

SHARE PURCHASE AGREEMENT

among

EH COFFEE CORP.,

PORTFOLIO COFFEE INC.,

JACOB FORTIER,

VICTOR NUCCI,

ANDRE DALBEN,

IDJ COFFEE CORP.

and

PLANTX LIFE INC.

dated as of November 10, 2021.

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SHARE PURCHASE AGREEMENT

This Share Purchase Agreement (this “**Agreement**”), dated as of November 10, 2021, is entered into among (i) Eh Coffee Corp. (“**EHC**”), a Canadian corporation, (ii) Portfolio Coffee Inc. (“**Portfolio**”, and together with EHC, the “**Companies**”, and each is a “**Company**”), a Canadian corporation, (iii) IDJ Coffee Corp., an Ontario corporation (“**IDJ Vendor**”); (iv) Jacob Fortier, Victor Nucci and Andre Dalben (each a “**JVA Vendor**” and collectively the “**JVA Vendors**” and together with the IDJ Vendor, each a “**Vendor**” and collectively the “**Vendors**”) and (v) PlantX Life Inc., a British Columbia Corporation (the “**Purchaser**” or “**PlantX**”, and collectively with the Companies, IDJ Vendor and the JVA Vendors, the “**Parties**”, and each is a “**Party**”).

WHEREAS:

- A. IDJ Vendor and JVA Vendors collectively own 1,052.58 common shares in the capital of EHC, which shares constitute all of the issued and outstanding shares in the capital of EHC (the “**EHC Shares**”) and the JVA Vendors own 900 common shares in the capital of Portfolio, which shares constitute all of the issued and outstanding shares in the capital of Portfolio (the “**Portfolio Shares**”, and together with the EHC Shares, the “**Shares**”);
- B. IDJ Vendor wishes to sell to Purchaser, and Purchaser wishes to Purchase from IDJ Vendor all of the issued and outstanding EHC Shares currently held by IDJ Vendor, as set out in the “Purchased EHC Shares” column of Annex A hereto (the “**IDJ Purchased EHC Shares**”), subject to the terms and conditions set forth herein;
- C. JVA Vendors wish to sell to Purchaser, and Purchaser wishes to Purchase from IDJ Vendors, as of Closing, 51% of the EHC Shares currently held by the JVA Vendors, as set out in the “Purchased EHC Shares” column of Annex A hereto (the “**JVA Purchased EHC Shares**”), subject to the terms and conditions set forth herein;
- D. (i) As of Closing, JVA Vendors wish to sell to Purchaser, and Purchaser wishes to Purchase from the JVA Vendors 51% of the Portfolio Shares currently held by the JVA Vendors, as set out in the “Purchased Portfolio Shares” column of Annex A hereto (the “**JVA Purchased Portfolio Shares**” and together with the JVA Purchased EHC Shares, the “**JVA Purchased Shares**”, and together with the IDJ Purchased EHC Shares, the “**Purchased Shares**”), and (ii) subsequent to Closing, JVA Vendors and Purchaser wish to agree to certain terms pursuant to which Purchaser has the option to or is obliged to purchase and the JVA Vendors may or are required to sell the remaining Shares of the Companies, subject to the terms and conditions set forth herein;

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

ARTICLE I DEFINITIONS

Section 1.01 Definitions. The following terms have the meanings specified or referred to in this Section 1.01:

“**Accounts Receivable**” means all trade and other receivables of the Companies as of the Calculation Time, determined on a gross basis in accordance with GAAP consistently applied, excluding: (a) Related Party Receivables; and (b) receivables due or unpaid more than 60 days after the original due date or 100 days after the original invoice date.

“**Achievement Notice**” means has the meaning set forth in Section 6.12(g).

“**Action**” means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena, notice of assessment, notice or reassessment or investigation of any nature, civil, criminal, administrative, investigative, regulatory or otherwise, whether at law or in equity.

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

“**Agreement**” has the meaning set forth in the preamble.

“**Ancillary Documents**” means, collectively:

- (a) Confirmatory intellectual property assignment agreements between the Company and each Person involved in the creation or development of any Company Intellectual Property (other than the JVA Vendors), which such agreements shall be in form and substance satisfactory to the Purchaser and shall confirm that all Company IP created, conceived, reduced to practice or otherwise developed by such Persons has been assigned to the Company and, where applicable, shall waive in favour of the Companies any moral rights they may have in any work authored by them;
- (b) Vendor Releases between the Company and each Vendor; and
- (c) Payout documentation in respect of the repayment of the BDC Amount.

“**Articles**” means the original or restated notice of articles, articles of incorporation, articles of amendment, articles of continuance, articles of amalgamation, articles of arrangement, articles of reorganization, articles of dissolution, articles of revival, articles of constitution, letters patent, supplemental letters patent, a special act, memorandum and articles of association or any other instrument by which a Company is incorporated.

“**Assessment**” has the meaning set forth in Section 6.05(e).

“**Assets**” means all the assets, real and personal, tangible and intangible of the Companies.

“**Balance Sheet**” means either the EHC Balance Sheet or the Portfolio Balance Sheet, as applicable, as each such term is defined in the definition of “Financial Statements” in this Article I.

“**Balance Sheet Date**” means either the EHC Balance Sheet Date or the Portfolio Balance Sheet Date, as applicable, as each such term is defined in the definition of “Financial Statements” in this Article I.

“**BDC Amount**” means \$56,336.65.

“**Benefit Plan**” means all employee benefit plans, agreements, programs, policies, practices, material undertakings and arrangements (whether oral or written, formal or informal, funded or unfunded) maintained for, available to or otherwise relating to any employees, directors or officers or former employees, directors or officers of the Companies, or any spouses, dependents or survivors of any employee or former employee of the Companies, or in respect of which any Company is a party to or bound by or is obligated to contribute or in any way liable, whether or not insured or whether or not subject to any Law, including bonus, deferred compensation, incentive compensation, share purchase, share appreciation, share option, severance and termination pay, hospitalization, health and other medical benefits including medical or dental treatment or expenses, life and other insurance including accident insurance, vision, legal, long-term and short-term disability, salary continuation, vacation, supplemental unemployment benefits, education assistance, equity or equity-based compensation, change of control benefits, profit-sharing, mortgage assistance, employee loan, employee assistance and pension, retirement and supplemental retirement plans (including any defined benefit or defined contribution Pension Plan and any group registered retirement savings plan), and supplemental pension, except that the term “Benefit Plans” shall not include any statutory plans with which any Company is required to comply, including the Canada Pension Plan, Québec Pension Plan and plans administered under applicable provincial health tax, workers’ compensation, workplace health and safety and employment insurance legislation.

“**Books and Records**” means: (a) all of the Companies’ books of account, accounting records and other financial data and information, including copies of filed Tax Returns and Assessments for each of the financial years of the Companies excluding the Assessment for the most recently completed financial period; (b) the corporate records of the Companies; (c) all sales and purchase records, lists of suppliers and customers, credit and pricing information, formulae, business, engineering and consulting reports and research and development information of, or relating to, the Companies or the Business; and (d) all other books, documents, files, records, telephone call recordings, correspondence, data and information, financial or otherwise, that are in the possession or under the control of the Companies, Vendors or an Affiliate thereof, including all data and information stored electronically or on computer related media.

“**Business**” means the production, roasting, processing, packaging, sale, supply and distribution of coffee beans and coffee-related consumer packaged goods, in both raw material and finished good form and the provision of management services to coffee retailers.

“**Business Day**” means any day except Saturday, Sunday or any other day on which banks located in Vancouver, British Columbia, or Toronto, Ontario, Canada are authorized or required by Law to be closed for business.

“**Capital Needs Budget**” means the budget for capital expenditure items of the Companies attached hereto as Annex B.

“**Capital Needs Funding Agreement**” means intercompany loan agreements between the Purchaser and each of the Companies in form satisfactory to the JVA Vendor and the Purchaser pursuant to which the Purchaser will loan the Companies, in aggregate, \$100,000 and the Companies will agree to that the proceeds of such loans will be used in accordance with the Capital Needs Budget.

“**Calculation Time**” means 11:59 p.m. Toronto time on the day immediately preceding the Closing Date.

“**Cash and Securities**” means: (a) cash, excluding restricted cash; (b) money in bank accounts plus uncleared deposits less outstanding cheques; (c) guaranteed income certificates, certificates of deposit, banker’s acceptances and similar instruments issued by a Canadian financial institution; and (d) marketable securities of the Companies, determined in accordance with GAAP consistently applied, the whole calculated as of or before the date of the Closing Working Capital Statement.

“**CEBA Facility**” means the Canada Emergency Business Account Credit Agreement dated April 24, 2020 between The Bank of Nova Scotia and EHC.

“**CFPOA**” has the meaning set forth in Section 3.27(a)(ii).

“**Closing**” has the meaning set forth in Section 2.05.

“**Closing Date**” has the meaning set forth in Section 2.05.

“**Closing Date JVA Cash Purchase Price**” means \$317,765.94.

“**Closing Date IDJ Purchase Price**” means \$59,955.54.

“**Closing Date JVA Stock Purchase Price**” means \$74,819.17.

“**Closing Date Tax Year**” has the meaning set forth in Section 6.05(b).

“**Closing Time**” means 12:00 p.m. Toronto time on the Closing Date or such other time on the Closing Date as the parties agree in writing that the Closing shall take place.

“**Closing Working Capital**” means: (a) the Current Assets; less (b) the Current Liabilities, determined as of the open of business on the Closing Date.

“**Closing Working Capital Statement**” has the meaning set forth in Section 2.04(b)(i).

“**COGS**” has the meaning ascribed to the term “cost of goods sold” under GAAP.

“**Collective Agreement**” means any collective agreement, letter of understanding, letter of intent or other written communication or Contract with any trade union, association that may qualify as a trade union, council of trade unions, employee bargaining agent or affiliated bargaining agent, which would cover any of the Employees.

“**Companies**” has the meaning set forth in the preamble.

“**Competition Act**” means the *Competition Act* (Canada).

“**Company Intellectual Property**” or “**Company IP**” means all Intellectual Property that is owned or purported to be owned or held for use by the Companies.

“**Company IP Agreements**” means all licences, sublicenses, consent to use agreements, settlements, coexistence agreements, covenants not to sue, permissions and other Contracts (including any right to receive or obligation to pay royalties or any other consideration), whether written or oral, relating to Intellectual Property to which any Company is a party, beneficiary or otherwise bound.

“**Company IP Registrations**” means all Company IP that is subject to any issuance registration, application or other filing by, to or with any Governmental Authority or authorized private registrar in any jurisdiction, including registered trade-marks, domain names and copyrights, issued and reissued patents and pending applications for any of the foregoing.

“**Company IT Systems**” means all Software, computer hardware, servers, networks, platforms, peripherals, and similar or related items of automated, computerized, or other information technology (IT) networks and systems (including telecommunications networks and systems for voice, data, and video) owned, leased, licensed, or used (including through cloud-based or other third-party service providers) by the Companies.

“**Company Transaction Expenses**” means all fees and expenses incurred by the Companies at or prior to Closing in connection with the preparation, negotiation and execution of this Agreement, the Ancillary Documents and the Post-Closing Ancillary Documents, and the performance and consummation of the transactions contemplated hereby and thereby.

“**Consideration Shares**” means the common shares of PlantX Life Inc. which are listed for trading on the Exchange.

“**Contracts**” means all contracts, leases, deeds, mortgages, licences, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral.

“**Current Assets**” means consolidated Cash and Securities, Accounts Receivable, Inventories and prepaid expenses and deposits of the Companies as at the Calculation Time, determined in accordance with GAAP consistently applied, but does not include: (a) the portion of any prepaid expense of which Purchaser will not receive the benefit following the Closing; and (b) deferred Tax assets.

“**Current Liabilities**” means the consolidated trade and other payables, accrued Taxes and other accrued charges of the Companies, determined in accordance with GAAP consistently applied, but does not include: (a) income Taxes payable; (b) accrued provisions, including 12% of Tax credits claimed in the Tax Return for the taxation year of the Companies deemed under section 249(4)(a) of the Tax Act to have ended as a result of the transactions contemplated by this Agreement where the amount of these Tax credits are required to be included in income for the immediately following taxation year to the extent that such amount is not offset by non-capital losses of the Companies; (c) deferred Tax liabilities; and (d) the current portion of long term debt, determined in accordance with GAAP consistently applied.

“**Direct Claim**” has the meaning set forth in Section 8.05(c).

“**Disclosure Schedules**” means the schedules attached to this Agreement delivered by the Vendors to Purchaser concurrently with the execution and delivery of this Agreement.

“**Disposal**” means any disposal by any means, including dumping, incineration, spraying, pumping, injecting, depositing or burying.

“**Disputed Amounts**” has the meaning set forth in Section 2.04(c)(iii).

“**Dollars**” or “**\$**” means the lawful currency of Canada.

“**EHC**” has the meaning set forth in the preamble.

“**EHC Balance Sheet Date**” means September 30, 2021.

“**EHC Shares**” has the meaning set forth in the recitals.

“**Employees**” means those individuals employed by any Company on the date of this Agreement.

“**Encumbrances**” means any encumbrance or restriction of any kind or nature whatsoever and howsoever arising (whether registered or unregistered) and includes a security interest, mortgage, easement, adverse ownership interest, defect on title, condition, right of first refusal, right of first offer, right-of-way, encroachment, building or use restriction, conditional sale agreement, hypothec, pledge, deposit by way of security, hypothecation, assignment, charge, security under sections 426 or 427 of the *Bank Act* (Canada), trust or deemed trust, voting trust or pooling agreement with respect to securities, any adverse claim, grant of any exclusive licence or sole licence, or any other right, option or claim of others of any kind whatsoever, and includes any agreement to give any of the foregoing in the future, and any subsequent sale or other title retention agreement or lease in the nature thereof, affecting the Companies, the Shares or the Assets.

“Environment” means the air, surface water, ground water, body of water, any land (including surface land and sub-surface strata), soil or underground space, all living organisms and the interacting natural systems that include components of the air, land, water and inorganic matters and living organisms, and the environment or natural environment as defined in any Environmental Law, and **“Environmental”** shall have a corresponding meaning.

“Environmental Law” means any all Laws relating to the protection of the Environment including those relating to the storage, generation, use, handling, manufacture, processing, transportation, import, export, treatment, Release or Disposal of any Hazardous Substance.

“Environmental Notice” means any written directive, investigation, proceeding, letter or other written communication from any Governmental Authority relating to non-compliance or potential non-compliance with or breach of or potential breach of any Environmental Law or Environmental Permit.

“Environmental Permit” means any Permit, letter, clearance, consent, waiver, closure, exemption, decision or other action required under or issued, granted, given, authorized by or made by any Government under any Environmental Law.

“Estimated Closing Working Capital” has the meaning set forth in Section 2.04(a)(ii).

“Estimated Closing Working Capital Statement” has the meaning set forth in Section 2.04(a)(ii).

“Exchange” means the Canadian Securities Exchange, or such other Canadian recognized stock exchange approved by the Board.

“FACFOA” has the meaning set forth in Section 3.27(a)(ii).

“Financial Statements” means, collectively, (i) the unaudited financial statements of EHC for the fiscal year ended on the EHC Balance Sheet Date, consisting of a balance sheet, a statement of deficit, a statement of earnings (loss) and the notes thereto, and (ii) the unaudited financial statements of Portfolio for the fiscal period ended the Portfolio Balance Sheet Date, consisting of a balance sheet, a statement of earnings, a statement of retained earnings and the notes thereto.

“FCPA” has the meaning set forth in Section 3.27(a)(ii).

“Fundamental Representations” means, collectively, the representations and warranties set forth in Section 3.01, Section 3.02, Section 3.03, Section 3.06, Section 3.22, Section 4.01 and Section 4.02.

“GAAP” means generally accepted accounting principles as set forth in the *CPA Canada Handbook – Accounting* for an entity that prepares its financial statements in accordance with Accounting Standards for Private Enterprises, at the relevant time, applied on a consistent basis.

“Governmental Authority” means: (a) any court, tribunal, judicial body or arbitral body or arbitrator; (b) any domestic or foreign government or supranational body or authority whether multinational, national, federal, provincial, territorial, state, municipal or local and any

governmental agency, governmental authority, governmental body, governmental bureau, governmental department, governmental tribunal or governmental commission of any kind whatsoever; (c) any subdivision or authority of any of the foregoing; (d) any quasi-governmental or private body or public body exercising any regulatory, administrative, expropriation or taxing authority under or for the account of the foregoing; (e) any stock or securities exchange; and (f) any public utility authority.

“**Governmental Order**” means any order, writ, judgment, injunction, decree, stipulation, determination, award, decision, sanction or ruling entered by or with any Governmental Authority.

“**Gross Margin**” means, in respect of any given period of time, the percentage obtained by (i) deducting COGS during such period from (ii) the Revenue during such period, and (iii) dividing the resultant figure by the Revenue during such period, and (iv) multiplying such resultant figure by one hundred (100).

“**GST**” means all taxes levied under Part IX of the *Excise Tax Act* (Canada).

“**Hazardous Substance**” means, collectively, petroleum, any petroleum product, any radioactive material (including radon gas), explosive or flammable materials, asbestos in any form, urea-formaldehyde foam insulation, and polychlorinated biphenyls, any pollutant, contaminant, waste, hazardous substance, hazardous material, hazardous waste, toxic substance, dangerous substance, dangerous good, restricted hazardous waste, toxic substance or a source of contamination, as defined or identified in any Environmental Law.

“**IDJ Purchased EHC Shares**” has the meaning set forth in the recitals.

“**IDJ Vendor**” has the meaning set forth in the preamble.

“**Indebtedness**” means, without duplication and with respect to the Companies, all (a) indebtedness for borrowed money; (b) obligations for the deferred purchase price of property or services; (c) long or short-term obligations evidenced by notes, bonds, debentures or other similar instruments, (d) obligations under any interest rate, currency swap or other hedging agreement or arrangement; (e) capital lease obligations; (f) reimbursement obligations under any letter of credit, banker’s acceptance or similar credit transactions; (g) guarantees made by any Company on behalf of any third party in respect of obligations of the kind referred to in the foregoing clauses (a) through (f); and (h) any unpaid interest, prepayment penalties, premiums, costs and fees that would arise or become due as a result of the prepayment of any of the obligations referred to in the foregoing clauses (a) through (g).

“**Indemnified Party**” has the meaning set forth in Section 8.05.

“**Indemnifying Party**” has the meaning set forth in Section 8.05.

“**Independent Accountant**” has the meaning set forth in Section 2.04(c)(iii).

“**Independent Contractor**” means: (a) any individual who is not, or was not (with respect to former Independent Contractors), an employee, officer or director of the Companies, or any such

individual's personal services corporation, and which individual or personal services corporation receives or received remuneration from any Company under a Contract for services; and (b) any individual who is an employee, officer or director of any Company, but who in the past was an individual who was not an employee, officer or director of a Company or any such individual's personal services corporation, and which individual or personal services corporation received remuneration from a Company under a Contract for services.

