiaries is in default or breach of any Environmental Approval in any respect and no proceeding is outstanding or, to the knowledge of XS, has been threatened or is pending to revoke or limit any Environmental Approval;
- (viii) neither XS nor any of the XS Subsidiaries have agreed by contract or other agreement to indemnify or be responsible for any liabilities or obligations under Environmental Laws;
- (ix) neither XS nor any of the XS Subsidiaries have used, except in material compliance in all respects with all Environmental Laws, any property or facility which it owns, controls, manages, operates or leases or previously owned, controlled, operated, managed or leased, to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any Hazardous Substance and, to the knowledge of XS, there have been no material releases of Hazardous Substances at any property or facility which it owns, controls, manages, operates or leases or previously owned, controlled, operated, managed or leased; and
- (x) there are no ongoing, or to the knowledge of XS, planned environmental investigations, remediations or other Hazardous Substance response actions at or relating to, any property or facility which it owns, controls, manages, operates or leases or previously owned, controlled, operated, managed or leased.

(aa) Privacy; Data Protection. None of XS nor any XS Subsidiary is subject to the *Personal Information Protection and Electronic Documents Act* (SC 2000, c 5), or any comparable privacy law of any Canadian province, in respect of its collection, use, or disclosure of personal information. or financial information. To the best knowledge of XS, XS and each XS Subsidiary is and has been in compliance with all other applicable Laws in all relevant jurisdictions where it conducts business, in respect of its collection, use, or disclosure of personal information or financial information. To the best knowledge of XS, XS and each XS Subsidiary has commercially reasonable physical, technical, organizational, and administrative security measures and policies in place to protect the confidentiality, security and integrity of all personal information and financial information owned, stored, used, maintained, controlled, processed or collected by it or on its behalf from and against unauthorized access, modification, use and/or disclosure. To the best knowledge of XS, XS and each XS Subsidiary owns or has valid rights to access and use all systems, networks, equipment and software used or held for use in the conduct of its business (“**IT Systems**”), and the IT Systems are sufficient in all material respects for the current needs of the business of XS and each XS Subsidiary. To the best knowledge of XS, there have been no (i) failures, crashes, data security breaches or incidents, unauthorized access, unauthorized use or disclosure, or other similar adverse events or incidents affecting the IT Systems which have caused material disruption to the operation of XS and each XS Subsidiary in the ordinary course of business, or (ii) unauthorized access to, or use or disclosure of, any personal information in the possession or under the control of XS and each XS Subsidiary.

(bb) Tax Matters.

(i) Each of XS and each of the XS Subsidiaries has duly and timely made or prepared all Tax Returns required to be made or prepared by it, has duly and timely filed all Tax Returns required to be filed by it with the appropriate Governmental Entity and such Tax Returns are true, complete and correct, other than as set forth in the XS Disclosure Letter.

(ii) No Governmental Entity has asserted that XS or any XS Subsidiary is, or may be, required to file Tax Returns or pay any Taxes in any jurisdiction where it does not do so.

(iii) Other than as set forth in the XS Disclosure Letter, each of XS and each of the XS Subsidiaries has: (A) duly and timely paid all Taxes due and payable by it; (B) duly and timely withheld all Taxes and other amounts required by applicable Law to be withheld by it and has duly and timely remitted to the appropriate Governmental Entity such Taxes and other amounts required by applicable Laws to be remitted by it; (C) duly and timely collected all amounts on account of sales or transfer taxes, including goods and services, harmonized sales, sales, value added, federal, provincial, state or territorial sales taxes, required by applicable Laws to be collected by it and has duly and timely remitted to the appropriate Governmental Entity any such amounts required by applicable Laws to be remitted by it; and (D) duly and timely remitted all Canada Pension Plan contributions, provincial pension plan contributions, employment insurance premiums, employer health taxes and

other Taxes payable or required to be withheld and remitted by it in respect of employees, independent contractors, creditors or other third parties to the appropriate Governmental Entity.

- (iv) Other than as set forth in the XS Disclosure Letter, the charges, accruals and reserves for Taxes reflected on the XS Financial Statements (whether or not due and whether or not shown on any of the Tax Returns) are adequate under IFRS to cover Taxes with respect to XS for the periods covered thereby.
- (v) There are no investigations, audits, Claims or other proceedings now pending or, to the knowledge of XS, threatened against XS or the XS Subsidiaries in respect of any Taxes and there are no matters under discussion, audit or appeal with any Governmental Entity relating to Taxes, other than as set forth in the XS Disclosure Letter.
- (vi) No waiver of any statutory limitation period with respect to Taxes has been given or requested with respect to XS or the XS Subsidiaries.
- (vii) Each of XS and each of the XS Subsidiaries has not entered into any agreement or other arrangement in respect of Taxes or Tax Returns that has effect for any period ending after the Effective Date.
- (viii) Each of XS and each XS Subsidiary (if applicable) has maintained and continues to maintain at its place of business in Canada all records and books of account required to be maintained under the Tax Act, the *Excise Tax Act* (Canada) and any comparable Law of any province or territory of Canada, including Laws relating to sales and use taxes.
- (ix) None of XS nor any of the XS Subsidiaries is bound by, is party to, or has any obligation under any Tax sharing, allocation, indemnification or similar agreement (including any advance pricing agreement or other similar agreement relating to Taxes with any Governmental Entity). Without limiting the generality of the foregoing, each of XS and each of the XS Subsidiaries has not entered into an agreement contemplated in section 80.04 or 191.3, or subsection 18(2.3), 127(13) to (17) or 127(20) of the Tax Act or any analogous provision of any comparable Law of any province or territory of Canada.
- (x) The terms and conditions made or imposed in respect of every transaction (or series of transactions) between XS, or any XS Subsidiary and any Person that is (i) a non-resident of Canada for purposes of the Tax Act, and (ii) not dealing at arm's length with XS or such XS Subsidiary, as the case may be, for purposes of the Tax Act, do not differ from those that would have been made between Persons dealing at arm's length for purposes of the Tax Act. XS and each of XS Subsidiary is in material compliance with all applicable transfer pricing Laws and regulations, including the execution and maintenance of contemporaneous documentation substantiating the transfer pricing practices and methodology of XS and such XS Subsidiary.

- (xi) None of XS nor any of the XS Subsidiaries will be required to include in a tax period ending after the Effective Time any amount of net taxable income (after taking into account deductions claimed for such a period that relate to a prior period) attributable to income that accrued, or that was required to be reported for financial accounting purposes in a prior taxable period but that was not included in taxable income for that or another prior tax period, other than set forth in the XS Disclosure Letter.
- (xii) To the knowledge of XS, there are no transactions or events that have resulted, and no circumstances existing which could result, in the application to XS or any XS Subsidiary of sections 80.01, 80.02, 80.03, 80.04 of the Tax Act or any analogous provision of any comparable Law of any province or territory of Canada.
- (xiii) None of XS nor any XS Subsidiary has incurred any deductible outlay or expense owing to a Person not dealing at arm's length (for purposes of the Tax Act) with XS or such XS Subsidiary, as the case may be, the amount of which would, in the absence of an agreement filed under paragraph 78(1)(b) of the Tax Act, be included in XS or such XS Subsidiary's income for Canadian income tax purposes, as the case may be, for any taxation year or fiscal period beginning on or after the Effective Date under paragraph 78(1)(a) of the Tax Act or any analogous provision of any comparable Law of any province or territory of Canada.
- (xiv) To the knowledge of XS, none of XS nor any XS Subsidiary has ever had an obligation to file an information return pursuant to (i) sections 237.3, 237.4 or 237.5 of the Tax Act, or sections 1079.8.5 or 1079.8.6 of the *Taxation Act* (Quebec).
- (xv) None of XS nor any XS Subsidiary has claimed or received an amount, and no amount has been taken into account in computing the Purchase Price, in respect of a Tax credit, refund, rebate, overpayment or similar adjustment of Taxes, including any governmental assistance or subsidy, in each case to which such entity is not fully entitled, and each such entity has retained all documentation prescribed by applicable Law and in accordance with applicable Laws to support any claims for such amounts.
- (xvi) Each of XS and each of the XS Subsidiaries has not acquired property from a non-arm's length Person, within the meaning of the Tax Act: (A) for consideration the value of which is less than the fair market value of the property; or (B) as a contribution of capital for which no shares were issued by the acquirer of the property.
- (xvii) There are no Encumbrances for Taxes upon any properties or assets of XS or the XS Subsidiaries (other than Encumbrances relating to Taxes not yet due and payable and for which adequate reserves have been recorded on the balance sheet included in the XS Financial Statements).
- (xviii) To the best knowledge of XS, each of XS and each of the XS Subsidiaries is in compliance in all material respects with all transfer pricing requirements in all

jurisdictions in which such entity, as the case may be, does business and no transactions involving any of XS or any of the XS Subsidiaries and any related Person is subject to any material adjustment, apportionment, allocation or recharacterization under any Law, and all such transactions have been effected on an arm's-length basis to the extent required under applicable Law.

- (xix) At no time during the period specified in Section 897(c)(1)(A)(ii) of the U.S. Tax Code has any of the XS Subsidiaries been a "U.S. real property holding corporation" (as such term is defined for purposes of Section 897 of the U.S. Tax Code).

- (cc) Non-Arm's Length Transactions. Except for employment or employment compensation agreements entered into in the Ordinary Course of Business or pursuant to the XS Option Plans or as otherwise disclosed in the XS Disclosure Letter, there are no current Contracts, commitments, agreements, arrangements or other transactions (including relating to Financial Indebtedness by XS or the XS Subsidiaries) between XS and the XS Subsidiaries, on the one hand, and any: (i) officer or director of XS or the XS Subsidiaries; (ii) any holder of record or, to the knowledge of XS, beneficial owner of ten percent or more of the voting securities of XS; or (iii) any affiliate or associate of any such officer, director or beneficial owner, on the other hand.

- (dd) Pension and Employee Benefits.
 - (i) The XS Disclosure Letter contains a true, complete and accurate list of all XS Benefit Plans. The XS Benefit Plans have not been amended, varied or otherwise supplemented since December 31, 2023.
 - (ii) XS has made available to Purchaser: (i) copies of all material documents setting forth the terms of each XS Benefit Plan, including all amendments thereto and all related trust documents and a written description of any XS Benefit Plan that is not otherwise in writing; (ii) the most recent actuarial reports (if applicable) for all XS Benefit Plans; (iii) the most recent summary plan description with respect to each XS Benefit Plan, if any; (iv) all material written Contracts, instruments or agreements relating to each XS Benefit Plan, including administrative service agreements and group insurance Contracts, in each case if applicable; and (v) all material correspondence with a Governmental Entity with respect to any XS Benefit Plan.
 - (iii) All XS Benefit Plans are, and have been, established, registered, qualified, administered, funded and invested in all material respects in accordance with the terms of such XS Benefit Plan including the terms of the material documents that support such XS Benefit Plan, and all applicable Laws.
 - (iv) None of the XS Benefit Plans provides for benefit increases, retention bonuses or payments or the acceleration of, or an increase in, funding obligations that are contingent upon, or will be triggered by the completion of the transactions contemplated herein, other than the XS Option Plans and Entitlement Agreements.

- (v) There are no material unfunded liabilities in respect of any XS Benefit Plan including going concern unfunded liabilities, solvency deficiencies or wind-up deficiencies where applicable. No event has occurred or circumstance exists that may result (A) in an increase in premium costs of any XS Benefit Plan that is insured, or (B) an increase in the cost of any company plan that is self-insured. None of the XS Benefit Plans is a defined benefit pension plan.
 - (vi) None of the XS Benefit Plans provides benefits beyond retirement or other termination of service to employees or former employees or to the beneficiaries or dependents of such employees.
 - (vii) There is no Legal Action (other than routine claims for payments of benefits) pending or, to the knowledge of XS, threatened involving any XS Benefit Plan or its assets.
 - (viii) Each of XS and each of the XS Subsidiaries has no material Liability for life, health, medical or other welfare benefits to former employees or beneficiaries or dependents thereof, and there has been no communication to employees by XS or the XS Subsidiaries which could reasonably be interpreted to promise or guarantee such employees retiree health or life insurance or other retiree death benefits on a permanent basis.
 - (ix) Each XS Benefit Plan is in good standing and has been operated in material compliance in accordance with its terms and any contributions required to be made under each XS Benefit Plan, as of the date hereof, have been timely made and all obligations in respect of each XS Benefit Plan have been properly accrued and reflected in the audited financial statements for XS as at and for the fiscal year ended December 31, 2023, including the notes thereto and the report by XS's auditors thereon.
 - (x) The XS Financial Statements fully reflect (i) to the extent not timely paid in full, the amount of any contributions required to be made to any XS Benefit Plan by applicable law or by any plan document or other contractual undertaking for any period through the date hereof, (ii) to the extent not timely paid in full, the amount of any premiums due or payable with respect to insurance policies funding any XS Benefit Plan for any period through the date hereof, and (iii) the amount by which the value of all accrued benefits under any XS Benefit Plan (whether or not vested) exceeds the fair market value of the assets of such XS Benefit Plan, including any XS Benefit Plan that is unfunded.
- (ee) Reporting Status. XS is a reporting issuer or its equivalent in each of the provinces of British Columbia, Alberta and Ontario. The XS Shares are listed on the CSE and the OTC Market and are not listed or quoted on any other market (including over-the-counter quotation systems and marketplaces), and XS is in compliance in all respects with the applicable listing and corporate governance rules and regulations of the CSE and the OTC Market.