“Insurance Policies” has the meaning set forth in Section 3.17.

“Intellectual Property” means all intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, under the Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all: (a) trade-marks, service marks, trade names, brand names, logos, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use of and symbolized by, and all registrations, applications and renewals for, any of the foregoing; (b) all business names, corporate names, telephone numbers and other communication addresses owned or used by a Company; (c) internet domain names, whether or not trade-marks, registered in any top-level domain by any authorized private registrar or Governmental Authority, web addresses, web pages, websites and related content, accounts with *Twitter*®, *Facebook*® and other social media companies and the content found thereon and related thereto, and URLs; (d) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights, author, performer and moral rights, and all registrations, applications for registration and renewals of such copyrights; (e) all industrial designs and applications for registration of industrial designs and industrial design rights, design patents and industrial design registrations owned or used by a Company; (f) inventions, discoveries, trade secrets, business and technical information and know-how, databases, data collections and other confidential and proprietary information and all rights therein; (g) patents (including all patent registrations, reissues, divisional applications or analogous rights, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications and other patent rights and any other Governmental Authority issued indicia of invention ownership (including inventor's certificates and patent utility models); and (h) Software.

“Inventory” means all inventories and other supplies and consumables (but excluding advertising and publicity materials of the Companies) wherever located, and whether on consignment or not as at the Calculation Time, determined on a gross basis in accordance with GAAP consistently applied but excluding any obsolete or worn-out inventory or inventory that is no longer used or is not in its original packaging.

“Issue Price” means the higher of (i) the volume-weighted average price, in Canadian Dollars, of the common shares of PlantX the Exchange for the 10 trading days immediately preceding November 8, 2021, and (ii) the minimum price of the common shares of PlantX allowed by the Exchange approved by the Board pursuant to its discounting or similar rules.

“JVA Purchased EHC Shares” has the meaning set forth in the recitals.

“**JVA Purchased Portfolio Shares**” has the meaning set forth in the recitals.

“**JVA Purchased Shares**” has the meaning set forth in the recitals.

“**JVA Vendor**” has the meaning set forth in the preamble.

“**JVA Vendors’ Knowledge**” or any other similar knowledge qualification, means the actual or constructive knowledge of any JVA Vendor or any director, manager, or officer of either Company, in each case after due inquiry.

“**Law**” means any statute, law, ordinance, regulation, rule, instrument, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority.

“**Liabilities**” has the meaning set forth in Section 3.08.

“**Losses**” means losses, damages, liabilities, deficiencies, Actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including legal fees, disbursements and charges on a substantial indemnity basis and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers; *provided that* “Losses” shall not include punitive or exemplary damages, except in the case of fraud or to the extent actually awarded to a Governmental Authority or other third party.

“**Material Adverse Effect**” means any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to: (a) the business, results of operations, condition (financial or otherwise) or assets of any Company, including (without limitation) the Business; or (b) the ability of the Vendors to consummate the transactions contemplated hereby on a timely basis; *provided that*: (i) “Material Adverse Effect” shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (A) general economic or political conditions; (B) conditions generally affecting the industries in which a Company operates; (C) any changes in financial or securities markets in general; (D) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (E) general outbreaks of illness (excluding, however, the COVID-19 pandemic); (F) any action required or explicitly permitted by this Agreement, except under Section 3.06 and Section 6.03; (G) any changes in applicable Laws or accounting rules or principles, including GAAP; or (H) the public announcement, pendency or completion of the transactions contemplated by this Agreement; and (ii) any event, occurrence, fact, condition or change referred to in clauses (i)(A) through (E) shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition or change has a disproportionate effect on a Company compared to other participants in the industries in which a Company conducts its businesses.

“**Material Contracts**” has the meaning set forth in Section 3.10(a).

“**Material Customers**” has the meaning set forth in Section 3.16(a).

“**Material Suppliers**” has the meaning set forth in Section 3.16(b).

“Occupational Health and Safety Acts” means the *Occupational Health and Safety Act* (British Columbia) and all other legislation of any applicable jurisdiction dealing with any of the subject matter of that Act or with respect to any aspect of the occupational health and safety of employees.

“OFAC” has the meaning set forth in Section 3.27(a)(iv).

“Ordinary Course”, when used in relation to the conduct of the Business, means any transaction that constitutes an ordinary day-to-day business activity of a Company conducted in a manner consistent with such Company’s past practice.

“Pension Plan” means a “registered pension plan” as that term is defined in section 248(1) of the Tax Act.

“Permits” means all permits, licences, franchises, approvals, authorizations, registrations, certificates, variances and similar rights obtained, or required to be obtained, from Governmental Authorities.

“Permitted Encumbrances” means: (a) statutory Encumbrances for current Taxes, special assessments or other governmental charges not yet due and payable or delinquent or, if overdue, are being contested diligently and in good faith by appropriate proceedings and for which appropriate accruals have been established in the Financial Statements in accordance with GAAP; (b) statutory liens and deposits or pledges made in connection with, or to secure payment of, worker’s compensation, employment insurance, Canada Pension Plan and Québec Pension Plan programs mandated under Law and for which appropriate accruals have been established in accordance with GAAP; (c) restrictions on the transfer of securities arising under Law or under the Articles; (d) the rights of counterparties under the Contracts; (e) undetermined or inchoate Encumbrances imposed or permitted by Law and incurred in the Ordinary Course and in the operation of the Real Property, such as builder’s liens, construction liens, materialmen’s liens and other liens, privileges or other charges of a similar nature that relate to obligations not due or delinquent and for which adequate reserves are being maintained; (f) any reservations or exceptions contained in or implied by statute in the original dispositions from the Crown and grants made by the Crown of any land or interest reserved therein that do not have a Material Adverse Effect on the value of the Real Property or the use of the Real Property or the operation of the Business as currently carried on at such Real Property; (g) security given in the Ordinary Course to a public utility or any municipality or governmental or public authority in connection with the operation of the Business or the Real Property; (h) all encroachments, overlaps, overhangs, unrecorded servitudes and easements, variations in area or measurement, rights of parties in possession, lack of access or any other matters not of record that would be disclosed by an accurate survey or physical inspection of the Real Property and that do not materially interfere with or affect the value or operation of the Business as currently carried on at such Real Property; (i) all permits, servitudes and easements (including conservation easements and public trust easements, rights-of-way, road use agreements, covenants, conditions, restrictions, reservations, licences, other surface agreements and other matters of record) and zoning by-laws and restrictions, ordinances and other restrictions as to the use of real property; *provided that* they are not of such a nature as to have a Material Adverse Effect on the value or use of the Real

Property subject thereto or the operation of the Business as currently carried on at such Real Property; and (j) Encumbrances listed in Section 1.01 of the Disclosure Schedules.

“Permitted Indebtedness” means an aggregate of \$60,000 owing by EHC under the CEBA Facility.

“Person” means an individual, corporation, limited liability company, body corporate, partnership, joint venture, Governmental Authority, unincorporated organization, trust, association or other entity.

“Personal Information” means any factual or subjective information, recorded or not, about an employee, Independent Contractor, contractor, agent, consultant, officer, director, executive, client, customer or supplier of a Company who is a natural person or a natural person who is a shareholder of IDJ Vendor, or about any other identifiable individual, including any record that can be manipulated, linked or matched by a reasonably foreseeable method to identify an individual, but does not include the name, title or business address, telephone number or email of an employee of a Company.

“Portfolio” has the meaning set forth in the preamble.

“Portfolio Balance Sheet Date” means August 31, 2021.

“Portfolio Shares” has the meaning set forth in the recitals.

“Post-Closing Adjustment” has the meaning set forth in Section 2.04(b)(ii).

“Post-Closing Ancillary Documents” means, collectively:

- (a) Employment agreements with each of the JVA Vendors, reflecting the terms set out in Annex C hereto; and
- (b) the Capital Needs Funding Agreement.

“Pre-Closing Benefit Liability” means any and all payments for which a Company is liable, which is attributable to entitlements owed to Employees or former employees of a Company or a Vendor as of the Closing Time, or which such Employees or former employees will become entitled to after the Closing Time, resulting from any Benefit Plan or other agreements or arrangements made with a Vendor or a Company before the Closing Time, and all claims, payments and obligations owed under any Benefit Plan arising or relating to a period before the Closing Time, including any incurred but not yet paid amounts owed to any Employee or former employee of a Company or a Vendor but excluding any Liability arising because of terms and conditions of employment of the Employees after Closing except those relating to terms and conditions of employment of Employees that Purchaser was unaware of as a result of a breach by a Vendor of any of its representations and warranties in this Agreement (without reference to any survival period provided for in this Agreement).

“Pre-Closing Tax Periods” shall mean any Tax Period ending before the Closing and any pre-Closing portion of a Straddle Period.

“Revenue” means aggregate gross revenue earned by the Companies, including the inflow of cash, receivables and/or other consideration arising in the course of the ordinary activities of the Business.

“Pro Rata Portion” means, with respect to each JVA Vendor, the percentage set forth opposite each such JVA Vendor’s name on Annex A hereto.

“Purchase Price” has the meaning set forth in Section 2.02.

“Purchased Shares” has the meaning set forth in the recitals.

“Purchaser” has the meaning set forth in the preamble.

“Purchaser’s Accountant” means Dale Matheson Carr-Hilton Labonte LLP.

“Purchaser Indemnitees” has the meaning set forth in Section 8.02.

“Real Property” means rights, title, estate and interest, present or future, of a Company in and to the lands and premises described in Section 1.01 of the Disclosure Schedules, including all buildings, erections, structures, fixtures and improvements of any nature or kind now and hereafter situated thereon and all other appurtenances thereto.

“Related Party” has the meaning set forth in Section 3.24(b).

“Related Party Debt” means all Liabilities owed by the Companies to any Vendor or any other Related Party.

“Related Party Receivables” means any receivable owing to a Company by any Vendor or any other Related Party.

“Related Person” has the meaning set forth in Section 3.24(a).

“Release” means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandoning, disposing or allowing to escape or migrate of any Hazardous Substance into or through the Environment or as defined in any Environmental Law.

“Remedial Order” means any Governmental Order issued, filed or imposed under any Environmental Law and includes any Governmental Order requiring any remediation or clean-up of any Hazardous Substance, or requiring that any Release or Disposal be reduced or eliminated.

“Representative” means, with respect to any Person, any, and all, directors, officers, employees, consultants, financial advisors, lawyers, accountants and other agents of such Person.

“Resolution Period” has the meaning set forth in Section 2.04(c)(ii).

“Restricted Period” has the meaning set forth in Section 6.02(a).

“Restrictive Covenants” has the meaning set forth in Section 6.02(f).

“**Review Period**” has the meaning set forth in Section 2.04(c)(i).

“**Revived First Option**” has the meaning set forth in Section 6.13.

“**Revived First Option Price**” has the meaning set forth in Section 6.13.

“**Revived Section Option**” has the meaning set forth in Section 6.14.

“**Revived Section Option Price**” has the meaning set forth in Section 6.14.

“**SEMA**” has the meaning set forth in Section 3.27(a)(ii).

“**Shares**” has the meaning set forth in the recitals.

“**Software**” means computer programs, operating systems, applications, interfaces, applets, software scripts, macros, firmware, middleware, development tools and other codes, instructions or sets of instructions for computer hardware or software, including SQL and other query languages, hypertext markup language, wireless markup language, xml and other computer markup languages, in object, source code or other code format.

“**Straddle Period**” means any Tax Period beginning before the Closing and ending after the Closing.

“**Statement of Objections**” has the meaning set forth in Section 2.04(c)(ii).

“**Target Gross Margin**” means 30%.

“**Target Revenue**” means, in the case of EHC, \$400,000 and, in the case of Portfolio, \$150,000.

“**Target Working Capital**” means \$15,000.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**Tax**” or “**Taxes**” means all taxes, surtaxes, duties, levies, imposts, fees, assessments, reassessments, withholdings, dues and other charges of any nature, imposed or collected by any Governmental Authority, whether disputed or not, including federal, provincial, territorial, state, municipal and local, foreign and other income, franchise, capital, real property, personal property, withholding, payroll, health, transfer, value added, alternative, or add on minimum tax including British Columbia provincial sales, GST, other sales, use, consumption, excise, customs, anti-dumping, countervail, net worth, stamp, registration, franchise, payroll, employment, education, business, school, local improvement, development and occupation taxes, duties, levies, imposts, fees, assessments and withholdings and Canada Pension Plan and Québec Pension Plan contributions, employment insurance premiums and all other taxes and similar governmental charges, levies or assessments of any kind whatsoever imposed by any Governmental Authority including any installment payments, interest, penalties or other additions associated therewith, whether or not disputed.

“**Tax Period**” means any period prescribed by any Governmental Authority for which a Tax Return is required to be filed or Tax is required to be paid.

“**Tax Return**” means all reports, returns, information returns, claims for refunds, elections, designations, estimates, reports and other documents, including any schedule or attachments thereto, filed or required to be filed or supplied to any Governmental Authority in respect of Taxes and including any amendment thereof or attachment thereto.

“**Territory**” means the any province or territory of Canada.

“**Third-Party Claim**” has the meaning set forth in Section 8.05(a).

“**Undisputed Amounts**” has the meaning set forth in Section 2.04(c)(iii).

“**Vendor**” has the meaning set forth in the preamble.

“**Vendor Indemnitees**” has the meaning set forth in Section 8.03.

“**Vendor Release**” means a release of the Companies, their Affiliates, and their respective directors, officers, employees, consultants and advisors, in a form reasonably satisfactory to the Parties, duly executed by the each of the Vendors in its respective capacity as a seller of Purchased Shares.

“**Vendors’ Accountant**” means an accountant from time to time engaged by the Vendors in connection with the requirements of this Agreement.

ARTICLE II PURCHASE AND SALE

Section 2.01 Purchase and Sale. Subject to the terms and conditions set forth herein, at the Closing, each Vendor shall sell to Purchaser, and Purchaser shall purchase from each Vendor, the number of Purchased Shares set forth opposite such Vendor’s name in the “Purchased Shares” column on Annex A hereto, free and clear of all Encumbrances, for the consideration specified in Section 2.02.

Section 2.02 Purchase Price. The aggregate purchase price for the Purchased Shares shall be \$808,154.03, subject to adjustment pursuant to Section 2.04 and Section 8.06 (the “**Purchase Price**”), which shall be comprised of the BDC Amount, Closing Date IDJ Purchase Price, the Closing Date JVA Cash Purchase Price, the Closing Date Stock Purchase Price and the aggregate share price of the Deferred Share Consideration paid in accordance with Section 2.03 (assuming no change to the trading price of the Consideration Shares). The value of each of the Consideration Shares shall be equal to the Issue Price for all purposes of this Agreement.

Section 2.03 Payment of Purchase Price; Closing Deliverables and Deferred Consideration Payment

(a) *Closing Payments.* At the Closing, Purchaser shall:

- (i) pay and deliver to Business Development Bank of Canada the BDC Amount by wire transfer of immediately available funds to an account designated by the Vendors in writing to Purchaser at least two (2) Business Days prior to Closing;
- (ii) pay and deliver to the IDJ Vendor the Closing Date IDJ Purchase Price by wire transfer of immediately available funds to an account designated by IDJ Vendor in writing to Purchaser at least two (2) Business Days prior to Closing;
- (iii) pay and deliver to each JVA Vendor such JVA Vendor's Pro Rata Portion of the Closing Date JVA Cash Purchase Price by wire transfer of immediately available funds to an account designated in writing by such JVA Vendor to Purchaser at least two (2) Business Days prior to Closing; and
- (iv) issue, register, and deliver, or cause to be issued, registered, and delivered, to and in the name of each JVA Vendor 60,888 Consideration Shares, representing such JVA Vendor's Pro Rata Stock Portion of the Closing Date JVA Stock Purchase Price, as calculated using an issuance price equal to the Issue Price rounded down to the nearest whole Consideration Share.

(b) *Deferred Share Consideration Payment.*

- (i) Subject to subsection (ii) and (iii) below, Purchaser shall issue, register and deliver, or cause to be issued, registered, and delivered, to and in the name of each JVA Vendor the following numbers of Consideration Shares (as determined using an issuance price equal to the Issue Price) on the dates set forth below:
 - A. 60,888 Consideration Shares on the first Business Day that is – three (3) months after the Closing Date;
 - B. 60,888 Consideration Shares on the first Business Day that is – six (6) months after the Closing Date;
 - C. 60,888 Consideration Shares on the first Business Day that is – nine (9) months after the Closing Date; and
 - D. 60,888 Consideration Shares on the first Business Day that is – twelve (12) months after the Closing Date.

(collectively, the “**Deferred Share Consideration**”)

Provided that (i) each such number of Consideration Shares comprising the Deferred Share Consideration is subject to adjustment in accordance with Section 2.04 and Section 8.06; and (ii) the foregoing scheduled dates

of issuance shall be subject to (A) adjustment for any hold periods or similar periods imposed by Law or by the Exchange and (B) acceleration at Purchaser's sole discretion.

- (ii) The completion by Purchaser of any issuance of Consideration Shares pursuant to Section 2.03(b)(i) shall be conditional on each JVA Vendor providing such documents, certification or other evidence necessary at the applicable time of issuance to qualify the Purchaser for an exemption from the prospectus and registration requirements under applicable securities Laws, as provided under, *inter alia*, National Instrument 45-106 - *Prospectus Exemptions* and Section 73 of the *Securities Act* (Ontario).
 - (iii) Each JVA Vendor agrees not to sell any Consideration Shares, on any given day, more than such number of Consideration Shares as is equal to ten percent (10%) of the average trading volume of the Consideration Shares on the Exchange during the ten (10) immediately preceding trading days (the "**Trading Cap**"); provided that a JVA Vendor, whether independently or jointly or in concert with one or more other JVA Vendors, may sell an aggregate number of Consideration Shares that exceeds, or would reasonably be expected to exceed, the Trading Cap (subject to compliance with applicable securities Laws) if: (i) such JVA Vendors provide to Purchaser written notice of the desire to sell such number of Consideration Shares no less than three (3) days' prior to the desired date of sale, which notice shall include the exact number of Consideration Shares intended to be sold; and (ii) such JVA Vendors sell such Consideration Shares to a Person identified by Purchaser in writing.
- (c) *Closing Deliverables of the Vendors.* At the Closing, the Vendors shall deliver to Purchaser, as applicable:
- (i) share certificates representing the Purchased Shares, free and clear of all Encumbrances, duly endorsed in blank or accompanied by forms of share transfers or other instruments of transfer duly executed in blank;
 - (ii) post-Closing resolution of the shareholders of each Company appointing Lorne Rapkin, Alexandra Hoffman and Peter Simeon as directors of such Company and having Victor Nucci resign as director of EHC and of Portfolio ("**Shareholder Resolution**") signed by the shareholders of each Company;
 - (iii) resignation and release of Victor Nucci as director of each Company; and
 - (iv) the Ancillary Documents, duly executed by the Vendors, together with all other agreements, documents, instruments or certificates required to be delivered by the Vendors at or before the Closing pursuant to Section 7.02 of this Agreement.

- (d) *Closing Deliverables of the Purchaser.* At the Closing, the Purchaser shall deliver to the Vendors:
- (i) evidence of the issuance, registration and delivery of the Consideration Shares issued pursuant to Section 2.03(a)(iv);
 - (ii) A written consent to act as director of each Company signed by Lorne Rapkin;
 - (iii) A written consent to act as director of each Company signed by Alexandra Hoffman; and
 - (iv) all other agreements, documents, instruments or certificates required to be delivered by Purchaser under Section 7.03.

Section 2.04 Purchase Price Adjustment

(a) Closing Adjustment

- (i) At the Closing, the Purchase Price shall be adjusted in the following manner:
 - A. either (i) an increase by 51% of the amount, if any, by which the Estimated Closing Working Capital (as determined in accordance with Section 2.04(a)(ii)) is greater than the Target Working Capital, or (ii) a decrease by 51% of the amount, if any, by which the Estimate Closing Working Capital is less than the Target Working Capital;
 - B. a decrease by the amount of outstanding Indebtedness (other than the Permitted Indebtedness) of the Companies; and
 - C. a decrease by the amount of the unpaid Company Transaction Expenses of or payable by the Company.
- (ii) At least three (3) Business Days before the Closing, the Vendors shall jointly prepare and deliver to Purchaser a statement setting forth its good faith estimate of Closing Working Capital (the “**Estimated Closing Working Capital**”), which statement shall set out an estimated balance sheet of each Company as of the Closing Date (without giving effect to the transactions contemplated herein) and a calculation of Estimated Closing Working Capital (the “**Estimated Closing Working Capital Statement**”) and shall be prepared in accordance with GAAP applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the Financial Statements for the most recent financial year end as if such Estimated

Closing Working Capital Statement was being prepared and audited as of a financial year end.

(b) **Post-Closing Adjustment**

- (i) Within 60 days after the Closing Date, Purchaser shall prepare and deliver to the Vendors a statement setting forth its calculation of Closing Working Capital, which statement shall contain an unaudited balance sheet of each Company as of the Closing Date (without giving effect to the transactions contemplated herein) and a calculation of Closing Working Capital (the “**Closing Working Capital Statement**”) and shall be prepared in accordance with GAAP using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the Financial Statements for the most recent financial year end as if such Closing Working Capital Statement was being prepared and audited as of a financial year end.
- (ii) The post-closing adjustment shall be an amount equal to the Closing Working Capital minus the Estimated Closing Working Capital (the “**Post-Closing Adjustment**”). If the Post-Closing Adjustment is a positive number, Purchaser shall pay to the Vendors an amount equal to 51% of the Post-Closing Adjustment. If the Post-Closing Adjustment is a negative number, Vendors shall pay to Purchaser an amount equal to 51% of the absolute value of the Post-Closing Adjustment.

(c) **Examination and Review**

- (i) **Examination.** After receipt of the Closing Working Capital Statement, the Vendors shall have 30 days (the “**Review Period**”) to review the Closing Working Capital Statement. During the Review Period, the Vendors and Vendors’ Accountant shall have full access to the Books and Records of the Companies, the personnel of, and working papers prepared by, Purchaser and Purchaser’s Accountant to the extent that they relate to the Closing Working Capital Statement and to such historical financial information (to the extent in Purchaser’s possession) relating to the Closing Working Capital Statement as Vendors may reasonably request for the purpose of reviewing the Closing Working Capital Statement and to prepare a Statement of Objections; *provided that* such access shall be in a manner that does not interfere with the normal business operations of Purchaser or the Companies.
- (ii) **Objection.** On or before the last day of the Review Period, Vendors may object to the Closing Working Capital Statement by delivering to Purchaser a written statement setting forth the Vendors’ objections in reasonable detail, indicating each disputed item or amount and the basis for the Vendors’ disagreement therewith (the “**Statement of**

Objections”). If the Vendors fail to deliver the Statement of Objections before the expiration of the Review Period, the Closing Working Capital Statement and the Post-Closing Adjustment, as the case may be, reflected in the Closing Working Capital Statement shall be deemed to have been accepted by each Vendor. If the Vendors deliver the Statement of Objections before the expiration of the Review Period, Purchaser and the Vendors shall negotiate to resolve such objections within 30 days after the delivery of the Statement of Objections (the “**Resolution Period**”), and, if the same are so resolved within the Resolution Period, the Post-Closing Adjustment and the Closing Working Capital Statement with such changes as may have been previously agreed in writing by Purchaser and the Vendors, shall be final and binding.

- (iii) **Resolution of Disputes.** If the Vendors and Purchaser fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before expiration of the Resolution Period, then any amounts remaining in dispute (the “**Disputed Amounts**” and any amounts not so disputed, the “**Undisputed Amounts**”) shall be submitted for resolution to the office of an impartial regionally or nationally recognized firm of independent chartered professional accountants other than Vendors’ Accountant or Purchaser’s Accountant, as agreed to by the Purchaser and the Vendors (the “**Independent Accountant**”), who, acting as an expert and not an arbitrator, shall resolve the Disputed Amounts only and make any adjustments to the Post-Closing Adjustment, as the case may be, and the Closing Working Capital Statement. The parties agree that all adjustments shall be made without regard to materiality. The Independent Accountant shall only decide the specific items under dispute by the parties and its decision for each Disputed Amount must be within the range of values assigned to each such item in the Closing Working Capital Statement and the Statement of Objections, respectively.
- (iv) **Fees of the Independent Accountant.** The fees and expenses of the Independent Accountant shall be paid by (A) Vendors; and (B) Purchaser based upon the percentage that the amount actually contested but not awarded to Vendors or Purchaser, respectively, bears to the aggregate amount actually contested by the Vendors and Purchaser.
- (v) **Determination by Independent Accountant.** The Independent Accountant shall make a determination as soon as practicable within 30 days (or such other time as the parties hereto shall agree in writing) after its engagement, and its resolution of the Disputed Amounts and their adjustments to the Closing Working Capital Statement or the Post-Closing Adjustment, or both, shall be conclusive and binding upon the Parties.
- (vi) **Payments of Post-Closing Adjustment.** Except as otherwise provided herein, any payment of the Post-Closing Adjustment, together with interest calculated as set forth below, shall (A) be due (x) within five

Business Days of acceptance of the applicable Closing Working Capital Statement, or (y) if there are Disputed Amounts, then within five Business Days of the resolution described in Section 2.04(c)(v); and (B) be paid by wire transfer of immediately available funds to such account as is directed by Purchaser or the Vendors, as the case may be. The amount of any Post-Closing Adjustment shall bear interest from and including the Closing Date to but excluding the date of payment at a rate per annum equal to 2%. Such interest shall be calculated daily on the basis of a 365 or 366 day year and the actual number of days elapsed, without compounding.

- (d) **Adjustments for Tax Purposes.** Any payments made pursuant to Section 2.04 shall be treated as an adjustment to the Purchase Price by the parties for Tax purposes, unless otherwise required by Law.
- (e) **Adjustments for Capital Changes.** In the event that, after the Closing and prior to the applicable payment date(s) of any of the Deferred Share Consideration, the Purchaser changes the number of Consideration Shares issued and as a result of a reclassification, stock split (including a reverse stock split), stock dividend, stock distribution, stock issuance, recapitalization, subdivision or other similar transaction, the number of Consideration Shares comprising the outstanding and unissued portion of the Deferred Share Consideration shall be equitably adjusted to eliminate the effects of such event on the Deferred Share Consideration.

Section 2.05 Closing. Subject to the terms and conditions of this Agreement, the purchase and sale of the Shares contemplated hereby shall take place at a closing (the “**Closing**”) to be held at 12:00 p.m., Toronto, Ontario, Canada time, on the date of this Agreement, subject to the satisfaction of the conditions to Closing set forth in Article VII having been satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date), at the offices of McCarthy Tétrault LLP, 66 Wellington Street West, Suite 5300, Toronto, Ontario, M5K 1E6 or remotely by exchange of documents and signatures (or their electronic counterparts), or at such other time or on such other date or at such other place as Vendors and Purchaser may mutually agree upon in writing (the day on which the Closing takes place being the “**Closing Date**”).

Section 2.06 Withholding Tax. Purchaser shall be entitled to deduct and withhold from the Purchase Price all Taxes that Purchaser may be required to deduct and withhold under any provision of Tax Law. All such withheld amounts shall be treated as delivered to Vendors hereunder.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF JVA VENDORS

Except as set forth in the correspondingly numbered Section of the Disclosure Schedules that relates to such Section or in another Section of the Disclosure Schedules to the extent that it is reasonably apparent on the face of such disclosure that such disclosure is applicable to such Section, the Companies and each of the JVA Vendors, jointly and severally, represent and

warrant to Purchaser that the statements contained in this Article III are true and correct as of the date hereof.

Section 3.01 Authorization of JVA Vendors. Each JVA Vendor is of the legal age of majority in the jurisdiction in which such JVA Vendor is resident and is legally competent to execute and be bound by this Agreement and each Ancillary Document and Post-Closing Ancillary Document to which the JVA Vendor is or will be a party and to take all action and perform all covenants and obligations required to be performed by the JVA Vendor pursuant to the terms hereof or thereof. No steps or proceedings have been taken to authorize or require the bankruptcy of any JVA Vendor. Each JVA Vendor have submitted all notices or returns of corporate information and other filings required by Law to be submitted by it to any Governmental Authority. This Agreement and each Ancillary Document to which each JVA Vendor is a party has been duly executed and delivered by such JVA Vendor, and (assuming due authorization, execution and delivery by each other party hereto), this Agreement and each such Ancillary Document constitutes a legal, valid and binding obligation of each JVA Vendor enforceable against such JVA Vendor in accordance with its terms. When each Post-Closing Ancillary Document to which each JVA Vendor is or will be a party has been duly executed and delivered by such JVA Vendor (assuming due authorization, execution and delivery by each other party thereto), such Post-Closing Ancillary Document will constitute a legal, valid and binding obligation of such JVA Vendor enforceable against the JVA Vendor in accordance with its terms.

Section 3.02 Purchased Shares. Immediately prior to the Closing Time, each JVA Vendor will be the sole legal, registered and beneficial owner of the JVA Purchased Shares as set forth in Annex A hereto, with good and marketable title thereto, free and clear of any Encumbrances, and will have the right to exercise all voting and other rights over such JVA Purchased Shares. Immediately prior to the Closing Time, the JVA Vendors will have the corporate power, authority and right to transfer the legal and beneficial title and ownership of the JVA Purchased Shares to the Purchaser free and clear of any Encumbrances.

Section 3.03 Organization, Authority, Qualification. Each Company is a corporation incorporated, duly organized and validly existing and in good standing under the Laws of Canada and has full power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as it has been and is currently conducting. The Companies have not been discontinued or dissolved under such Laws. No steps or proceedings have been taken to authorize or require such discontinuance or dissolution, or the bankruptcy, insolvency, liquidation or winding up of the Companies. The Companies have submitted all notices or returns of corporate information and other filings required by Law to be submitted by it to any Governmental Authority. Section 3.03 of the Disclosure Schedules sets forth each jurisdiction in which each Company is licensed, qualified or registered to carry on business, and each Company is duly licensed, qualified or registered to carry on business and has submitted all notices or returns of corporate information and other filings required by Law to be submitted by it to any Governmental Authority in each jurisdiction in which the properties owned or leased by it or the operation of its business as currently conducted makes such licensing or registration necessary except where the failure to be so licensed, registered or qualified, or the submission of notices and returns of corporate information and other filings would not, individually or in the aggregate, have a Material Adverse Effect. All corporate actions

taken by each Company connection with this Agreement and the other Ancillary Documents and Post-Closing Ancillary Documents will be duly authorized on or before the Closing. Each Company is a “private issuer” with the meaning of section 2.4(1) of National Instrument 45-106 - *Prospectus Exemptions*.

Section 3.04 Capitalization

- (a) The column entitled “Capitalization Prior to Closing” on Annex A hereto sets forth a correct and complete capitalization table of each Company’s shareholder register at the Closing.
- (b) The authorized capital of each Company consists of an unlimited number of common shares, of which only the Shares are issued and outstanding, a portion of which comprise the JVA Purchased Shares to be purchased by the Purchaser subject to the terms and conditions of this Agreement. All the Shares have been duly authorized, are validly issued, fully paid and non-assessable, and the Vendors are the registered and beneficial owner of the Shares, free and clear of all Encumbrances. Upon consummation of the transactions contemplated by this Agreement, Purchaser shall own all the JVA Purchased Shares, free and clear of all Encumbrances.
- (c) All the Shares were issued in compliance with applicable Laws. None of the Shares were issued in violation of any agreement, arrangement or commitment to which any Vendor or any Company is a party or is subject to or in violation of any preemptive or similar rights of any Person.
- (d) There are no outstanding or authorized options, warrants, convertible securities or other rights, agreements (other than this Agreement), arrangements or commitments of any character relating to any shares in the capital of any Company or obligating any Vendor or any Company to issue or sell any shares of, or any other interest in, any Company. No Company has outstanding or authorized any share appreciation, phantom share, profit participation or similar rights. There are no voting trusts or agreements, pooling agreements, unanimous shareholder agreements or other shareholder agreements, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the Shares.

Section 3.05 No Subsidiaries. No Company owns, or has any interest in, any shares or have securities, or another ownership interest, in any other Person.

Section 3.06 No Conflicts; Consents. The execution, delivery and performance by each JVA Vendor of this Agreement and the Ancillary Documents and Post-Closing Ancillary Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the Articles, by-laws, unanimous shareholder agreement or other constating documents of any Company; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to any JVA Vendor or any Company;

(c) except as set forth in Section 3.06 of the Disclosure Schedules, require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Contract to which any JVA Vendor or any Company is a party or by which any JVA Vendor or any Company is bound or to which any of their respective Assets are subject (including any Material Contract) or any Permit affecting the Assets or the Business; or (d) result in the creation or imposition of any Encumbrance other than Permitted Encumbrances on any Assets, except where the conflict, violation, breach, default, acceleration, termination, modification, cancellation, failure to give notice or Encumbrance would not, individually or in the aggregate, have a Material Adverse Effect. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to any JVA Vendor or any Company in connection with the execution and delivery of this Agreement, the Ancillary Documents, the Post-Closing Ancillary Documents and the consummation of the transactions contemplated hereby and thereby, except for such filings as may be required under the *Competition Act* and the ICA and such consents, approvals, Permits, Governmental Orders, declarations, filings or notices which, in the aggregate, would not have a Material Adverse Effect.

Section 3.07 Financial Statements

- (a) Complete copies of the Financial Statements have been provided to the Purchaser. The Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved.
- (b) The Financial Statements: (i) are based on the Books and Records and (ii) fairly, completely and accurately present in all material respects the Assets, Liabilities and financial position of each Company as of the respective dates they were prepared and the results of the operations of each Company for the periods covered thereby.

Section 3.08 Undisclosed Liabilities. To the JVA Vendors' Knowledge, the Companies have no liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise (collectively, the "**Liabilities**"), except: (a) those that are adequately reflected or reserved against in the applicable Balance Sheet as of the applicable Balance Sheet Date; (b) those that have been incurred in the Ordinary Course consistent with past practice since the applicable Balance Sheet Date; or (c) that are not, individually or in the aggregate, material in amount.

Section 3.09 Absence of Certain Changes, Events and Conditions. Except as disclosed in Section 3.09 of the Disclosure Schedules since the applicable Balance Sheet Date, and other than in the Ordinary Course, there has not been, with respect to any Company, any:

- (a) event, occurrence or development that has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

- (b) amendment of the Articles, by-laws, unanimous shareholder agreement or other constating documents of such Company;
- (c) split, consolidation or reclassification of any shares in such Company;
- (d) issuance, sale or other disposition of any shares in such Company, or grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange or exercise) any shares in such Company;
- (e) declaration or payment of any dividends or distributions on or in respect of any shares in such Company or redemption, retraction, purchase or acquisition of its shares;
- (f) material change in any method of accounting or accounting practice of such Company, except as required by GAAP or as disclosed in the notes to the Financial Statements;
- (g) material change in such Company's cash management practices and its policies, practices and procedures with respect to collection of accounts receivable, establishment of reserves for uncollectible accounts, accrual of accounts receivable, inventory control, prepayment of expenses, payment of trade accounts payable, accrual of other expenses, deferral of revenue and acceptance of customer deposits;
- (h) entry into any Contract that would constitute a Material Contract;
- (i) incurrence, assumption or guarantee of any indebtedness for borrowed money except unsecured current obligations and Liabilities incurred in the Ordinary Course consistent with past practice;
- (j) transfer, assignment, sale or other disposition of any of the Assets shown or reflected in the applicable Balance Sheet or cancellation of any debts or entitlements;
- (k) transfer, assignment or grant of any licence or sublicense of any material rights under or with respect to any Corporate IP or Corporate IP Agreements;
- (l) material damage, destruction or loss (whether or not covered by insurance) to any of its Assets;
- (m) any capital investment in, or any loan to, any other Person;
- (n) acceleration, termination, material modification to or cancellation of any Contract or Material Contract to which such Company is a party or by which it is bound;
- (o) any material capital expenditures;

- (p) imposition of any Encumbrance upon any of the Shares or Assets, tangible or intangible;
- (q) (i) grant of any bonuses, whether monetary or otherwise, or increase in any wages, salary, severance, pension or other compensation or benefits in respect of its current or former employees, officers, directors, Independent Contractors or consultants, other than as provided for in any written agreements or required by applicable Law; (ii) change in the terms of employment for any employee or any termination of any employees for which the aggregate costs and expenses exceed \$25,000; or (iii) action to accelerate the vesting or payment of any compensation or benefit for any current or former employee, officer, director, Independent Contractor or consultant;
- (r) hiring or promoting any individual as or to (as the case may be) an officer or hiring or promoting any employee below officer except to fill a vacancy in the Ordinary Course;
- (s) adoption, modification or termination of any: (i) employment, severance, retention or other agreement with any current or former employee, officer, director, Independent Contractor or consultant; (ii) Benefit Plan; or (iii) Collective Agreement, in each case, whether written or oral;
- (t) any loan to (or forgiveness of any loan to), or entry into any other transaction with, any of its Related Parties;
- (u) entry into a new line of business or abandonment or discontinuance of existing lines of business;
- (v) adoption of any amalgamation, arrangement, reorganization, liquidation or dissolution, or the commencement of any proceedings by such Company or its creditors seeking to adjudicate such Company as bankrupt or insolvent, making a proposal with respect to such Company under any Law relating to bankruptcy, insolvency, reorganization, arrangement or compromise of debts or similar laws, appointment of a trustee, receiver, receiver-manager, agent, custodian or similar official for such Company or for any substantial part of the Assets;
- (w) purchase, lease or other acquisition of the right to own, use or lease any Assets for an amount in excess of \$25,000, individually (in the case of a lease, per annum) or \$25,000 in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of inventory or supplies in the Ordinary Course;
- (x) acquisition by amalgamation or arrangement with, or by purchase of a substantial portion of the assets or shares of, or by any other manner, any business or any Person or any division thereof;
- (y) action by such Company to make, change or rescind any Tax election, amend any Tax Return or take any position on any Tax Return, take any action, omit to take

any action or enter into any other transaction that would have the effect of increasing the Tax liability or reducing any Tax asset or attribute of such Company; or

- (z) any Contract to do any of the foregoing, or any action or omission that would result in any of the foregoing.