- (ff) No Cease Trade. XS is not subject to any cease trade or other order of the CSE or any Securities Authority and, to the knowledge of XS, no investigation or other proceedings involving XS are currently in progress or pending before the CSE or any Securities Authority other than as set forth in the XS Disclosure Letter.
- (gg) Reports. XS has filed with the Securities Authorities, the CSE and all applicable self-regulatory authorities a true and complete copy of all forms, reports, schedules, statements, certifications, material change reports and other documents required to be filed by it other than as set forth in the XS Disclosure Letter. The XS Public Disclosure Documents, at the time filed or, if amended, as of the date of such amendment: (i) did not contain any misrepresentation (as defined by securities Laws) and did not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (ii) complied in all material respects with the requirements of applicable securities legislation and the rules, policies and instruments of all Securities Authorities, the CSE or other self-regulatory authority having jurisdiction over XS except where such non-compliance has not had, or would not reasonably be expected to have, a Material Adverse Effect on XS or as otherwise set forth in the XS Disclosure Letter. XS has not filed any confidential material change or other report or other document with any Securities Authorities, the CSE or other self-regulatory authority which at the date hereof remains confidential.
- (hh) No Canadian Business. None of XS nor any of the XS Subsidiaries are “Canadian businesses” within the meaning of the Investment Canada Act.
- (ii) Competition Act Notification. Neither the aggregate book of value of the assets in Canada of XS and the XS Subsidiaries, nor the consolidated gross revenues from sales in, from or into Canada generated from assets in Canada of XS and the XS Subsidiaries, both calculated in the matter prescribed under the Competition Act, exceeds C\$93 million.
- (jj) No Option on Assets. No Person has any agreement or option or any right or privilege capable of becoming an agreement or option for the purchase from XS or the XS Subsidiaries of any of the assets of XS or the XS Subsidiaries other than as described or contemplated in this Agreement.
- (kk) Certain Contracts. Each of XS and each of the XS Subsidiaries is not a party to or bound by any non-competition agreement, area of mutual interest agreement or any other agreement, obligation, judgment, injunction, order or decree that purports to: (i) limit the manner or the localities in which all or any portion of the business of XS or the XS Subsidiaries is conducted; (ii) limit any business practice of XS or the XS Subsidiaries in any respect; or (iii) restrict any acquisition or disposition of any property by XS or the XS Subsidiaries in any respect, in each case other than as disclosed in the XS Disclosure Letter.
- (ll) No Broker’s Commission. Except as disclosed in the XS Disclosure Letter, XS has not entered into any agreement that would entitle any Person to any valid claim against XS for a broker’s commission, finder’s fee, success fee or any like payment or fee in respect of the Arrangement or any other matter contemplated by this Agreement.

- (mm) Corrupt Practices Legislation. Each of XS and each of the XS Subsidiaries has not taken, directly or indirectly, any action which would cause XS or the XS Subsidiaries to be in violation of Anti-Corruption Laws and, to the knowledge of XS, no such action has been taken by any of the officers, directors, employees, agents, Representatives or other Persons acting on behalf of XS or the XS Subsidiaries. Each of XS and each of the XS Subsidiaries has conducted its businesses in compliance with Anti-Corruption Laws and has instituted and maintains policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith. XS and each XS Subsidiary utilizes effective controls, procedures and an internal accounting controls system that is sufficient to provide reasonable assurances that violations of applicable anti-bribery, sanctions or anti-money laundering Laws or regulations will be prevented, detected and deterred.
- (nn) XS Board Approval. Each of the XS Board and the Special Committee has unanimously determined that the Arrangement is fair to the XS Securityholders and that the Arrangement and related transactions contemplated in this Agreement are in the best interests of XS; and each of the XS Board and Special Committee has unanimously (other than those directors who abstained from voting) resolved to recommend approval of the Arrangement Resolution to the XS Securityholders. The Board of Directors and the Special Committee have received an oral summary of the Fairness Opinion and, as of the date hereof, such oral summary of the Fairness Opinion has not been withdrawn, revoked or modified.
- (oo) Vote Required. The only votes necessary to approve this Agreement and the Arrangement and the transactions contemplated hereby and thereby are those set out in Section 2.3(c).
- (pp) Information. Other than the information provided by Purchaser, the information contained or incorporated by reference in the XS Circular will contain no untrue statement of a material fact and will not omit to state a material fact that is required to be stated or that is necessary to make the statements not misleading in light of the circumstances in which they were made.
- (qq) Confidentiality Agreement. Each of XS and each of the XS Subsidiaries has not waived or released any Person from any standstill, confidentiality or use or other similar provisions of any confidentiality or similar agreements entered into by XS or the XS Subsidiaries and neither the entering into of this Agreement or the completion of the transactions contemplated hereby will release or spring (or be deemed to release or spring) any Person from any standstill, confidentiality or use or other similar provisions of any confidentiality or similar agreements.
- (rr) Ownership of Purchaser Shares. As of the date hereof, none of XS nor any of the XS Subsidiaries, whether alone or together with any Person under common control with XS, the XS Subsidiaries or a Person acting jointly or in concert with any of them, directly or indirectly, beneficially owns or exercises control or direction over any securities of Purchaser nor does it have any options, rights or entitlements to acquire any securities of Purchaser.

- (ss) Intercompany Payables. Other than as set out in the XS Disclosure Letter, there are no outstanding intercompany payables, receivables, loans or obligations of any other nature outstanding between XS and any XS Subsidiary, or between any two XS Subsidiaries.
- (tt) U.S. Securities Law Matters. XS is a “foreign private issuer” as defined in Rule 3b-4 under the 1934 Act, and is not subject to the reporting requirements of Sections 13(a) or 15(d) of the 1934 Act, (i) XS Shares are not registered under Section 12 of the 1934 Act, and (ii) XS is not registered or required to register as an investment company under the 1940 Act.
- (uu) Collateral Benefit. As of the date hereof, to the knowledge of XS, no Related Party of XS (within the meaning of MI 61-101) together with its associated entities, beneficially owns or exercises control or direction over 1% or more of the outstanding XS Shares, except for (i) Related Parties who will not receive a “collateral benefit” (within the meaning of MI 61-101) as a consequence of the transactions contemplated by this Agreement; or (ii) Related Parties whose votes will be excluded for the purpose of calculating the majority approval percentage as required by Sections 2.3(c)(iv) and (v).
- (vv) XS Transaction Expenses. The XS Disclosure Letter sets forth in reasonable detail XS’ good faith estimate of all XS Transaction Expenses.

3.3 XS Disclosure Letter

The Parties acknowledge and agree that XS has delivered to Purchaser the XS Disclosure Letter, which has been accepted by Purchaser and which sets forth all modifications to those representations and warranties made by XS in Section 3.3 hereof.

3.4 Survival of Representations and Warranties

The representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement and shall expire and be terminated and extinguished on the earlier of the Effective Date and the date on which this Agreement is validly terminated pursuant to Section 7.3.

ARTICLE 4 COVENANTS

4.1 Mutual Covenants of Parties Regarding the Arrangement

Each of the Parties covenants and agrees that, subject to the terms and conditions of this Agreement, during the period from the date of this Agreement until the earlier of the Effective Time and the time this Agreement is validly terminated pursuant to Section 7.3:

- (a) it shall use its commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder as set forth in Article 5 to the extent the same is within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the Arrangement, including using its commercially reasonable efforts to promptly: (i) obtain all necessary waivers, consents and approvals required to be obtained by it or any of its Subsidiaries and affiliates from parties to Material Contracts or from any

- Governmental Entity; (ii) obtain all necessary and material Authorizations as are required to be obtained by it or any of its Subsidiaries and affiliates under applicable Laws; (iii) fulfill all conditions and satisfy all provisions of this Agreement and the Arrangement required to be satisfied by it, including, if applicable, delivery of the certificates of their respective officers contemplated by Sections 5.2(a), 5.2(b), 5.3(a), 5.3(b) and 5.3(c) and (iv) cooperate with the other Party in connection with the performance by it and its Subsidiaries and affiliates of their obligations hereunder;
- (b) it shall not take any action, shall refrain from taking any action, and shall not permit any action to be taken or not taken, which is inconsistent with this Agreement or which would reasonably be expected to, individually or in the aggregate, prevent or materially impede, interfere with or delay the consummation of the Arrangement or the other transactions contemplated herein;
 - (c) it shall use commercially reasonable efforts to: (i) cause the Sponsors to comply with their obligations pursuant to the Equity Commitment Letter; (ii) defend all Legal Actions against itself or any of its Subsidiaries or affiliates challenging or affecting this Agreement or the consummation of the transactions contemplated hereby; (iii) appeal, overturn or have lifted or rescinded any injunction or restraining order or other order, including orders, relating to itself or any of its Subsidiaries or affiliates which may adversely affect the ability of the Parties to consummate the Arrangement or any of the Sponsors to comply with their obligations pursuant to the Equity Commitment Letter; and (iv) appeal or overturn or otherwise have lifted or rendered non-applicable in respect of the Arrangement, any Law that makes consummation of the Arrangement illegal or otherwise prohibits or enjoins XS or Purchaser from consummating the Arrangement; and
 - (d) it shall carry out the terms of the Interim Order and Final Order applicable to it and use commercially reasonable efforts to comply promptly with all requirements which applicable Laws may impose on it or its Subsidiaries or affiliates with respect to the transactions contemplated hereby.
 - (e) except as otherwise provided herein, it shall furnish promptly to the other Party a copy of any filings made under any applicable Laws and any dealings or communications with any Governmental Entity, Securities Authority or stock exchange in connection with, or in any way affecting, the transactions contemplated by this Agreement (except where such material is confidential, in which case it will be provided (subject to applicable Laws) to the other Party's outside counsel on an "external counsel" basis).

4.2 Covenants of XS Regarding the Conduct of Business

- (a) XS covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is validly terminated pursuant to Section 7.3, except (i) with the written consent of Purchaser, which consent shall not be unreasonably withheld, conditioned or delayed (to the extent that such consent is permitted by applicable Law), (ii) as is otherwise expressly permitted or required by this Agreement or the Plan of Arrangement, or (iii) as is otherwise required by applicable Law or Governmental Entity, XS shall, and shall cause the XS Subsidiaries to, use commercially

- reasonable efforts to (A) conduct their respective businesses only in the Ordinary Course of Business and in accordance with applicable Laws, (B) maintain and preserve its and the XS Subsidiaries' business organization, liquidity, assets, properties, employees, goodwill and business relationships it currently maintains with customers, suppliers, partners and other Persons with which XS or any XS Subsidiary has material business relations and (C) conduct the business of XS and the XS Subsidiaries so that all of the representations and warranties contained herein shall be true and correct as of the Effective Date as if made on and as of such date (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such date);
- (b) Without limiting the generality of Section 4.2(a), XS covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is validly terminated pursuant to Section 7.3, except (i) with the written consent of Purchaser, which consent shall not be unreasonably withheld, conditioned or delayed (to the extent that such consent is permitted by applicable Law), (ii) as is otherwise expressly permitted or required by this Agreement or the Plan of Arrangement, or (iii) as is otherwise required by applicable Law or Governmental Entity, XS shall not, and XS shall not permit any XS Subsidiary to, directly or indirectly:
- (i) (i) amend its notice of articles, articles or other comparable formation or organizational documents; (ii) adjust, split, combine or reclassify the XS Shares; (iii) issue, grant, sell or cause or, permit an Encumbrance to be created on, or agree to issue, grant, sell or cause or permit an Encumbrance to be created on any XS Shares or the securities of the XS Subsidiaries or securities convertible into or exchangeable or exercisable for any such securities, or otherwise evidencing a right to acquire, XS Shares or any securities of the XS Subsidiaries, other than (A) the issuance of XS Shares issuable pursuant to the terms of the outstanding XS Options or XS Warrants; provided that no amendment to the terms of the XS Options or XS Warrants shall be permitted and (B) transactions between two or more of XS's wholly-owned Subsidiaries or between XS and one or more of its wholly-owned Subsidiaries; (iv) redeem, purchase or otherwise acquire or subject to an Encumbrance any of its outstanding securities or securities convertible into or exchangeable or exercisable for any such securities, unless otherwise required by the terms of such securities and other than in transactions between two or more of XS's wholly-owned Subsidiaries or between XS and its wholly-owned Subsidiary; (v) amend or modify the terms of any of its securities; (vi) adopt a plan of liquidation or resolution providing for the winding-up, liquidation or dissolution of XS or any of its Subsidiaries; or (vii) authorize or propose any of the foregoing, or enter into, modify or terminate any Contract with respect to any of the foregoing;
- (ii) (i) sell, pledge, lease, license, dispose of or cause or permit any Encumbrance to be created on (x) assets (excluding the shares of XS or any XS Subsidiary), other than in the Ordinary Course of Business, or (y) the shares of XS or any XS Subsidiary, or (ii) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or otherwise) any corporation, partnership or other business organization or division thereof or any property or asset, or make any investment either by the purchase of securities, contributions of capital (other than to wholly-owned

Subsidiaries), property transfer, or purchase of any property or enter into or extend any option to acquire, or exercise an option to acquire, any property or assets of any other Person;

- (iii) incur any indebtedness other than draw-downs on the Needham Facility in the Ordinary Course of Business (provided that in no event shall the principal amount owing under the Needham Facility exceed US\$62,067,617) or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other Person; voluntarily repay any indebtedness other than debts that are repaid in the Ordinary Course of Business; make or commit to make any material expenditures (including any capital expenditures) other than in accordance with the approved budget and capital plan of XS and XS Subsidiaries in effect on the date hereof and which have been made available to Purchaser; take any action that would cause any of the representations or warranties set forth in Section 3.3 to be untrue as of the date of this Agreement or would reasonably be expected to result in the condition set out in Section 5.3 not being satisfied; pay, discharge or satisfy any claims, liabilities or obligations other than the payment, discharge or satisfaction of liabilities that were incurred in the Ordinary Course of Business; waive, release, grant or transfer any rights of material value; enter into a new line of business; create any Subsidiary; or authorize or propose any of the foregoing, or enter into or modify any Contract to do any of the foregoing;
- (iv) other than in the Ordinary Course of Business, (i) enter into any Contract that would be a Material Contract, (ii) enter into any Contract or series of Contracts resulting in a new Contract or series of related new Contracts that would result in any Contract having a term in excess of 12 months and that would not be terminable by XS or its Subsidiaries upon notice of 60 days or less from the date of the relevant Contract; or (iii) waive, release or amend, in any material respect any Contract of the type described in the foregoing clauses;
- (v) other than as is necessary to comply with existing employee benefit plans or Contracts, (i) grant to any employee earning an annual and variable compensation in excess of US\$150,000, officer or director of XS or of any XS Subsidiary an increase in compensation in any form; (ii) grant any general salary increase or increase to benefits; (iii) take any action with respect to the increase of any severance or termination pay; (iv) enter into any employment, bonus, change of control, severance, deferred compensation or other similar agreement or amend any such existing agreement, with any employee earning an annual and variable compensation in excess of US\$150,000, officer or director of XS or any XS Subsidiary; (v) increase any benefits payable under its current severance or termination pay policies; or (vi) adopt or amend or make any contribution to any employee benefit plan or other similar plan, agreement, trust, fund or arrangement or take any action to accelerate any rights or benefits or fund or secure the payment of compensation or benefits under any employee benefit plan, or make any Person a beneficiary of any retention or severance plan which would entitle such Person to payments, vesting, acceleration or any other right as a consequence of

consummation of the transactions contemplated by this Agreement and/or termination of employment;

- (vi) waive, release or condition any non-compete, non-solicit, non-disclosure, confidentiality or other restrictive covenant owed to XS or any of the XS Subsidiaries;
 - (vii) make any loans, advances or capital contributions to, or investments in, or guarantees (other than performance guarantees on behalf of wholly-owned Subsidiaries) to, any other Person other than to wholly-owned Subsidiaries, or make any loans to any officer, director or employee of XS or any of its Subsidiaries;
 - (viii) make any changes in financial accounting methods, principles, policies or practices, except as required, in each case, by IFRS or as set forth in the XS Disclosure Letter;
 - (ix) commence any Legal Action other than in connection with the collection of accounts or the enforcement of any rights under this Agreement or any other agreements with Purchaser;
 - (x) declare of pay any dividends or other distributions in respect of its equity securities;
 - (xi) enter into any Collective Agreement;
 - (xii) waive, release, assign, settle or compromise:
 - (A) any Legal Action or any claim or liability; or
 - (B) any Legal Action that is brought by any current, former or purported holder of any XS Securities in its capacity as such and that (1) requires any payment to such security holder by XS or any XS Subsidiary; or (2) adversely affects the ability of XS and the XS Subsidiaries to conduct their business in the Ordinary Course of Business; or
 - (xiii) enter into ant Contract or other arrangement to effect any of the foregoing or otherwise commit to take any action in respect of the foregoing.
- (c) XS covenants and agrees that during the period from the date of this Agreement until the earlier of the Effective Date and the time that this Agreement is validly terminated pursuant to Section 7.3, XS shall, and shall cause the XS Subsidiaries to, use all commercially reasonable efforts to cause its current insurance (or re-insurance) policies maintained by XS or any XS Subsidiary not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and reinsurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies are in full force and effect; provided that, subject to Section 4.5, XS and its Subsidiaries shall not obtain or renew any insurance (or re-insurance) policy for a term exceeding 12 months; and

- (d) XS covenants and agrees that during the period from the date of this Agreement until the earlier of the Effective Date and the time that this Agreement is validly terminated pursuant to Section 7.3, XS shall not, and cause the XS Subsidiaries not to, authorize, agree to, propose, enter into or modify any Material Contract, agreement, commitment or arrangement, to do any of the matters prohibited by the other subsections of this Section 4.2 or resolve to do so.