Section 3.10 Material Contracts

- (a) Section 3.10(a) of the Disclosure Schedules lists each of the following Contracts of each Company (such Contracts, together with all Contracts concerning the occupancy, management or operation of any Real Property (including, brokerage contracts) listed or otherwise disclosed in Section 3.11(e) of the Disclosure Schedules and all Corporate IP Agreements set forth in Section 3.13(b) of the Disclosure Schedules, being “**Material Contracts**”):
 - (i) each Contract of a Company involving aggregate consideration in excess of \$25,000 and that, in each case, cannot be cancelled by the Company without penalty or without more than 90 days’ notice;
 - (ii) all Contracts that require a Company to purchase its total requirements of any product or service from a third party or that contain “take or pay” provisions;
 - (iii) all Contracts that provide for the indemnification by a Company of any Person or the assumption of any Tax, Environmental or other Liability of any Person;
 - (iv) all Contracts that relate to the acquisition or disposition of any business, a material amount of shares or assets of any other Person or any Real Property (whether by amalgamation, sale or issue of shares, sale of assets or otherwise);
 - (v) all broker, distributor, dealer, manufacturer’s representative, franchise, agency, sales promotion, market research, marketing consulting and advertising Contracts to which a Company is a party;
 - (vi) all employment agreements and Contracts with Independent Contractors or consultants (or similar arrangements) to which a Company is a party and that are not cancellable without material penalty or without more than 90 days’ notice;
 - (vii) except for Contracts relating to trade receivables, all Contracts relating to indebtedness (including guarantees) of a Company;
 - (viii) all Contracts with any Governmental Authority to which a Company is a party;

- (ix) all Contracts that limit or purport to limit the ability of a Company to compete in any line of business or with any Person or in any geographic area or during any period of time;
 - (x) any Contracts to which a Company is a party that provide for any joint venture, partnership or similar arrangement by the Company;
 - (xi) all shareholder agreements, pooling agreements, voting trusts or similar agreements with respect to the ownership or voting of any of the Shares or restriction of the power of the directors of a Company to manage, or supervise the management of, the business and affairs of the Company;
 - (xii) all Contracts between or among (A) a Company and (B) an Vendor or any Affiliate of an Vendor (other than a Company);
 - (xiii) all Collective Agreements to which a Company is a party; and
 - (xiv) any other Contract that is material to a Company and not previously disclosed under this Section 3.10.
- (b) Each Material Contract is valid and binding on the applicable Company in accordance with its terms and is in full force and effect. None of the Companies or, to JVA Vendors' Knowledge, any other party thereto is in breach of or default under (or is alleged to be in breach of or default under) in any material respect, or has provided or received any notice of any intention to terminate, any Material Contract. No event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Material Contract or result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder. Complete and correct copies of each Material Contract (including all modifications, amendments and supplements thereto and waivers thereunder) have been made available to Purchaser.

Section 3.11 Title to Assets; Real Property; Leases

- (a) Each Company is the legal and beneficial owner of the personal property and other Assets reflected in the Financial Statements.
- (b) The Corporation does not own or hold, nor has it previously owned or held, any registered or beneficial fee simple or freehold title to any Real Property and is not subject or party to any agreement or option to own freehold title to any Real Property or any interest in real property other than its interest as lessee under a lease.
- (c) Section 3.10(e) of the Disclosure Schedules lists: (i) the municipal address of each parcel of Real Property; (ii) if such Real Property is leased or subleased by a Company, the details of such lease or sublease, including the name of the

landlord, the rental amount currently being paid, and the expiration of the term of such lease or sublease; and (iii) the current use of such Real Property.

- (d) With respect to leased Real Property:
 - (i) The JVA Vendors have delivered or made available to Purchaser true, complete and correct copies of any, and all, leases affecting the Real Property together with all amendments and restatements, renewals, extensions, supplements or modifications thereto.
 - (ii) No Company is a sublessor or grantor under any sublease, licence, occupancy agreement or other instrument granting to any other Person any right to the possession, lease, occupancy or enjoyment of any leased Real Property.
 - (iii) As of the date hereof, the leases affecting the Real Property together with all amendments and restatements, renewals, extensions, supplements or modifications are in good standing and in full force and effect, and no default has occurred on the part of a Company under any of such leases, nor to JVA Vendors' Knowledge has any default occurred by the landlords under any of the such leases (except, in each case, any such default that has previously been cured).
 - (iv) To JVA Vendors' Knowledge, there is no existing condition that, but for the passage of time or the giving of notice, could result in (A) default by a Company under the terms of any of the leases affecting the Real Property together with all amendments and restatements, renewals, extensions, supplements or modifications, or (B) default by a tenant under the terms of its lease.
 - (v) There is no material existing defect or condition affecting any of leased Real Property that is materially impairing the current use of such leased Real Property in connection with the Business and a Company.
 - (vi) The certified rent roll delivered to the Purchaser presents an accurate description of all matters set out therein.
- (e) JVA Vendors have not withheld any information of a material nature relating to the Real Property.
- (f) All information relating to the Real Property that JVA Vendors have delivered or will deliver to Purchaser is accurate.

Section 3.12 Condition and Sufficiency of Assets. The buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property of each Company are structurally sound, are in good operating condition and repair, and are adequate for the uses to which they are being put, and none of such buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property is in need

of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost. The buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property currently owned or leased by each Company, together with all other Assets of such Company, are sufficient for the continued conduct of such Company's Business after the Closing in substantially the same manner as conducted before the Closing and constitute all of the rights, property and assets necessary to conduct the Business of such Company as currently conducted.

Section 3.13 Property

- (a) Section 3.13(a) of the Disclosure Schedules lists all: (i) Corporate IP Registrations; and (ii) Corporate IP, including Software, that are not registered but that are material to each Company's Business or operations. All required filings and fees related to the Corporate IP Registrations have been timely filed with and paid to the relevant Governmental Authorities and authorized registrars, and all Corporate IP Registrations are otherwise in good standing. JVA Vendors have provided Purchaser with true and complete copies of file histories, documents, certificates, examiner's reports, office actions, correspondence and other materials related to all Corporate IP Registrations.
- (b) Section 3.13(b) of the Disclosure Schedules lists all Corporate IP Agreements. JVA Vendors have provided Purchaser with true and complete copies of all such Corporate IP Agreements, including all modifications, amendments and supplements thereto and waivers thereunder. Each Corporate IP Agreement is valid and binding on the applicable Company in accordance with its terms and is in full force and effect. Neither any Company nor, to the JVA Vendors' Knowledge, or the knowledge of any other party thereto is in breach of or default under (or is alleged to be in breach of or default under), or has provided or received any notice of breach or default of or any intention to terminate, any Corporate IP Agreement.
- (c) Each Company is the sole and exclusive legal and beneficial, and with respect to the Corporate IP Registrations, registered, owner of all right, title and interest in and to the Corporate IP, and has the valid right to use all other Intellectual Property used in or necessary for the conduct of the Business or any Company's current operations, in each case, free and clear of Encumbrances other than Permitted Encumbrances. Without limiting the generality of the foregoing, each Company has entered into binding, written agreements with every current and former employee of such Company, and with every current and former Independent Contractor, whereby such employees and Independent Contractors: (i) assign to such Company any ownership interest and right they may have in the Corporate IP; and (ii) acknowledge such Company's exclusive ownership of all Corporate IP. JVA Vendors have provided Purchaser with true and complete copies of all such agreements.
- (d) The consummation of the transactions contemplated hereunder will not result in the loss or impairment of or payment of any additional amounts with respect to,

nor require the consent of any other Person in respect of, any Company's right to own, use or hold for use any Intellectual Property as owned, used or held for use in the conduct of the Business or any Company's operations as currently conducted.

- (e) Each Company's rights in the Corporate IP are valid, subsisting and enforceable. The Companies have taken all reasonable steps to maintain the Corporate IP and to protect and preserve the confidentiality of all trade secrets included in the Corporate IP, including requiring all Persons having access thereto to execute written non-disclosure agreements.
- (f) The conduct of the Business as currently and formerly conducted, and the products, processes and services of each Company, have not infringed, misappropriated, diluted or otherwise violated, and do not and will not infringe, dilute, misappropriate or otherwise violate the Intellectual Property or other rights of any Person. No Person has infringed, misappropriated, diluted or otherwise violated, or is currently infringing, misappropriating, diluting or otherwise violating, any Corporate IP.
- (g) There are no Actions (including any oppositions, expungement proceedings, interferences or re-examinations) settled, pending or threatened (including in the form of offers to obtain a licence): (i) alleging any infringement, misappropriation, dilution or violation of the Intellectual Property of any Person by any Company; (ii) challenging the validity, enforceability, registrability or ownership of any Corporate IP or any Company's rights with respect to any Corporate IP; or (iii) by any Company or any other Person alleging any infringement, misappropriation, dilution or violation by any Person of the Corporate IP. No Company is subject to any outstanding or prospective Governmental Order (including any application or petition therefor) that does or would restrict or impair the use of any Corporate IP.

Section 3.14 Inventory. All Inventory, whether or not reflected in the Balance Sheet, consists of a quality and quantity usable and salable in the Ordinary Course, except for obsolete, damaged, defective or slow-moving items that have been written off or written down to fair market value or for which adequate reserves have been established. All Inventory is owned by the Companies free and clear of all Encumbrances, and no inventory is held on a consignment basis. The quantities of each item of Inventory (whether raw materials, work-in-process or finished goods) are not excessive but are reasonable in the present circumstances of the Companies.

Section 3.15 Accounts Receivable. The Accounts Receivable reflected on the applicable Balance Sheet and the Accounts Receivable arising after the date thereof: (a) have arisen from bona fide transactions entered into by a Company involving the sale of goods or the rendering of services in the Ordinary Course; and (b) constitute only valid, undisputed claims of a Company not subject to claims of set-off or other defences or counter-claims other than normal cash discounts accrued in the Ordinary Course; and (c) subject to a reserve for bad debts shown on the applicable Balance Sheet Date, on the accounting records of each Company, are collectible in

full within 90 days after billing. The reserve for bad debts shown on the applicable Balance Sheet or, with respect to Accounts Receivable arising after the applicable Balance Sheet Date, on the accounting records of each Company, have been determined in accordance with GAAP, consistently applied, subject to normal year-end adjustments and the absence of disclosures normally made in notes to financial statements.

Section 3.16 Customers and Suppliers

- (a) Section 3.16(a) of the Disclosure Schedules sets forth: (i) each customer who has paid aggregate consideration to each Company for goods or services rendered in an amount greater than or equal to \$25,000 since its incorporation (collectively, the “**Material Customers**”); and (ii) the amount of consideration paid by each Material Customer during such periods. Except as set forth in Section 3.15(a) of the Disclosure Schedules, the Companies have not received any notice, and has no reason to believe, that any of its Material Customers has ceased, or intends to cease after the Closing, to use its goods or services or to otherwise terminate or materially reduce its relationship with any Company.
- (b) Section 3.16(b) of the Disclosure Schedules sets forth: (i) each supplier to whom the Companies have paid consideration for goods or services rendered in an amount greater than or equal to \$25,000 since its incorporation (collectively, the “**Material Suppliers**”); and (ii) the amount of purchases from each Material Supplier during such periods. Except as set forth in Section 3.15(b) of the Disclosure Schedules, the Companies have not received any notice, and has no reason to believe, that any of its Material Suppliers has ceased, or intends to cease, to supply goods or services to any Company or to otherwise terminate or materially reduce its relationship with any Company.

Section 3.17 Insurance. Section 3.17 of the Disclosure Schedules sets forth a true and complete list of all current policies or binders of fire, liability, product liability, umbrella liability, real and personal property, workplace safety and insurance, workers’ compensation, vehicle, directors’ and officers’ liability, fiduciary liability and other casualty and property insurance maintained by JVA Vendors or their respective Affiliates (including the Companies) and relating to the Assets, Business, operations, employees, officers and directors of any Company (collectively, the “**Insurance Policies**”) and true and complete copies of each of the Insurance Policies have been made available to Purchaser. The Insurance Policies are in full force and effect and shall remain in full force and effect following the consummation of the transactions contemplated by this Agreement. No JVA Vendor nor any of its respective Affiliates (including the Companies) has received any written notice of cancellation of, premium increase with respect to, or alteration of coverage under, any of any Insurance Policies. All premiums due on the Insurance Policies have either been paid or, if due and payable before Closing, will be paid before Closing in accordance with the payment terms of each Insurance Policy. The Insurance Policies do not provide for any retrospective premium adjustment or other experience-based liability on the part of any Company. All such Insurance Policies: (a) are valid and binding in accordance with their terms; and (b) have not been subject to any lapse in coverage. Except as set forth in Section 3.16 of the Disclosure Schedules, there are no claims related to the Business pending under any Insurance Policies as to which coverage has been questioned, denied or

disputed, or in respect of which there is an outstanding reservation of rights. No JVA Vendor nor any of its respective Affiliates (including the Companies) is in default under, or has otherwise failed to comply with, in any material respect, any provision contained in any Insurance Policy. The Insurance Policies are of the type and in the amounts customarily carried by Persons conducting a business that is similar to the Business or lines of Business of each Company and are sufficient for compliance with all applicable Laws and Contracts to which such Company is a party or by which it is bound.

Section 3.18 Legal Proceedings; Governmental Orders

- (a) There are no Actions pending or, to JVA Vendors' Knowledge, threatened:
 - (a) against or by any Company affecting any of its Assets (or by or against a JVA Vendor or any Affiliate thereof and relating to such Company); or (b) against or by any Company, a JVA Vendor or any Affiliate of a JVA Vendor that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action.
- (b) There are no outstanding Governmental Orders and no unsatisfied judgments, penalties or awards against or affecting any Company or any of its Assets. No event has occurred or circumstances exist that may constitute or result in (with or without notice or lapse of time) a violation of any such Governmental Order.

Section 3.19 Compliance with Laws; Permits

- (a) Except as set forth in Section 3.19(a) of the Disclosure Schedules, the Companies have complied, and are now complying, with all Laws applicable to it or its Business or Assets.
- (b) All Permits required for any Company to conduct its Business have been obtained by it and are valid and in full force and effect. All fees and charges with respect to such Permits as of the date hereof have been paid in full. Section 3.19(b) of the Disclosure Schedules lists all current Permits issued to each Company, including the names of the Permits and their respective dates of issuance and expiration. No event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit set forth in Section 3.19(b) of the Disclosure Schedules.

Section 3.20 Environmental Matters

- (a) Each Company is: (i) in compliance with all applicable Environmental Laws; and (ii) possesses and is in compliance with all Environmental Permits necessary to operate the Business.
- (b) All such Environmental Permits are listed in Schedule 3.20(b) of the Disclosure Schedules. The Environmental Permits are in full force and effect. There are no Actions in progress, or, to JVA Vendors' Knowledge, pending or threatened, that

may result in the cancellation, revocation or suspension of any Environmental Permit.

- (c) None of the Companies, the Business or the Assets are the subject of any Remedial Order.
- (d) The Companies have not received, since its incorporation, any Environmental Notice alleging that any Company is in violation of or has any Liability under any Environmental Law that is unresolved.
- (e) The Companies have not entered into or agreed to any consent, settlement or other agreement, nor is any Company subject to any Governmental Order in any judicial, administrative, arbitral or other forum relating to compliance with or Liabilities under any Environmental Law.
- (f) The Companies have not released any Hazardous Substances at, on or under any part of the Real Property, and, to JVA Vendors' Knowledge, there are no Hazardous Substances present within the area bounded by the ceiling, walls and floor of any building on any leased Real Property (and excluding anything outside these boundaries), in each case except as would not reasonably be expected to result in a Liability under any Environmental Law.
- (g) The Companies have made available to Purchaser all Environmental audits, assessments, reports and similar reviews, and all correspondence regarding Environmental matters, to the extent that such records are in the possession or under the control of a JVA Vendor or any Company.
- (h) Section 3.20(h) of the Disclosure Schedules contains a complete and accurate list of all active or abandoned above-ground or underground storage tanks owned or operated by any Company.
- (i) No JVA Vendor nor any Company is aware of or reasonably anticipates, as of the Closing Date, any condition, event or circumstance concerning the Release or regulation of Hazardous Substances that might, after the Closing Date, prevent, impede or materially increase the costs associated with the ownership, lease, operation, performance or use of the Business or Assets of any Company as currently carried out.

Section 3.21 Benefit Plans

- (a) Section 3.21(a) of the Disclosure Schedules contains a true and complete list of all Benefit Plans and all material documents that support each Benefit Plan. No Company is a party to or bound by, nor does any Company have any Liability with respect to, any Benefit Plans other than those listed in Section 3.20(a) of the Disclosure Schedules.
- (b) Except as indicated in Section 3.21(b) of the Disclosure Schedules, there are no participating employers that have any obligations or Liabilities with respect to any

Benefit Plan other than the Companies, and the Companies have no obligations or Liabilities under any Benefit Plan, including to provide benefits, to any Person who is not an employee, director or officer, or former employee, director or officer of any Company.

- (c) Each Benefit Plan complies with and is, and has been, established, registered (where required by Law), administered, funded and invested in all material respects in accordance with Law and the terms of such Benefit Plans, including the terms of the material documents that support such Benefit Plans.
- (d) With respect to each Benefit Plan, true and complete copies of each of the following documents, if applicable, have been made available to Purchaser: (i) the document(s) establishing the current terms of the Benefit Plan; and (ii) all other Contracts material to the Benefit Plan.
- (e) No Benefit Plan is a Pension Plan, and none of the Benefit Plans provide benefits beyond retirement or other termination of service to Employees or former employees of any Company or to the beneficiaries or dependents of such Employees or former employees.
- (f) No Company has any obligation to pay any change-in-control, sale, completion, incentive, stay, retention and similar bonuses or payments to any current or former employee as a result of the transactions contemplated by this Agreement.
- (g) Each Benefit Plan can be amended, terminated or otherwise discontinued after the Closing in accordance with its terms, without material Liabilities to any Company other than ordinary administrative expenses typically incurred in a termination event. The Companies have no commitment or obligation and has not made any representations to any employee, officer, director, Independent Contractor or consultant, whether or not legally binding, to adopt, amend, modify or continue any Benefit Plan or any Collective Agreement, in connection with the consummation of the transactions contemplated by this Agreement or otherwise.
- (h) Except as set forth in Section 3.21(h) of the Disclosure Schedules, the Companies have not received any notice in writing of any pending investigations, and, to JVA Vendors' Knowledge, there are no pending or threatened investigations, by any Governmental Authority involving or relating to any Benefit Plan or any claims (except for claims for benefits payable in the Ordinary Course operation of the Benefit Plans) or Actions against any Company in respect of any Benefit Plan.
- (i) Each individual who is classified by any Company as an Independent Contractor has been properly classified for purposes of participation and benefit accrual under each Benefit Plan.