4.3 CSE Delisting

Subject to the receipt of the approval of the Arrangement Resolution by XS Securityholders in accordance with the terms of this Agreement and applicable Law, and receipt of all applicable Court approvals to give effect to the Arrangement, Purchaser and XS shall use their commercially reasonable efforts to cause the SV Shares to be de-listed from the CSE promptly following the Effective Time, with effect as soon as practicable following the acquisition by Purchaser of the XS Shares pursuant to the Arrangement.

4.4 Taxes

XS shall and shall cause the XS Subsidiaries to:

- (a) duly and timely file all Tax Returns required to be filed by it on or after the date hereof and prior to the Effective Date, and all such Tax Returns will be true, complete and correct in all material respects;
- (b) in a timely manner withhold, collect, remit to the appropriate Governmental Entity and pay all Taxes which are required by applicable Laws to be withheld, collected, remitted or paid by it to the extent due and payable;
- (c) not make or rescind any material express or deemed election relating to Taxes, except with the consent of Purchaser, such consent not to be unreasonably withheld, conditioned or delayed;
- (d) not make a request for a Tax ruling or voluntary disclosure or enter into any agreement with any Governmental Entity or consent to any extension or waiver of any limitation period with respect to Taxes, except with the consent of Purchaser, such consent not to be unreasonably withheld, conditioned or delayed;
- (e) not enter into any Tax sharing, Tax advance pricing agreement, Tax allocation, Tax indemnification or similar agreement (other than customary Tax indemnification provisions in commercial contracts not primarily relating to Taxes);
- (f) not surrender any right to claim a Tax abatement, reduction, deduction, exemption, credit or refund;
- (g) not file any amendment to any Tax Return in respect of a material amount of Taxes other than with the consent of the Purchaser, such consent not to be unreasonably withheld, conditioned or delayed;

- (h) materially reduce the amount of any of its individual categories of Tax attributes other than with the consent of the Purchaser, such consent not to be unreasonably withheld, conditioned or delayed;
- (i) not settle or compromise any Claim, Legal Action or controversy relating to Taxes, except with the consent of Purchaser, such consent not to be unreasonably withheld, conditioned or delayed;
- (j) not change or amend any of its methods of reporting income, deductions or accounting for income Tax purposes from those employed in the preparation of its income Tax Returns for the taxation year ended December 31, 2023, except as may be required by applicable Laws or IFRS; and
- (k) not undertake or participate in any transaction or series of transactions (other than the implementation and fulfillment of the transactions contemplated in this Agreement and the Plan of Arrangement) that they know or could reasonably be expected to know have the effect of materially or reducing or eliminating the amount of the tax cost “bump” pursuant to paragraphs 88(1)(c) and (d) of the Tax Act otherwise available to Purchaser or its successors or assigns in respect of non-depreciable capital property owned by XS or any XS Subsidiary on the Effective Date.

4.5 Indemnification and Insurance

- (a) Purchaser agrees that all rights to indemnification or exculpation now existing in favour of current and former directors or officers of XS and the XS Subsidiaries (the “**D&O Indemnified Parties**”) as provided in the constating documents thereof, or in any agreement existing as of the date hereof (which has been provided to Purchaser) between a D&O Indemnified Party and XS or any of the XS Subsidiaries shall be assumed by Xtraction and the directors’ and officers’ liability insurance referred to herein shall survive the completion of the Arrangement and shall continue in full force and effect for a period of not less than six years from the Effective Date. The terms of this Section 4.5 shall survive the completion of the Arrangement and each D&O Indemnified Party will be considered a third party beneficiary hereof for the purposes of enforcing Xtraction’s obligations hereunder.
- (b) Prior to the Effective Time, Xtraction shall, in consultation with Purchaser, purchase “run-off” or “tail” directors’ and officers’ liability insurance policies for a period of seven (7) years from the Effective Time (the “**Tail Policy**”); provided, that, in no event shall Xtraction be obligated to purchase any Tail Policy that has premiums that exceed US\$152,750, unless otherwise agreed in writing by Purchaser. Purchaser will, and will cause Xtraction to, maintain such insurance policies and not cancel or change such insurance policies in any respect.
- (c) XS shall use its commercially reasonable efforts to obtain and deliver to Purchaser at the Effective Time evidence reasonably satisfactory to Purchaser of the resignations effective immediately prior to the Effective Time of all of the directors and officers of XS and the XS Subsidiaries designated by Purchaser to XS in writing.

4.6 Public Notices

All public notices to third parties and all other publicity concerning the Arrangement shall be jointly planned and coordinated by the Parties and no Party shall act unilaterally in this regard without the prior written approval of the other Party, such approval not to be unreasonably withheld or delayed, except (i) to the extent that the Party making such notice is required to do so by applicable Laws or the policies of the CSE in circumstances where prior consultation with the other Parties is not practicable, provided notice to the other Parties is provided concurrently with the public notice, or (ii) in any case in which such disclosure is made in connection with a dispute between the Parties hereto regarding this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing,

(A) each Party and its affiliates, without consulting with the other Party, may provide in connection with the solicitation of proxies for the XS Meeting, and

(B) Purchaser and its affiliates may, without consulting XS, provide to existing or prospective general and limited partners, equity holders, members, managers and investors of any affiliates of such Person,

confidential communications regarding this Agreement and the transactions contemplated hereby; provided, in each case, such recipients are subject to customary confidentiality restrictions.

4.7 Employment Matters

The Parties acknowledge that the Arrangement will result in a change of control, termination payment, vesting, consideration or other event or benefit for purposes of certain XS executive, employment and other agreements as disclosed in the XS Disclosure Letter (collectively the “**Entitlement Agreements**”). All such Persons will be entitled to all payments, vesting, consideration and other benefits (including change of control payments and/or severance, as applicable) upon their termination and/or resignation from XS in accordance with the provisions contained in their respective Entitlement Agreements.

4.8 Mandatory Reporting Rules

The Parties shall reasonably cooperate in good faith to determine whether any transaction contemplated by this Agreement or the Plan of Arrangement, or any transaction that may be considered to be part of the same series of transactions as the transactions contemplated by this Agreement or the Plan of Arrangement, is a “reportable transaction” (as defined in section 237.3 of the Tax Act), is a “notifiable transaction” (as defined in section 237.4 of the Tax Act), or is otherwise required to be reported to any applicable Governmental Entity under any analogous provision of any comparable Law of any province or territory of Canada, including any transaction subject to mandatory disclosure rules under the *Taxation Act* (Québec). If any Party determines that any such transaction is reportable then it shall so notify all other Parties and the Parties shall reasonably cooperate in good faith (including sharing of draft reporting forms) to make any such reporting on a timely basis. Notwithstanding the foregoing and for greater certainty, each Party shall be permitted to report any transaction to an applicable Governmental Entity to the extent that such Party determines, acting reasonably, that such reporting is required by applicable Law.

4.9 Delivery of Written Fairness Opinion

Promptly following receipt of the written Fairness Opinion, XS shall deliver a copy thereof to Purchaser.

4.10 [Reserved]

4.11 Access

XS shall give Purchaser and its Representatives during normal business hours reasonable access to its premises, assets, books, records, contracts and personnel and furnish Purchaser with all such other information as Purchaser may reasonably request.

4.12 XS Transaction Expenses

On the date that is three (3) days prior to the Effective Date, XS shall deliver to Purchaser a statement setting forth in reasonable detail its good faith estimate of all XS Transaction Expenses.

4.13 CSI Princessa

At least three Business Days prior to the Effective Date, XS shall liquidate and dissolve CSI Princessa Inc. in accordance with the provisions of the *Business Corporations Act* (Ontario). XS shall share its proposed liquidation and dissolution steps and all documents in respect of the implementation thereof (including for the avoidance of doubt, all steps and documents relating to the settlement of intercompany amounts between XS and CSI Princessa Inc.) at least fifteen Business Days prior to the date of such liquidation and dissolution and implement all comments made by Purchaser with respect to such steps and documents.

4.14 XS Annual Financials

XS shall use its best efforts to, and to cause its Representatives to (a) as promptly as reasonably possible following the date hereof, have filed an audit report on the XS Annual Financials containing a confirmation by an auditor registered as a Chartered Professional Accountant in British Columbia that the XS Annual Financial Statements have been audited in accordance with Canadian generally accepted accounting standards pursuant to National Instrument 52-107 (“**NI 52-107**”) of the Canadian Securities Regulators (the “**Audit Report**”) and (b) provide all documentation and information (including the Audit Report), and make all submissions necessary or advisable, to the British Columbia Securities Commission (the “**BCSC**”) in connection with satisfying the BCSC that the XS Annual Financials comply with the provisions of NI 52-107. XS shall keep Purchaser informed of the status of the Audit Report and make its Representatives available for discussion, and provide all documents prepared in connection therewith, upon reasonable request by Purchaser. XS shall provide drafts of any proposed communication with the BCSC or any other Canadian Securities Administrator and incorporate all comments made by Purchaser with respect to such communications.

ARTICLE 5 CONDITIONS

5.1 Mutual Conditions

The obligations of XS and Purchaser to complete the Arrangement shall be subject to the satisfaction of the following mutual conditions prior to the Effective Time, which may be waived only with the consent of each of the Parties in their sole discretion:

- (a) the Interim Order shall have been granted in form and substance satisfactory to Purchaser and XS, each acting reasonably, and shall not have been set aside or modified in a manner unacceptable to Purchaser or XS, each acting reasonably, on appeal or otherwise;
- (b) the Arrangement Resolution shall have been passed by the XS Securityholders in accordance with the Interim Order and the applicable provisions of the BCBCA and MI 61-101;
- (c) the Final Order shall have been granted in form and substance satisfactory to Purchaser and XS, each acting reasonably, and shall not have been set aside or modified in a manner unacceptable to Purchaser and XS, each acting reasonably, on appeal or otherwise;
- (d) there shall not be in force any Laws, ruling, order or decree, and there shall not have been any action taken under any Laws or by any Governmental Entity or other regulatory authority, that makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the consummation of the Arrangement in accordance with the terms hereof or results or could reasonably be expected to result in a judgment, order, decree or assessment of damages, directly or indirectly, relating to the Arrangement that would, or would reasonably be expected to, prevent the prompt completion of the Arrangement, or has, or could reasonably be expected to have, a Material Adverse Effect on XS;
- (e) (A) all consents, waivers, permits, exemptions, orders and approvals of, and any registrations and filings with, any Governmental Entity, in connection with, or required to permit, the completion of the Arrangement including the Laws of any jurisdiction which Purchaser and XS reasonably determine to be applicable, and (B) all third Person and other consents, waivers, permits, exemptions, orders, approvals, agreements and amendments and modifications to agreements, indentures or arrangements, shall have been obtained or received on terms that are reasonably satisfactory to Purchaser and XS, each acting reasonably;
- (f) there shall not have been any Legal Action commenced by any Person (including any Governmental Entity) in any jurisdiction seeking to prohibit or restrict the Arrangement; and
- (g) the Employment Agreements shall be executed and not amended, revoked or terminated without the prior written consent of Purchaser and XS.

5.2 Conditions to the Obligations of XS

The obligation of XS to complete the Arrangement is subject to the fulfillment of the following conditions prior to the Effective Time, which may only be waived, in whole or in part, by XS in its sole discretion:

- (a) the representations and warranties made by Purchaser in this Agreement shall be true and correct in all respects (without regard to any materiality qualifications contained in them), as of the Effective Date, as though made on and as of the Effective Date (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except to the extent that the failure or failures of such representations and warranties to be so true and correct in all respects, individually or in the aggregate, would not, or would not reasonably be expected to, prevent or materially impede, interfere with or delay the consummation of the Arrangement, and XS shall have received a certificate of Purchaser addressed to XS and dated the Effective Date, signed on behalf of Purchaser by a senior executive officer of Purchaser (on Purchaser's behalf and without personal liability), confirming the same as at the Effective Date; and
- (b) Purchaser shall have complied in all material respects with its covenants herein and XS shall have received a certificate of Purchaser addressed to XS and dated the Effective Date, signed on behalf of Purchaser by a senior executive officer of Purchaser (on Purchaser's behalf and without personal liability), confirming the same as at the Effective Date.

5.3 Conditions to Obligations of Purchaser

The obligation of Purchaser to complete the Arrangement is subject to the fulfillment of the following conditions prior to the Effective Time, which may be waived only by Purchaser in its sole discretion:

- (a) the representations and warranties made by XS in this Agreement (other than those addressed in Section 5.3(b)) shall be true and correct in all respects without regard to any materiality or Material Adverse Effect qualifications contained in them, as of the Effective Date, as though made on and as of the Effective Date (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except to the extent that the failure or failures of such representations and warranties to be so true and correct in all respects, individually or in the aggregate, would not, or would not reasonably be expected to, result in a Material Adverse Effect, and Purchaser shall have received a certificate of XS addressed to Purchaser and dated the Effective Date, signed on behalf of XS by a senior executive officer of XS (on XS's behalf and without personal liability), confirming the same as at the Effective Date;
- (b) the representations and warranties made by XS in Sections 3.2(a) (*Organization*), 3.2(b) (*Capitalization of XS*), 3.2(b) (*No Conflict; Consents and Approvals*) (other than Section 3.2(d)(i)(C)), 3.2(f) (*Solvency*), 3.2(ll) (*No Broker's Commission*) and 3.2(nn) (*XS Board Approval*) shall be true and correct in all respects (other than *de minimis* exceptions) without regard to any materiality or Material Adverse Effect qualifications contained in them, as of the Effective Date, as though made on and as of the Effective Date (except for

representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), and Purchaser shall have received a certificate of XS addressed to Purchaser and dated the Effective Date, signed on behalf of XS by a senior executive officer of XS (on XS's behalf and without personal liability), confirming the same as at the Effective Date.

- (c) XS shall have complied in all material respects with its covenants herein and Purchaser shall have received a certificate of XS addressed to Purchaser and dated the Effective Date, signed on behalf of XS by a senior executive officer of XS (on XS's behalf and without personal liability), confirming the same as at the Effective Date, including attaching resolutions of the XS Board confirming approval of the transfer of the issued and outstanding XS Shares;
- (d) since the date of this Agreement, there shall not have been any change, event, occurrence, effect, state of facts or circumstance that, individually or in the aggregate, has had, or would reasonably be expected to have, a Material Adverse Effect;
- (e) at the Effective Time, there shall not have been exercised Dissent Rights with respect to (i) PV Shares representing more than 5% of the aggregate number of issued and outstanding PV Shares or (ii) SV Shares representing more than 5% of the aggregate number of issued and outstanding SV Shares;
- (f) XS shall not be in default under the terms of the Needham Facility;
- (g) the Convertible Notes shall have been repaid;
- (h) CSI Princesa Inc. shall have been liquidated and dissolved in accordance with Section 4.13;
- (i) (i) the Audit Report shall have been prepared and filed to the satisfaction of the BCSC (which shall be confirmed by the BCSC in writing) and (ii) no further action on the part of XS shall be required to be taken in connection therewith; and
- (j) XS shall not have been required (whether by Law, at the demand or request of a Governmental Entity or otherwise) to materially amend, restate, modify or supplement the XS Annual Financials; provided, for the avoidance of doubt, any such amendment, restatement, modification or supplement shall be deemed to be material if, in the reasonable opinion of the Purchaser's external legal counsel, such amendment, restatement, modification or supplement may give rise to any liability in respect of a misrepresentation in XS' public disclosure pursuant to applicable securities Laws.

5.4 Notice and Cure Provisions

Each Party hereto shall give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof until the earlier to occur of the valid termination of this Agreement under Section 7.3 and the Effective Date, of any change, event, occurrence, effect, state of facts or circumstance that, individually or in the aggregate, which occurrence or failure would, or would be reasonably expected to:

- (a) cause any of the representations or warranties of such Party hereto contained herein to be untrue or inaccurate in any respect on the date hereof or on the Effective Date;
- (b) result in the failure to comply with or satisfy any covenant or agreement to be complied with or satisfied by such Party hereto prior to the Effective Date; or
- (c) result in the failure to satisfy any of the conditions precedent in favour of the other Party hereto contained in Section 5.1, Section 5.2 or Section 5.3, as the case may be.

A Party hereto may elect not to complete the transactions contemplated hereby by virtue of the conditions contained in Section 5.1, Section 5.2 or Section 5.3 hereof not being satisfied or waived or exercise any termination right arising therefrom pursuant to Section 7.3; provided, however, that (i) promptly and in any event prior to the Completion Deadline, the Party hereto intending to rely thereon has delivered a written notice to the other Party hereto specifying in reasonable detail the breaches of covenants or untruthfulness or inaccuracy of representations and warranties or other matters that the Party hereto delivering such notice is asserting as the basis for the exercise of the termination right, as the case may be, and (ii) if any such notice is delivered, and a Party hereto is proceeding diligently, at its own expense, to cure such matter, if such matter is capable of being cured, the Party hereto that has delivered such notice may not terminate this Agreement until the earlier of (A) the Completion Deadline and, (B) the expiration of a period of fifteen (15) days from date of delivery of such notice. If such notice has been delivered prior to the date of the XS Meeting, the XS Meeting shall be adjourned or postponed until the expiry of such period.

5.5 Merger of Conditions

The conditions set out in Section 5.1, Section 5.2 and Section 5.3 hereof shall be conclusively deemed to have been satisfied, fulfilled or waived at the Effective Time, and the Parties shall execute a certificate confirming the Effective Date.

ARTICLE 6 NON-SOLICITATION

6.1 XS Covenant Regarding Non-Solicitation

- (a) XS shall not and shall cause the XS Subsidiaries not to, directly or indirectly, through any officer, director, employee, representative, advisor or agent of XS or the XS Subsidiaries (collectively, the “**Representatives**”), or otherwise cause any Representative to:
 - (i) make, solicit, initiate, facilitate, entertain, encourage, permit or promote (including by way of furnishing information, knowingly permitting any visit to facilities or properties of XS or the XS Subsidiaries or entering into any form of agreement, arrangement or understanding) any inquiries, proposals, expressions of interest or offers regarding, constituting or that may reasonably be expected to lead to an Acquisition Proposal or potential Acquisition Proposal;
 - (ii) enter into or otherwise engage or participate, directly or indirectly, in any discussions or negotiations regarding, or furnish to any Person any information or

otherwise cooperate with, respond to, assist or participate in, any effort or attempt to make any Acquisition Proposal or potential Acquisition Proposal;

- (iii) remain neutral with respect to, or agree to, approve or recommend, or propose publicly to remain neutral with respect to, agree to, approve or recommend any Acquisition Proposal or potential Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to a Acquisition Proposal until three Business Days (or one day prior to the XS Meeting, if sooner) following the public commencement of such Acquisition Proposal shall not be considered a violation of this subsection 6.1(a)(iii));
- (iv) make, or propose publicly to make, a Change in Recommendation (provided that XS shall be permitted to make a Change in Recommendation if the XS Board determines in good faith after consulting with outside counsel (which may include opinions or advice, written or otherwise) that failure to take such action would be inconsistent with the fiduciary duties of such directors under applicable Laws);
- (v) accept, enter into, or propose publicly to accept or enter into, any letter of intent, agreement, understanding, arrangement or other Contract related to any Acquisition Proposal or potential Acquisition Proposal, or requiring it to abandon, terminate or fail to consummate the Arrangement, or providing for the payment of any break, termination or other fees or expenses to any Person in relation to an Acquisition Proposal;
- (vi) make any public announcement or take any other action inconsistent with, or that would reasonably be expected to detract from, the recommendation of the XS Board to approve the transactions contemplated herein; or
- (vii) take any other action which would reasonably be expected to prevent or materially impede, interfere with or delay the consummation of the Arrangement;

provided, however, that, notwithstanding the preceding part of this subsection 6.1(a), but subject to the following provisions of this Sections 6.1 and Section 6.2, the XS Board and, on the direction of the XS Board, any Representative may, prior to the date of the XS Meeting, if XS receives a *bona fide* written Acquisition Proposal, consider or negotiate any such unsolicited Acquisition Proposal that is reasonably expected to constitute a Superior Proposal and the XS Board may make a Change in Recommendation in respect of a Superior Proposal, or approve or recommend to the XS Securityholders or enter into an agreement, understanding or arrangement in respect of a Superior Proposal in accordance with the provisions of Sections 6.1 and 6.2 but in each case only if:

- (A) such Person making the Acquisition Proposal was not restricted from making such Acquisition Proposal pursuant to an existing confidentiality, standstill or similar restriction with XS or any of the XS Subsidiaries;
- (B) the Acquisition Proposal or Superior Proposal, as applicable, did not result from a breach of this Agreement by XS and XS is in compliance with its obligations under this Section 6.1 and Section 6.2 of this Agreement;

- (C) the XS Board unanimously (excluding directors who abstain from voting) determines in good faith after consulting with its financial advisors and outside legal counsel (which may include opinions or advice, written or otherwise) that failure to take such action would be inconsistent with the fiduciary duties of such directors under applicable Laws; and
 - (D) prior to entering into substantive discussions or negotiations with or responding to any Person regarding such Acquisition Proposal, XS notifies Purchaser of the good faith determination of the XS Board that such Acquisition Proposal is, or may reasonably be expected to result in, a Superior Proposal.
- (b) XS shall, and shall cause the Representatives to, immediately terminate and cease any discussions or negotiations with any parties (other than Purchaser and its Representatives) with respect to any proposal that constitutes, or may reasonably be expected to constitute, an Acquisition Proposal. XS shall, and shall cause the Representatives to: (i) discontinue or not allow access to any of XS's confidential information to any third party and (ii) immediately request the return or destruction of all information provided to any third party that has entered into a confidentiality agreement with XS relating to a potential Acquisition Proposal to the extent that such information has not previously been returned or destroyed, and shall use all commercially reasonable efforts to ensure that such requests are honoured. XS agrees not to, and shall cause the Representatives not to: (A) release any third party from any confidentiality obligations contained in any agreement relating to a potential Acquisition Proposal to which such third party is a party; or (B) waive any provision of, or release or terminate, any non-solicitation or standstill agreement or provision or purpose or use agreement or provision contained in any confidentiality, non-disclosure, standstill or other agreements without the prior written consent of Purchaser (which may be withheld or delayed in Purchaser's sole and absolute discretion). XS also agrees not to amend, modify or waive any such confidentiality, non-solicitation or standstill agreement or provision and undertakes to use commercially reasonable efforts to enforce such agreements and provisions.
- (c) XS shall notify Purchaser, at first orally and then, as soon as possible thereafter, in writing, promptly and, in any event, within twenty four (24) hours of the receipt by it or a Representative, of any Acquisition Proposal, or any amendment thereto, or any request for non-public information relating to XS in connection with any potential Acquisition Proposal or for access to the properties, books or records of XS by any Person (other than in the Ordinary Course of Business and unrelated to any potential Acquisition Proposal). Such notice shall include a description of the terms and conditions of, and the identity of the Person making, any Acquisition Proposal, inquiry, offer or request. XS shall also promptly provide Purchaser with (i) a copy of any written notice or other written communication from any Person informing XS or a Representative that such Person is considering making, or has made, an Acquisition Proposal, (ii) a copy of any Acquisition Proposal (or any amendment thereof) received by XS or a Representative and (iii) such other details of any such Acquisition Proposal that Purchaser may reasonably request. XS shall keep Purchaser informed of the status of any Acquisition Proposal and keep Purchaser fully informed as to the material details of all discussions or negotiations.

- (d) If XS is in compliance with its obligations under subsections 6.1(a) to (c) and if XS receives a request for material non-public information from a Person who is considering making or has made a written Acquisition Proposal (the existence and content of which have been disclosed to Purchaser), and the XS Board determines in good faith, after consultation with its financial advisors and its outside legal counsel, that such Acquisition Proposal would, if consummated in accordance with its terms, reasonably be expected to result in a Superior Proposal or does constitute a Superior Proposal, subject to and as contemplated under this Section 6.1, then, and only in such case, the XS Board may provide such Person with access to information regarding XS; provided, however, that
- (i) such Person was not restricted from making such Acquisition Proposal pursuant to an existing confidentiality, standstill or similar restriction with XS or any of its Subsidiaries;
 - (ii) XS shall have entered into a confidentiality and standstill agreement with such Person containing confidentiality, purpose, use, non-solicitation and standstill provisions that are no less restrictive than those contained in the Confidentiality Agreement (however, such confidentiality and standstill agreement may permit such Person to make an Acquisition Proposal in compliance with the terms of this Agreement) and a final executed copy of such confidentiality and standstill agreement shall be provided to Purchaser;
 - (iii) Purchaser is provided with a complete list or copies of any and all information provided to such Person on a timely basis (unless such information was previously provided to Purchaser); and
 - (iv) Purchaser is provided with prompt and similar access to such information (unless such information was previously provided to Purchaser).
- (e) XS shall ensure that the Representatives are aware of the provisions of this Section 6.1, and XS shall be responsible for any breach of this Section 6.1 by the Representatives.

6.2 Notice of Superior Proposal Determination

- (a) XS and the XS Board shall not accept, approve, recommend or enter into any agreement, understanding or arrangement in respect of a Superior Proposal (other than a confidentiality agreement contemplated by subsection 6.1(d) hereof), unless:
- (i) the XS Meeting has not occurred;
 - (ii) the Person making the Superior Proposal is not restricted from making such Superior Proposal pursuant to an existing confidentiality, non-disclosure, standstill or other similar restriction;
 - (iii) XS has complied with its obligations under Section 6.1 and the other provisions of this Article 6, and is not otherwise in material breach of the terms of this Agreement;

- (iv) such Superior Proposal does not provide for the payment of any break, termination or other fees or expenses to the other party in the event that XS completes the Arrangement or any similar other transaction with Purchaser or any of its affiliates agreed prior to any termination of this Agreement;
 - (v) XS has provided Purchaser with written notice promptly following the XS Board's determination, that (x) the Acquisition Proposal constitutes a Superior Proposal pursuant to the terms of this Article 6 and (y) the XS Board intends to accept, approve, recommend or enter into any agreement with respect to such Superior Proposal and of the intention of the XS Board to make a Change in Recommendation or to terminate this Agreement to enter into a definitive agreement with respect to such Superior Proposal, together with a written notice from the XS Board regarding the value and financial terms that the XS Board, in consultation with its financial advisors, has determined should be ascribed to any non-cash consideration offered under such Acquisition Proposal;
 - (vi) XS has provided Purchaser with a copy of the proposed definitive agreement for the Superior Proposal and all supporting materials, including any financing documents supplied to XS in connection therewith;
 - (vii) a period (the "**Response Period**") of at least ten Business Days has elapsed from the date that is the later of: (x) the date on which Purchaser receives such written notice pursuant to 6.2(a)(v); and (y) the date Purchaser receives from XS a copy of the Acquisition Proposal (together with a copy of such agreement and any ancillary agreements) which the XS Board has determined is a Superior Proposal pursuant to this Article 6; and
 - (viii) XS terminates this Agreement pursuant to Section 7.3(b)(iv) and pays the Termination Fee pursuant to Section 7.5.
- (b) During the Response Period (or such longer period as XS may approve in writing for such purpose), Purchaser shall have the right, but not the obligation, to propose in writing to amend the terms of this Agreement and the Arrangement. During the Response Period, XS shall negotiate with Purchaser in good faith and in a manner consistent with the fiduciary duties of the XS Board. The XS Board shall review any proposal by Purchaser to amend the terms of this Agreement and the Arrangement in order to determine, in good faith and in a manner consistent with the fiduciary duties of the XS Board, whether the proposed amendment by Purchaser upon acceptance by XS would result in the Acquisition Proposal not being a Superior Proposal. If the XS Board so determines, XS shall enter into an amended agreement with Purchaser reflecting the amended proposal of Purchaser and will promptly reaffirm its recommendation of the Arrangement, as amended.
- (c) XS acknowledges and agrees that each successive modification of any Acquisition Proposal shall constitute a new Acquisition Proposal for the purposes of this Section 6.2 and Purchaser shall be afforded a new Response Period and the rights afforded in this Section 6.2 shall apply in respect of each such Acquisition Proposal.