Section 3.22 Employment Matters

- (a) Section 3.22(a) of the Disclosure Schedules sets forth the list of Employees, which indicates: (i) the titles of all Employees and the location of their

employment; (ii) their status (i.e., full time, part time, temporary); (iii) their age, (iv) the date each Employee was hired; (v) which Employees are subject to a written employment agreement with any Company; (vi) the total remuneration of each Employee including (A) the annual wage of each Employee at the date of such list, (B) any bonuses or other incentives paid to each Employee since the end of each Company's last completed financial year and before the date of such list, and (C) all other bonuses, incentive schemes, benefits, commissions and other material compensation to which each Employee is entitled; (viii) the vacation days to which each Employee is entitled on the date of such list; and (ix) the Employees that are not actively working on the date of this Agreement due to leave of absence, illness, injury, accident or other disabling condition.

- (b) Section 3.22(b) of the Disclosure Schedules lists: (i) all Contracts with any Employee who is a manager or executive of any Company or is being provided with an annual compensation of more than \$25,000 and (ii) all Contracts that provide for severance, termination or similar payments or entitlements of more than \$25,000 including on a change of control of any Company.
- (c) Correct and complete copies of all the Contracts set out in Section 3.22(b) of the Disclosure Schedules have been made available to Purchaser and templates of the Contracts that describe all of the terms of the Contracts relating to the list of Employees set out in Section 3.22(a) of the Disclosure Schedules have been made available to Purchaser.
- (d) Section 3.22(a) of the Disclosure Schedules accurately reflects which employees have written contracts of employment with a Company.
- (e) All vacation pay for employees of all Companies is properly reflected and accrued in the books and accounts of such Companies.
- (f) All Companies are employing all Employees in compliance with all Laws including but not limited to applicable Tax, occupational health and safety, pay equity, human rights, workers compensation, labour and employment standards laws, rules, regulations, notices, and orders.
- (g) Section 3.22(g) of the Disclosure Schedules contains a description of any accommodations made for any Employees or Independent Contractors of the Companies and any changes to terms and conditions of employment or engagement made in connection with or as a result of COVID-19, including but not limited to any policies regarding working remotely in compliance with public health protocols and guidelines and any reductions of hours of work or wages, including (i) a description of the accommodation or change, (ii) the date(s) on which such accommodations or changes were implemented, (iii) a list of affected Employees and Independent Contractors, and (iv) the date on which such accommodations or changes are expected to end.

- (h) The Companies have promptly and thoroughly investigated and addressed all relevant occupational health and safety issues and complaints related to COVID-19 and have taken prompt corrective action to prevent further spread of COVID-19 within the workplace.
- (i) No Company has operated or allowed access to any physical workplace in violation of any emergency order or directive issued or declared by applicable federal, provincial, state or local Governmental Authority or public health agency in connection with COVID-19.
- (j) No Company is currently, and has not been, a party to any Collective Agreement. No trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any of the Employees, including by way of certification, interim certification, voluntary recognition, related employer or successor employer rights, or, to the JVA Vendors' Knowledge, has applied or threatened to apply to be certified as the bargaining agent of any of the Employees.
- (k) Section 3.22(k) of the Disclosure Schedules lists: (i) all Persons who are currently performing services for any Company as Independent Contractors under a Contract; and (ii) the current rate of compensation and total fees paid during the 13-month period ending on August 31, 2021 of each such Person. Substantially all the Independent Contractors provide services to a Company under standard form agreements, and a copy of each standard form agreement has been made available to Purchaser.
- (l) Except as disclosed in Section 3.22(l) of the Disclosure Schedules, since its incorporation, no notice in writing has been received by any Company of any complaint or Action filed by any of its Employees or former employees against any Company or any current or former director or officer thereof or, to JVA Vendors' Knowledge, is threatened or pending, claiming or alleging that any Company has violated any Laws applicable to an Employee or former employee including but not limited to employment standards, human rights, occupational health and safety, or of any complaints or Actions of any kind involving any Company or any of the Employees before any Governmental Authority, including a labour relations board, tribunal or commission.
- (m) The aggregate weighted average increase in compensation from the base salary payable to the Employees between the applicable Balance Sheet Date and the date of this Agreement is less than 10%. There has been no increase in compensation from the base salary payable to the Employees between the applicable Balance Sheet Date and the date of this Agreement.
- (n) No Employee has stated that he or she will resign or retire or cease to provide work or services because of the closing of the transactions contemplated by this Agreement.

- (o) Except as disclosed in Section 3.22(o) of the Disclosure Schedules, there is no notice of assessment, provisional assessment, reassessment, supplementary assessment, penalty assessment or increased assessment that a Company has received before the date of this Agreement since its incorporation from any workplace safety and insurance or workers' compensation board or similar Governmental Authority in any jurisdiction where the Business is carried on that remain unpaid.
- (p) All inspection reports received by any Company since its incorporation under the Occupational Health and Safety Acts have been made available to Purchaser. Except as set forth in Section 3.22(p) of the Disclosure Schedules, there are no outstanding Governmental Orders or any pending charges made under any Occupational Health and Safety Acts relating to any Company or the Business and there have been no fatal or critical accidents since the incorporation of any Company that might reasonably be expected to lead to charges involving any Company under the Occupational Health and Safety Acts. The Companies have complied with all Governmental Orders issued under the Occupational Health and Safety Acts in all material respects.
- (q) Except as set forth in Section 3.22(q) of the Disclosure Schedules, no Independent Contractor was paid more than \$25,000 since the incorporation of any Company. Each Independent Contractor, including the Independent Contractors who are listed in Section 3.22(q) of the Disclosure Schedules, has been properly classified as an independent contractor and the Companies have not received any notice in writing or any material oral notice from any Governmental Authority disputing such classification.

Section 3.23 Taxes. Except as set forth in Section 3.23 of the Disclosure Schedules:

- (a) Each Company has duly and timely filed all its Tax Returns with all appropriate Governmental Authorities. Each such Tax Return was true, correct and complete in all material respects. All Taxes due and payable by each Company for periods (or portions thereof) ending on or before the Closing Date (whether or not shown due on any Tax Returns and whether or not assessed or reassessed by the appropriate Governmental Authority) have been paid.
- (b) No Governmental Authority of a jurisdiction in which a Company has not filed a Tax Return has made any claim that the Company is or may be subject to Tax or required to file Tax Returns by that Governmental Authority in such jurisdiction. There is no basis for a claim that any Company is subject to Tax in a jurisdiction in which the Company does not file Tax Returns.
- (c) There are no matters under audit or appeal with any Governmental Authority relating to Taxes of any Company.
- (d) True copies of all Tax Returns prepared and filed by any Company since its incorporation, together with any notices of assessment of such Company since its

incorporation, have been made available to Purchaser on or before the date of this Agreement.

- (e) Adequate provision has been made in accordance with GAAP in the Books and Records for all Taxes payable in respect of the Business or the Assets.
- (f) No Company has received any notice from any Governmental Authority that it is taking steps to assess any additional Taxes against any Company for any period for which Tax Returns have been filed and, to JVA Vendors' Knowledge, there are no actual or pending audit investigations or other Actions of, or against, any Company by any Governmental Authority relating to Taxes. No Governmental Authority has given notice of any intention to assert any deficiency or claim for additional Taxes against any Company.
- (g) The Companies have not waived any statute of limitation in respect of Taxes or agreed to any extension of time within which: (i) to file any Tax return covering any Taxes for which any Company is or may be liable; (ii) any Company is required to pay or remit amounts on account of Taxes; or (iii) any Governmental Authority may assess or collect Taxes for which any Company may be liable.
- (h) No JVA Vendor nor any Company is a non-resident of Canada within the meaning of the Tax Act.
- (i) For all transactions between any Company and any Person not resident in Canada for purposes of the Tax Act with whom such Company was not dealing at arm's length, the Companies have made or obtained records or documents that meet the requirements of sections 247(4)(a) to (c) of the Tax Act. There are no transactions to which section 247(2) or (3) of the Tax Act may reasonably be expected to apply.
- (j) The Companies have duly and timely withheld or collected the proper amount of Taxes that are required by Law to be withheld or collected (including Taxes and other amounts required to be withheld by it in respect of any Person, including any employee, officer or director and any Person not resident in Canada for purposes of the Tax Act) and have duly and timely remitted to the appropriate Governmental Authority such Taxes and other amounts required to be remitted by the Companies.
- (k) Except for the acquisition of control that will occur by virtue of the execution of this Agreement, for purposes of the Tax Act or any other applicable Tax Law, no Person or group of Persons other than the JVA Vendors have ever acquired control of any Company.
- (l) None of section 78, 80, 80.01, 80.02, 80.03 or 80.04 of the Tax Act, or any equivalent provision of the Tax Law of any province, territory or any other jurisdiction, has applied or will apply to any Company at any time up to and including the Closing Date in a manner that would give rise to material incremental Tax liabilities or material reduction in Tax attributes.

- (m) The Companies have not acquired property or services from, or disposed of property to, a non-arm's length Person (within the meaning of the Tax Act) for consideration, the value of which is less than the fair market value of the property or services, as the case may be.
- (n) Based on financial information available on the date of this Agreement, the only reserves under the Tax Act or any equivalent provincial or territorial Law anticipated by the JVA Vendors to be claimed by any Company for the taxation year deemed under section 249(4) of the Tax Act to have ended as a result of the transactions consummated by this Agreement are set forth in Section 3.22(n) of the Disclosure Schedules.
- (o) Each Company is registered for GST purposes under Part IX of the *Excise Tax Act* (Canada) under registration numbers 745822528RT0001 for EHC and 764257739RT0001 for Portfolio.
- (p) No Company is a party to, or bound by, any Tax indemnity, Tax-sharing or Tax-allocation agreement.
- (q) No Tax rulings have been requested or issued by any Tax authority with respect to any Company.
- (r) No Company will be required to include any item of income in, or exclude any item or deduction from, taxable income for any taxation year or portion thereof ending after the Closing Date as a result of use of an improper method of accounting, for a taxation year ending before the Closing Date.
- (s) Section 3.23(s) of the Disclosure Schedules accurately sets forth, for the purposes of the Tax Act, the following:
 - (i) the paid up capital of the Shares;
 - (ii) all non capital losses of each Company;
 - (iii) all net capital losses of each Company;
 - (iv) the amount of all investment tax credits available to each Company;
 - (v) the adjusted cost base of each Company's capital properties;
 - (vi) the cost of each Company's depreciable properties, the capital cost allowance taken in respect of each class of such property and the undepreciated capital cost of each class of property;
 - (vii) the amount, if any, of each Company's capital dividend account; and
 - (viii) the amount, if any, of each Company's refundable dividend tax on hand.

- (t) Each Company is a “Canadian-controlled private Company” as defined in the Tax Act and has been a Canadian-controlled private corporation continuously since incorporation.
- (u) Section 3.22(u) of the Disclosure Schedules sets forth all foreign jurisdictions in which any Company is subject to Tax, is engaged in business or has a permanent establishment.
- (v) The Purchased Shares are financial instruments, such that the sale of the Purchased Shares is an exempt supply pursuant to the *Excise Tax Act* (Canada);

Section 3.24 Related-Party Transactions. Except as set forth in Section 3.24 of the Disclosure Schedules:

- (a) No Company has made any payment or loan to, or borrowed any monies from or is otherwise indebted to, any officer, director, employee, trustee or shareholder, or any Person with whom the Company is not dealing at arm’s length (within the meaning of the Tax Act) or any Affiliate or spouse of any of the foregoing (each, a “**Related Person**”).
- (b) No JVA Vendor nor any Affiliate of a JVA Vendor (each, a “**Related Party**”) is a party to any Contract with any Company, no Related Party is indebted to any Company and no Company is indebted to any Related Party.
- (c) No Related Person: (i) to JVA Vendors’ Knowledge, possesses, directly or indirectly, any financial interest in, or is a director, officer or employee of, any Person that is a competitor or material supplier, dealer, lessor or lessee of any Company; or (ii) has any interest in any material assets used or held for use by any Company.

Section 3.25 Books and Records. The Books and Records, all of which have been made available to Purchaser, are complete and correct and have been maintained in accordance with sound business practices. The minute books of each Company contain accurate and complete records of all meetings, and resolutions in writing of, the shareholders, the board of directors and any committees of the board of directors of each Company, and no meeting, or resolution in writing, of any such shareholders, board of directors or committee has been held for which minutes or resolutions in writing have not been prepared and are not contained in such minute books. At the Closing, all the Books and Records will be in the possession of the Companies.

Section 3.26 Value of Assets. The value of all Assets, determined in accordance with the ICA, is less than \$1.043 billion if in the case of a private sector World Trade Organization investment or \$1.565 billion in the case of a private sector trade agreement investment.

Section 3.27 Anti-Money Laundering and Anti-Corruption Practices

- (a) Neither the Companies nor any of their respective directors, officers or employees or, to JVA Vendors’ Knowledge, agents, consultants or representatives:

- (i) has violated, and the JVA Vendors' execution and delivery of and performance of its obligations under this Agreement will not violate, any Laws related to money laundering or government guidance regarding anti-money laundering and international anti-money-laundering principles or procedures of an intergovernmental group or organization and any executive order, directive or regulation under the authority of any of the foregoing, or any orders or licences issued thereunder, in each case to which any Company or a JVA Vendor is subject;
 - (ii) has, in the course of its actions for, or on behalf of, any Company (A) knowingly used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, (B) paid or received any bribe or otherwise unlawfully offered or provided, directly or indirectly, anything of value to (or received anything of value from) any foreign or domestic government employee or official or any other Person, (C) violated or taken any act that would violate any provision of the *Corruption of Foreign Public Officials Act* (Canada) (“**CFPOA**”), the *Foreign Corrupt Practices Act of 1977* (United States) (“**FCPA**”) or other similar Laws of other jurisdictions, (D) violated or taken any act that would violate any provision of the *Bribery Act* (UK) or other similar Laws of other jurisdictions, (E) violated or taken any act that would violate the *Special Economic Measures Act* (Canada) (“**SEMA**”) or other similar Laws of other jurisdictions, or (F) violated or taken any act that would violate the *Freezing Assets of Corrupt Foreign Public Officials Act* (Canada) (“**FACFOA**”) or other similar Laws of other jurisdictions, in each case to which any Company is subject;
 - (iii) has, directly or indirectly, taken any action in violation of any export restrictions, anti-boycott regulations, embargo regulations or other similar applicable Canadian, United States or other foreign Laws;
 - (iv) is a “specially designated national” or “blocked person” under United States sanctions administered by the Office of Foreign Assets Control of the United States Department of the Treasury (“**OFAC**”), a Person identified under SEMA, FACFOA or any United Nations resolution or regulation or otherwise a target of economic sanctions under other similar applicable Canadian, United States or foreign Laws; or
 - (v) has engaged in any business with any Person with whom, or in any country in which it is prohibited for a Person to engage under SEMA, FACFOA, any United Nations resolution or regulation or any other Law or it is prohibited for a United States Person to engage under Law or under applicable United States sanctions administered by OFAC.
- (b) Each Company has adopted, implemented and maintained policies and procedures designed to ensure, and which are reasonably expected to ensure, continued

compliance with Laws related to money laundering, CFPOA, SEMA, FACFOA and FCPA and the UK *Bribery Act* to the extent applicable.

Section 3.28 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement, the Ancillary Documents or the Post-Closing Ancillary Documents based upon arrangements made by or on behalf of any Vendor or any Company.

Section 3.29 Full Disclosure. No representation or warranty by the Vendors in this Agreement and no statement contained in the Disclosure Schedules or Annexes to this Agreement or any certificate or other document furnished or to be furnished to Purchaser under this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in the light of the circumstances in which they are made, not misleading.

Section 3.30 Legends. Each JVA Vendor understands that the Consideration Shares, and any securities issued in respect of or in exchange for the Consideration Shares, may be notated with one or all of the following legends:

- (a) Any legend required by the securities Law of any province to the extent such laws are applicable to the Consideration Shares represented by the certificate, instrument, or book entry so legended.
- (b) "UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER [INSERT DATE THAT IS FOUR MONTHS AND A DAY AFTER THE DISTRIBUTION DATE OF THE SECURITY]".

Section 3.31 Accredited Investor. Each JVA Vendor is an "accredited investor" within the meaning of that term in National Instrument 45-106 - *Prospectus Exemptions* or Section 73 of the Securities Act (Ontario). Each JVA Vendor agrees to furnish any additional information requested by the Purchaser or any of its affiliates to assure compliance with applicable securities Laws in connection with the sale of the Consideration Shares.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF IDJ VENDOR

Section 4.01 Corporate Status and Authorization of IDJ Vendor. IDJ Vendor is a corporation incorporated and validly existing under the Laws of the province/territory of Ontario and has not been discontinued or dissolved under such Laws. No steps or proceedings have been taken to authorize or require such discontinuance or dissolution. IDJ Vendor has submitted all notices or returns of corporate information and other filings required by Law to be submitted by it to any Governmental Authority. IDJ Vendor has the corporate power and capacity to enter into this Agreement, the Ancillary Documents and the Post-Closing Ancillary Documents to which IDJ Vendor is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by IDJ Vendor of this Agreement, the Ancillary Documents and the Post-Closing Ancillary Documents to which it

is a party, the performance by IDJ Vendor of its obligations hereunder and thereunder and the consummation by IDJ Vendor of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of IDJ Vendor. This Agreement and each Ancillary Document to which IDJ Vendor is a party has been duly executed and delivered by IDJ Vendor, and (assuming due authorization, execution and delivery by Vendor) this Agreement and each of the Ancillary Documents to which IDJ Vendor is a party constitutes a legal, valid and binding obligation of IDJ Vendor enforceable against IDJ Vendor in accordance with its terms. When each other Post-Closing Ancillary Document to which IDJ Vendor is or will be a party has been duly executed and delivered by IDJ Vendor (assuming due authorization, execution and delivery by each other party thereto), such document will constitute a legal, valid and binding obligation of IDJ Vendor enforceable against it in accordance with its terms.