- (d) The XS Board shall promptly reaffirm its recommendation of the Arrangement by press release after: (i) the XS Board determines any Acquisition Proposal is not a Superior Proposal; or (ii) the XS Board determines that a proposed amendment to the terms of the Arrangement would result in the Acquisition Proposal which has been publicly announced or made not being a Superior Proposal, and Purchaser has so amended the terms of the Arrangement. Purchaser and its counsel shall be given a reasonable opportunity to review and comment on the form and content of any such press release, recognizing that whether or not such comments are appropriate will be determined by XS, acting reasonably.
- (e) If a Response Period would not terminate before the date fixed for the XS Meeting, XS shall adjourn or postpone the XS Meeting to a date that is at least five Business Days and not more than 10 Business Days after the expiration of the applicable Response Period but in any event the XS Meeting shall not be postponed to date which would prevent the Effective Date from occurring on or prior to the Completion Deadline.

6.3 Compliance with Disclosure Obligations

Nothing contained in Sections 6.1 or 6.2 shall prohibit XS from responding through a directors' circular or otherwise as required by applicable securities Laws to an unsolicited Acquisition Proposal that the XS Board determines is not a Superior Proposal.

ARTICLE 7 AMENDMENT AND TERMINATION

7.1 Amendment

This Agreement may only be amended by mutual written agreement of the Parties hereto without, subject to applicable Laws, further notice to or authorization on the part of the XS Securityholders and any such amendment may, without limitation:

- (a) change the time for the performance of any of the obligations or acts of either of the Parties;
- (b) waive any inaccuracies in or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify the performance of any of the obligations of any of the Parties;
- (d) waive compliance with or modify any condition herein contained; and/or
- (e) amend the steps comprising the Arrangement.

provided, however, that notwithstanding the foregoing, following the XS Meeting, the Purchase Price shall not be amended without the approval of the XS Securityholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court. This Agreement and the Plan of Arrangement may be amended in accordance with the Final Order (with the consent of both Purchaser and XS, each acting reasonably), but in the event that the terms of the Final Order require any such

amendment, the rights of the Parties under Sections 5.1, 5.2, 5.3 and Article 7 hereof shall remain unaffected.

7.2 Term

This Agreement shall be effective from the date hereof until the earlier of the Effective Time and the valid termination of this Agreement in accordance with Section 7.3.

7.3 Termination

This Agreement may be terminated and the Plan of Arrangement may be withdrawn, if applicable, at any time prior to the Effective Date:

- (a) by the mutual written consent of Purchaser and XS, duly authorized by the board of directors of each;
- (b) by any Party, if:
 - (i) the Effective Time shall not have occurred on or before the Completion Deadline, except that the right to terminate this Agreement under this Section 7.3(b)(i) shall not be available to any Party whose failure to fulfill any of its obligations or whose breach of any of its representations and warranties under this Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur by such Completion Deadline;
 - (ii) there exists any final and non-appealable Law, ruling, order or decree, including any cease trade order, injunction or other prohibition of or by any Governmental Entity or other regulatory authority, that makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the consummation of the Arrangement in accordance with the terms hereof;
 - (iii) the Arrangement Resolution shall have failed to obtain the required XS Securityholder approvals set forth under Section 2.3(c) at the XS Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order; or
 - (iv) the XS Board authorizes XS or any XS Subsidiary, subject to complying with the terms of this Agreement, to enter into a legally binding agreement with respect to a Superior Proposal; provided that concurrently with such termination, XS pays the Termination Fee payable pursuant to Section 7.5.
- (c) by Purchaser, if:
 - (i) prior to obtaining the required XS Securityholder approval set out in Section 2.3(c), the XS Board fails to recommend or withdraws, amends, modifies or qualifies, in a manner adverse to Purchaser or fails to reaffirm its approval or recommendation of the Arrangement and the transactions contemplated herein within five (5) Business Days (and in any case prior to the XS Meeting) after having been requested in

writing by Purchaser to do so, it being understood that the taking of a neutral position or no position with respect to an Acquisition Proposal beyond such five (5) Business Day period (or beyond the date which is one day prior to the XS Meeting, if sooner) shall be considered an adverse modification (a “**Change in Recommendation**”);

- (ii) any of the conditions set forth in Sections 5.1 or 5.3 are not satisfied (including, subject to Section 5.4, a breach of any representation or warranty or a failure to perform any covenant or agreement on the part of XS set forth in this Agreement shall have occurred, in each case that would cause one or more conditions set forth in Sections 5.1 or 5.3 not to be satisfied), and such condition is incapable of being satisfied by the Completion Deadline; provided that Purchaser is not then in breach of this Agreement so as to cause any of such conditions set forth in Sections 5.1 or 5.2 not to be satisfied; or
 - (iii) XS is in breach or in default of any of its obligations or covenants set forth in Article 6 in any material respect.
- (d) by XS, if any of the conditions set forth in Sections 5.1 or 5.2 are not satisfied (including, subject to Section 5.4, a breach of any representation or warranty or a failure to perform any covenant or agreement on the part of Purchaser set forth in this Agreement shall have occurred, in each case that would cause one or more conditions set forth in Sections 5.1 or 5.2 not to be satisfied), and such condition is incapable of being satisfied by the Completion Deadline; provided that XS is not then in breach of this Agreement so as to cause any of such conditions set forth in Sections 5.1 or 5.3 not to be satisfied.

provided that the Party desiring to terminate this Agreement pursuant to this Section 7.3 (other than pursuant to Section 7.3(a)) shall give notice of such termination to the other Party specifying therein in reasonable detail the matter or matters giving rise to such termination right.

7.4 Effect of Termination

In the event of termination of this Agreement by either Purchaser or XS as provided in Section 7.3, this Agreement shall forthwith become void, except that:

- (a) the provisions of this Section 7.4, Section 7.5 and Article 8 shall remain in full force and effect and shall survive any such termination; and
- (b) each of Purchaser and XS shall be released and relieved from any and all liabilities and obligations arising hereunder or under any Transaction Documents, except in the case of Willful Breach.

7.5 Termination Fee

- (a) Except as otherwise provided herein, all fees, costs and expenses incurred in connection with this Agreement and the Plan of Arrangement shall be paid by the Party incurring such fees, costs or expenses.

- (b) If a Termination Fee Event occurs, XS shall promptly, but no later than five Business Days following the occurrence of such Termination Fee Event, pay to Purchaser (by wire transfer of immediately available funds to the account or accounts specified by Purchaser) the Termination Fee.
- (c) For the purposes of this Agreement, “**Termination Fee Event**” means the termination of this Agreement:
 - (i) by any Party pursuant to 7.3(b)(iv);
 - (ii) by Purchaser, pursuant to Section 7.3(c)(i) or 7.3(c)(iii); or
 - (iii) (x) by either Party pursuant to Section 7.3(b)(i) or 7.3(b)(iii) or (y) by Purchaser pursuant to Section 7.3(c)(ii), if, in any of the cases set forth in clause (x) or (y) of this paragraph (iii), prior to such termination of this Agreement a bona fide Acquisition Proposal with respect to XS shall have been made to XS or publicly announced by any Person (other than Purchaser or any of its affiliates) and within twelve months following the date of such termination an Acquisition Proposal is consummated or XS or any XS Subsidiary enters into a definitive agreement in respect of any Acquisition Proposal.
- (d) Each of the Parties acknowledges that the agreements contained in this Section 7.5 are an integral part of the transactions contemplated in this Agreement and that, without those agreements, the Parties would not enter into this Agreement. Each Party acknowledges that the Termination Fee represents liquidated damages which is a genuine pre-estimate of the damages which the Party entitled to such damages will suffer or incur as a result of the event giving rise to such payment of the Termination Fee and the resultant termination of this Agreement and are not penalties. XS irrevocably waives any right it may have to raise as a defense that any such liquidated damages are excessive or punitive. Each Party agrees that, upon any termination of this Agreement under circumstances where Purchaser is entitled to the Termination Fee and such Termination Fee is paid in full, Purchaser shall be precluded from any other remedy against XS or any XS Subsidiary at Law or in equity or otherwise (including an order for specific performance), and shall not seek to obtain any recovery, judgment, or damages of any kind, including consequential, indirect, or punitive damages, against XS or any XS Subsidiary or any of their respective Representatives in connection with this Agreement or the transactions contemplated hereby.

ARTICLE 8 GENERAL

8.1 Notices

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a Party hereto shall be in writing and shall be delivered by hand to the Party hereto to which the notice is to be given, sent by facsimile or by electronic mail to the following address or numbers or to such other address or number as shall be specified by a Party hereto by like notice. Any notice, consent, waiver, direction or other communication aforesaid shall, if delivered, be deemed to have been given and received on the date on which it was delivered to the address provided

herein (if a Business Day or, if not, then the next succeeding Business Day) and if sent by facsimile or by electronic mail be deemed to have been given and received at the time of receipt (if a Business Day or, if not, then the next succeeding Business Day) unless actually received after 5:00 p.m. (Vancouver time) at the point of delivery in which case it shall be deemed to have been given and received on the next Business Day.

The addresses and numbers for service of each of the Parties hereto shall be as follows:

(a) if to XS:

XS Financial Inc.
Suite 2600 - 1066 West Hastings St.
Vancouver, British Columbia, V6E 3X1

Attention: Stephen Christoffersen
Email: stephen@sccontrarianventures.com

With a copy (which shall not constitute notice) to:

Fogler Rubinoff LLP
77 King Street West, Suite 3000
P.O. Bo 95
TD Centre North Tower
Toronto, Ontario
M5K 1G8

Attention: Jennifer Campbell
Facsimile: 416-941-8852
Email: jcampbell@foglers.com

(b) if to Purchaser:

XS Acquisition Portfolio LLC
c/o Axar Capital Management LP
402 West 13th Street, 5th Floor, New York, New York 10014

Attention: Andrew Axelrod
Email: AAxelrod@axarcapital.com

With a copy (which shall not constitute notice) to:

Schulte Roth & Zabel LLP
919 Third Avenue
New York, NY 10022

Attention: Stuart Freedman; Damian Petrovic
Email: stuart.freedman@srz.com; damian.petrovic@srz.com

and

Blake, Cassels & Graydon LLP
4000 - 199 Bay St.
Toronto, ON M5L 1A9

Attention: Joshua Whitford
Email: joshua.whitford@blakes.com

8.2 Confidentiality

Unless and until the transactions contemplated in this Agreement have been completed, except with the prior consent of the other Parties, each Party and its respective employees, officers, directors, shareholders, agents, advisors and other representatives will hold all information received from the other Parties in strictest confidence, except such information and documents which: (i) are or subsequently may become generally available to the public through no fault of the disclosing Party; (ii) are required to be disclosed by applicable Law; (iii) are available on a non-confidential basis to the disclosing Party prior to disclosure hereunder; (iv) become available to one Party on a non-confidential basis from a source other than the other Parties, provided that such other source is not bound by a confidentiality agreement with the other Parties; (v) are independently developed; or (vi) were available to each Party as a result of the relationship of the Parties prior to the date hereof. All such information in written form and documents will be returned to the Party originally delivering them in the event that the transactions provided for in this Agreement are not completed. For the avoidance of doubt, nothing shall prohibit a Party from disclosing the tax treatment of any transaction contemplated by this Agreement.

8.3 Remedies

The Parties hereto acknowledge and agree that an award of money damages would not be an adequate remedy for any breach of this Agreement by any Party hereto or its representatives and advisors and that such breach would cause the non-breaching Party hereto irreparable harm. The Parties hereto agree that, in the event of any such breach or threatened breach of this Agreement by one of the Parties hereto, Purchaser (if XS is the breaching party) or XS (if Purchaser is the breaching party) will be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance to enforce the specific terms of this Agreement. Without limiting the generality of the foregoing, the Parties hereto acknowledge and agree that a mandatory order or other injunctive relief may be granted to enforce any negative covenant in this Agreement without the requirement to demonstrate irreparable harm or that the balance of convenience favours the Party seeking such relief. Subject to any other provision hereof, such remedies as described in this Section 8.3 will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available hereunder or at law or in equity to each of the Parties hereto.

8.4 Expenses

The Parties hereto agree that all out-of-pocket expenses incurred in connection with this Agreement and the transactions contemplated hereby, the Interim Order, the Final Order, the XS Meeting and the preparation and mailing of the XS Circular, including legal and accounting fees, printing costs, financial advisor fees and all disbursements by advisors, shall be paid by the Party hereto incurring such

expense and that nothing in this Agreement shall be construed so as to prevent the payment of such expenses.

8.5 Time of the Essence

Time shall be of the essence with respect to this Agreement.

8.6 Entire Agreement

This Agreement, together with the Transaction Documents and the agreements and other documents herein or therein referred to constitute the entire agreement between the Parties hereto pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof including without limitation the term sheet between the Parties dated March 10, 2024.

8.7 Further Assurances

Each Party hereto shall, from time to time, and at all times hereafter, at the request of any other of them, but without further consideration, do, or cause to be done, all such other acts and execute and deliver, or cause to be executed and delivered, all such further agreements, transfers, assurances, instruments or documents as shall be reasonably required in order to fully perform and carry out the terms and intent hereof including the Plan of Arrangement, all in accordance with the terms and conditions hereof.

8.8 Governing Law

This Agreement shall be governed by, and be construed in accordance with, the laws of the Province of British Columbia and the federal laws of Canada applicable therein but the reference to such laws shall not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of British Columbia.

8.9 Execution in Counterparts

This Agreement may be executed in one or more counterparts, each of which shall conclusively be deemed to be an original and all such counterparts collectively shall be conclusively deemed to be one and the same. Delivery of an executed counterpart of the signature page to this Agreement by electronic mail or facsimile shall be effective as delivery of a manually executed counterpart of this Agreement.

8.10 Waiver

No waiver or release by any Party hereto shall be effective unless in writing and executed by the Party granting such waiver or release and any waiver or release shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

8.11 Enurement and Assignment

This Agreement shall not be assigned by any Party hereto without the prior written consent of the other Parties hereto. Notwithstanding the foregoing, XS agrees that Purchaser may assign all or any part of its rights under this Agreement to, and its obligations under this Agreement may be assumed by, any of its affiliates, provided that it shall continue to be liable jointly and severally with such affiliate for all of its obligations hereunder. This Agreement shall enure to the benefit of the Parties and their respective successors and permitted assigns and shall be binding upon the Parties and their respective successors.

8.12 No Recourse

Each Party agrees, on behalf of itself and its affiliates and Representatives, that all actions, Claims, obligations, liabilities or causes of action (whether in contract or in tort, in law or in equity or otherwise, or granted by statute or otherwise, whether by or through attempted piercing of the corporate, limited partnership or limited liability company veil or any other theory or doctrine, including alter ego or otherwise) that may be based upon, in respect of, arise under, out or by reason of, be connected with, or relate in any manner to:

- (a) this Agreement, any Transaction Document or any other document referenced herein or therein or the transactions contemplated hereunder or thereunder,
- (b) the negotiation, execution or performance of this Agreement, any Transaction Document or any other document referenced herein or therein (including any representation or warranty made in, in connection with, or as an inducement to, this Agreement or any other document referenced herein or therein), or
- (c) any breach or violation of this Agreement, any Transaction Document or any other document referenced herein or therein,

may be made only against, in this case of this Agreement, the Persons expressly identified as parties to this Agreement or, in the case of any Transaction Document or other document referenced herein or therein, Persons that are expressly identified as parties to such other document and, in accordance with, and subject to the terms and conditions of this Agreement, any Transaction Document or such other documents referenced herein or therein, as applicable.

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

XS ACQUISITION PORTFOLIO LLC

By: */s/ "Andrew Axelrod"*

Name: Andrew Axelrod

Title: President

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

XS ACQUISITION PORTFOLIO LLC

By:

Name:

Title:

XS FINANCIAL INC.

By: */s/ "David Kivitz"*

Name: David Kivitz

Title: CEO

**SCHEDULE A
PLAN OF ARRANGEMENT**

See attached.

PLAN OF ARRANGEMENT UNDER SECTION 288 OF
THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Arrangement Agreement and the following terms will have the respective meanings set forth below:

"Arrangement Agreement" means the arrangement agreement dated as of June 24, 2024 between XS and Purchaser, to which this Plan of Arrangement is attached as Schedule A, as it may be supplemented or amended from time to time;

"Dissent Rights" means the rights of dissent granted in favour of registered XS Shareholders as of the record date of the XS Meeting under Division 2 of Part 8 of the BCBCA with respect to all (but not less than all) of such XS Shareholder's XS Shares in respect of the Arrangement Resolution, all as modified by this Plan of Arrangement, the Interim Order and the Final Order;

"Dissent Shares" means XS Shares held by a Dissenting Shareholder and in respect of which the Dissenting Shareholder has validly exercised Dissent Rights;

"Dissenting Shareholder" means an XS Shareholder which has exercised Dissent Rights;

"Letter of Transmittal" means the letter of transmittal to be delivered by XS to the registered holders of XS Shares providing for delivery of the certificates representing their XS Shares to the Depository;

"Plan of Arrangement" means, and similar expressions mean, this plan of arrangement, including the appendices hereto, and any amendments, variations or supplements hereto made in accordance with the terms hereof, the Arrangement Agreement or made at the direction of the Court in the Final Order;

"Purchaser" means XS Acquisition Portfolio LLC, a limited liability company formed under the laws of Delaware.

"Transfer Agent" means [●];

"XS" means XS Financial Inc., a company existing under the laws of British Columbia; and

"U.S. Tax Code" means the United States Internal Revenue Code of 1986, as amended.

1.2 **Headings and References**

The division of this Plan of Arrangement into Articles and sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Plan of Arrangement. Unless otherwise specified, references to sections are to sections of this Plan of Arrangement.

1.3 **Number, etc.**

Unless the context otherwise requires, words importing the singular number only shall include the plural and vice versa; words importing the use of any gender shall include all genders; and words importing persons shall include firms and corporations and vice versa.

1.4 **Date of Any Action**

In the event that any date on which any action is required to be taken hereunder by any of the parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

1.5 **Time of the Essence**

Time shall be of the essence with respect to this Agreement.

1.6 **Statutory References**

Unless otherwise stated, any reference in this Agreement to a statute includes all regulations and rules made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

ARTICLE 2 THE ARRANGEMENT

2.1 **Effectiveness**

This Plan of Arrangement is made pursuant to, is subject to the provisions of, and forms part of the Arrangement Agreement.

2.2 **Binding Effect**

At the Effective Time, this Plan of Arrangement and the Arrangement shall without any further authorization, act or formality on the part of any Person (including the Court) become effective and be binding upon the Parties, the Depositary, the Transfer Agent, all registered and beneficial XS Shareholders, including Dissenting Shareholders, all holders of XS Options and XS Warrants, and all other Persons.

2.3 **The Arrangement**

On the Effective Date, the events and transactions set out in Subsections (a) to (e), inclusive, will occur and be deemed to occur, unless otherwise provided, in the order set out below, without any

further act or formality on the part of any Person, commencing at the Effective Time and with each event or transaction occurring and being deemed to occur immediately after the occurrence of the immediately preceding event or transaction, and the exchanges, cancellations and steps provided for in this Section 2.3 shall be deemed to occur on the Effective Date notwithstanding that certain of the procedures related thereto are not completed until after the Effective Date:

- (a) each XS Option outstanding immediately prior to the Effective Time (whether vested or unvested), notwithstanding the terms or conditions of either of the XS Option Plans, shall, without any further action by or on behalf of any Person (including any XS Optionholder), immediately be cancelled and, for greater certainty, neither any Party nor the Depositary shall be obligated to pay any XS Optionholder any amount in respect of such XS Option so cancelled;
- (b) each XS Warrant outstanding immediately prior to the Effective Time, notwithstanding the terms or conditions of any certificate, indenture or other Contract governing such XS Warrant, shall, without any further action by or on behalf of any Person (including any XS Warrantholder), immediately be cancelled and, for greater certainty, neither any Party nor the Depositary shall be obligated to pay any XS Warrantholder any amount in respect of such XS Warrant so cancelled;
- (c) (i) the name of each XS Optionholder or XS Warrantholder, as the case may be, shall be removed from each applicable register maintained by XS; and (ii) the XS Option Plans and all certificates, indentures and other Contracts relating to the XS Options and the XS Warrants shall be terminated and shall be of no further force and effect;
- (d) each of the XS Shares held by Dissenting Shareholders in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred without any further act or formality on the part of any Person (including any XS Shareholder) to Purchaser (free and clear of all Encumbrances), and:
 - (i) such Dissenting Shareholders shall cease to be the holders of such XS Shares and shall cease to have any rights as holders of such XS Shares other than the right to be paid fair value for such XS Shares as set out in Article 3;
 - (ii) such Dissenting Shareholders' names shall be removed as the holders of such XS Shares from the central securities registers of XS Shares maintained by or on behalf of XS; and
 - (iii) Purchaser shall be deemed to be the transferee of such XS Shares free and clear of all Encumbrances, and Purchaser shall be entered in the central securities registers of XS Shares maintained by or on behalf of XS as the holder of such XS Shares; and
- (e) concurrently with the step in Section 2.3(d), each XS Share outstanding immediately prior to the Effective Time (other than XS Shares held by a Dissenting Shareholder who has validly exercised their Dissent Right, or held by Purchaser or

any of its affiliates) shall, without any further action by or on behalf of any Person (including any XS Shareholder), be deemed to be assigned and transferred by the holder thereof to Purchaser (free and clear of all Encumbrances) in exchange for the Purchase Price for each XS Share held, and:

- (i) the holders of such XS Shares shall cease to be the holders thereof and to have any rights as holders of such XS Shares other than the right to be paid the amount of the Purchase Price payable for all such XS Shares held by such XS Shareholders pursuant to the terms of the Arrangement Agreement;
- (ii) such XS Shareholders' names shall be removed from the central securities registers of the XS Shares maintained by or on behalf of XS; and
- (iii) Purchaser shall be deemed to be the transferee of such XS Shares (free and clear of all Encumbrances) and Purchaser shall be entered in the central securities registers of the XS Shares maintained by or on behalf of XS.

2.4 Supplementary Actions

Notwithstanding that the transactions and events set out in Section 2.3 shall occur and shall be deemed to occur in the chronological order therein set out without any act or formality, each of the Parties shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in Section 2.3, including, without limitation, any resolutions of directors authorizing the transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefor, and any necessary additions to or deletions from share registers.

2.5 Withholding Rights

Any Person shall be entitled to deduct or withhold from any consideration payable in respect of XS Shares pursuant to Section 2.3(e) or amount otherwise payable to any other Person hereunder such amounts as such Person is required or reasonably believes is required or permitted to deduct or withhold with respect to such payment under the Tax Act, the U.S. Tax Code or any provision of provincial, state, local or foreign Tax Law, in each case as amended. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall be treated for all purposes under this Plan of Arrangement as having been paid to the Person in respect of which such deduction or withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate taxing authority.

ARTICLE 3 DISSENT RIGHTS

3.1 Dissent Rights

- (a) In connection with the Arrangement, each registered XS Shareholder as of the record date of the XS Meeting may exercise Dissent Rights with respect to all (but not less than all) of the XS Shares held by such XS Shareholder pursuant to and in

the manner set forth in sections 237 to 247 of the BCBCA, as modified by the Interim Order, the Final Order and this Article 3; provided that, notwithstanding section 242(1)(a) of the BCBCA, the written objection to the Arrangement Resolution referred to in section 242(1)(a) of the BCBCA must be received by XS not later than 4:00 p.m. (Vancouver time) two Business Days immediately preceding the date of the XS Meeting.

XS Shareholders who duly and properly exercise Dissent Rights and who:

- (i) are ultimately entitled to be paid by Purchaser fair value for their Dissent Shares (1) shall be deemed to not have participated in the transactions in Article 2 (other than Section 2.3(d)); (2) shall be deemed to have transferred and assigned such Dissent Shares (free and clear of any Encumbrances) to Purchaser in accordance with Section 2.3(d); (3) will be entitled to be paid the fair value of such Dissent Shares by Purchaser, which fair value, notwithstanding anything to the contrary contained in the BCBCA, shall be determined as of the close of business on the day before the Arrangement Resolution was adopted at the XS Meeting; and (4) will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights in respect of such XS Shares; or
 - (ii) are ultimately not entitled, for any reason, to be paid by Purchaser fair value for their Dissent Shares, shall be deemed to have participated in the Arrangement in respect of those XS Shares on the same basis as an XS Shareholder who has not exercised Dissent Rights and transferred the XS Shares held by such XS Shareholder to Purchaser as set out in Section 2.3(e); and shall be entitled to only the consideration payable for the XS Shares held by such XS Shareholder pursuant to section 2.3(e) that such XS Shareholder would have received pursuant to the Arrangement if such XS Shareholder had not exercised Dissent Rights.
- (b) In no circumstances shall any Party, the Depository, the Transfer Agent or any other Person be required to recognize a Dissenting Shareholder unless such Person (i) is the registered holder of those XS Shares in respect of which such rights are sought to be exercised, and (ii) has strictly complied with the procedures for exercising Dissent Rights and does not withdraw such dissent prior to the Effective Time.
 - (c) In no event shall any Party, the Depository, the Transfer Agent or any other Person be required to recognize a Dissenting Shareholder as a registered or beneficial holder of XS Shares or as having any interest therein (other than the rights set out in this Section 3.1) at or after the Effective Time, and at the Effective Time the names of such Dissenting Shareholders shall be removed from the central securities registers of XS as at the Effective Time.
 - (d) For greater certainty, (i) no Person shall be entitled to Dissent Rights in respect of such Person's XS Options or XS Warrants; and (ii) in addition to any other

restrictions in the Interim Order, no Person shall be entitled to exercise Dissent Rights with respect to XS Shares in respect of which a Person has voted or has instructed a proxyholder to vote such XS Shares in favour of the Arrangement Resolution.

ARTICLE 4 CERTIFICATES AND PAYMENTS

4.1 Certificates and Payments

- (a) Following receipt of the Final Order, on or immediately prior to the Effective Date, Purchaser shall deliver or cause to be delivered to the Depository sufficient funds to satisfy the aggregate consideration payable to former XS Shareholders in accordance with Section 2.3(e), which funds shall be held by the Depository in escrow as agent and nominee for such former XS Shareholders for distribution thereto in accordance with the provisions of this Article 4.
- (b) The Depository shall deliver the aggregate Purchase Price payable pursuant to the terms of the Arrangement Agreement in respect of those XS Shares that were transferred or deemed to be transferred pursuant to Section 2.3(e) and that were held on a book-entry basis at the time they were transferred or deemed to be transferred, less any amounts withheld pursuant to Section 2.5, in accordance with normal industry practice for payments relating to securities held on a book-entry only basis. With respect to those XS Shares not held on a book-entry basis, upon surrender to the Depository for cancellation of a certificate, if applicable, which immediately prior to the Effective Time represented outstanding XS Shares that were transferred pursuant to Section 2.3(e), together with a duly completed and executed Letter of Transmittal and any such additional documents and instruments as the Depository may reasonably require, the registered holder of the XS Shares represented by such surrendered certificate shall be entitled to receive in exchange therefor, and the Depository shall deliver to such XS Shareholder, as soon as practicable, the aggregate Purchase Price that such XS Shareholder is entitled to receive pursuant to Section 2.3(e) and the Arrangement Agreement in respect of such XS Shares, less any amounts withheld pursuant to Section 2.5, and any certificate so surrendered shall forthwith be cancelled.
- (c) After the Effective Time and until surrendered for cancellation as contemplated by Section 4.1(b), each certificate that immediately prior to the Effective Time represented one or more XS Shares (other than XS Shares held by Purchaser or its affiliates, and other than any Dissent Shares which are subject to the procedures set forth in Section 3.1(a)(i)) shall be deemed at all times to represent only the right to receive from the Depository in exchange therefor the consideration that the holder of such certificate is entitled to receive in accordance with Section 2.3, less any amounts withheld pursuant to Section 2.5.
- (d) No holder of XS Shares shall be entitled to receive any consideration with respect to such XS Shares other than any payment to which such holder is entitled to receive

in accordance with Section 2.3(e) and, for greater certainty, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith.