Section 4.02 Conflicts; Consents. The execution, delivery and performance by IDJ Vendor of this Agreement and the Ancillary Documents and Post-Closing Ancillary Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the Articles, by-laws, unanimous shareholder agreements or other constating documents of IDJ Vendor; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to IDJ Vendor; or (c) require the consent, notice or other action by any Person under any Contract to which IDJ Vendor is a party. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to IDJ Vendor in connection with the execution and delivery of this Agreement, the Ancillary Documents and the Post-Closing Ancillary Documents and the consummation of the transactions contemplated hereby and thereby.

Section 4.03 Legal Proceedings. There are no Actions pending or, to IDJ Vendor's knowledge, threatened against or by IDJ Vendor or any Affiliate of IDJ Vendor that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise or serve as a basis for any such Action.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF PURCHASER

Except as set forth in the correspondingly numbered Section of the Disclosure Schedules, Purchaser represents and warrants to Vendors that the statements contained in this Article V are true and correct as of the date hereof.

Section 5.01 Corporate Status and Authorization of Purchaser. Purchaser is a corporation incorporated and validly existing under the Laws of the province/territory of British Columbia and has not been discontinued or dissolved under such Laws. No steps or proceedings have been taken to authorize or require such discontinuance or dissolution. Purchaser has submitted all notices or returns of corporate information and other filings required by Law to be submitted by it to any Governmental Authority. Purchaser has the corporate power and capacity to enter into this Agreement, the Ancillary Documents and the Post-Closing Ancillary Documents to which Purchaser is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Purchaser of this

Agreement and the Ancillary Documents and Post-Closing Ancillary Documents to which Purchaser is a party, the performance by Purchaser of its obligations hereunder and thereunder and the consummation by Purchaser of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Purchaser. This Agreement and each of the Ancillary Documents to which it is a party has been duly executed and delivered by Purchaser, and (assuming due authorization, execution and delivery by the Vendors) this Agreement and each such Ancillary Document constitutes a legal, valid and binding obligation of Purchaser enforceable against Purchaser in accordance with its terms. When each other Post-Closing Ancillary Document to which Purchaser is or will be a party has been duly executed and delivered by Purchaser (assuming due authorization, execution and delivery by each other party thereto), such document will constitute a legal, valid and binding obligation of Purchaser enforceable against it in accordance with its terms.

Section 5.02 Conflicts; Consents. The execution, delivery and performance by Purchaser of this Agreement and the Ancillary Documents and Post-Closing Ancillary Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the Articles, by-laws, unanimous shareholder agreements or other constating documents of Purchaser; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Purchaser; or (c) require the consent, notice or other action by any Person under any Contract to which Purchaser is a party, with the exception of any notice and approvals required by the Exchange. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Purchaser in connection with the execution and delivery of this Agreement and the Ancillary Documents and Post-Closing Ancillary Documents and the consummation of the transactions contemplated hereby and thereby, and such filings as may be required under the *Competition Act* and the ICA and such consents, approvals, Permits, Governmental Orders, declarations, filings or notices which, in the aggregate, would not have a Material Adverse Effect, and those that may be required by the Exchange.

Section 5.03 Brokers. Except for the fee paid to [Redacted – Name of arm’s length professional advisor] as disclosed by the Purchaser to the Vendors, no broker, finder or investment banker is entitled to any brokerage, finder’s or other fee or commission in connection with the transactions contemplated by this Agreement, the Ancillary Documents and the Post-Closing Ancillary Documents based upon arrangements made by or on behalf of Purchaser.

Section 5.04 Sufficiency of Funds. Purchaser has sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Purchase Price and consummate the transactions contemplated by this Agreement.

Section 5.05 Legal Proceedings. There are no Actions pending or, to Purchaser’s knowledge, threatened against or by Purchaser or any Affiliate of Purchaser that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise or serve as a basis for any such Action.

Section 5.06 *Investment Canada Act* (“ICA”). Purchaser is not a “non-Canadian”/a “trade agreement investor”/“WTO investor” other than a “trade agreement investor” and is not a “state-owned enterprise” within the meaning of the ICA.

ARTICLE VI POST-CLOSING COVENANTS

Section 6.01 Confidentiality. Each Vendor shall, and shall cause its Affiliates to, hold, and shall use its reasonable best efforts to cause its or their respective Representatives to hold, in confidence any and all information, whether written or oral, concerning any Company, except to the extent that such Vendor can show that such information: (a) is generally available to, and known by, the public through no fault of the Vendors, any of their respective Affiliates or any of their respective Representatives; or (b) is lawfully acquired by any Vendor, any of their Affiliates or any of their respective Representatives from sources that are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation. If any Vendor, any of their respective Affiliates or any of their respective Representatives are compelled to disclose any information by judicial or administrative process or by other requirements of Law, such Vendor shall promptly notify Purchaser in writing and shall disclose only that portion of such information that such Vendor is advised by its counsel in writing is legally required to be disclosed; *provided that* such Vendor shall use its reasonably best efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

Section 6.02 Non-Competition; Non-Solicitation

- (a) For a period commencing on the Closing Date and expiring on the date that is three (3) years following the Closing Date (the “**Restricted Period**”), each JVA Vendor shall not, and shall not permit any of its Affiliates to, directly or indirectly: (i) engage in or assist others in engaging in the Business in the Territory; (ii) have an interest in any Person that engages directly or indirectly in the Business in the Territory in any capacity, including as a partner, shareholder, member, employee, principal, agent, trustee or consultant; or (iii) intentionally interfere in any material respect with the business relationships (whether formed before or after the date of this Agreement) between any Company and customers or suppliers of such Company. Notwithstanding the foregoing, each JVA Vendor may own, directly or indirectly, solely as an investment, securities of any Person traded on any stock exchange if such JVA Vendor is not a controlling Person of, or a member of a group that controls, such Person and does not, directly or indirectly, own 5% or more of any class of securities of such Person.
- (b) During the Restricted Period, each JVA Vendor shall not, and shall not permit any of its Affiliates to, directly or indirectly, hire or solicit any Employee or encourage any Employee to leave his or her employment or hire any Employee who has left such employment, except pursuant to a general solicitation that is not directed specifically to any such employees; *provided that* nothing in this Section 6.02(b) shall prevent any JVA Vendor or any of its Affiliates from hiring,

after 180 days from the date of termination of employment, any Employee whose employment has been terminated by the Employee.

- (c) During the Restricted Period, each JVA Vendor shall not, and shall not permit any of its Affiliates to, directly or indirectly, solicit or entice, or attempt to solicit or entice, any clients or customers of any Company or potential clients or customers of such Company for purposes of diverting their business or services from such Company.
- (d) Each JVA Vendor acknowledges that a breach or threatened breach of this Section 6.02 would give rise to irreparable harm to Purchaser, for which monetary damages would not be an adequate remedy, and hereby agrees that, in the event of a breach or a threatened breach by any JVA Vendor of any such obligations, Purchaser shall, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an interim or permanent injunction, specific performance and any other relief that may be available from a court of competent equitable jurisdiction (without any requirement to post a bond or other security).
- (e) Each JVA Vendor acknowledges that the restrictions contained in this Section 6.02 are reasonable and necessary to protect the legitimate interests of Purchaser and constitute a material inducement to Purchaser's entering into this Agreement and consummating the transactions contemplated by this Agreement. The covenants contained in this Section 6.02 and each provision hereof are severable and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.
- (f) **Restrictive Covenant.** The parties hereto intend that the conditions set forth in section 56.4(7) of the Tax Act have been satisfied such that section 56.4(5) of the Tax Act applies to any "restrictive covenants" (as defined in section 56.4(1) of the Tax Act) granted by the JVA Vendors under this Agreement with respect to the Business (collectively, the "**Restrictive Covenants**"). Accordingly, the parties hereto acknowledge and agree that: (i) no proceeds shall be received or receivable by JVA Vendors for granting the Restrictive Covenants for purposes of section 56.4(7)(d) of the Tax Act; and (ii) the Restrictive Covenants are integral to this Agreement and have been granted to maintain or preserve the fair market value of the Shares.

Section 6.03 Other Approvals and Consents

- (a) Vendors and Purchaser shall use their respective commercially reasonable efforts to give all notices to, and obtain all consents from, all third parties that are described in Section 3.06 and Section 4.02 of the Disclosure Schedules.

- (b) If any consent, approval or authorization necessary to preserve any right or benefit under any Contract to which any Company is a party is not obtained before the Closing, the Vendors shall, after the Closing, cooperate with Purchaser and such Company in attempting to obtain such consent, approval or authorization as promptly thereafter as practicable. If such consent, approval or authorization cannot be obtained, each Vendor shall use its commercially reasonable efforts to provide such Company with the rights and benefits of the affected Contract for the term thereof and, if the Vendors provide such rights and benefits, such Company shall assume all obligations and burdens thereunder.

Section 6.04 Books and Records

- (a) To facilitate the resolution of any claims made against or incurred by the Vendors before the Closing or, for any other reasonable purpose, for a period of seven (7) years after the Closing, Purchaser shall:
 - (i) retain the Books and Records (including personnel files) relating to periods before the Closing in a manner reasonably consistent with the prior practices of any Company; and
 - (ii) upon reasonable notice, afford Representatives of the Vendors reasonable access (including the right to make, at the Vendors' expense, photocopies), during normal business hours, to the Books and Records.
- (b) To facilitate the resolution of any claims made by or against or incurred by any Company after the Closing, or for any other reasonable purpose, for a period of seven (7) years after the Closing, the Vendors shall:
 - (i) retain the books and records (including personnel files) of the Vendors that relate to any Company and its operations for periods before the Closing; and
 - (ii) upon reasonable notice, afford the Representatives of Purchaser or the Companies reasonable access (including the right to make, at Purchaser's expense, photocopies), during normal business hours, to the Books and Records.
- (c) Neither Purchaser nor the Vendors shall be obligated to provide any other Party with access to any Books or Records (including personnel files) under this Section 6.04 where such access would violate any Law.

Section 6.05 Closing Tax Period and Closing Date Tax Year

- (a) On or before the statutory due date, Vendors shall prepare in accordance with applicable Law and past practice of each Company and after providing Purchaser with a reasonable opportunity (which, in any event, shall not be fewer than 15 Business Days before the date on which such Tax Returns are required to be filed) to review and, in the case of any Tax Returns upon receipt of Purchaser's

approval, not to be unreasonably withheld, conditioned or delayed, file, on behalf of and in the name of each Company, all income Tax Returns of each Company required by Law to be filed for any Pre-Closing Tax Period of the Companies that are not required to be filed on or before the Closing Date.

- (b) On or before the statutory due date, Purchaser shall prepare in accordance with applicable Law and past practice of each Company and after providing Vendor with a reasonable opportunity (which, in any event, shall not be fewer than 15 Business Days before the date on which such Tax Returns are required to be filed) to review and, in the case of any Tax Returns upon receipt of Vendor's approval, not to be unreasonably withheld, conditioned or delayed, file, on behalf of and in the name of each Company, all income Tax Returns of each Company required by Law to be filed for the taxation year of such Companies that includes the Closing Date (the "**Closing Date Tax Year**").
- (c) After Closing, Purchaser shall provide, and shall cause the Companies to provide, to Vendor such information and assistance as is reasonably requested by the Vendor for the purposes of preparing the Tax Returns referred to in Section 6.05(a).
- (d) Purchaser will not request, or cause or allow any Company to request, any audits by any Governmental Authority of any Tax Return or matter of, or affecting, such Company in respect of any Pre-Closing Tax Period or of any Tax Return for the Closing Date Tax Year, and it will not cause or allow such Company to originate the recalculation or re-filing of any such Tax Return or file any waivers for any Pre-Closing Tax Period or the Closing Date Tax Year of such Company, unless this recalculation or re-filing is required by Law or this recalculation or re-filing does not increase the Liability of Vendor under any representation, warranty or indemnity under this Agreement. The parties will inform each other of, and cooperate with each other in respect of, any audit inquiries with respect to any Tax Return involving any Company in respect of any Pre-Closing Tax Period or of any Tax Return required to be filed under the Tax Act for the Closing Date Tax Year.
- (e) If Purchaser or any Company receives an assessment or reassessment (each, an "**Assessment**") from any Governmental Authority in respect of any Tax Return in respect of any Pre-Closing Tax Period or any Tax Return filed under the Tax Act for the Closing Date Tax Year, Purchaser shall deliver or cause to be delivered to Vendor a copy of the Assessment within 30 days of receiving the Assessment, *provided that* the failure to do so shall not affect the indemnification provided hereunder except only to the extent that Vendor shall have been actually prejudiced as a result of such failure. The parties will cooperate in responding to or contesting any Assessment. If Purchaser or any Company becomes entitled to a refund (or chooses to apply the amount otherwise refundable towards a payment of Tax in respect of a Tax period ending after the Closing Date) of all or a portion of any amount relating to an Assessment of which JVA Vendors have, by payment to Purchaser or the relevant Governmental Authority, indemnified the

Purchaser, then an amount equal to the refund, together with any interest received on it, shall be paid to Vendor, net of any applicable Taxes, promptly after receipt of payment of the refund or notice from the relevant Governmental Authority of such application, as the case may be; *provided that* any such refund or application that is subsequently disallowed by the relevant Governmental Authority shall be paid by Vendor to Purchaser within 30 days of the disallowance. All amounts paid under this Section 6.05(c) shall be treated as an adjustment to the Purchase Price.

- (f) Tax refunds and credits in respect of any Pre-Closing Tax Period that are received or applied after the Closing Date by any Company that did not result in an increase in the Closing Working Capital, net of: (i) 12% of the portion of such refunds that are in respect of the Tax credits described in the definition of Current Liabilities to the extent that such amount is not offset by non-capital losses of such Company for purposes of the Tax Act; and (ii) applicable Taxes of any Company on or before the Closing Date, shall be for the account of the Vendor, and Purchaser shall pay, or cause such Company to pay, to Vendor such amount, within 30 days after receipt or reduction; *provided that* any such refund or application that is subsequently disallowed by the relevant Governmental Authority shall be paid by Vendor to Purchaser within 30 days of the disallowance. All amounts paid under this Section 6.05(f) shall be treated as an adjustment to the Purchase Price.

Section 6.06 Public Announcements. Unless otherwise required by applicable Law or Exchange requirements (based upon the reasonable advice of counsel), no party to this Agreement shall make any public announcements in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the other party (which consent shall not be unreasonably withheld or delayed), and the parties shall cooperate as to the timing and contents of any such announcement.

Section 6.07 Intercompany Loan. Within 30 days of the Closing, Purchaser shall invest or otherwise contribute an aggregate of \$100,000 in or to the Companies pursuant to the Capital Needs Funding Agreement(s), said funding to be non-interest bearing.

Section 6.08 Employment Agreements. Purchaser and the JVA Vendors shall use commercially reasonable efforts to enter into (and, in the case of Purchaser, to cause the applicable Companies to enter into) employment agreements, each having the applicable terms set forth on Annex C hereto, within ten (10) Business Days of the Closing Date. The Annexes to this Agreement referred to herein (including, Annex C hereto) shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

Section 6.09 Operation of the Companies after Closing.

- (a) Immediately following Closing, Purchaser shall have sole discretion with regard to all matters relating to the operation of the Companies; provided that (i) Purchaser shall not, directly or indirectly, take any actions in bad faith for the purposes of reducing the Deferred Share Consideration and (ii) Purchaser shall cause the Companies to enter into an employment agreement with each of the

JVA Vendors in accordance with Section 6.08, which agreements shall include the applicable terms set forth on Annex C hereto.

- (b) From and after the Closing Date, subject to the corporate power and authority of each Board and Section 6.09(a), the JVA Vendors shall be responsible for the day-to-day operation of the businesses of the Companies, such as pricing, purchasing and selling of products.
- (c) Vendor shall cause Orange Brown Import and Export Ltd. (“**OB**”) to maintain, at all times after the date hereof, substantially similar Gross Margins on sales of goods to the Companies as existed on such sales immediately prior to the date hereof, as more particularly set out in the Section 3.24 of the Disclosure Schedules.
- (d) Vendor shall cause OB to not, at any time after the date hereof, sell any goods purchased by any Company (“**Purchased Goods**”) to a different buyer at prices below those made available to such Company. If OB charges a different buyer a lower price for any Purchased Goods, Seller must immediately make such lower price available to each Company for any future purchase by a Company of the applicable Purchased Goods. If OB fails to meet the lower price, the Purchaser shall, at its option, be permitted to reduce the number of Consideration Shares that are issuable, but have not yet been issued, pursuant to Section 2.03(b) as at the applicable time, whereby such Consideration Shares, beginning with those that are to be issued most proximately, shall be reduced on a dollar for dollar basis (rounded up to the nearest whole Consideration Share) by the value of the aggregate lost savings of the Companies as a result of such lower price not being met, as calculated using a deemed per-share reduction price equal to the Issue Price. In the event OB fails to meet the lower price at a time after all Consideration Shares issuable under this Agreement have been issued, OB shall reimburse each applicable Company an amount in cash equal to the aggregate lost savings of such Company as a result of such lower price not being met.
- (e) From and after the Closing Date, unless otherwise agreed to by the Purchaser and Vendor in writing:
 - (i) the board of directors of each Company (in respect of any Company, the “**Board**”) shall consist of five (5) directors;
 - (ii) so long as the Purchaser is the holder of shares in the capital of any Company, the Purchaser shall be entitled, but shall not be required, in its sole discretion, to nominate at any time and have elected two (2) directors to the Board thereof (each a “**Purchaser Director**”). The Purchaser and Vendor shall vote their respective shares in the applicable Company to ensure that each Purchaser Director will be and will remain a director of such Company until otherwise required by applicable Law or this subsection. In addition to any other rights the Purchaser might have under applicable Law, the Purchaser shall be entitled at any time and from time

to time to remove any Purchaser Director by delivering notice of such removal to the applicable Company and the Vendor and, thereafter, the Purchaser and Vendor shall vote their respective shares to ensure that the applicable Purchaser Director is removed as a director and the applicable designate replacement is appointed in his/her stead. Any vacancy otherwise occurring on the applicable Board by reason of the death, disqualification, inability to act or resignation of a Purchaser Director shall be filled only by a further nominee of the Purchaser and the Purchaser and Vendor shall vote their respective shares in the applicable Company to ensure that such further nominee is appointed in the stead of the Purchaser Director who is dead, disqualified, removed, unable to act, or has resigned;

- (iii) so long as both Vendor are the holder of shares in the capital of any Company, the Vendor, as a group, shall be entitled, but shall not be required, in their sole discretion, to nominate at any time and have elected two (2) directors to the Board thereof (each a “**Vendor Director**”). The Purchaser and Vendor shall vote their respective shares in the applicable Company to ensure that each Vendor Director will be and will remain a director of such Company until otherwise required by applicable Law or this subsection. In addition to any other rights the Vendor might have under applicable Law, the Vendor, as a group, shall be entitled at any time and from time to time to remove the Vendor Director by delivering notice of such removal to the applicable Company and the Purchaser and, thereafter, the Purchaser and Vendor shall vote their respective shares to ensure that the Vendor Director is removed as a director and the applicable designate replacement is appointed in his/her stead. Any vacancy otherwise occurring on the Board by reason of the death, disqualification, inability to act or resignation of a Vendor Director shall be filled only by a further nominee of the Vendor and the Purchaser and Vendor shall vote their respective shares in the applicable Company to ensure that such further nominee is appointed in the stead of the Vendor Director who is dead, disqualified, removed, unable to act, or has resigned;
- (iv) a quorum for the transaction of business at any meeting of any Board shall require the attendance of all members of the Board in person or via a communication facility that permits all individuals participating in the meeting to hear each other. If a quorum is not present at the opening of any meeting of the Board, the directors present may adjourn the meeting to a fixed a time and place, such time to be not less than forty-eight (48) hours from the time of the first meeting, but may not transact any other business. Quorum must be present at any adjourned meeting in accordance with the foregoing.