4.2 **Lost Certificates**

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding XS Shares that were transferred pursuant to Section 2.3(e) shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the XS Shareholder claiming such certificate to be lost, stolen or destroyed, the Depository will issue in exchange for such lost, stolen or destroyed certificate, the consideration such XS Shareholder is entitled to receive pursuant to Section 2.3(e) deliverable in accordance with such holder's duly completed and executed Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the XS Shareholder to whom such cash is to be delivered shall as a condition precedent to the delivery of such consideration, give a bond satisfactory to Purchaser and the Depository (acting reasonably) in such sum as Purchaser may direct, or otherwise indemnify the Parties in a manner satisfactory to the Parties, each acting reasonably, against any claim that may be made against the Parties with respect to the certificate alleged to have been lost, stolen or destroyed.

4.3 **Limitation and Proscription**

To the extent that a former XS Shareholder shall not have complied with the provisions of Section 4.1 or Section 4.2 on or before the date that is three years less a day after the Effective Date (the "**final proscription date**"), then (a) the consideration that such former XS Shareholder was entitled to receive pursuant to Section 2.3(e) shall cease to represent a right or claim of any kind or nature and the right of the holder to receive the applicable consideration for the XS Shares pursuant to this Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to Purchaser, for no consideration, (b) the consideration that such former XS Shareholder was entitled to receive pursuant to Section 2.3(e) shall be delivered to Purchaser by the Depository, (c) the certificates formerly representing XS Shares shall cease to represent a right or claim of any kind or nature as of such final proscription date, and (d) any payment made by way of cheque by the Depository pursuant to this Plan of Arrangement that has not been deposited or has been returned to the Depository or that otherwise remains unclaimed, in each case, on or before the final proscription date shall cease to represent a right or claim of any kind or nature.

4.4 **No Encumbrances**

Any exchange or transfer of XS Shares pursuant to this Plan of Arrangement shall be free and clear of any Encumbrances or other claims of third parties of any kind.

4.5 **Paramountcy**

From and after the Effective Time: (a) this Plan of Arrangement shall take precedence and priority over any and all XS Shares, XS Options and XS Warrants issued prior to the Effective Time; (b) the rights and obligations of the registered holders of XS Shares (other than Purchaser or its affiliates), XS Options and XS Warrants, and of the Parties, the Depository, the Transfer Agent and any transfer agent or other depository in relation thereto, shall be solely as provided for in this Plan of Arrangement and the Arrangement Agreement; and (c) all actions, causes of action, claims

or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any XS Shares, XS Options and XS Warrants shall be deemed to have been settled, compromised, released and determined without liability except as set forth herein.

ARTICLE 5 AMENDMENTS

5.1 Amendments

- (a) The Plan of Arrangement may be amended at any time and from time to time before or after the holding of the XS Meeting but not later than the Effective Time; provided that any such amendment (i) is in writing and is agreed to in writing by the Parties; (ii) if required, is filed with the Court; and (iii) if made following the XS Meeting, is approved by the Court and, if and as required by the Court, is communicated to XS Shareholders, XS Optionholders and XS Warrantholders and/or consented to by XS Shareholders, XS Optionholders and XS Warrantholders, as applicable.
- (b) Any such amendment may, subject to the Interim Order and the Final Order and applicable Law, without limitation:
 - (a) change the time for performance of any of the obligations or acts of the Parties;
 - (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant to the Arrangement Agreement;
 - (c) waive compliance with or modify any of the covenants contained in the Arrangement Agreement or waive or modify performance of any of the obligations of the Parties; and/or
 - (d) waive compliance with or modify any mutual conditions precedent contained in the Arrangement Agreement.
- (c) Any amendment, modification or supplement to this Plan of Arrangement made before the XS Meeting in accordance with this Section 5.1 may be made with or without any other prior notice or communication and, if accepted by the Persons voting at the XS Meeting (other than as may be required under the Interim Order), shall become part of this Agreement and the Plan of Arrangement for all purposes.
- (d) Notwithstanding the foregoing provisions of this Section 5.1, any amendment, modification or supplement to this Plan of Arrangement may be made by any of the Parties without approval of the XS Shareholders or any other securityholders of XS or any of the Parties provided that it concerns a matter which, in the reasonable opinion of the Parties is of an administrative or ministerial nature required to better give effect to the implementation of this Plan of Arrangement and is not materially

adverse to the financial or economic interests of any of the Parties or the XS securityholders.

- (e) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the Arrangement Agreement.

5.2 Further Assurances

- (a) Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur at the time and in the manner set out in this Plan of Arrangement without any further act or formality, the Parties shall make, do and execute, or cause to be made, done or executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out herein.

SCHEDULE B
FORM OF ARRANGEMENT RESOLUTION

BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. The arrangement (the “**Arrangement**”) under section 288 of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) involving XS Financial Inc. (the “**Company**”), as more particularly described and set forth in the management information circular dated [●], 2024 (the “**Circular**”) of the Company accompanying the notice of this meeting (as the Arrangement may be modified or amended in accordance with the terms of the Arrangement Agreement made as of June 24, 2024 between XS Acquisition Portfolio LLC and the Company (the “**Arrangement Agreement**”)), is hereby authorized, approved and adopted.
2. The plan of arrangement (the “**Plan of Arrangement**”) involving the Company, the full text of which is set out as Appendix [●] to the Circular (as the Plan of Arrangement may be modified or amended in accordance with its terms and the terms of the Arrangement Agreement), is hereby authorized, approved and adopted.
3. The (i) Arrangement Agreement, and all the transactions contemplated therein, (ii) the actions of the directors of the Company in approving the Arrangement Agreement and (iii) the actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement and any amendments or modifications thereto in accordance with its terms are hereby ratified and approved.
4. The Company is hereby authorized to apply to the Supreme Court of British Columbia (the “**Court**”) for a final order to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended or modified in accordance with the terms of the Arrangement Agreement and the Plan of Arrangement).
5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the securityholders of the Company or that the Arrangement has been approved by the Court, the directors of the Company are hereby authorized and empowered without further notice to or approval of the securityholders of the Company (i) to amend or modify the Arrangement Agreement or the Plan of Arrangement, to the extent permitted by the Arrangement Agreement and the Plan of Arrangement, and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.
6. The delisting of the subordinate voting shares of the Company from the Canadian Securities Exchange in connection with the Arrangement, is hereby authorized and approved.
7. Any one director or officer of the Company be and is hereby authorized and directed for and on behalf of the Company and to execute, under the corporate seal of the Company or otherwise, and to deliver for filing under the BCBCA all such documents as are necessary or desirable to give effect to the Arrangement and the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such documents.

8. Any one director or officer of the Company be and is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed, under the corporate seal of the Company or otherwise, and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

SCHEDULE C
FORM OF LOCK-UP AGREEMENT

See attached.

VOTING AND SUPPORT AGREEMENT

Dear Securityholder of XS Financial Inc.:

Re: Acquisition of XS Financial Inc. by Purchaser

_____ ("**Purchaser**") and XS Financial Inc. ("**XS**") concurrently herewith are entering into an Arrangement Agreement (the "**Arrangement Agreement**"), which provides for, among other things, the acquisition by Purchaser of all of the issued and outstanding proportionate voting shares in the capital of XS (the "**PV Shares**") and subordinate voting shares in the capital of XS (the "**SV Shares**" and collectively with the PV Shares, the "**Shares**") by way of a statutory plan of arrangement in accordance with Section 288 of the *Business Corporations Act* (British Columbia) for consideration of C\$52.65 in cash per PV Share and C\$0.05265 in cash per SV Share. The Arrangement requires the approval of: (i) at least two-thirds of the votes cast by the holders of the Shares, each voting separately as a class; (ii) at least two-thirds of the votes cast by the holders of the Shares, Options (as hereinafter defined) and Warrants (as hereinafter defined), voting together as a single class; and (iii) if required by MI 61-101, a majority of the votes cast by holders of the Shares, each voting separately as a class, excluding for this purpose votes attached to Shares held by holders of Shares required to be excluded by MI 61-101.

Capitalized terms used in this voting and support agreement (this "**Agreement**") but not otherwise defined herein shall have the respective meanings ascribed thereto in the Arrangement Agreement. All references herein to the Arrangement Agreement or any portion thereof refer to the Arrangement Agreement as it may be amended or modified from time to time subsequent to the date hereof.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the undersigned securityholder (the "**Securityholder**" and, together with Purchaser, the "**Parties**" and each individually, a "**Party**"), the Parties agree as follows:

1. OWNERSHIP OF SHARES, OPTIONS, AND WARRANTS

The Securityholder owns (directly or indirectly) or has the power to control or direct (i) the Shares of XS, (ii) the options of XS (the "**Options**"), and (iii) the warrants of XS (the "**Warrants**"), as applicable, indicated under "Acceptance by Securityholder" on the last page of this Agreement (the "**Acceptance**"). The Shares, Options and Warrants indicated in the Acceptance are hereinafter referred to as the "**Subject Shares**", the "**Subject Options**" and the "**Subject Warrants**", respectively, and collectively, as the "**Subject Securities**".

2. AGREEMENT TO VOTE

(1) The Securityholder irrevocably and unconditionally covenants and agrees that, from the date hereof until the earlier of: (i) the Effective Time and (ii) the date this Agreement is terminated in accordance with Section 6, the Securityholder shall:

- (a) attend (either in person, electronically, as applicable, or by proxy) any XS Meeting (including any adjournments and postponements thereof) and, at any such XS

Meeting, vote or cause to be voted all of: (i) the Subject Shares, Subject Options and Subject Warrants; and (ii) any Shares acquired by or issued to the Securityholder on or following the date hereof (including any Shares issued upon the exercise of Options or Warrants), that are beneficially owned by, or over which control or direction is exercised by, the Securityholder and which are entitled to be voted at the XS Meeting in favour of the Arrangement Resolution and/or any matter that could reasonably be expected to facilitate the Arrangement, including any proposal to adjourn or postpone any XS Meeting if there are not sufficient votes at the time of the meeting to approve the Arrangement Resolution;

- (b) vote or cause to be voted (in person, electronically, as applicable, or by proxy) at any meeting of the securityholders of XS any Subject Securities against any XS Acquisition Proposal or any other matter that could reasonably be expected to delay, prevent, adversely affect, interfere with, discourage or frustrate the successful completion of the Arrangement, including any matter that would (A) result in any of the conditions to the Arrangement under the Arrangement Agreement not being fulfilled before the Completion Deadline, (B) result in a breach of any representation, warranty, covenant, agreement or other obligation of such Securityholder under this Agreement or XS under the Arrangement Agreement or (C) any change in or to the board of directors of XS that is not recommended or approved by Purchaser, or any change in or to the present capitalization, corporate structure or organizational documents of XS that is not consented to by Purchaser;
- (c) if the Securityholder is the holder of record of any of the Subject Shares, Subject Options and Subject Warrants, no later than ten Business Days prior to the date of the XS Meeting, the Securityholder shall deliver or cause to be delivered to Purchaser a copy of the duly executed proxy or proxies in respect of the Subject Shares, Subject Options and Subject Warrants directing the holder of such proxy or proxies to vote in favour of the Arrangement including, without limitation, the Arrangement Resolution and/or any matter that could reasonably be expected to facilitate the Arrangement;
- (d) if the Securityholder is the beneficial owner of any of the Subject Securities carrying the right to vote, no later than ten Business Days prior to the date of the XS Meeting, the Securityholder shall deliver or cause to be delivered to Purchaser, a copy of the duly executed voting instruction form(s) to the intermediary through which the Securityholder holds its beneficial interest in the such Subject Securities instructing that such Subject Securities be voted at the XS Meeting in favour of the Arrangement including, without limitation, the Arrangement Resolution and/or any matter that could reasonably be expected to facilitate the Arrangement;
- (e) such proxy or proxies in Section 2(1)(c) shall name those individuals as may be designated by XS in the XS Circular and shall not be revoked without the written consent of Purchaser; and
- (f) for the avoidance of doubt, if the Securityholder is the beneficial owner but not the holder of record of all or any Subject Shares, the Securityholder will be deemed to satisfy his or her obligations under this Section 2(1) to vote or to cause to be voted

the Subject Shares if he or she duly instructs that such Subject Shares be voted in the applicable manner.

(2) The Securityholder hereby agrees that neither the Securityholder nor any person on the Securityholder's behalf will take any action to withdraw, amend or invalidate any proxy deposited by the Securityholder pursuant to this Agreement notwithstanding any statutory or other rights or otherwise which he or she might have unless this Agreement is terminated in accordance with Section 6.

(3) The Securityholder hereby irrevocably and unconditionally consents to the details of this Agreement being set out in the XS Circular and this Agreement being made publicly available, including by filing on SEDAR+.

(4) The Securityholder agrees that, if they are entitled to vote at the XS Meeting as a holder of the Subject Shares, Subject Options, and Subject Warrants, the provisions of this Section 2 will apply to such securities in the same manner as it applies to the Subject Shares.