Section 6.10 Further Assurances. Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances, and take such further actions as may be reasonably

required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

Section 6.11 No Solicitation of Other Bids

- (a) From the date hereof to and including the last day of the Third Option Period (as defined in Section 6.14), each JVA Vendor shall not, and shall not authorize or permit any of its Affiliates (including either Company) or any of its or their Representatives to, directly or indirectly: (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. Each JVA Vendor, as applicable, shall immediately cease and cause to be terminated, and shall cause its Affiliates (including either Company) and all its and their Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Person conducted heretofore with respect to, or that could lead to, an Acquisition Proposal. For purposes hereof, “**Acquisition Proposal**” shall mean any inquiry, proposal or offer from any Person (other than Purchaser or any of its Affiliates) concerning: (i) a merger, amalgamation, arrangement, liquidation, recapitalization, share exchange or other business combination transaction involving one or both Companies; (ii) the issuance or acquisition of shares in the capital, or other equity securities, of a Company; or (iii) the sale, lease, exchange or other disposition of substantially all or any significant portion of either Company’s Assets.
- (b) In addition to the other obligations under this Section 6.11, the applicable JVA Vendor shall promptly (and, in any event, within five (5) Business Days after receipt thereof by JVA Vendor or its Representatives) advise Purchaser orally and in writing of any: (i) Acquisition Proposal, any request for information with respect to any Acquisition Proposal or any inquiry with respect to or which could reasonably be expected to result in an Acquisition Proposal; (ii) the material terms and conditions of such request, Acquisition Proposal or inquiry; and (iii) the identity of the Person making the same.
- (c) The JVA Vendors agree that the rights and remedies for non-compliance with this Section 6.11 shall include having such provision specifically enforced by any court of competent equitable jurisdiction, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to Purchaser and that monetary damages would not provide an adequate remedy for Purchaser.

Section 6.12 First Option to Purchase.

- (a) At anytime within ninety (90) days following the first (1st) anniversary of the Closing Date (the “**First Option Period**”), the Purchaser shall have the right and option (the “**First Option**”) to purchase one third (1/3) of the remaining shares of each Company held by each of the JVA Vendors (the “**First Option Shares**”),

free and clear of all Encumbrances, for an aggregate purchase price equal to the amount derived from the following formula (the “**First Option Price**”):

$$R1 \times X / FOS$$

where:

“**R1**” means three (3) times the aggregate revenue generated by the applicable Company from the Business from the Closing Date to and including the first (1st) anniversary of the Closing Date;

“**X**” means, in the case of EHC, 0.155 and, in the case of Portfolio, 0.163; and

“**FOS**” means the number of First Option Shares being purchased by the Purchaser.

- (b) The First Option Price shall be paid to the JVA Vendors by way of issuance of additional Consideration Shares listed on the Exchange. The number of Consideration Shares to be issued to the JVA Vendors to satisfy payment of the First Option Price shall be calculated using the following formula:

$$A/B$$

where:

“**A**” means the First Option Price; and

“**B**” means the ten (10) day volume weighted average price (“**VWAP**”) of the Consideration Shares as of the first anniversary of the Closing Date; provided that, in the event that the ten (10) day VWAP is less than the maximum allowable discount on the Exchange, then “**B**” shall be mean the maximum discounted price allowable by the Exchange.

- (c) The Purchaser may exercise the First Option by delivering to the JVA Vendors a written notice in respect of such exercise (the “**First Option Notice**”) prior to 11:59 p.m. (Vancouver time) on the last day of the First Option Period, which First Option Notice shall be accompanied by a copy of direct registration statements in the name of each JVA Vendor evidencing issuance of the Pro Rata Portion of the aggregate number of Consideration Shares. The Purchaser shall deliver a copy of the First Option Notice to the applicable Company concurrently with delivery of the First Option Notice to the JVA Vendors.
- (d) Within three (3) Business Day of receipt of the First Option Notice, and the aforementioned direct registration statements, by the JVA Vendors, each JVA Vendor shall deliver to the applicable Company a signed share transfer form conveying such JVA Vendor’s respective First Option Shares to the Purchaser.

- (e) Upon exercise of the First Option in accordance with this Section, the applicable Company shall issue the First Option Shares in the name of the Purchaser and, within three (3) Business Day following the receipt by such Company of a copy of the First Option Notice, deliver to the Purchaser an officer's certificate certifying (i) a copy of the resolutions of the directors of such Company approving the transfer of the First Option Shares from the JVA Vendors to the Purchaser, (ii) a copy of the securities' register of such Company evidencing such transfers, (iii) a copy of the share certificate representing the First Option Shares issued in the name of the Purchaser (the original share certificate to be maintained by the applicable Company in its minute book); and (iv) that the reps representations and warranties of the Vendors set out in Section 3.01 and Section 3.02 are true and correct in respect of the First Option Shares as of the date of transfer.
- (f) If any JVA Vendor refuses or is unable for any reason to execute a share transfer form as provided for in subsection (c) above, then such JVA Vendor, for the limited purpose of executing such share transfer form, hereby appoints the applicable Company or any director or officer thereof (each an "**Attorney-in-Fact**") as such JVA Vendor's attorney-in-fact, and such JVA Vendor does hereby indemnify the Attorney-in-Fact from any liability that it, he, or she may suffer or be put to arising from the Attorney-in-Fact acting as attorney-in-fact for such limited purpose.
- (g) If, during the First Option Period, any Company achieves (i) Revenue that exceeds the applicable Target Revenue or (ii) Gross Margin that exceeds the applicable Target Gross Margin, following receipt within 30 days of the end of such period by the Purchaser of written notice from the JVA Vendors containing reasonable evidence of such achievements (an "**Achievement Notice**"), the Purchaser shall be obligated, within 30 days of receiving an Achievement Notice, purchase the First Option Shares from the JVA Vendors at the First Option Price and otherwise in accordance with paragraphs (c) to (g) above. For the purposes of the Purchaser's obligation set forth in this paragraph (h), the Purchaser shall be deemed to have exercised the First Option upon receipt by the Purchaser of the applicable Achievement Notice. For the avoidance of doubt, an Achievement Notice in respect of the First Option Period may only be delivered by the JVA Vendors to the Purchaser once.

Section 6.13 Second Option to Purchase.

- (a) At anytime within ninety (90) days following the second (2nd) anniversary of the Closing Date (the "**Second Option Period**"), the Purchaser shall have the right and option (the "**Second Option**") to purchase the Second Option Shares (defined below), free and clear of all Encumbrances, for an aggregate purchase price equal to the amount derived from the following formula (the "**Second Option Price**"):

$$R2 \times X/SOS$$

where:

“**R2**” means three (3) times the aggregate revenue generated by the applicable Company from the Business from the first (1st) anniversary of the Closing Date to and including the second (2nd) anniversary of the Closing Date;

“**X**” means, in the case of EHC, 0.155 and, in the case of Portfolio, 0.163; and

“**SOS**” means the number of Second Option Shares being purchased by the Purchaser.

For the purposes of this Section, “**Second Option Shares**” means: (i) if the Purchaser exercised the First Option (whether voluntarily or by deemed exercise due to an Achievement Notice), one half (1/2) of the outstanding shares of the applicable Company then held by the JVA Vendors; or (ii) if the Purchaser did not exercise the First Option, one third (1/3) of the outstanding shares of the applicable Company then held by the JVA Vendors.

Additionally, if the Purchaser did not exercise the First Option, the Purchaser shall have the right and option (the “**Revived First Option**”) to purchase, concurrently with any exercise of the Second Option, the First Option Shares then held by the JVA Vendors at a purchase price (the “**Revived First Option Price**”) equal to (i) the Revenue of the applicable Company during the First Option Period, multiplied by (ii) three (3).

- (b) The Second Option Price (and the Revived First Option Price, if applicable) shall be paid to the JVA Vendors by way of issuance of Consideration Shares. The number of Consideration Shares to be issued to the JVA Vendors shall be calculated using the following formula:

$$A/B$$

where:

“**A**” means the Second Option Price; and

“**B**” means the ten (10) day VWAP of the Consideration Shares as of the second anniversary of the Closing Date; provided that, in the event that the ten (10) day VWAP is less than the maximum allowable discount on the Exchange, then “**B**” shall be mean the maximum discounted price allowable by the Exchange.

- (c) The Purchaser may exercise the Second Option (and the Revived First Option, if applicable) by delivering to the JVA Vendors a written notice in respect of such exercise (the “**Second Option Notice**”) prior to 11:59 p.m. (Vancouver time) on the last day of the Second Option Period, which Second Option Notice shall be accompanied by a direct registration statements in the name of each JVA Vendor evidencing issuance of the Pro Rata Portion of the aggregate number of Consideration Shares. The Purchaser shall delivery a copy of the Second Option

Notice to the applicable Company concurrently with delivery of the Second Option Notice to the JVA Vendors.

- (d) Within three (3) Business Day of receipt of the Second Option Notice, and the aforementioned direct registration statements, by the JVA Vendors, each JVA Vendor shall deliver to the applicable Company a signed share transfer form conveying such JVA Vendor's respective Second Option Shares (and First Option Shares, if applicable) to the Purchaser.
- (e) Upon exercise of the Second Option (and the Revived First Option, if applicable) in accordance with this Section, the applicable Company shall issue the Second Option Shares (and First Option Shares, if applicable) in the name of the Purchaser and, within three (3) Business Day following the receipt by the applicable Company of a copy of the Second Option Notice, deliver to the Purchaser an officer's certificate certifying (i) a copy of the resolutions of the directors of such Company approving the transfer of the Second Option Shares from the JVA Vendors to the Purchaser, (ii) a copy of the securities' register of such Company evidencing such transfers, (iii) a copy of the share certificate representing the Second Option Shares issued in the name of the Purchaser (the original share certificate to be maintained by the applicable Company in its minute book); and (iv) that the reps representations and warranties of the Vendors set out in Section 3.01 and Section 3.02 are true and correct in respect of the Second Option Shares as of the date of transfer.
- (f) If any JVA Vendor refuses or is unable for any reason to execute a share transfer form as provided for in subsection (c) above, then such JVA Vendor, for the limited purpose of executing such share transfer form, hereby appoints the Attorney-in-Fact as such JVA Vendor's attorney-in-fact, and such JVA Vendor does hereby indemnify the Attorney-in-Fact from any liability that it, he, or she may suffer or be put to arising from the Attorney-in-Fact acting as attorney-in-fact for such limited purpose.
- (g) If, during the Section Option Period, any Company achieves (i) Revenue that exceeds the applicable Target Revenue or (ii) Gross Margin that exceeds the applicable Target Gross Margin, following receipt within 30 days of the end of such period by the Purchaser of an Achievement Notice from the JVA Vendors, the Purchaser shall be obligated, within 30 days of receiving an Achievement Notice, purchase the Second Option Shares from the JVA Vendors at the Second Option Price and otherwise in accordance with paragraphs (c) to (g) above. For the purposes of the Purchaser's obligation set forth in this paragraph (h), the Purchaser shall be deemed to have exercised the Second Option upon receipt by the Purchaser of the applicable Achievement Notice. For the avoidance of doubt, an Achievement Notice in respect of the Second Option Period may only be delivered by the JVA Vendors to the Purchaser once.

Section 6.14 Third Option to Purchase.

- (a) At anytime within ninety (90) days following the third (3rd) anniversary of the Closing Date (the “**Third Option Period**”), the Purchaser shall have the right and option (the “**Third Option**”) to purchase the Third Option Shares (defined below), free and clear of all Encumbrances, for an aggregate purchase price equal to the amount derived from the following formula (the “**Third Option Price**”):

$$R2 \times X/SOS$$

where:

“**R2**” means three (3) times the aggregate revenue generated by the applicable Company from the Business from the second (2nd) anniversary of the Closing Date to and including the third (3rd) anniversary of the Closing Date;

“**X**” means, in the case of EHC, 0.155 and, in the case of Portfolio, 0.163; and

“**SOS**” means the number of Third Option Shares being purchased by the Purchaser.

For the purposes of this Section, “**Third Option Shares**” means: (i) if the Purchaser exercised the First Option (or the Revived First Option) and the Second Option (whether voluntarily or by deemed exercise due to an Achievement Notice), all of the outstanding shares of the applicable Company then held by the JVA Vendors; (ii) if the Purchaser did not exercise the First Option or the Second Option, one third (1/3) of the outstanding shares of the applicable Company then held by the JVA Vendors; or (iii) if the Purchaser exercised only one of the First Option and the Second Option, one half (1/2) of the outstanding shares of the applicable Company then held by the JVA Vendors.

Additionally: (a) if the Purchaser did not exercise the First Option, the Purchaser shall be permitted to exercise the Revived First Option to purchase, concurrently with any exercise of the Third Option, the First Option Shares then held by the JVA Vendors at the Revived First Option Price; and (b) if the Purchaser did not exercise the Second Option, the Purchaser shall have the right and option (the “**Revived Second Option**”) to purchase, concurrently with any exercise of the Third Option, the Second Option Shares then held by the JVA Vendors at a purchase price (the “**Revived Second Option Price**”) equal to (i) the Revenue of the applicable Company during the Second Option Period, multiplied by (ii) three (3).

- (b) The Third Option Price (and the Revived First Option Price and/or the Revived Second Option Price, if and as applicable) shall be paid to the JVA Vendors by way of issuance of Consideration Shares. The number of Consideration Shares to be issued to the JVA Vendors shall be calculated using the following formula:

$$A/B$$

where:

“**A**” means the Third Option Price; and

“**B**” means the ten (10) day VWAP of the Consideration Shares as of the Third anniversary of the Closing Date; provided that, in the event that the ten (10) day VWAP is less than the maximum allowable discount on the Exchange, then “**B**” shall be mean the maximum discounted price allowable by the Exchange.

- (c) The Purchaser may exercise the Third Option (and the Revived First Option and/or the Revived Second Option, if and as applicable) by delivering to the JVA Vendors a written notice in respect of such exercise (the “**Third Option Notice**”) prior to 11:59 p.m. (Vancouver time) on the last day of the Third Option Period, which Third Option Notice shall be accompanied by a copy of direct registration statements in the name of each JVA Vendor evidencing issuance of the Pro Rata Portion of the aggregate number of Consideration Shares. The Purchaser shall delivery a copy of the Third Option Notice to the applicable Company concurrently with delivery of the Third Option Notice to the JVA Vendors.
- (d) Within three (3) Business Day of receipt of the Third Option Notice, and the aforementioned direct registration statements, by the JVA Vendors, each JVA Vendor shall deliver to the applicable Company a signed share transfer form conveying such JVA Vendor’s respective Third Option Shares (and the First Option Shares and/or the Second Option Shares, if and as applicable) to the Purchaser.
- (e) Upon exercise of the Third Option (and the Revived First Option Price and/or the Revived Second Option Price, if and as applicable) in accordance with this Section, the applicable Company shall issue the Third Option Shares (and Second Option Shares, if applicable) in the name of the Purchaser and, within three (3) Business Day following the receipt by the applicable Company of a copy of the Third Option Notice, deliver to the Purchaser an officer’s certificate certifying (i) a copy of the resolutions of the directors of such Company approving the transfer of the Third Option Shares from the JVA Vendors to the Purchaser, (ii) a copy of the securities’ register of such Company evidencing such transfers, (iii) a copy of the share certificate representing the Third Option Shares issued in the name of the Purchaser (the original share certificate to be maintained by the applicable Company in its minute book); and (iv) that the reps representations and warranties of the Vendors set out in Section 3.01 and Section 3.02 are true and correct in respect of the Third Option Shares as of the date of transfer.
- (f) If any JVA Vendor refuses or is unable for any reason to execute a share transfer form as provided for in subsection (c) above, then such JVA Vendor, for the limited purpose of executing such share transfer form, hereby appoints the Attorney-in-Fact as such JVA Vendor’s attorney-in-fact, and such JVA Vendor does hereby indemnify the Attorney-in-Fact from any liability that it, he, or she

may suffer or be put to arising from the Attorney-in-Fact acting as attorney-in-fact for such limited purpose.

- (g) If, during the Third Option Period, any Company achieves (i) Revenue that exceeds the applicable Target Revenue or (ii) Gross Margin that exceeds the applicable Target Gross Margin, following receipt within 30 days of the end of such period by the Purchaser of an Achievement Notice from the JVA Vendors, the Purchaser shall be obligated, within 30 days of receiving an Achievement Notice, purchase the Third Option Shares from the JVA Vendors at the Third Option Price and otherwise in accordance with paragraphs (c) to (g) above. For the purposes of the Purchaser's obligation set forth in this paragraph (h), the Purchaser shall be deemed to have exercised the Third Option upon receipt by the Purchaser of the applicable Achievement Notice. For the avoidance of doubt, an Achievement Notice in respect of the Third Option Period may only be delivered by the JVA Vendors to the Purchaser once.

ARTICLE VII CONDITIONS TO CLOSING

Section 7.01 Conditions to Obligations of All Parties. The obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or before the Closing, of each of the following conditions:

- (a) No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Governmental Order that is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following the completion thereof.
- (b) Vendors shall have received all consents, authorizations, orders and approvals from the Governmental Authorities referred to in Section 3.06, and Purchaser shall have received all consents, authorizations, orders and approvals from the Governmental Authorities referred to in Section 5.02, in each case, in form and substance reasonably satisfactory to Purchaser and Vendors, and no such consent, authorization, order and approval shall have been revoked.

Section 7.02 Conditions to Obligations of Purchaser. The obligations of Purchaser to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Purchaser's waiver, at or before the Closing, of each of the following conditions:

- (a) Other than the representations and warranties of the Vendors set out in Section 3.01, Section 3.02, Section 3.03, Section 3.04 and Section 3.06, the representations and warranties of the Vendors set out in this Agreement, the Ancillary Documents or the Post-Closing Ancillary Documents and any certificate or other writing delivered pursuant hereto shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any

representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date hereof. The representations and warranties of the JVA Vendors set out in Section 3.01, Section 3.02, Section 3.03, Section 3.04 and Section 3.06 shall be true and correct in all respects on and as of the date hereof and on and as of the date of any subsequent purchase and sale of Shares by the Purchaser from the JVA Vendors with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

- (b) Vendors shall have respectively duly performed and complied in all material respects with all applicable agreements, covenants and conditions required by this Agreement to be performed or complied with by it before or on the Closing Date; *provided that*, with respect to agreements, covenants and conditions that are qualified by materiality, Vendors shall have performed such agreements, covenants and conditions, as so qualified, in all respects.
- (c) No Action shall have been commenced against Purchaser, any Vendor or any Company that would prevent the Closing. No injunction or restraining order shall have been issued by any Governmental Authority and be in effect, which restrains or prohibits any transaction contemplated hereby.
- (d) All approvals, consents and waivers that are listed in Section 3.05 of the Disclosure Schedules shall have been received, and executed counterparts thereof shall have been delivered to Purchaser, at or before the Closing.
- (e) Purchaser shall have received a certificate of the Secretary (or equivalent officer) of each Company certifying that attached thereto are true and complete copies of all resolutions adopted by the shareholder(s) and the board of directors of such Company authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby.
- (f) Vendors shall have delivered to Purchaser a certificate stating that each Vendor is not a non-resident of Canada within the meaning of the Tax Act.
- (g) Vendors shall have delivered, or caused to be delivered, to Purchaser share certificates representing the Purchased Shares, free and clear of Encumbrances, duly endorsed in blank or accompanied by forms of share transfers or other instruments of transfer duly executed in blank.
- (h) Vendors shall have delivered to Purchaser such other documents or instruments as Purchaser reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

- (i) The issuance and delivery of the Consideration Shares issuable by the Purchaser hereunder shall be exempt from the prospectus and registration requirements under applicable securities Laws.
- (j) The Closing Date Working Capital of the Companies shall be no less than an aggregate of \$15,000.00.

Section 7.03 Conditions to Obligations of the Vendors. The obligations of the Vendors to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Vendors' waiver, at or before the Closing, of each of the following conditions:

- (a) Other than the representations and warranties of Purchaser set out in Section 5.01 and Section 5.03, the representations and warranties of Purchaser set out in this Agreement and any certificate or other writing delivered pursuant hereto shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date hereof. The representations and warranties of Purchaser set out in Section 5.01 and Section 5.03 shall be true and correct in all respects on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date.
- (b) Purchaser shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement to be performed or complied with by it before or on the Closing Date; *provided that*, with respect to agreements, covenants and conditions that are qualified by materiality, Purchaser shall have performed such agreements, covenants and conditions, as so qualified, in all respects.
- (c) No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, that restrains or prohibits any material transaction contemplated hereby.
- (d) Vendors shall have received a certificate of the Chief Executive Officer of Purchaser certifying that attached thereto are true and complete copies of all resolutions adopted by the board of directors of Purchaser authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby.
- (e) Purchaser shall have delivered to the JVA Vendors cash in an aggregate amount equal to the Closing Date JVA Cash Purchase Price, by wire transfer in immediately available funds, to an account or accounts designated at least two Business Days before the Closing Date by Vendors in a written notice to Purchaser.

- (f) Purchaser shall have delivered to Vendors such other documents or instruments as Vendors reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

ARTICLE VIII INDEMNIFICATION

Section 8.01 Survival. Subject to the limitations and other provisions of this Agreement, the representations and warranties set out herein shall survive the Closing and shall remain in full force and effect until the date that is eighteen (18) months from the Closing Date; *provided that:* (a) the Fundamental Representations, Section 2.03(b)(iii) and Section 6.09 shall survive indefinitely; (b) the representations and warranties in Section 3.20 shall survive for a period of twenty four (24) months after the Closing; and (c) the representations and warranties in Section 3.21 and Section 3.23 shall survive for the full period of the applicable limitation period (giving effect to any waiver or extension thereof) plus sixty (60) days. All covenants and agreements of the parties set out herein shall survive the Closing indefinitely or for the period explicitly specified therein. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the non-breaching party to the breaching party before the expiration date of the applicable survival period shall not thereafter be barred by the expiration of the relevant representation or warranty and such claims shall survive until finally resolved or the expiry of the limitation period under applicable Law, whichever is sooner.

Section 8.02 Indemnification by JVA Vendors. Subject to the other terms and conditions of this Article VIII, JVA Vendors shall, jointly and severally, in proportion to the Pro Rata Portions set forth in Annex A hereto, indemnify and defend each of Purchaser and its Affiliates (other than the Companies) and their respective Representatives (collectively, the “**Purchaser Indemnitees**”) against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them, any and all Losses incurred or sustained by, or imposed upon, the Purchaser Indemnitees based upon, arising out of, with respect to or by reason of:

- (a) any inaccuracy in or breach of any of the representations or warranties of the Companies or Vendors set out in this Agreement or in any certificate or instrument delivered by or on behalf of the Vendors under this Agreement, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date); or
- (b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by any Company or Vendors under this Agreement;
- (c) and Company Transaction Expenses or Indebtedness of any Company outstanding as of the Closing to the extent not deducted from the Purchase Price in the determination of the Purchase Price;

- (d) any and all Taxes: (i) in respect of any taxation year or period ending on or prior to the Closing Date; and (ii) in the case of any taxation year or period beginning before and ending after the Closing Date, in respect of the portion of such period ending on and including the Closing Date, at such time as any Company or any Vendor receives an assessment, reassessment or other form of recognized document assessing liability for such Taxes, but only to the extent that the aggregate amount of all Taxes described in both (i) and (ii) above exceeds the amount accrued as a liability for Taxes on the Closing Working Capital Statement; and
- (e) any liabilities of any Company or any Vendor that relate to any period prior to the Closing Date, except to the extent such liabilities are adjusted for pursuant to this Agreement.

Section 8.03 Indemnification by Purchaser. Subject to the other terms and conditions of this Article VIII, Purchaser shall indemnify and defend each Vendor and its Affiliates and their respective Representatives (collectively, the “**Vendor Indemnitees**”) against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Vendor Indemnitees based upon, arising out of, with respect to or by reason of:

- (a) any inaccuracy in or breach of any of the representations or warranties of Purchaser contained in this Agreement or in any certificate or instrument delivered by or on behalf of Purchaser under this Agreement, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date); or
- (b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Purchaser under this Agreement.

Section 8.04 Limitations. The indemnification provided for in Section 8.02 and Section 8.03 shall be subject to the following limitations:

- (a) Vendor shall not be liable to the Purchaser Indemnitees for indemnification under Section 8.02(a) until the aggregate amount of all Losses in respect of indemnification under Section 8.02(a) exceeds \$[Redacted] (the “**Basket**”), in which event the JVA Vendors shall be required to pay or be liable for all such Losses from the first dollar. The aggregate amount of all Losses for which the JVA Vendors shall be liable under Section 8.02(a) shall be the Purchase Price (the “**Cap**”).
- (b) Purchaser shall not be liable to the Vendor Indemnitees for indemnification under Section 8.03(a) until the aggregate amount of all Losses in respect of indemnification under Section 8.03(a) exceeds the Basket, in which event Purchaser shall be required to pay or be liable for all such Losses from the first

dollar. The aggregate amount of all Losses for which Purchaser shall be liable under Section 8.03(a) shall not exceed the Cap.

- (c) Notwithstanding the foregoing, the limitations set forth in Section 8.03(a) and Section 8.03(b) shall not apply to Losses based upon, arising out of, with respect to or by reason of any inaccuracy in or breach of any Fundamental Representation, any representation or warranty set forth in Section 3.23 or any of the representations and warranties of the Purchaser in this Agreement that is attributable to an intentional misrepresentation or fraud.

Section 8.05 Indemnification Procedures. The party making a claim under this Article VIII is referred to as the “**Indemnified Party**”, and the party against whom such claims are asserted under this Article VIII is referred to as the “**Indemnifying Party**”.

- (a) **Third-Party Claims.** If any Indemnified Party receives notice of the assertion or commencement of any Action made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a Representative of the foregoing (a “**Third-Party Claim**”) against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than 30 calendar days after receipt of such notice of such Third-Party Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defences by reason of such failure. Such notice by the Indemnified Party shall describe the Third-Party Claim in reasonable detail, include copies of all material written evidence thereof and indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defence of any Third-Party Claim at the Indemnifying Party’s expense and by the Indemnifying Party’s own counsel, and the Indemnified Party shall cooperate in good faith in such defence; *provided that*, if the Indemnifying Party is Vendor, such Indemnifying Party shall not have the right to defend or direct the defence of any such Third-Party Claim that: (i) is asserted directly by or on behalf of a Person that is a supplier or customer of any Company; or (ii) seeks an injunction or other equitable relief against the Indemnified Party. If the Indemnifying Party assumes the defence of any Third-Party Claim, subject to Section 8.05(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counter-claims pertaining to any such Third-Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right to participate in the defence of any Third-Party Claim with counsel selected by it subject to the Indemnifying Party’s right to control the defence thereof. The fees and disbursements of such counsel shall be at the expense of the Indemnified Party; *provided that*, if in the reasonable opinion of counsel to the Indemnified Party, (A) there are legal defences available to an Indemnified Party that are different from or additional to those available to

the Indemnifying Party, or (B) there exists a conflict of interest between the Indemnifying Party and the Indemnified Party that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnified Party in each jurisdiction for which the Indemnified Party determines counsel is required. If the Indemnifying Party elects not to compromise or defend such Third-Party Claim, fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement or fails to diligently prosecute the defence of such Third-Party Claim, the Indemnified Party may, subject to Section 8.05(b), pay, compromise, defend such Third-Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third-Party Claim. Vendors and Purchaser shall cooperate with each other in all reasonable respects in connection with the defence of any Third-Party Claim, including making available (subject to the provisions of Section 6.01) records relating to such Third-Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defence of such Third-Party Claim.

- (b) **Settlement of Third-Party Claims.** Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third-Party Claim without the prior written consent of the Indemnified Party, except as provided in this Section 8.05(b). If a firm offer is made to settle a Third-Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third-Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within 10 days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third-Party Claim and, in such event, the maximum liability of the Indemnifying Party as to such Third-Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume the defence of such Third-Party Claim, the Indemnifying Party may settle the Third-Party Claim upon the terms set forth in such firm offer to settle such Third-Party Claim. If the Indemnified Party has assumed the defence under Section 8.05(a), it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).
- (c) **Direct Claims.** Any Action by an Indemnified Party on account of a Loss which does not result from a Third-Party Claim (each, a “**Direct Claim**”) shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than thirty (30) days after the Indemnified Party becomes aware of such Direct Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of

its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defences by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have 30 days after its receipt of such notice to respond in writing to such Direct Claim. The Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim, and the Indemnified Party shall assist the Indemnifying Party's investigation by giving such information and assistance (including access to each Company's premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request. If the Indemnifying Party does not so respond within such thirty (30) day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

Section 8.06 Indemnification Payments.

- (a) Where the Purchaser is the Indemnifying Party in respect of a Loss, once such Loss is agreed to by the Indemnifying Party or finally adjudicated to be payable under this Article VIII, the Indemnifying Party shall satisfy its obligations 15 Business Days of such final, non-appealable adjudication by wire transfer of immediately available funds.
- (b) Where Vendor is the Indemnifying Party in respect of a Loss, once such Loss is agreed to by the Indemnifying Party or finally adjudicated to be payable under this Article VIII, the obligations of such Indemnifying Party shall be satisfied within 15 Business Days of such final, non-appealable adjudication by the reduction, equally across all JVA Vendors, in the number of Consideration Shares that are issuable, but have not yet been issued, pursuant to Section 2.03(b), whereby such Consideration Shares, beginning with those that are to be issued most proximately, shall be reduced on a dollar for dollar basis (rounded up to the nearest whole Consideration Share) by the value of the applicable Loss using a deemed per-share reduction price equal to the Issue Price. For illustrative purposes, if an indemnifiable Loss of a Purchaser Indemnitee having a value of \$5,000.00 were agreed to exist prior to the issuance of any Consideration Shares pursuant to Section 2.03(b), the number of Consideration Shares issuable under Section 2.03(b)(i) shall be reduced by the number of Consideration Shares obtained by dividing \$5,000.00 by the Issue Price, rounded up to the nearest whole Consideration Share. Any Losses payable to a Purchaser Indemnitee pursuant to this Article VIII shall be satisfied by the JVA Vendors pursuant to this Section.

- (c) The parties agree that, if the Indemnifying Party does not make full payment of any such obligations within such 15 Business Day period, any amount payable shall accrue interest from and including the date of agreement of the Indemnifying Party or final, non-appealable adjudication to but excluding the date such payment has been made at a rate per annum equal to 2%. Such interest shall be calculated daily on the basis of a 365 or 366 day year and the actual number of days elapsed, without compounding. Any Losses payable to the Purchaser Indemnitee pursuant to this Article VIII shall be satisfied from the JVA Vendors.

Section 8.07 Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

ARTICLE IX TERMINATION

Section 9.01 Termination. This Agreement may only be terminated

- (a) by the mutual written consent of each of the JVA Vendors and Purchaser.
- (b) By Purchaser or JVA Vendors if:
 - (i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited; or
 - (ii) any Governmental Authority shall have issued a Governmental Order restraining or enjoining the transactions contemplated by this Agreement, and such Governmental Order shall have become final and non-appealable.

Section 9.02 Effect of Termination. In the event of the termination of this Agreement in accordance with this Article IX, this Agreement shall forthwith have no further force or effect and there shall be no liability on the part of any party hereto except:

- (a) as set forth in Section 6.01, this Article IX and Article X; and
- (b) that nothing herein shall relieve any party hereto from liability for any wilful breach of any provision hereof.

ARTICLE X MISCELLANEOUS

Section 10.01 Expenses. Except as otherwise expressly provided herein, all costs and expenses, including fees, disbursements and charges of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred.

Section 10.02 Time of the Essence. Time is of the essence of this Agreement.

Section 10.03 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 10.03):

If to Vendors:

163 Sterling Rd, Unit 161
Toronto, ON
M6R 2B2

Email: **[Redacted]**
Attention: Jacob Fortier

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

Glenn Davis Law
15 Greystone Gate
Maple, Ontario L6A 3S2

Email: **[Redacted]**
Attention: Glenn Davis

If to Purchaser:

PlantX Life Inc.
504 – 100 Park Royal South
Vancouver, British Columbia, Canada V7T 1A2

Email: **[Redacted]**
Attention: Lorne Rapkin, Chief Executive Officer

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

McCarthy Tétrault LLP
66 Wellington Street West
Suite 5300, TD Bank Tower Box 48
Toronto, ON M5K 1E6

Email: [Redacted]
Attention: [Redacted]

Section 10.04 Interpretation. For purposes of this Agreement: (a) the words “include”, “includes” and “including” shall be deemed to be followed by the words “without limitation”; (b) the word “or” is not exclusive; and (c) the words “herein”, “hereof”, “hereby”, “hereto” and “hereunder” refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Disclosure Schedules and Exhibits mean the Articles and Sections of, and Disclosure Schedules and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Disclosure Schedules and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

Section 10.05 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 10.06 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

Section 10.07 Entire Agreement. This Agreement constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in the Schedules and Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in the body of this Agreement will control.

Section 10.08 Successors and Assigns. This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed; *provided that*, Purchaser may, without the prior written consent of the Vendors, assign all or any portion of its rights under this Agreement to one or more of its direct or indirect wholly owned subsidiaries. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 10.09 No Third-Party Beneficiaries. Except as provided in Article VIII, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under, or by reason of, this Agreement.

Section 10.10 Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 10.11 Governing Law; Forum Selection; Choice of Language

- (a) This Agreement shall be governed by and construed in accordance with the Laws of the province of Ontario and the federal Laws of Canada applicable therein.
- (b) Any Action arising out of or based upon this Agreement or the transactions contemplated hereby or thereby may be brought in the courts of the province of Ontario, and each party irrevocably submits and agrees to attorn to the non-exclusive jurisdiction of that court in any such Action. The parties irrevocably and unconditionally waive any objection to the venue of any Action or proceeding in that court and irrevocably waive and agree not to plead or claim in that court that such Action has been brought in an inconvenient forum.
- (c) The parties confirm that it is their express wish that this Agreement, as well as any other documents relating to this Agreement, including notices, schedules and authorizations, have been and shall be drawn up in the English language only. Les parties aux présentes confirment leur volonté expresse que cette convention, de même que tous les documents s’y rattachant, y compris tous avis, annexes et autorisations s’y rattachant, soient rédigés en langue anglaise seulement.

Section 10.12 Specific Performance. The Parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

Section 10.13 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

PURCHASER:

PLANTX LIFE INC.

By: (Signed) Lorne Rapkin

Name: Lorne Rapkin

Title: Chief Executive Officer

I have authority to bind PLANTX LIFE INC.

COMPANIES:

EH COFFEE CORP

By: (Signed) Jacob Fortier

Name: Jacob Fortier

Title: Authorized Signatory

I have authority to bind EH COFFEE CORP.

PORTFOLIO COFFEE INC.

By: (Signed) Victor Nucci

Name: Victor Nucci

Title: Authorized Signatory

I have authority to bind PORTFOLIO COFFEE INC.

VENDORS:

(Signed) Jacob Fortier

JACOB FORTIER

(Signed) Andre Dalben

ANDRE DALBEN

(Signed) Victor Nucci

VICTOR NUCCI

IDJ COFFEE CORP.

By: (Signed) John Young

Name: John Young

Title: President

I have authority to bind IDJ COFFEE CORP.

Annex A

Shareholders of the Companies and Purchased Shares

Shareholder	Capitalization Prior to Closing		Purchased Shares		Capitalization Immediately Following Closing		Pro Rata Portion (%)
	EHC	Portfolio	Purchased EHC Shares	Purchased Portfolio Shares	EHC	Portfolio	
Jacob Fortier	333.33	300	170	153	163.33	147	33 1/3
Victor Nucci	333.33	300	170	153	163.33	147	33 1/3
Andre Dalben	333.33	300	170	153	163.33	147	33 1/3
IDJ Coffee Corp.	52.59	-	52.59	--	0	--	--
PlantX	--	--	--	--	562.59	459	--
Total	1052.58	900	562.59 (53.45%)	459 (51.00%)	1052.58	900	100

Annex B

Approved Budget for Use of Funds

[Redacted]

Annex C

Terms to be included in Employment Arrangements

A. Employment Terms - General

Each of the employment agreements to be entered into by any JVA Vendor in connection with Closing shall include the following terms (among others):

[Redacted]

B. Employment Terms – Bonus Compensation

Each of the employment agreements to be entered into by any JVA Vendor in connection with Closing shall reflect the following bonus compensation structure:

[Redacted]

C. Employment Terms – Roles and Responsibilities

Each of the employment agreements to be entered into by any JVA Vendor in connection with Closing shall include the following descriptions of roles and responsibilities, as applicable:

[Redacted]

Disclosure Schedules

[Redacted]