3. COVENANTS OF THE SECURITYHOLDER

(1) Subject to Section 5 of this Agreement, the Securityholder covenants and irrevocably agrees that, except as permitted by the Arrangement Agreement, the Securityholder shall, from the date hereof until the earlier of (i) the termination of this Agreement pursuant to Section 6 of this Agreement, and (ii) the Effective Date:

- (a) not solicit, initiate, encourage, entertain or otherwise knowingly facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of XS) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to an XS Acquisition Proposal;
- (b) not enter into, engage in, continue or otherwise participate in any discussions or negotiations with any person (other than Purchaser and its subsidiaries or affiliates) in respect of any inquiry, proposal or offer that constitutes or may reasonably be expected to lead to an XS Acquisition Proposal or remain neutral with respect thereto;
- (c) not, without the prior written consent of Purchaser, sell, transfer, assign, pledge, encumber or otherwise dispose of, or enter into any agreement or understanding relating to the sale, transfer, assignment, pledge, encumbrance or other disposition of, any of the Securityholder's Subject Securities or any right or interest therein (other than as contemplated herein) to any person or group, provided, that nothing contained herein shall prohibit the Securityholder from exercising or causing to be exercised any Subject Options or Subject Warrants (it being understood and agreed that such securities will be voted in accordance with Section 2(1));
- (d) not, except as required pursuant to this Agreement, grant or agree to grant or cause to be granted any proxy, power of attorney or other right to vote the Subject Securities or enter into any voting trust or pooling agreement or merger or enter into or subject any of the Subject Securities to any other agreement, merger, understanding or commitment, formal or informal, written or oral, with respect to

or relating to the voting or tendering thereof or revoke or cause to be revoked any proxy granted pursuant to this Agreement;

- (e) not exercise or cause to be exercised any rights of dissent or appraisal (each of which is expressly and irrevocably waived by the Securityholder to the fullest extent permitted by Laws, and if not permitted to be waived in advance pursuant to Laws, will be waived at such time as permitted by Laws) in respect of any resolution approving the Arrangement or any aspect thereof or matter related thereto, and not exercise or cause to be exercised any other securityholder rights or remedies available at common law or pursuant to applicable corporate or securities Law or other legislation (including commencing, maintaining, prosecuting or voluntarily aiding any action which challenges the validity of or seeks to enjoin the operation of any provision of this Agreement or the Arrangement Agreement);
- (f) promptly (but in any event within three Business Days) notify Purchaser upon any of the Securityholder's representations or warranties contained in this Agreement becoming untrue or incorrect in any material respect prior to the termination of this Agreement; and
- (g) not take, propose to take or commit to any action inconsistent with the terms of this Agreement or any other action of any kind which might reasonably be regarded as likely to reduce the success of, or delay or interfere with the completion of, the Arrangement.

(2) The Securityholder acknowledges and agrees that, if the Securityholder acquires any additional Shares, Options, or Warrants following the date hereof, including, but not limited to, additional Shares acquired upon the exercise of Subject Options or Subject Warrants, then such additional Shares, Options and Warrants shall be deemed to be Subject Shares, Subject Options, or Subject Warrants, as applicable, for the purposes of this Agreement and the Securityholder shall abide by the terms of this Agreement in respect of such Shares, Options and Warrants. The Securityholder agrees to promptly (but in any event within three Business Days) notify Purchaser of any acquisitions by the Securityholder or any of the Securityholder's affiliates of any securities of XS, after the date hereof, which, for greater certainty, shall include any Options and Warrants and any Shares issuable upon the exercise or conversion of any Options and Warrants owned, directly or indirectly, or controlled by the Securityholder which may be exercised, converted into, exchanged, settled or redeemed for Shares.

4. REPRESENTATIONS AND WARRANTIES OF THE SECURITYHOLDER

The Securityholder hereby represents and warrants to Purchaser as follows and acknowledges that Purchaser is relying on such representations and warranties in connection with entering into this Agreement and the Arrangement Agreement:

(1) The Securityholder is a natural person or a legal entity duly organized or incorporated and validly existing and in good standing under the laws of its jurisdiction of organization or incorporation. The Securityholder has all necessary power, authority, capacity and right to enter into this Agreement and to carry out its obligations under this Agreement. This Agreement has been duly executed and delivered by the Securityholder and, assuming the due authorization, execution and delivery by Purchaser, constitutes a legal, valid and binding obligation, enforceable

by Purchaser against the Securityholder in accordance with its terms, subject, however, to limitations imposed by Laws in connection with bankruptcy, insolvency or similar proceedings and to the extent that the award of equitable remedies such as specific performance and injunction is within the discretion of the court from which they are sought (the “**Bankruptcy and Equity Exception**”);

(2) the Securityholder is, and will be immediately prior to the Effective Time, the sole beneficial owner of, or the sole person exercising control or direction over, the Subject Shares, Subject Options and Subject Warrants set out in the Acceptance attached hereto, with valid and marketable title thereto, free and clear of all claims, liens, hypothecs, charges, encumbrances and security interests other than those arising by operation of statute and no person has any agreement, option, or any right or privilege capable of becoming an agreement or option, for the purchase, acquisition or transfer of the Subject Securities from the Securityholder or any interest therein or right thereto

(3) if the Securityholder is married, and any of the Subject Securities may constitute community property or spousal approval is otherwise necessary for this Agreement to be valid and binding, this Agreement has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Securityholder’s spouse, enforceable against the Securityholder’s spouse in accordance with its terms, subject to the Bankruptcy and Equity Exception;

(4) (i) the only securities of XS beneficially owned, directly or indirectly, or over which control or direction is exercised by the Securityholder are those listed in the Acceptance, and (ii) the Securityholder has no other agreement, options, warrants or securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, securities of XS or any right or privilege capable of becoming an agreement or option, for the purchase or acquisition by the Securityholder or transfer to the Securityholder of additional securities of XS or any interest therein;

(5) the Securityholder has the sole right to dispose of or transfer (or cause to be disposed of or transferred) all of its Subject Shares, Subject Options (subject to the express terms of the XS Option Plans and of any document evidencing the grant of the Subject Options) and Subject Warrants now held, and will have the right to dispose of or transfer (or cause to be disposed of or transferred) all Subject Shares, Subject Options (subject to the express terms of the XS Option Plans and of any document evidencing the grant of the Subject Options) and Subject Warrants hereafter acquired by it;

(6) the Securityholder has, at the date hereof, and will be immediately prior to the Effective Time, have, the sole right to vote (or cause to be voted) and the exclusive right of disposition and sole power to agree to all matters set forth in this Agreement with respect to all of the Subject Securities now held and will have the sole right to vote (or cause to be voted) and the exclusive right of disposition and sole power to agree to all matters set forth in this Agreement with respect to all Shares, Options and Warrants hereafter acquired by the Securityholder;

(7) no person has any agreement or option, or any right or privilege (whether by Law, preemptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or transfer from the Securityholder of any of the Subject Shares, Subject Options and/or Subject Warrants or any interest therein or right thereto, including without limitation any right to vote or

dispose of the Subject Shares, Subject Options and/or Subject Warrants, other than Purchaser pursuant to this Agreement;

(8) neither the execution and delivery of this Agreement by the Securityholder, nor the compliance by the Securityholder with any of the provisions hereof will require on the part of the Securityholder any filing with (other than pursuant to the requirements of applicable securities Laws (which filings, if any, the Securityholder will undertake)) or permit, authorization, consent or approval of, any Governmental Entity or any other person, or violate or conflict with any judgment, order, notice, decree, statute, law, ordinance, rule or regulation applicable to the Securityholder;

(9) the Securityholder has received a copy of the draft Arrangement Agreement, and has read and fully understands such the draft Arrangement Agreement and the transactions contemplated thereby. The Securityholder acknowledges and agrees that the Securityholder has had the opportunity to seek independent legal advice with respect to this Agreement, the Arrangement Agreement and the transactions contemplated hereby and thereby, and that any failure on the Securityholder's part to seek independent legal advice shall not affect (and the Securityholder shall not assert that it affects) the validity, enforceability or effect of this Agreement or the Arrangement Agreement;

(10) there is no claim, action, litigation, audit, investigation, lawsuit, arbitration, mediation or other proceeding pending, including before a Governmental Entity, or to the Securityholder's knowledge, threatened against or otherwise affecting the Securityholder or this Agreement which, individually or in the aggregate, would reasonably be expected to have an adverse effect on or otherwise impair the ability of the Securityholder to deliver this Agreement and to perform its obligations contemplated hereby; and

(11) no broker, investment banker, financial advisor, finder, agent or other Person is entitled to any broker's, finder's, financial adviser's or other similar fee or commission from XS other than as disclosed in the Arrangement Agreement in connection with this Agreement based upon arrangements made by or on behalf of the Securityholder in their capacity as a securityholder of XS.

5. SECURITYHOLDER CAPACITY

Purchaser hereby acknowledges that the Securityholder is entering into this Agreement only in its capacity as the beneficial owner of the Subject Securities and that, if applicable, nothing in this Agreement shall in any way restrict, limit or prohibit the Securityholder from taking any action in its capacity as director or officer of XS that is necessary for the Securityholder to comply with its fiduciary duties as a director or officer of XS under applicable Laws or that is permitted by the Arrangement Agreement and any such action by the Securityholder shall not constitute a violation of this Agreement.

6. TERMINATION

(1) The obligations of the Securityholder and Purchaser under this Agreement shall automatically terminate:

- (a) the earlier to occur of (A) the Effective Time and (B) the valid termination of the Arrangement Agreement pursuant to Section 7.3 thereof; or
- (b) at any time by mutual consent in writing of Purchaser and the Securityholder.

(2) Except as otherwise stated herein, if this Agreement is terminated as provided in Section 6(1), this Agreement shall forthwith become void and of no further force or effect and there shall be no liability on the part of any Party to the other except that the provisions of Section 8, 10, 13, 14, 15, 16, 18 and 19 will survive any termination hereof, provided that the foregoing shall not relieve any Party from any liability for any breach of this Agreement arising prior to such termination.

7. AMENDMENT

Except as expressly set forth herein, this Agreement shall not be modified, amended, altered or supplemented except upon the execution and delivery of a written agreement executed by each of the Parties hereto.

8. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the Parties hereto pertaining to the subject matter of this Agreement.

9. ASSIGNMENT

No Party hereto may assign any of its rights or obligations under this Agreement without the prior written consent of the other Party, except that Purchaser may assign, in its sole discretion, any and all of its rights, interests and obligations under this Agreement to any affiliate of Purchaser, provided no such assignment shall relieve the assigning party of its obligations under this Agreement. Any purported assignment in violation of this Agreement shall be void *ab initio*.

10. SUCCESSORS; NO THIRD PARTY BENEFICIARIES

This Agreement shall be binding upon, enure to the benefit of and be enforceable by, the Parties hereto and their respective executors, administrators, successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer on any person other than the Parties hereto or their respective executors, administrators, successors or permitted assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement.

11. TIME OF THE ESSENCE

Time is of the essence of this Agreement.

12. UNENFORCEABLE TERMS

If any provision of this Agreement or the application thereof to any Party or circumstance is invalid or unenforceable to any extent then the remainder of this Agreement or application of such provision to any other party or circumstance (other than those to which it is held invalid or unenforceable) is not affected thereby and each remaining provision of this Agreement is valid and is enforceable to the fullest extent permitted by Laws.

13. APPLICABLE LAW

(1) This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein without regard to any conflicts of law provisions, and each of the Parties irrevocably attorns to the jurisdiction of the courts of the Province of British Columbia.

(2) The Parties waive the application of any rule of Law which otherwise would be applicable in connection with the construction of this Agreement that ambiguous or conflicting terms or provisions should be construed against the Party that (or counsel of which) prepared the executed agreement or any earlier draft of the same.

14. NOTICE

Any notice or other communication required or permitted to be given hereunder shall be sufficiently given if delivered:

- (1) in the case of the Securityholder, to the address appearing on the Acceptance at the end of this Agreement; and
- (2) in the case of Purchaser:

Purchaser:

Address:

Attention:

E-mail:

or to such other address as the Party to which such notice or other communication is to be given has last notified the Party giving the same in the manner provided in this Section 14. Any notice or other communication given or made is deemed to have been duly given or made as at the date delivered or sent if delivered personally or sent by email transmission at the address for service provided herein during normal business hours on a Business Day, or otherwise on the next Business Day.

15. ENFORCEMENT

The Parties agree that irreparable damage would occur for which monetary damages would not be adequate in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties (without proof of actual damages or otherwise or posting or securing any bond or other security) are entitled to an injunction or injunctions to prevent breaches or threatened breaches of this Agreement and to enforce specifically the terms and provisions hereof, on a non-exclusive basis, in any court of the Province of British Columbia having jurisdiction, this being in addition to any other remedy to which such Party is entitled at Law or in equity. The Parties hereby each agree not to raise any objections to the availability of the equitable remedy of specific performance to prevent or restrain breaches or threatened breaches of this Agreement by the other Party. Any Party's pursuit of any injunction or specific performance at any time shall not be deemed an election of remedies or waiver of the right to pursue any other right or remedy to which such Party may be entitled.

16. EXPENSES

The Parties agree to pay their own respective expenses incurred in connection with this Agreement.

17. FURTHER ASSURANCES

Each of the Securityholder and Purchaser will, from time to time, execute and deliver all such further documents and instruments and do all such acts and things as the other Party may reasonably require (at the requesting Party's cost) to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

18. DISCLOSURE

(1) The Securityholder shall permit XS and/or Purchaser to file a copy of this Agreement with applicable Securities Authorities and to disclose in all documents and schedules filed with a Securities Authority that XS or Purchaser, as applicable, determines to be necessary in connection with the Arrangement and any transaction contemplated by the Arrangement Agreement, the Securityholder's identity and ownership of the Subject Securities and the nature of the Securityholder's commitments, arrangements and understandings under this Agreement. None of the information relating to the Securityholder provided by or on behalf of the Securityholder in writing for inclusion in such documents and schedules filed with the relevant Securities Authority will, at the respective times that such documents and schedules are filed with the relevant Securities Authority or are first mailed, contain any untrue statement of material fact or omit to state any 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. The Securityholder shall promptly (but in any event within three Business Days) notify Purchaser if it becomes aware of any required corrections with respect to any information provided by or on behalf of the Securityholder for inclusion in any such disclosure document if and to the extent that the Securityholder becomes aware that any such information shall have become untrue or misleading in any material respect. Securityholder shall not make any press release, public announcement or other communication with respect to this Agreement and the Arrangement Agreement and the transactions contemplated hereby and thereby, without the prior written consent of XS and Purchaser, except (a) as required by applicable securities Laws; provided, that Purchaser shall have a reasonable opportunity to review and comment on any such communications, or (b) as permitted under the Arrangement Agreement, provided that the Securityholder is a director or officer of XS and such disclosure is necessary for exercising his or her duties and obligations as a director or officer XS.

(2) A copy of this Agreement may be provided to the directors of XS.

19. COUNTERPART EXECUTION

This Agreement may be signed by fax or other electronic means and in counterparts, which, together, are deemed to constitute one valid and binding agreement and delivery of such counterparts may be effected by means of fax or other electronic means.

[Remainder of page intentionally left blank]

[PURCHASER]

By: _____
Authorized Signatory

Acceptance by Securityholder

The foregoing is hereby accepted as of and with effect from the _____ day of _____, 2024 and the undersigned hereby confirms that the undersigned beneficially owns, directly or indirectly, or has control or direction over the Shares, Options and Warrants indicated below:

_____ SV Shares

_____ PV Shares

_____ Options

_____ Warrants

Signature of Witness

Signature of Securityholder or, if not an individual, authorized signatory of the Securityholder

Name of Witness
(Please print)

Name of Securityholder
(Please print)

Address:

Cellphone:

Email:
