

AMENDED AND RESTATED SHARE EXCHANGE AGREEMENT

THIS AMENDED AND RESTATED SHARE EXCHANGE AGREEMENT (this “**Agreement**”) is made effective as of the 14th day of November, 2022 (the “**Execution Date**”).

AMONG:

PLASCRED INC., an entity incorporated under the laws of Alberta and having an address at Unit #2 9815 48th Street SE, Calgary, AB T2C 2R1

(the “**Target**”)

AND:

EACH OF THE SHAREHOLDERS OF THE TARGET, as set out in Schedule A attached hereto

(each, a “**Target Shareholder**” and, collectively, the “**Target Shareholders**”)

AND:

COVER TECHNOLOGIES INC., a company incorporated under the laws of British Columbia and having an address at 810 - 789 West Pender Street, Vancouver, British Columbia, V6C 1H2

(the “**Purchaser**”)

WHEREAS:

A. On August 2, 2022, 1346487 B.C. Ltd. (the “**Previous Purchaser**”), the Target and the Target Shareholders entered into a share exchange agreement (the “**Original Agreement**”), as amended, pursuant to which the Previous Purchaser agreed to acquire all of the issued and outstanding common shares of the Target in exchange for the pro rata issuance of an aggregate of 35,000,000 common shares in the capital of the Previous Purchaser (after the completion of any consolidation or subdivision) at a deemed price of \$0.10 per share (as adjusted after the completion of any consolidation or subdivision);

B. Following the execution of the Original Agreement, the Previous Purchaser and the Purchaser entered into a non-binding letter of intent dated October 4, 2022 setting out the essential terms and conditions by which the Purchaser would take assignment of the Original Agreement, including an assignment of the Loan Agreement and the GSA (each as defined herein);

C. On November 14, 2022, the Previous Purchaser, the Purchaser and the Target entered into an assignment agreement (the “**Assignment Agreement**”), pursuant to which the Previous Purchaser assigned all of its right, title and interest in and to the Original Agreement to the

Purchaser and the Purchaser accepted such assignment and assumed all obligations thereunder on the terms and conditions set out therein;

D. On November 14, 2022, the Previous Purchaser, the Purchaser and the Target entered into assignment and novation agreements (each, a “**Novation Agreement**”) pursuant to which the Previous Purchaser assigned all of its rights, entitlements, covenants, agreement, duties and otherwise under the Loan Agreement and the GSA to the Purchaser and the Purchaser agreed to assume all of the Previous Purchaser’s rights, entitlements, covenants, agreements, liabilities, duties and otherwise under the Loan Agreement and the GSA; and

E. The Purchaser, the Target and the Target Shareholders (each, a “**Party**” and collectively, the “**Parties**”) wish to amend and restate the Original Agreement on the terms and conditions set forth in this Agreement, and the Parties have agreed to replace the Original Agreement in its entirety with this Agreement.

THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties covenant and agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 Definitions

In this Agreement, the following words and phrases will have the following meanings:

“**1933 Act**” means the United States *Securities Act of 1933*, as amended;

“**Acquisition Proposal**” means, other than the transactions contemplated by this Agreement, any offer, proposal, expression of interest, or inquiry, whether oral or written, from any Person (other than the Purchaser or any of its Affiliates), relating to:

- (a) any direct or indirect acquisition, sale, lease, long-term supply agreement or other arrangement having the same economic effect as a sale of: (i) the assets of the Target that, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of the Target; or (ii) 20% or more of any voting or equity securities of the Target,
- (b) any take-over bid, tender offer or exchange offer for any class of voting or equity securities of the Target that, if consummated, would result in such Person beneficially owning 20% or more of any class of voting, equity or other securities of the Target,
- (c) a plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, winding-up, dissolution, exclusive license or other similar transaction involving the Target, or
- (d) any other similar transaction or series of transactions involving the Target;

“**Affiliate**” means, with respect to any specified Person at any time, each Person directly or indirectly, through one or more intermediaries, controlling, controlled by, or under direct or indirect common control with, such specified Person at such time;

“**Agreement**” means this Amended and Restated Share Exchange Agreement, and all of the schedules and other documents attached hereto, as it may from time to time be supplemented or amended;

“**Applicable Laws**” means, with respect to any Person, any domestic (whether federal, state, territorial, provincial, municipal or local) or foreign statutes, laws, ordinances, rules, administrative interpretations, regulations, Orders, writs, injunctions, directives, judgments, decrees or other requirements of any Governmental Body applicable to such Person or any of its Affiliates or any of their respective properties, assets, Employees, consultants or agents (in connection with such Employee’s, consultant’s or agent’s activities on behalf of such Person or any of its Affiliates), including Applicable Securities Laws;

“**Applicable Securities Laws**” means all applicable securities laws in all jurisdictions relevant to the issuance of securities of the Purchaser pursuant to the terms of this Agreement, including the published rules and policies of the CSE;

“**Assignment Agreement**” has the meaning set forth on page 1 of this Agreement;

“**Bridge Loan**” means a secured loan from the Purchaser to the Target, in the principal amount of \$800,000 pursuant to the Loan Agreement and the GSA;

“**Business Day**” means a day other than a Saturday, Sunday or other day on which commercial banks in the Province of British Columbia are authorized or required by law to close;

“**Closing**” means the closing of the Transaction pursuant to the terms of this Agreement;

“**Closing Date**” means the date of the Closing to be mutually agreed to by the Purchaser and the Target, which will not be later than January 31, 2023, or such other date as the Target and the Purchaser may mutually agree in writing provided that such date shall be automatically extended beyond January 31, 2023 if the Purchaser is using commercially reasonable efforts to obtain approval for the Listing from the CSE;

“**Consideration Shares**” means the 35,000,000 fully paid and non-assessable Purchaser Shares to be issued to the Target Shareholders at the Closing, and “**Consideration Share**” means any one of them;

“**Consolidation**” means the consolidation of the Purchaser Shares on the basis of two pre-consolidation Purchaser Shares for every one post-consolidation Purchaser Share;

“**Contract**” means any contract, agreement, option, lease, license, sale and purchase order, commitment, understanding or other right or obligation of any kind, whether written or oral, to which any Party, or any Affiliate thereof, is a party, or is bound or affected, or to which any of its respective properties or assets is subject;

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

“**Disclosure Document**” means the Listing Statement;

“**Disclosure Record**” means the disclosure documents of the Purchaser as filed on SEDAR under the Purchaser’s profile at www.sedar.com;

“**Employee**” means, with respect to any Person, any current, former or retired employee, officer, manager, director or consultant of such Person;

“**Employee Contract**” refers to any employment, severance, consulting or similar Contract between an Employee and any Person;

“**Employee Plan**” refers to any plan, program, policy, practice, Contract or other arrangement providing for bonuses, severance, termination pay, performance awards, stock or stock-related awards, fringe benefits or other benefits of any kind, whether formal or informal, funded or unfunded, and whether or not legally binding, pursuant to which a Person has, or may have, any material Liability, contingent or otherwise;

“**Employment Agreements**” means, collectively, those employment agreements to be entered into by the Purchaser and those individuals designated and mutually agreed to by the Purchaser and the Target on or before the Closing, on terms acceptable to both Purchaser and the Target, each acting reasonably;

“**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 Target or the Target Securities;

“**Escrow Agent**” has the meaning set forth in Section 2.4;

“**Escrow Agreement**” has the meaning set forth in Section 2.4;

“**Execution Date**” has the meaning set forth on page 1 of this Agreement;

“**Exemptions**” has the meaning set forth in Section 2.5(a);

“**Family**” means, with respect to an individual: (a) the individual, (b) the individual’s spouse, (c) any other natural person who is related to the individual or the individual’s spouse within the second degree, and (d) any other natural person who resides with such individual;

“Governmental Body” means: (a) any governing body of any nation, state, province, county, city, town, village, district or other jurisdiction of any nature, (b) federal, state, provincial, local, municipal, foreign or other government, (c) any governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official or entity and any court or other tribunal), (d) any multi-national organization or body, (e) any body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature, including any arbitrator, or (f) the CSE;

“GSA” means that certain general security agreement, as novated and assigned between the Purchaser and the Target;

“IFRS” means International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board, applied on a consistent basis with prior periods;

“Indemnified Party” has the meaning set forth in Section 12.5(a);

“Indemnifying Party” has the meaning set forth in Section 12.5(a);

“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, pursuant to the Applicable Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all:

- (a) trademarks, service marks, trade names, brand names, logos, slogans, 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) internet domain names, whether or not trademarks, web addresses, web pages, websites and related content, URLs and accounts with Twitter, Facebook and other social media companies, and the content found thereon and related thereto;
- (c) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights, author, performer, moral and neighboring rights, and all registrations, applications for registration and renewals of such copyrights;
- (d) inventions, discoveries, trade secrets, software source code, business and technical information and know-how, databases, data collections and other confidential and proprietary information and all rights therein;
- (e) patents (including all reissues, divisionals, provisionals, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications, and other patent rights and any other Governmental Body-issued indicia of invention ownership (including inventor’s certificates, petty patents and patent utility models);
- (f) all licenses for listed intellectual property granted to third parties;

- (g) all future income and proceeds from any of the listed intellectual property and from the licenses listed in (f) above; and
- (h) all rights to damages, royalties and profits by reason of the past, present or future infringement or other misuse of any of the listed intellectual property;

“Liabilities” means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person;

“Lien” means any lien, claim, charge, pledge, hypothecation, security interest, mortgage, restriction, assignment, trust or deemed trust, title defect or objection, title retention agreement, option or Encumbrance of any nature or kind whatsoever, whether contractual, statutory or otherwise arising, other than: (a) statutory liens for Taxes not yet due and payable, (b) such imperfections of title, easements and Encumbrances, if any, that will not result in a Material Adverse Effect, and (c) purchase money security interests;

“Listing” means the listing of the Resulting Issuer Shares on the CSE following qualification for listing in connection with the Transaction;

“Listing Conditional Approval” means the conditional approval of the CSE for the Listing;

“Listing Date” means the date on which the Listing occurs;

“Listing Statement” means the listing statement of the Resulting Issuer to be prepared in accordance with the requirements of the CSE in respect of the Transaction;

“Loan Agreement” means that certain loan agreement, as novated and assigned between the Purchaser and the Target;

“Losses” means any and all demands, claims, actions or causes of action, assessments, losses, damages, Liabilities, costs or expenses, including interest, penalties, fines and reasonable attorneys, accountants and other professional fees and expenses, but excluding any indirect, consequential or punitive damages suffered by a Person, including damages for lost profits or lost business opportunities;

“Material Adverse Effect” means, when used in connection with a Person, any change, event, violation, inaccuracy, circumstance or effect that is materially adverse to the business, assets (including intangible assets), Liabilities, capitalization, ownership, financial condition or results of operations of such Person or any Affiliate thereof, other than any change, event, circumstance or effect to the extent resulting from: (a) the announcement of the execution of this Agreement and the transactions contemplated hereby, (b) changes in legal or regulatory conditions generally affecting the Target Business or the Purchaser Business, as applicable, including, without limitation, changes as a result of or relating to the COVID-19 pandemic, except that any such change, effect, event or occurrence will be considered in determining whether there has been, or will be, a Material Adverse Effect if the same disproportionately affects the Target, the Purchaser,

the Purchaser Business or the Target Business, as applicable, (c) changes in the capital markets generally, including, without limitation, changes as a result of or relating to the COVID-19 pandemic, (d) conditions generally affecting the industries in which the Target or the Purchaser operates, including, without limitation, conditions as a result of or relating to the COVID-19 pandemic, or (e) changes in IFRS;

“Material Contract” means any material note, indenture, mortgage or other form of indebtedness and any contract, commitment, agreement (written or oral), joint venture instrument, lease or other document, including license agreements to which the applicable entity is a party and which is material to the entity;

“Material Interest” means direct or indirect beneficial ownership of: (a) voting securities or other voting interests representing at least 20% of the outstanding voting power of a Person, or (b) equity securities or other equity interests representing at least 20% of the outstanding equity securities or equity interests in a Person;

“Misrepresentation” means an untrue statement of a material fact or an omission to state a material fact required or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made;

“Name Change” means the change of the Purchaser’s name to “PlasCred Inc.” or such other name designated by the Target and acceptable to the Purchaser, acting reasonably;

“Novation Agreement” has the meaning set forth on page 2 of this Agreement;

“Order” means any award, decision, injunction, judgment, order, ruling, subpoena or verdict entered, issued, made or rendered by any Governmental Body;

“Organizational Documents” means: (a) the certificate of incorporation, articles, bylaws or other constating documents of a Person, (b) any charter or similar document adopted or filed in connection with the creation, formation or organization of a Person, and (c) any amendment to any of the foregoing;

“Original Agreement” has the meaning set forth on page 1 of this Agreement;

“Party” and **“Parties”** have the meaning set forth on page 2 of this Agreement;

“Performance Warrants” means, collectively, the 5,000,000 performance share purchase warrants to be issued by the Purchaser to such employees and consultants of the Target and the Purchaser as agreed to by the Target and the Purchaser, concurrent with the Closing, with each Performance Warrant being exercisable into one Purchaser Share at an exercise price of \$0.25 per Purchaser Share for a period of 60 months from the date of issue and on the terms and conditions agreed to by the Parties;

“Person” is to be construed broadly and includes an individual, sole proprietor, corporation, body corporate, partnership, joint venture, association, trust, unincorporated organization or any other entity, or any trustee, executor, administrator or other legal representative thereof;

“**Previous Purchaser**” has the meaning set forth on page 1 of this Agreement;

“**Principal Target Shareholders**” means Troy Lupul and Kaizen Energy Inc.;

“**Proceeding**” means any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, investigative or informal) commenced, brought, conducted, heard by or before, or otherwise involving, any Governmental Body;

“**Purchaser**” has the meaning set forth on page 1 of this Agreement;

“**Purchaser Accounting Date**” means September 30, 2022;

“**Purchaser Advisors**” has the meaning set forth in Section 9.3(a)(i);

“**Purchaser Assets**” means all assets of the Purchaser necessary for the operation of the Purchaser Business;

“**Purchaser Board**” means the board of directors of the Purchaser;

“**Purchaser Business**” means the business of the Purchaser as presently conducted;

“**Purchaser Disclosure Statement**” means the disclosure statement of the Purchaser to be signed and dated by the Purchaser and delivered to the Target within 10 Business Days of the Execution Date;

“**Purchaser Financial Statements**” means the audited financial statements of the Purchaser for its two most recent completed fiscal years and any completed interim periods, all prepared in accordance with IFRS;

“**Purchaser Information**” means all information to be included in the Disclosure Document describing the Purchaser, the business, operations and affairs of the Purchaser, including, without limitation, the Purchaser Financial Statements;

“**Purchaser Options**” means options issued by the Purchaser which entitle the holder thereof to purchase Purchaser Shares;

“**Purchaser Securities**” means any Purchaser Shares and any other securities or other indebtedness of the Purchaser convertible into Purchaser Shares;

“**Purchaser Shares**” means fully paid and non-assessable common shares without par value in the capital of the Purchaser, and “**Purchaser Share**” means any one of them;

“**Purchaser Warrants**” means share purchase warrants issued by the Purchaser which entitle the holder thereof to purchase Purchaser Shares;

“**Regulation S**” means Regulation S promulgated under the Securities Act;

“**Related Party**” means, with respect to a Person that is an individual:

- (a) each member of such individual's Family,
- (b) any Person that is, directly or indirectly, controlled by such individual or one or more members of such individual's Family,
- (c) any Person in which such individual or members of such individual's Family hold (individually or in the aggregate) a Material Interest, or
- (d) any Person with respect to which such individual or one or more members of such individual's Family serves as a director, officer, partner, executor or trustee (or in a similar capacity), and

with respect to a Person other than an individual:

- (e) any Person that, directly or indirectly, controls, is controlled by, or is under common control with, such specified Person,
- (f) any Person that holds a Material Interest in such Person,
- (g) each Person that serves as a partner, executor or trustee of such Person (or in a similar capacity),
- (h) any Person in which such Person holds a Material Interest, or
- (i) any Related Party of any individual described in clause (f) or (g);

"Related Person" has the meaning set forth in the policies of the CSE;

"Representatives" has the meaning set forth in Section 9.10(a);

"Resulting Issuer" means the Purchaser following the completion of the Transaction;

"Resulting Issuer Board" means the Purchaser Board following the completion of the Transaction;

"Resulting Issuer Shares" means the Purchaser Shares following the completion of the Transaction;

"SEDAR" means the System for Electronic Document Analysis and Retrieval;

"Superior Proposal" means any bona fide, unsolicited, written Acquisition Proposal made by a Person (and not obtained in violation of Section 9.10) that relates to the acquisition of 50% or more of the outstanding Target Securities or 50% or more of the consolidated assets of the Target, and in respect of which the Target Board determines, in its good faith judgment, after consultation with its outside legal and financial advisors, that (i) failure to recommend such Acquisition Proposal all holders of Target Shares would be inconsistent with its fiduciary duties under Applicable Laws, and (ii) having regard for all of its terms and conditions, such Acquisition Proposal would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable to all holders of Target Shares from a financial point of view than the transactions contemplated by this Agreement, after taking into

account any change to the transactions contemplated by this Agreement proposed by the Purchaser;

“**Target**” has the meaning set forth on page 1 of this Agreement;

“**Target Accounting Date**” means June 30, 2022;

“**Target Advisors**” has the meaning set forth in Section 9.3(b)(i);

“**Target Assets**” means all assets of the Target necessary for the operation of the Target Business;

“**Target Board**” means the board of directors of the Target;

“**Target Business**” means all business conducted by the Target at any time prior to or following the Closing;

“**Target Disclosure Statement**” means the disclosure statement of the Target to be signed and dated by the Target and Principal Target Shareholders and delivered to the Purchaser within 10 Business Days of the Execution Date;

“**Target Financial Statements**” means the audited financial statements of the Target for the period from incorporation to September 30, 2022, all to be prepared in accordance with IFRS;

“**Target Information**” means all information to be included in the Disclosure Document describing the Target, the business, operations and affairs of the Target, including, without limitation, the Target Financial Statements;

“**Target Intellectual Property**” means the Target Licensed Intellectual Property and the Target Owned Intellectual Property;

“**Target Licensed Intellectual Property**” means all Contracts whereby the Target licenses Intellectual Property from any other Person (other than off-the-shelf licenses) as set forth in the Target Disclosure Statement;

“**Target Owned Intellectual Property**” means: (a) any item of Intellectual Property solely owned by the Target, and (b) any item of Intellectual Property in which the Target has or purports to have a joint or shared ownership interest;

“**Target Securities**” means any Target Shares and any other securities or other indebtedness of the Target convertible into Target Shares;

“**Target Shareholder**” has the meaning set forth on page 1 of this Agreement;

“**Target Shareholder Certificate**” has the meaning set forth in Section 2.5;

“**Target Shares**” means the common shares without par value in the capital of the Target, and “**Target Share**” means any one of them;

“**Tax**” means, with respect to any Person, any tax, assessment, charge, dues, duty, rate, fee, impost, levy or similar charge of any kind, lawfully levied, assessed or imposed by any Governmental Body, including any income tax (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and capital tax, gross receipts tax, environmental tax or charge, sales tax, use tax, ad valorem tax, value added tax, transfer tax (including, without limitation, any tax relating to the transfer of interests in real property or entities holding interests therein), franchise tax, license tax, withholding tax, health tax, payroll tax, employment tax, pension plan premium, excise tax, severance, social security, workers’ compensation, employment insurance or compensation tax, mandatory pension or other social fund tax or premium, stamp tax, occupation tax, premium tax, property tax, windfall profits tax, alternative or add-on minimum tax, goods and services tax, harmonized sales tax, customs duties or other tax, fee, import, assessment or charge of any kind whatsoever, or any instalment in respect thereof, together with any interest and any penalty or additional amount imposed by any Governmental Body (domestic or foreign) on such Person, and any interest, penalty, additional tax or addition to tax imposed with respect to the foregoing, whether disputed by such Person or not;

“**Tax Act**” means the *Income Tax Act* (Canada), as amended and the regulations thereunder, as amended;

“**Tax Return**” means any return (including any information return), report, election, statement, schedule, notice, form or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Body in connection with the determination, assessment, collection or payment of any Tax, or in connection with the administration, implementation or enforcement of, or compliance with, any Applicable Laws;

“**Third-Party Claim**” has the meaning set forth in Section 12.5(a);

“**Transaction**” means the acquisition by the Purchaser of all of the Target Securities from the Target Shareholders and all other transactions contemplated by this Agreement in order to effect the proposed business transaction to combine the businesses of the Purchaser and the Target;

“**Transaction Documents**” means this Agreement and all such further documents, agreements and instruments required to be executed or filed by any Party or any Affiliate thereof to effect the consummation of the acquisition by the Purchaser of all of the Target Securities from the Target Shareholders (all of which will be in form and content reasonably satisfactory to each Party) pursuant to the requirements of Applicable Laws relating to the acquisition by the Purchaser of all of the Target Shares from the Target Shareholders, or by any other Governmental Body having jurisdiction, in order to carry out the terms and objectives of this Agreement;

“**U.S. Person**” has the meaning ascribed thereto in Regulation S, as promulgated under the 1933 Act; and

“**Voluntary Escrow Agreement**” has the meaning set forth in Section 2.4.

1.2 Interpretation

For the purposes of this Agreement, except as otherwise expressly provided herein:

- (a) all references in this Agreement to a designated article, section or schedule is to the designated article, section or schedule of or to this Agreement, unless otherwise specifically stated;
- (b) the words "herein", "hereof" and "hereunder", and other words of similar import, refer to this Agreement as a whole and not to any particular article, section or schedule;
- (c) the singular of any term includes the plural and vice versa, and the use of any term is equally applicable to any gender and any Person;
- (d) the word "or" is not exclusive and the word "including" is not limiting (whether or not non-limiting language such as "without limitation" or "but not limited to" or other words of similar import are used with reference thereto);
- (e) all accounting terms not otherwise defined in this Agreement have the meanings assigned to them in accordance with IFRS applied on a consistent basis with prior periods;
- (f) except as otherwise provided, any reference to a statute includes, and is a reference to, such statute and to the regulations made pursuant thereto with all amendments made thereto and in force from time to time, and to any statute or regulations that may be passed which have the effect of supplementing or superseding such statute or such regulations;
- (g) where the phrase "to the best of the knowledge of" or phrases of similar import are used in this Agreement, it will be a requirement that the Person in respect of whom the phrase is used will have made such due enquiries as are reasonably necessary to enable such Person to make the statement or disclosure;
- (h) the headings to the articles and sections of this Agreement are inserted for convenience of reference only and do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof;
- (i) any reference to a corporate entity includes, and is also a reference to, any corporate entity that is a successor to such entity;
- (j) the representations, warranties, covenants and agreements contained in this Agreement will not merge at the Closing and will continue in full force and effect from and after the Closing for the applicable period set out in this Agreement;

- (k) all references to currency are to Canadian dollars (\$). If it is necessary to convert money from another currency to Canadian dollars, such money will be converted using the exchange rates in effect at the date of payment; and

1.3 Schedules

The following are the schedules to this Agreement:

- Schedule A – Target Shareholders
Schedule B – Target Shareholders at Closing Date and Consideration Shares
Schedule C – Target Shareholder Certificate

ARTICLE 2 **PURCHASE AND SALE**

2.1 Purchase and Sale of Target Shares

Subject to the terms and conditions of this Agreement, the Purchaser irrevocably agrees to acquire the Target Shares (which will represent all of the Target Securities outstanding at the Closing) from the Target Shareholders, and each of the Target Shareholders irrevocably agrees to sell, assign and transfer its respective Target Shares to the Purchaser or a wholly-owned subsidiary thereof, free and clear of all Liens, on the terms and conditions set forth in this Agreement in consideration for the issuance by the Purchaser of the Consideration Shares to the Target Shareholders on a pro rata basis, as set out in Schedule B, at a deemed price per Consideration Share as is agreed to by the Parties, such that, immediately following the Closing, all of the issued and outstanding Target Securities will be owned by the Purchaser and the Target will become a wholly-owned subsidiary of the Purchaser.

2.2 No Fractional Consideration Shares

Notwithstanding any other provision of this Agreement, no fractional Consideration Shares will be issued in the Transaction. In lieu of any such fractional securities, any Target Shareholder entitled to receive a fractional number of Consideration Shares will have such fraction rounded down to the nearest whole number of applicable Consideration Shares.

2.3 Restricted Securities

Each of the Parties acknowledge and agree that the Consideration Shares issued pursuant to the terms and conditions set forth in this Agreement will have such hold periods as are required under Applicable Securities Laws, and, as a result, may not be sold, transferred or otherwise disposed of, except pursuant to an effective registration statement or prospectus, or pursuant to an exemption from, or in a transaction not subject to, the registration or prospectus requirements of Applicable Securities Laws, and in each case only in accordance with all Applicable Securities Laws.

2.4 CSE Escrow and Voluntary Lock-Up

Each Target Shareholder acknowledges and agrees that the Consideration Shares issued to such Target Shareholder may be subject to the escrow provisions imposed by the policies of the CSE. In the event that the CSE requires a Target Shareholder to enter an escrow agreement, such Target Shareholder agrees that, at the Closing, the certificates representing the Consideration Shares, and executed stock powers in favour of the Purchaser with respect thereto, will be delivered to an escrow agent to be agreed to by the Target and the Purchaser (the “**Escrow Agent**”), each acting reasonably, and held in escrow by such escrow agent pursuant to the terms and conditions of an escrow agreement (the “**Escrow Agreement**”) in the form required by National Policy 46-201 – *Escrow for Initial Public Offerings*, to be executed by each Related Person of the Resulting Issuer as at the Closing Date, prior to the Closing. In addition to the foregoing:

- (a) all Consideration Shares shall be subject to a voluntary escrow agreement (the “**Voluntary Escrow Agreement**”) with the Purchaser providing for release of the Consideration Shares as follows:
 - (i) 10% of the Consideration Shares on the Listing Date; and
 - (ii) 15% of the Consideration Shares every six (6) months thereafter.

2.5 Exemptions

Each of the Target and the Target Shareholders hereby acknowledges and agrees with the Purchaser as follows:

- (a) the transfer of the Target Shares to the Purchaser and the issuance of the Consideration Shares to the Target Shareholder, will be made pursuant to appropriate exemptions (the “**Exemptions**”) from the formal takeover bid and registration and prospectus (or equivalent) requirements of Applicable Securities Laws;
- (b) as a consequence of acquiring the Target Shares and issuing the Consideration Shares pursuant to the Exemptions:
 - (i) the Purchaser is relying on exemptions from the requirements to provide the Target Shareholders with a prospectus and to sell securities through a Person registered to sell securities under Applicable Securities Laws and, as a consequence of acquiring securities pursuant to such exemptions, certain protections, rights and remedies provided by Applicable Securities Laws, including statutory rights of rescission or damages, will not be available to the Target Shareholders;
 - (ii) the Target Shareholders may not receive information that might otherwise be required to be provided to the Target Shareholders, and the Purchaser is relieved from certain obligations that would otherwise apply under Applicable Securities Laws if the Exemptions were not being relied upon by the Purchaser;

- (iii) there is no government or other insurance covering the Consideration Shares;
 - (iv) there are risks associated with the acquisition of the Consideration Shares;
 - (v) there are restrictions on the Target Shareholders' ability to resell any of the Consideration Shares, and it is the responsibility of the Target Shareholders to find out what those restrictions are and to comply with them before selling such securities; and
 - (vi) no securities commission, stock exchange or similar regulatory authority has reviewed or passed on the merits of an investment in the Consideration Shares;
- (c) each Target Shareholder is knowledgeable of, or has been independently advised as to, the Applicable Laws of that jurisdiction which applies to the sale of the Target Shares and the issuance of the Consideration Shares and which may impose restrictions on the resale of such Consideration Shares in that jurisdiction and it is the responsibility of each Target Shareholder to become aware of what those trade restrictions are, and to comply with them before selling any Consideration Shares; and
- (d) the Consideration Shares (including those Purchaser Shares distributable upon exercise of the Performance Warrants) may be subject to certain resale restrictions under Applicable Securities Law, and each Target Shareholder agrees to comply with such restrictions, as applicable, and each Target Shareholder also acknowledges that the certificates for the Consideration Shares (including those Purchaser Shares distributable upon exercise of the Performance Warrants) may bear an applicable legend or legends respecting restrictions on transfers as required under Applicable Securities Law (or legend notation on each applicable Consideration Share issued electronically in a direct registration system), and that such Target Shareholder has been advised to consult its own legal advisor with respect to applicable resale restrictions and that such Target Shareholder is solely responsible for complying with such restrictions with respect to the Consideration Shares and Purchaser Shares issued or to be issued to the Target Shareholder.

To evidence its eligibility for such exemptions, the Target agrees to cause each of the Target Shareholders to deliver to the Purchaser a fully completed and executed certificate in the form attached at Schedule C (the "**Target Shareholder Certificate**"), and agrees that the representations and warranties set out in the Target Shareholder Certificate as executed by the Target Shareholders will be true and complete as at the Closing.

2.6 Application of the Tax Act

The Parties hereby acknowledge and agree that the Transaction is not intended to give rise to any income tax liability whatsoever, and it is their intention that the transactions contemplated hereby be effected pursuant to the provisions of section 85 of the Tax Act (and the corresponding provisions of any other applicable provincial law). The Parties acknowledge and agree that the

purchase and sale of the Target Shares contemplated by this Agreement is to be carried out in accordance with subsection 85(1) of the Tax Act and any applicable provincial legislation. The Purchaser and each Target Shareholder, as applicable, hereby agree and confirm that they will jointly elect, pursuant to subsection 85(1) of the Tax Act (and the corresponding provisions of any other applicable provincial law) and any applicable provincial legislation, in the prescribed form and within the time referred to in subsection 85(6) of the Tax Act, to transfer the Target Shares from each Target Shareholder to the Purchaser at an elected amount as determined solely by the Target Shareholders with respect to their specific transfer.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE TARGET AND THE PRINCIPAL
TARGET SHAREHOLDERS

Each of the Target and the Principal Target Shareholders jointly and severally make the following representations to the Purchaser, as at the Execution Date and as at the Closing, and acknowledge and agree that the Purchaser is relying upon such representations and warranties, each of which is qualified in its entirety by the matters described in the Target Disclosure Statement, in connection with the execution, delivery and performance of this Agreement:

3.1 Organization and Good Standing

- (a) As at the Execution Date, the Target is a corporation duly organized, validly existing and in good standing under the laws of jurisdiction in which it was incorporated.
- (b) The Target has full corporate power, authority and capacity to conduct its business as it has been and is presently conducted, to own, operate or use the properties and assets that it purports to own, operate or use, and to perform all of its obligations under any applicable Contracts. The Target is duly qualified to do business and is in good standing under the laws of each jurisdiction in which the failure to be so registered would be likely to result in a Material Adverse Effect on the Target or the Target Business.
- (c) The Target Disclosure Statement sets forth each jurisdiction in which the Target is licensed or qualified to do business, and the Target is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the owning or leasing of the Target Assets or the operation of the Target Business makes such licensing or qualification necessary.

3.2 Capitalization

The authorized share capital of the Target consists of an unlimited number of Target Shares, of which there are 8,170,000 Target Shares and, other than as set forth in the Target Disclosure Statement, no other Target Securities issued and outstanding as of the date hereof. All of the issued and outstanding Target Shares are owned of record and beneficially by the Target Shareholders as set forth in the Target Disclosure Statement, free and clear of all Liens. All of the outstanding Target Shares have been duly authorized and validly issued and are fully paid and non-assessable. None of the outstanding Target Shares were issued in violation of any Applicable

Laws. The Target does not own, or have any Contract to acquire, any securities of any Person, or any direct or indirect equity or ownership interest in any other business. There are no Contracts purporting to restrict the transfer of any of the Target Securities, or restricting or affecting the voting of any of the Target Securities to which the Target is a party, or of which the Target or the Principal Target Shareholders are aware. The Target Shares are not subject to or affected by any actual, or to the knowledge of the Target, pending or threatened cease trading, compliance or denial of use of exemptions orders of, or action, investigation or proceeding by or before, any Governmental Body.

3.3 Not an Offering Corporation

The Target is not a reporting issuer within the meaning of Applicable Securities Laws. There is no published market in respect of the Target Shares in any jurisdiction.

3.4 Absence of Rights to Acquire Securities

Other than as set out in this Agreement, the Target Disclosure Statement and Schedule B, no Person has any Contract or right, present or future, contingent or absolute, capable of becoming a Contract:

- (a) to require the Target to issue any Target Securities; or
- (b) to require the Target to purchase, redeem or otherwise acquire any Target Securities.

3.5 Authority

The Target has the requisite power and authority to execute and deliver the Transaction Documents to be signed by it, to perform its obligations thereunder, and to consummate the transactions contemplated hereby. No other corporate or shareholder Proceedings on the part of the Target are necessary to authorize the Transaction Documents or to consummate the Transaction. No other corporate or shareholder proceedings on the part of the Target are necessary to authorize such documents or to consummate the transactions contemplated hereby. The execution and delivery by the Target of this Agreement and the performance by the Target of its obligations hereunder and the completion of the transactions contemplated hereby, do not and will not:

- (a) result in a violation, contravention or breach, constitute a default under, or entitle any third party to terminate, accelerate, modify or call any obligations or rights under, require any consent to be obtained under or give rise to any termination rights under any provision of:
 - (i) the Organizational Documents of the Target;
 - (ii) any Applicable Law; or
 - (iii) any Contract to which the Target is bound or is subject to or of which the Target is the beneficiary,

in each case, which would, individually or in the aggregate, have a Material Adverse Effect on the Target;

- (b) cause any indebtedness owing by the Target to come due before its stated maturity or cause any available credit to cease to be available which would, individually or in the aggregate, have a Material Adverse Effect on the Target;
- (c) result in the imposition of any Encumbrance upon any of the property or assets of the Target or give any Person the right to acquire any of the Target's assets, or restrict, hinder, impair or limit the ability of the Target to conduct the business of the Target as and where it is now being conducted which would, individually or in the aggregate, have a Material Adverse Effect on the Purchaser;
- (d) result in or accelerate the time for payment or vesting of, or increase the amount of, any severance, unemployment compensation, "golden parachute", change of control provision, bonus, termination payments, retention bonus or otherwise, becoming due to any director or officer of the Target or increase any benefits otherwise payable under any pension or benefits plan of the Target or result in the acceleration of the time of payment or vesting of any such benefits; or
- (e) result in the revocation, suspension, cancellation, variation or non-renewal of any claims, concessions, licenses, leases or other instruments, conferring rights in respect of the Target Assets.

3.6 Subsidiaries

The Target has no subsidiaries and no Material Interest in any other Person.

3.7 Partnerships or Joint Ventures

The Target is not a partner or participant in any partnership, joint venture, profit-sharing arrangement or other association of any kind, including as a beneficiary or trustee in any trust arrangement, and is not party to any agreement under which it agrees to carry on any part of the Target Business or any other activity in such manner, or by which the Target agrees to share any revenue or profit with any other Person.

3.8 Directors' Approvals

The Target Board has unanimously:

- (a) determined that the Transaction is in the best interests of the Target; and
- (b) authorized the entering into of this Agreement, and the performance of the Target's obligations hereunder.

3.9 Financial Representations

- (a) The Target Financial Statements, as and when delivered, will:

- (i) be in accordance with the books and records of the Target;
 - (ii) present fairly the financial condition of the Target as of the respective dates indicated and the results of operations for such periods; and
 - (iii) have been prepared in accordance with IFRS and reflect the consistent application of IFRS throughout the periods involved.
- (b) All material financial transactions of the Target have been accurately recorded in the books and records of the Target and such books and records fairly present the financial position and the affairs of the Target.
- (c) Other than the costs and expenses incurred in connection with the negotiation and consummation of the transactions contemplated herein or as noted in the Target Disclosure Statement, the Target has no material Liabilities, net of cash, which:
- (i) will not be set forth in the Target Financial Statements or have not heretofore been paid or discharged;
 - (ii) did not arise in the regular and ordinary course of business under any Contract or plan specifically disclosed in writing to the Purchaser; or
 - (iii) have not been incurred in amounts and pursuant to practices consistent with past business practice, in or as a result of the regular and ordinary course of its business since the Target Accounting Date, and otherwise disclosed in writing to the Purchaser.
- (d) Except to the extent to be reflected or reserved against in the Target Financial Statements or incurred subsequent to the Target Accounting Date in the ordinary and usual course of the Target Business or as noted in the Target Disclosure Statement, the Target has no outstanding Liabilities, and any Liabilities incurred by the Target in the ordinary and usual course of business since the Target Accounting Date have not had a Material Adverse Effect on the Target or the Target Business.
- (e) Since the Target Accounting Date, there have not been:
- (i) any changes in the condition or operations of the Target Business, the Target Assets or the financial affairs of the Target which have caused, individually or in the aggregate, a Material Adverse Effect on the Target or the Target Business; or
 - (ii) any damage, destruction or loss, labour trouble or other event, development or condition, of any character (whether or not covered by insurance), which has or may cause a Material Adverse Effect on the Target or the Target Business.

- (f) Since the Target Accounting Date, and other than as contemplated by this Agreement or as noted in the Target Disclosure Statement, the Target has not:
- (i) transferred, assigned, sold or otherwise disposed of any of the Target Assets or reflected in the Target Financial Statements or cancelled any debts or claims;
 - (ii) incurred or assumed any Liability;
 - (iii) issued or sold any Target Securities;
 - (iv) discharged or satisfied any Liens, or paid any Liabilities, other than current Liabilities or the current portion of long term Liabilities to be disclosed in the Target Financial Statements, as applicable, as and when delivered or current Liabilities incurred since the date thereof in the ordinary and usual course of business;
 - (v) declared, made, or committed itself to make any payment of any dividend or other distribution in respect of any of the Target Securities, nor purchased, redeemed, subdivided, consolidated, or reclassified any Target Securities;
 - (vi) made any gift of money or of any Target Assets to any Person;
 - (vii) purchased or sold any Target Assets to any Person outside of the ordinary course of business;
 - (viii) made commitments or agreements for capital expenditures or capital additions or betterments exceeding \$50,000;
 - (ix) amended or changed, or taken any action to amend or change, its Organizational Documents;
 - (x) made payments of any kind to or on behalf of a Target Shareholder or any Related Party of a Target Shareholder, nor under any management agreement, save and except business related expenses and salaries in the ordinary and usual course of business and at the regular rates payable;
 - (xi) other than as contemplated by this Agreement, created, incurred, assumed or guaranteed any indebtedness for money borrowed, or subjected any of the Target Assets to any Lien of any nature whatsoever;
 - (xii) made or suffered any amendment or termination of any Material Contract, or cancelled, modified or waived any substantial debts or claims held by it or waived any rights of substantial value, other than in the ordinary course of business;

- (xiii) increased the salaries or other compensation of, or made any advance (excluding advances for ordinary and necessary business expenses) or loan to, any of its Employees, or made any increase in, or any addition to, other benefits to which any of its Employees may be entitled;
 - (xiv) adopted, or increased the payments to or benefits under, any Employee Plan; or
 - (xv) authorized or agreed, or otherwise have become committed, to do any of the foregoing.
- (g) The Target has no guarantees, indemnities or contingent or indirect obligations with respect to the Liabilities of any other Person, including any obligation to service the debt of, or otherwise acquire an obligation of, another Person, or to supply funds to, or otherwise maintain any working capital or other balance sheet condition of, any other Person.

3.10 Books and Records

The corporate records and minute books of the Target have been maintained in accordance with all Applicable Laws and are complete and accurate in all material respects, except where such incompleteness or inaccuracy would not have a Material Adverse Effect on the Target. Financial books and records and accounts of the Target, in all material respects:

- (a) have been maintained in accordance with good business practices on a basis consistent with prior years and past practice;
- (b) are stated in reasonable detail and accurately and fairly reflect the transactions and acquisitions and dispositions of assets of the Target; and
- (c) accurately and fairly reflect the basis for the Target Financial Statements.

3.11 Personal Property

The Target possesses, and has good and marketable title to, all personal property reasonably necessary for the continued operation of the Target Business as presently conducted and as represented to the Purchaser, including all Target Assets to be reflected in the Target Financial Statements or acquired since the Target Accounting Date. All such property is in reasonably good operating condition (normal wear and tear excepted), and is reasonably fit for the purposes for which such property is presently used. Except as noted in the Target Disclosure Statement, all material equipment, furniture, fixtures and other tangible personal property and other Target Assets are owned by the Target free and clear of all Liens.

3.12 Real Property

The Target does not possess any real property.

3.13 Intellectual Property

- (a) The Target Disclosure Statement lists all: (i) registered Target Intellectual Property, and (ii) material Target Intellectual Property that is not registered but that is used in the Target Business. All required filings and fees related to the material registered Target Owned Intellectual Property have been timely filed with, and paid to, the relevant Governmental Bodies, and all material registered Target Owned Intellectual Property is otherwise in good standing. The Target has provided the Purchaser with true and complete copies of file histories, documents, certificates, office actions, correspondence and other materials related to all material registered Target Owned Intellectual Property.
- (b) All material Target Owned Intellectual Property is subsisting, valid and enforceable, and neither the Target nor a Principal Target Shareholder has received written notice of any Proceeding challenging the extent, validity or enforceability of, or the Target's or a Principal Target Shareholder's ownership of, any material Target Owned Intellectual Property, in whole or in part, and in the case of pending applications for Target Intellectual Property, neither the Target nor a Principal Target Shareholder has received written notice of any Proceeding seeking to oppose any such application, or have any such application canceled, re-examined or found invalid, in whole or in part.
- (c) The Target is the sole and exclusive legal and beneficial owner of, and with respect to all material Target Owned Intellectual Property, registered owner, of all right, title and interest in and to all material registered Target Owned Intellectual Property (except where set out in the Target Disclosure Statement as a joint or shared ownership interest), and has the valid right to use all material Target Licensed Intellectual Property used in or necessary for the conduct of the Target Business, in each case, free and clear of Encumbrances, except for the Encumbrances listed in the Target Disclosure Statement.
- (d) Except as otherwise disclosed in this Agreement, the consummation of the transactions contemplated in this Agreement 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, the Target's right to own, use or hold for use any material Intellectual Property as owned, used or held for use in the conduct of the Target Business.
- (e) To the knowledge of the Target, the conduct of the Target Business as currently and formerly conducted, and the products, processes and services of the Target, 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 in any material manner. To the knowledge of the Target, no Person has infringed, misappropriated, diluted or otherwise violated, or is currently infringing, misappropriating, diluting or otherwise violating, any Target Intellectual Property in any material manner.

- (f) All of the material Target Intellectual Property is either: (i) owned solely by the Target, free and clear of any Encumbrances; or (ii) rightfully used and authorized for use by the Target pursuant to a valid and enforceable written license. The material Target Intellectual Property, as set forth in the Target Disclosure Statement, comprises all of the Intellectual Property necessary to carry on the business of the Target as currently conducted, and neither the Target nor a Principal Target Shareholder is obligated to provide any consideration (whether financial or otherwise) to any other Person nor is any other Person otherwise entitled to any consideration, with respect to any exercise of rights by the Target any material Target Intellectual Property (other than with respect to maintenance costs associated with the Target Owned Intellectual Property and license fees and other payments associated with the Target Licensed Intellectual Property).
- (g) To the knowledge of the Target, there is no Proceeding (including any oppositions, interferences or re-examinations) settled, pending or threatened (including in the form of offers to obtain a license): (i) alleging any infringement, misappropriation, dilution or violation of the Intellectual Property of any Person by the Target; (ii) challenging the validity, enforceability, registrability or ownership of any Target Intellectual Property or the Target's rights with respect to any Target Intellectual Property; or (iii) by the Target or any other Person alleging any infringement, misappropriation, dilution or other violation by any Person of the Target Intellectual Property, and neither the Target nor a Principal Target Shareholder is party to any other Proceeding with respect to any Target Intellectual Property or any other rights arising with respect to any Intellectual Property.
- (h) The Target is not subject to any outstanding or prospective Order (including any motion or petition therefor) that does or would restrict or impair the use of any Target Intellectual Property.

3.14 Material Contracts

The Target has provided the Purchaser with all Material Contracts entered into by the Target in the course of carrying on the Target Business, a list of which is included in the Target Disclosure Statement. The Target is not party to or bound by any other Material Contract, whether oral or written, and the Material Contracts are all valid and subsisting, in full force and effect and unamended, and no material default or violation exists in respect thereof on the part of the Target or, to the best of the knowledge of the Target, on the part of any of the other parties thereto. The Target is not aware of any intention on the part of any of the other parties thereto to terminate or materially alter any Material Contracts or any event that, with notice or the lapse of time, or both, will create a material breach or violation thereof, or default under any Material Contracts. To the knowledge of the Target and the Principal Target Shareholders, the continuation, validity and effectiveness of each Material Contract will in no way be affected by the consummation of the transactions contemplated by this Agreement. There exists no actual or threatened termination, cancellation, or limitation of, or any amendment, modification or change to, any Material Contract to which the Target is a party.

3.15 Tax Matters

- (a) The Target has filed, or caused to be filed, all Tax Returns that are or were required to be filed by, or with respect to, the Target, either separately or as a member of a group of corporations, pursuant to all Applicable Laws. The Target has made available to the Purchaser copies of all such Tax Returns filed by the Target. The Target has not given, or been requested to give, waivers or extensions (or is or would be subject to a waiver or extension given by any other Person) of any statute of limitations relating to the payment by the Target, or for which the Target may be liable.
- (b) All Taxes that the Target is or was required to withhold or collect have been duly withheld or collected and, to the extent required, have been paid to the proper Governmental Body or other Person.
- (c) All Tax Returns filed by (or that include on a consolidated basis) the Target are true, correct, and complete. There is no tax sharing agreement that will require any payment by the Target after the Execution Date.
- (d) Except as noted in the Target Disclosure Statement, the Target has paid all Taxes that have become or are due with respect to any period ended on or prior to the Execution Date, and has established an adequate reserve therefor in the Target Financial Statements for those Taxes not yet due and payable, except for: (i) any Taxes the non-payment of which will not have a Material Adverse Effect on the Target, and (ii) such Taxes, if any, are being contested in good faith and as to which adequate reserves (determined in accordance with IFRS) will be provided in the Target Financial Statements.
- (e) The Target is not presently under, nor has it received notice of, any contemplated or threatened investigation, audit or other proceeding by any Governmental Body concerning any fiscal year or period ended prior to the Closing.
- (f) The Target has duly and timely paid all Taxes that have become or are due with respect to any period ended on or prior to the Execution Date and has established an adequate reserve therefore on its balance sheets for those Taxes not yet due and payable, except for: (i) any Taxes the non-payment of which will not have a Material Adverse Effect on the Target; and (ii) such Taxes, if any, that are being contested in good faith and as to which adequate reserves (as determined in accordance with IFRS) will be provided in the Target Financial Statements.
- (g) The Target is not presently under, and has not received notice of, any contemplated or threatened investigation, audit or other proceeding by any Governmental Body concerning any fiscal year or period ended prior to the Execution Date.
- (h) The Target has not directly or indirectly transferred any property to or supplied any services to or acquired any property or services from a Person with whom it was not dealing at arm's length for purposes of the Tax Act for consideration other

than consideration equal to the fair market value of the property or services at the time of the transfer, supply or acquisition of the property or services, nor has the Target been deemed to have done so for the purposes of the Tax Act.

- (i) The Target has not acquired property from a Person with whom it was not dealing at arm's length for purposes of the Tax Act, for consideration, the value of which is less than the fair market value of the property acquired in circumstances which could subject it to a liability under section 160 of the Tax Act.
- (j) The Target has duly and timely registered for and collected all amounts on account of any sales or transfer taxes, including goods and services, harmonized sales and foreign, provincial or territorial sales taxes, required by Applicable Law and has duly and timely remitted to the appropriate taxing authority any such amounts required by Applicable Law to be remitted by it.
- (k) No claim has ever been made by a Governmental Body in a jurisdiction where the Target does not file Tax Returns that it is or may be subject to the imposition of any Tax by, or required to file Tax Returns in, that jurisdiction
- (l) All tax credits, wage subsidies, refunds, rebates, overpayments and similar adjustments of Taxes claimed by the Target have been validly claimed and correctly calculated as required by Applicable Laws, and the Target has retained all documentation prescribed by Applicable Laws to support such claims.
- (m) None of section 17, 78, 80, 80.01, 80.02, 80.03 or 80.04 of the Tax Act, or any equivalent provision of any province or any other Canadian jurisdiction, has applied or will apply to the Target at any time up to and including the Execution Date in a manner that would give rise to incremental Tax liabilities or a reduction in Tax attributes.
- (n) The Target maintains all material books and records required to be maintained under Applicable Law in respect of Taxes.
- (o) The Target has complied in all material respects with the transfer pricing provisions of the Tax Act, including the contemporaneous documents and disclosure requirements thereunder.
- (p) To the best of the knowledge of the Target, the Target Financial Statements will contain full provision for all Taxes, including any deferred Taxes that may be assessed to the Target, for the accounting period ended on the Target Accounting Date or for any period in respect of any transaction, event or omission occurring, or any profit earned, on or prior to the Target Accounting Date or for which the Target is accountable up to such date and all contingent Liabilities for Taxes will be provided for or disclosed in the Target Financial Statements.

3.16 No Agents

No broker, agent or other intermediary has been engaged by the Target in connection with the transactions contemplated hereby and, consequently, no commission is payable or due to a third party from the Target.

3.17 Employment Matters

- (a) The Target Disclosure Statement includes a list of each Employee of the Target, which includes: (i) the name of each Employee of the Target (except as prohibited under Applicable Laws), (ii) each Employee's current position and any prior positions held with the Target and any predecessor thereof, (iii) the date of each Employee's initial commencement of employment or engagement with the Target or any predecessor thereof, (iv) their current salary, and (v) each Employee's term of employment or engagement.
- (b) The Target has made available to the Purchaser:
 - (i) correct and complete copies of all documents embodying each Employee Plan and each Employee Contract with respect to the Target, including all amendments thereto, and copies of all documents used in connection therewith;
 - (ii) the most recent annual actuarial valuations, if any, prepared for each Employee Plan of the Target;
 - (iii) if any Employee Plan of the Target is funded, the most recent annual and periodic accounting of such Employee Plan assets; and
 - (iv) all communications material to any Employee of the Target relating to any Employee Plan and any proposed Employee Plan, in each case, relating to any amendments, terminations, establishments, increases or decreases in benefits, acceleration of payments or vesting schedules or other events which would result in any material liability to the Target.
- (c) The Target has performed, in all material respects, all obligations required to be performed by it under, is not in default or violation of, and has no knowledge of any default or violation by another party to any Employee Plan, and all Employee Plans have been established and maintained in all material respects in accordance with their respective terms and in substantial compliance with all Applicable Laws. There are no actions, suits or claims pending, or, to the knowledge of the Target, threatened or anticipated (other than routine claims for benefits), against any Employee Plan or against the assets of any Employee Plan. The Employee Plans can be amended, terminated or otherwise discontinued after the Closing in accordance with their terms, without liability to the Target, the Purchaser or any Affiliate thereof (other than ordinary administration expenses typically incurred in a termination event). There are no audits, inquiries or proceedings pending or,

to the knowledge of the Target, threatened, by any Governmental Body in respect of any Employee Plans or proposed Employee Plans.

- (d) The execution of this Agreement and the consummation of the transactions contemplated hereby will not (either alone or upon the occurrence of any additional or subsequent events) constitute an event under an Employee Plan, Employee Contract, trust or loan that will or may result in any payment (whether of severance pay or otherwise), acceleration, forgiveness of indebtedness, vesting, distribution, increase in benefits or obligation to fund benefits with respect to any Employee of the Target.
- (e) The Target:
 - (i) to its knowledge, is in compliance in all material respects with all Applicable Laws respecting employment, employment practices, terms and conditions of employment, and wages and hours with respect to all of its Employees;
 - (ii) has withheld all amounts required by law or by agreement to be withheld by it from the wages or salaries of, and other payments to, Employees;
 - (iii) is not liable for any arrears of wages, taxes or any penalty for failure to comply with any of the foregoing;
 - (iv) is not liable for any payment to any trust or other fund or to any Governmental Body with respect to unemployment compensation benefits, social security or other benefits for its Employees (other than routine payments to be made in the normal course of business and consistent with past practice);
 - (v) has provided its Employees with all wages, benefits, stock options, bonuses, incentives and all other compensation that are, or have become, due and payable through to the Closing; and
 - (vi) represents that in the last three years, no citation has been issued by any Governmental Body against it, and no notice of contest, claim, complaint, charge, investigation or other administrative enforcement proceeding involving it has been filed or is pending or, to its knowledge, threatened, against it under any Applicable Law relating to occupational safety and health.
- (f) No work stoppage, labour strike or other "concerted action" involving Employees of, or against, the Target is pending or, to the knowledge of the Target, threatened. The Target is not involved in, and, to the knowledge of the Target or the Principal Target Shareholders, the Target is not threatened with, any labour dispute, grievance, or litigation relating to labour, safety or discrimination matters involving any Employee of the Target, including charges of unfair labour practices or discrimination complaints, which, if adversely determined, would, individually

or in the aggregate, result in a Material Adverse Effect on the Target or the Target Business. The Target is not presently, nor has been in the past, a party to, or bound by, any collective bargaining agreement or union contract with respect to any Employees, and no collective bargaining agreement is being negotiated. There are no activities or proceedings of a labour union to organize any of the Employees of the Target.

- (g) Except for claims by Employees under any applicable workers' compensation or similar legislation which, if adversely determined, would not, either individually or in the aggregate, have a Material Adverse Effect on the Target or the Target Business, there are no complaints, claims or charges pending or outstanding or, to the knowledge of the Target or the Principal Target Shareholders, anticipated, and there are no orders, decisions, directions or convictions currently registered or outstanding by any Governmental Body against, or in respect of, the Target under or in respect of any employment legislation.
- (h) The Target has not been advised by any workers compensation or similar authority that any Employee is in receipt of benefits under workers' compensation or similar legislation. There are no appeals pending before any workers compensation or similar authority involving the Target, and all levies, assessments and penalties made against the Target pursuant to workers' compensation or similar legislation have been paid. The Target is not aware of any audit currently being performed by any workers compensation or similar authority with respect to the Target, and all payments required to be made in respect of termination or severance pay under any employment standards or similar legislation in respect of any Employee have been made by the Target.

3.18 Consents

Except as required by Applicable Securities Laws, no authorization, approval, order, license, permit or consent of any Governmental Body or any other Person, and no registration, declaration or filing by the Target with any such Governmental Body or other Person, is required in order for the Target to:

- (a) consummate the transactions contemplated by this Agreement;
- (b) execute and deliver all of the Transaction Documents;
- (c) duly perform and observe the terms and provisions of this Agreement; or
- (d) render this Agreement legal, valid, binding and enforceable.

3.19 Compliance

- (a) The Target is, and at all times has been, in full compliance with all requirements of each Governmental Body required for the operation of the Target Business, except to the extent such non-compliance would not reasonably be expected to result in a Material Adverse Effect with respect to the Target.

- (b) No event has occurred or circumstance exists that may (with or without notice or lapse of time) constitute or result, directly or indirectly, in a violation of, or a failure to comply with, any requirement of any Governmental Body required for the operation of the Target Business, or may result directly or indirectly, in the revocation, withdrawal, suspension, cancellation or termination of, or any modification to, any authorization of any Governmental Body required for the operation of the Target Business, except to the extent such non-compliance would not reasonably be expected to result in a Material Adverse Effect with respect to the Target.
- (c) The Target has not received any notice or other communication (whether oral or written) from any Governmental Body regarding any actual, alleged, possible, or potential violation of, or failure to comply with, any requirement of any Governmental Body, or any actual, proposed, possible, or potential revocation, withdrawal, suspension, cancellation, termination of, or modification of any authorization of any Governmental Body, except to the extent such non-compliance would not reasonably be expected to result in a Material Adverse Effect with respect to the Target.
- (d) All applications required to have been filed for the renewal of any authorizations required from any Governmental Body for the operation of the Target Business have been duly filed on a timely basis with each applicable Governmental Body, and all other filings required to have been made with respect to such authorizations have been duly made on a timely basis with each applicable Governmental Body, except to the extent such non-compliance would not reasonably be expected to result in a Material Adverse Effect with respect to the Target.

3.20 Legal Proceedings

- (a) There is no material pending Proceeding:
 - (i) that has been commenced by or against the Target or that otherwise relates to or may affect the Target Business or any of the Target Assets; or
 - (ii) that challenges, or that may have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the transactions contemplated herein.
- (b) To the knowledge of the Target and the Principal Target Shareholders, no material Proceeding has been threatened against the Target or with respect to the Target Business, and no event has occurred or circumstance exists, that may give rise to or serve as a basis for the commencement of any such Proceeding.
- (c) There is no Order to which any of the Target, the Target Business or any of the Target Assets is subject.

- (d) No Employee or agent of the Target is subject to any Order that prohibits such Employee or agent from engaging in or continuing any conduct, activity or practice relating to the Target Business.

3.21 Operating Permits and Licenses

The Target owns or holds all material permits, licenses, consents, authorizations, approvals, privileges, waivers, exemptions, Orders (inclusionary or exclusionary) or other concessions required in connection with the conduct of the Target Business, except to the extent such failure would not reasonably be expected to result in a Material Adverse Effect with respect to the Target. All such permits and licenses are valid and enforceable, each in accordance with its respective terms, and no party to any of them is in default thereunder or in breach thereof, or would, with the giving of notice or the lapse of time or both, be in breach or default thereof, except to the extent such default would not reasonably be expected to result in a Material Adverse Effect with respect to the Target.

3.22 Disclosure Document

The Target Information to be provided by the Target for inclusion in the Disclosure Document shall not, at the time of filing thereof on SEDAR, fail to be true and correct in any material respect or contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

3.23 Insurance

- (a) All insurance policies to which the Target is a party, or that provide coverage to the Target, or to any Employee of the Target:
 - (i) are valid, outstanding and enforceable;
 - (ii) taken together, provide adequate insurance coverage for the Target Assets and the Target Business for all risks normally insured against by a Person carrying on the same business as the Target;
 - (iii) are sufficient for compliance with all Applicable Laws and Contracts to which the Target is a party or by which it is bound;
 - (iv) will continue in full force and effect following the consummation of the transactions contemplated herein; and
 - (v) do not provide for any retrospective premium adjustment or other experienced-based liability on the part of the Target.
- (b) The Target has not received: (i) any refusal of coverage or any notice that a defense will be afforded with reservation of rights; or (ii) any notice of cancellation or any other indication that any insurance policy is no longer in full force or effect or will

not be renewed, or that the issuer of any policy is not willing or able to perform its obligations thereunder.

- (c) The Target has paid all premiums due, and has otherwise performed all of its respective obligations, under each policy to which it is a party or that provides coverage to the Target or any Employee thereof.
- (d) The Target has given prompt notice to its insurers of all claims or possible claims that may be insured by any of its respective policies, and the Target Disclosure Statement contains a list of all of such claims.

3.24 Indebtedness of Target

Except for: (a) the payment of salaries and reimbursement for out-of-pocket expenses in the ordinary and usual course; and (b) amounts to be disclosed in the Target Financial Statements or as noted in the Target Disclosure Statement, the Target is not indebted to any Related Party of the Target or any Employee of the Target, on any account whatsoever.

3.25 Certain Payments

Since the Target Accounting Date, neither the Target nor, to the knowledge of the Target or the Principal Target Shareholders, any Employee or agent thereof, nor any other Person associated with or acting for or on behalf of the Target, has, directly or indirectly:

- (a) made any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to any Person, private or public, regardless of form, whether in money, property, or services:
 - (i) to obtain favorable treatment in securing business,
 - (ii) to pay for favorable treatment for business secured,
 - (iii) to obtain special concessions, or for special concessions already obtained, for or in respect of the Target, or any Related Party of the Target, or
 - (iv) in violation of any Applicable Laws; or
- (b) established or maintained any fund or asset that has not been recorded in the books and records of the Target.

3.26 No Standstills

The Target has not waived any confidentiality, standstill or similar agreement or restriction to which it is a party, except to permit submissions of expressions of interest prior to the Execution Date.

3.27 Absence of Certain Changes or Events

Since the Target Accounting Date, there has not been:

- (a) a Material Adverse Effect with respect to the Target or the Target Business; or
- (b) any material change by the Target in its accounting methods, principles or practices.

3.28 Undisclosed Information

The Target does not have any specific information relating to the Target which is not generally known or which has not been disclosed to the Purchaser and which could reasonably be expected to have a Material Adverse Effect on the Target or the Target Business.

3.29 Survival

The representations and warranties of the Target and the Principal Target Shareholders under this Article 3 will survive the Closing for a period of 12 months.

3.30 Reliance

The Target and the Target Shareholders acknowledge and agree that the Purchaser has entered into this Agreement relying on the warranties and representations and other terms and conditions of the Target and the Target Shareholders contained in this Agreement, notwithstanding any independent searches or investigations that have been, or may be, undertaken by or on behalf of the Purchaser, and that no information which is now known or should be known, or which may hereafter become known, by the Purchaser or its Employees or professional advisers prior to the Closing, will limit or extinguish the Purchaser's right to indemnification hereunder.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser makes the following representations to the Target and the Target Shareholders as at the Execution Date and as at the Closing, and the Purchaser acknowledges that the Target and the Target Shareholders are relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement, as follows:

4.1 Organization and Good Standing

The Purchaser and any subsidiaries are corporates and are corporations duly organized, validly existing and in good standing under the laws of the jurisdiction of their respective incorporation, with full corporate power, authority and capacity to conduct their respective businesses as presently conducted, to own or use the properties and assets that they purport to own or use, and to perform all of their respective obligations under any applicable Contracts. The Purchaser and any subsidiaries are duly qualified to do business as a corporation and is in good standing under the laws of each province or other jurisdiction in which the failure to be so registered would be likely to result in a Material Adverse Effect on the Purchaser.

4.2 Capitalization

The authorized share capital of the Purchaser consists of an unlimited number of Class A common shares without par value and an unlimited number of Class B preferred shares without par value. As of the Execution Date, there are 5,521,309 pre-Consolidation Purchaser Shares issued and outstanding, 2,665,418 pre-Consolidation Purchaser Warrants issued and outstanding and 554,286 pre-Consolidation Purchaser Options issued and outstanding. As of the Closing Date, there will be not more than 27,000,000 post-Consolidation Purchaser Shares, 12,000,000 post-Consolidation Purchaser Warrants and no post-Consolidation Purchaser Options issued and outstanding. All of the outstanding Purchaser Securities have been (and as of the Closing Date will be) duly authorized and validly issued and are (and as of the Closing Date will be) fully paid and non-assessable. None of the outstanding Purchaser Shares were (or as of the Closing Date will be) issued in violation of any Applicable Laws. The Purchaser does not own, or have any contract to acquire, any securities of any Person, or any direct or indirect equity or ownership interest in any other business, other than as contemplated by this Agreement. There are no Contracts purporting to restrict the transfer of any of the issued and outstanding Purchaser Securities, nor any Contracts restricting or affecting the voting of any of Purchaser Securities, to which the Purchaser is a party or of which the Purchaser is aware. The Purchaser Shares are not subject to or affected by any actual or, to the knowledge of the Purchaser, pending or threatened cease trading, compliance or denial of use of exemptions orders of, or action, investigation or proceeding by or before, any Governmental Body.

4.3 Absence of Rights to Acquire Securities

Except as set out in this Agreement, the Purchaser Disclosure Statement and the Disclosure Record, no Person has any Contract or right, past or future, contingent or absolute, capable of becoming a Contract (a) to require the Purchaser to issue any Purchaser Securities; or (b) to require the Purchaser to purchase, redeem or otherwise acquire any Purchaser Securities.

4.4 Authority

The Purchaser has all requisite corporate power and authority to execute and deliver the Transaction Documents to be signed by the Purchaser, to perform its obligations thereunder, and to consummate the transactions contemplated thereby. The execution and delivery of each of the Transaction Documents by the Purchaser and the consummation of the transactions contemplated hereby have been duly authorized by the Purchaser Board. No other corporate or shareholder proceedings on the part of the Purchaser are necessary to authorize such documents or to consummate the transactions contemplated hereby. The execution and delivery by the Purchaser of this Agreement and the performance by the Purchaser of its obligations hereunder and the completion of the transactions contemplated hereby, do not and will not:

- (a) result in a violation, contravention or breach, constitute a default under, or entitle any third party to terminate, accelerate, modify or call any obligations or rights under, require any consent to be obtained under or give rise to any termination rights under any provision of:
 - (i) the Organizational Documents of the Purchaser;

- (ii) any Applicable Law or rule or policy of the CSE (except that the Listing Conditional Approval, which are required to be obtained by the Purchaser prior to the Closing, will be applied for by the Purchaser but have not been obtained as of the date hereof), as applicable; or
- (iii) any Contract to which the Purchaser is bound or is subject to or of which the Purchaser is the beneficiary,

in each case, which would, individually or in the aggregate, have a Material Adverse Effect on the Purchaser;

- (b) cause any indebtedness owing by the Purchaser to come due before its stated maturity or cause any available credit to cease to be available which would, individually or in the aggregate, have a Material Adverse Effect on the Purchaser;
- (c) result in the imposition of any Encumbrance upon any of the property or assets of the Purchaser or give any Person the right to acquire any of the Purchaser's Assets, or restrict, hinder, impair or limit the ability of the Purchaser to conduct the business of the Purchaser as and where it is now being conducted which would, individually or in the aggregate, have a Material Adverse Effect on the Purchaser;
- (d) result in or accelerate the time for payment or vesting of, or increase the amount of, any severance, unemployment compensation, "golden parachute", change of control provision, bonus, termination payments, retention bonus or otherwise, becoming due to any director or officer of the Purchaser or increase any benefits otherwise payable under any pension or benefits plan of the Purchaser or result in the acceleration of the time of payment or vesting of any such benefits; or
- (e) result in the revocation, suspension, cancellation, variation or non-renewal of any claims, concessions, licenses, leases or other instruments, conferring rights in respect of the Purchaser Assets.

4.5 Validity of Consideration Shares

The Consideration Shares will, upon issuance in accordance with the terms of this Agreement, be duly and validly issued, fully paid and non-assessable.

4.6 Subsidiaries

- (a) Other than as set out in the Purchaser Disclosure Statement, the Purchaser has no subsidiaries nor any Material Interest in any other Person.
- (b) All issued and outstanding common shares or other equity interests of any subsidiaries of the Purchaser are set forth in the Purchaser Disclosure Statement.
- (c) The Purchaser is the registered and beneficial owner of all of the outstanding common shares or other equity interests of any subsidiaries of the Purchaser, free and clear of any Liens, and all such shares or other equity interests of any

subsidiaries of the Purchaser have been validly issued and are fully paid and non-assessable, and no such shares or other equity interests have been issued in violation of any pre-emptive or similar rights.

- (d) No Person has any Contract or right, past or future, contingent or absolute, capable of becoming a Contract (a) to require any subsidiaries of the Purchaser to issue any securities; or (b) to require any subsidiaries of the Purchaser to purchase, redeem or otherwise acquire any securities.

4.7 Partnerships or Joint Ventures

The Purchaser is not a partner or participant in any partnership, joint venture, profit-sharing arrangement or other association of any kind, including as a beneficiary or trustee in any trust arrangement, and is not party to any agreement under which it agrees to carry on any part of the Purchaser Business or any other activity in such manner, or by which the Purchaser agrees to share any revenue or profit with any other Person.

4.8 Directors' Approvals

The Purchaser Board has unanimously:

- (a) determined that the Transaction is in the best interests of the Purchaser; and
- (b) authorized the entering into of this Agreement, and the performance of the Purchaser's obligations hereunder.

4.9 Books and Records

The corporate records and minute books of the Purchaser and any subsidiaries of the Purchaser have been maintained in accordance with all Applicable Laws and are complete and accurate in all material respects, except where such incompleteness or inaccuracy would not have a Material Adverse Effect on the Purchaser. Financial books and records and accounts of the Purchaser and any subsidiaries of the Purchaser in all material respects:

- (a) have been maintained in accordance with good business practices on a basis consistent with prior years and past practice;
- (b) are stated in reasonable detail and accurately and fairly reflect the transactions and acquisitions and dispositions of assets of the Purchaser and any subsidiaries of the Purchaser; and
- (c) accurately and fairly reflect the basis for the Purchaser Financial Statements.

At the Closing, all of those books and records will be in the possession of the Purchaser, and in the case of the stock record books in the possession of the transfer agent for the Purchaser.

4.10 Reporting Status

The Purchaser is a reporting issuer in good standing in the provinces of British Columbia, Alberta, Manitoba and Ontario.

4.11 Disclosure Record

As of their respective dates, the documents comprising the Disclosure Record were filed and complied in all material respects with the requirements of the Applicable Securities Laws. The Disclosure Record includes all of the documents and reports that the Purchaser was required to file under Applicable Securities Laws. As of the time filed on SEDAR (or, if amended or suspended by a filing prior to the Execution Date, then on the date of such filing) none of the Disclosure Record contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

4.12 Disclosure Document

The Purchaser Information to be contained provided by the Purchaser for inclusion in the Disclosure Document shall not, at the time of filing thereof on SEDAR, fail to be true and correct in any material respect or contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

4.13 Legal Proceedings

- (a) Other than as set out in the Purchaser Disclosure Statement, there is no material pending Proceeding:
 - (i) that has been commenced by or against the Purchaser, any subsidiaries of the Purchaser or that otherwise relates to or may affect the Purchaser Business or any of the Purchaser Assets; or
 - (ii) that challenges, or that may have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the transactions contemplated herein.
- (b) Other than as set out in the Purchaser Disclosure Statement, to the knowledge of the Purchaser, no material Proceeding has been threatened against the Purchaser, any subsidiaries of the Purchaser or with respect to the Purchaser Business, and no event has occurred or circumstance exists, that may give rise to or serve as a basis for the commencement of any such Proceeding.
- (c) There is no Order to which any of the Purchaser, any subsidiaries of the Purchaser, the Purchaser Business or any of the Purchaser Assets is subject.

- (d) No Employee or agent of the Purchaser or any subsidiaries of the Purchaser is subject to any Order that prohibits such Employee or agent from engaging in or continuing any conduct, activity or practice relating to the Purchaser Business.

4.14 Compliance

- (a) To the best knowledge of the Purchaser, the Purchaser and any subsidiaries of the Purchaser are in compliance with, are not in default or violation in any material respect under, and have not been charged with or received any notice at any time of any material violation of, any Applicable Laws related to the Purchaser Business.
- (b) To the best knowledge of the Purchaser, the Purchaser and any subsidiaries of the Purchaser are not subject to any Order entered in any Proceeding applicable to the Purchaser Business that would have a Material Adverse Effect on the Purchaser.
- (c) The Purchaser and any subsidiaries of the Purchaser have duly filed all reports and returns required to be filed by them with any applicable Governmental Body and have obtained all governmental permits and other governmental consents, except as may be required after the Execution Date. All of such permits and consents are in full force and effect, and no Proceedings for the suspension or cancellation of any of them, and no investigation relating to any of them, is pending or, to the best knowledge of the Purchaser, threatened, and none of them will be affected in a material adverse manner by the consummation of the Transaction.

4.15 Financial Representations

- (a) The Purchaser Financial Statements, as and when delivered, will:
 - (i) be in accordance with the books and records of the Purchaser;
 - (ii) present fairly the financial condition of the Purchaser as of the respective dates indicated and the results of operations for such periods; and
 - (iii) be prepared in accordance with IFRS and reflect the consistent application of IFRS throughout the periods involved.
- (b) All material financial transactions of the Purchaser have been accurately recorded in the books and records of the Purchaser and such books and records fairly present the financial position and the affairs of the Purchaser.
- (c) Other than the costs and expenses incurred in connection with the negotiation and consummation of the transactions contemplated herein, the Purchaser has no material Liabilities, net of cash, which:
 - (i) will not be set forth in the Purchaser Financial Statements, as and when delivered, or have not heretofore been paid or discharged;

- (ii) did not arise in the regular and ordinary course of business under any Contract or plan specifically disclosed in writing to the Target; or
 - (iii) have not been incurred in amounts and pursuant to practices consistent with past business practice, in or as a result of the regular and ordinary course of its business since the Purchaser Accounting Date, and otherwise disclosed in writing to the Target.
- (d) Except to the extent reflected or reserved against in the Purchaser Financial Statements, as and when delivered, or incurred subsequent to the Purchaser Accounting Date in the ordinary and usual course of the Purchaser Business, the Purchaser has no outstanding Liabilities, and any Liabilities incurred by the Purchaser in the ordinary and usual course of business since the Purchaser Accounting Date have not had a Material Adverse Effect on the Purchaser or the Purchaser Business.
- (e) Since the Purchaser Accounting Date, there have not been:
 - (i) any changes in the condition or operations of the Purchaser Business, the Purchaser Assets or the financial affairs of the Purchaser which have caused, individually or in the aggregate, a Material Adverse Effect on the Purchaser or the Purchaser Business; or
 - (ii) any damage, destruction or loss, labour trouble or other event, development or condition, of any character (whether or not covered by insurance), which has or may cause a Material Adverse Effect on the Purchaser or the Purchaser Business.
- (f) Since the Purchaser Accounting Date, and other than as contemplated by this Agreement, the Purchaser has not:
 - (i) transferred, assigned, sold or otherwise disposed of any of the Purchaser Assets or reflected in the Purchaser Financial Statements, as and when delivered, or cancelled any debts or claims;
 - (ii) incurred or assumed any Liability;
 - (iii) issued or sold any Purchaser Securities, other than as disclosed in the Purchaser Disclosure Statement;
 - (iv) discharged or satisfied any Liens, or paid any Liabilities, other than current Liabilities or the current portion of long term Liabilities disclosed in the Purchaser Financial Statements, as applicable, as and when delivered, or current Liabilities incurred since the date thereof in the ordinary and usual course of business;
 - (v) declared, made, or committed itself to make any payment of any dividend or other distribution in respect of any of the Purchaser Securities, nor

- purchased, redeemed, subdivided, consolidated, or reclassified any Purchaser Securities;
- (vi) made any gift of money or of any Purchaser Assets to any Person;
 - (vii) purchased or sold any Purchaser Assets to any Person outside of the ordinary course of business;
 - (viii) made commitments or agreements for capital expenditures or capital additions or betterments exceeding \$50,000;
 - (ix) amended or changed, or taken any action to amend or change, its Organizational Documents;
 - (x) made payments of any kind to or on behalf of any Related Party of the Purchaser, nor under any management agreement, save and except business related expenses and salaries in the ordinary and usual course of business and at the regular rates payable;
 - (xi) other than as contemplated by this Agreement, created, incurred, assumed or guaranteed any indebtedness for money borrowed, or subjected any of the Purchaser Assets to any Lien of any nature whatsoever;
 - (xii) made or suffered any amendment or termination of any Material Contract, or cancelled, modified or waived any substantial debts or claims held by it or waived any rights of substantial value, other than in the ordinary course of business;
 - (xiii) increased the salaries or other compensation of, or made any advance (excluding advances for ordinary and necessary business expenses) or loan to, any of its Employees, or made any increase in, or any addition to, other benefits to which any of its Employees may be entitled;
 - (xiv) adopted, or increased the payments to or benefits under, any Employee Plan; or
 - (xv) authorized or agreed, or otherwise have become committed, to do any of the foregoing.
- (g) The Purchaser has no guarantees, indemnities or contingent or indirect obligations with respect to the Liabilities of any other Person, including any obligation to service the debt of, or otherwise acquire an obligation of, another Person, or to supply funds to, or otherwise maintain any working capital or other balance sheet condition of, any other Person.

4.16 Personal Property

The Purchaser possesses, and has good and marketable title to, all personal property reasonably necessary for the continued operation of the Purchaser Business as presently conducted and as represented to the Purchaser, including all Purchaser Assets to be reflected in the Purchaser Financial Statements or acquired since the Purchaser Accounting Date. All such property is in reasonably good operating condition (normal wear and tear excepted), and is reasonably fit for the purposes for which such property is presently used. Except as noted in the Purchaser Disclosure Statement, all material equipment, furniture, fixtures and other tangible personal property and other Purchaser Assets are owned by the Purchaser free and clear of all Liens.

4.17 Real Property

Neither the Purchaser nor any subsidiary of the Purchaser possess any real property.

4.18 Material Contracts

The Purchaser has provided the Target with all Material Contracts entered into by the Purchaser or any subsidiary of the Purchaser in the course of carrying on the Purchaser Business, a list of which is included in the Purchaser Disclosure Statement. Neither the Purchaser nor any subsidiary of the Purchaser are a party to or bound by any other Material Contract, whether oral or written, and the Material Contracts are all valid and subsisting, in full force and effect and unamended, and no material default or violation exists in respect thereof on the part of Purchaser or, to the best of the knowledge of the Purchaser, on the part of any of the other parties thereto. The Purchaser is not aware of any intention on the part of any of the other parties thereto to terminate or materially alter any Material Contracts or any event that, with notice or the lapse of time, or both, will create a material breach or violation thereof, or default under any Material Contracts. To the knowledge of the Purchaser, the continuation, validity and effectiveness of each Material Contract will in no way be affected by the consummation of the transactions contemplated by this Agreement. There exists no actual or threatened termination, cancellation, or limitation of, or any amendment, modification or change to, any Material Contract to which the Target is a party.

4.19 Tax Matters

- (a) The Purchaser and any subsidiaries of the Purchaser have filed, or caused to be filed, all Tax Returns that are or were required to be filed by, or with respect to, the Purchaser or any subsidiary, as applicable, either separately or as a member of a group of corporations, pursuant to all Applicable Laws. The Purchaser has made available to the Target copies of all such Tax Returns filed by the Purchaser and any subsidiaries of the Purchaser. Neither the Purchaser nor any subsidiaries of the Purchaser have given, or been requested to give, waivers or extensions (or is or would be subject to a waiver or extension given by any other Person) of any statute of limitations relating to the payment by the Purchaser or any subsidiaries of the Purchaser, or for which the Purchaser or any subsidiaries of the Purchaser may be liable.

- (b) All Taxes that the Purchaser and any subsidiaries of the Purchaser are or were required to withhold or collect have been duly withheld or collected and, to the extent required, have been paid to the proper Governmental Body or other Person.
- (c) All Tax Returns filed by (or that include on a consolidated basis) the Purchaser or any subsidiary of the Purchaser are true, correct, and complete. There is no tax sharing agreement that will require any payment by the Purchaser or any subsidiary of the Purchaser after the Execution Date.
- (d) Except as noted in the Purchaser Disclosure Statement, the Purchaser and any subsidiaries of the Purchaser have paid all Taxes that have become or are due with respect to any period ended on or prior to the Execution Date and has established an adequate reserve therefore on its balance sheets for those Taxes not yet due and payable, except for (i) any Taxes the non-payment of which will not have a Material Adverse Effect on the Purchaser, and (ii) such Taxes, if any, that are being contested in good faith and as to which adequate reserves (as determined in accordance with IFRS) will be provided in the Purchaser Financial Statements.
- (e) The Purchaser and any subsidiaries of the Purchaser are not presently under, and has not received notice of, any contemplated or threatened investigation, audit or other proceeding by any Governmental Body concerning any fiscal year or period ended prior to the Execution Date.
- (f) Neither the Purchaser nor any subsidiary of the Purchaser have directly or indirectly transferred any property to or supplied any services to or acquired any property or services from a Person with whom it was not dealing at arm's length for purposes of the Tax Act for consideration other than consideration equal to the fair market value of the property or services at the time of the transfer, supply or acquisition of the property or services, nor has the Purchaser or any subsidiary of the Purchaser been deemed to have done so for the purposes of the Tax Act.
- (g) Neither the Purchaser nor any subsidiary of the Purchaser have acquired property from a Person with whom it was not dealing at arm's length for purposes of the Tax Act, for consideration, the value of which is less than the fair market value of the property acquired in circumstances which could subject it to a liability under section 160 of the Tax Act.
- (h) The Purchaser and any subsidiaries of the Purchaser have duly and timely registered for and collected all amounts on account of any sales or transfer taxes, including goods and services, harmonized sales and foreign, provincial or territorial sales taxes, required by Applicable Law and have duly and timely remitted to the appropriate taxing authority any such amounts required by Applicable Law to be remitted by them.
- (i) No claim has ever been made by a Governmental Body in a jurisdiction where the Purchaser or any subsidiary of the Purchaser does not file Tax Returns that it is or may be subject to the imposition of any Tax by, or required to file Tax Returns in, that jurisdiction

- (j) All tax credits, wage subsidies, refunds, rebates, overpayments and similar adjustments of Taxes claimed by the Purchaser and any subsidiary of the Purchaser have been validly claimed and correctly calculated as required by Applicable Laws, and the Purchaser and any subsidiary of the Purchaser have retained all documentation prescribed by Applicable Laws to support such claims.
- (k) None of section 17, 78, 80, 80.01, 80.02, 80.03 or 80.04 of the Tax Act, or any equivalent provision of any province or any other Canadian jurisdiction, has applied or will apply to the Purchaser or any subsidiary of the Purchaser at any time up to and including the Execution Date in a manner that would give rise to incremental Tax liabilities or a reduction in Tax attributes.
- (l) The Purchaser and any subsidiary of the Purchaser maintain all material books and records required to be maintained under Applicable Law in respect of Taxes.
- (m) The Purchaser and any subsidiary of the Purchaser have complied in all material respects with the transfer pricing provisions of the Tax Act, including the contemporaneous documents and disclosure requirements thereunder.
- (n) To the best knowledge of the Purchaser, the Purchaser Financial Statements contain full provision for all Taxes, including any deferred Taxes that may be assessed to the Purchaser for the accounting period ended on the Purchaser Accounting Date or for any prior period in respect of any transaction, event or omission occurring, or any profit earned, on or prior to the Purchaser Accounting Date or for which the Purchaser is accountable up to such date and all contingent Liabilities for Taxes have been provided for or disclosed in the Purchaser Financial Statements.

4.20 No Agents

No broker, agent or other intermediary has been engaged by the Purchaser in connection with the transactions contemplated hereby and, consequently, no commission is payable or due to a third party from the Purchaser.

4.21 Employment Matters

- (a) The Purchaser does not currently employ or retain, and has not at any time employed or retained, any employees or consultants.
- (b) No subsidiary of the Purchaser currently employs or retains, or has at any time employed or retained any employee or consultant.

4.22 Consents

Except as required by Applicable Securities Laws, no authorization, approval, order, license, permit or consent of any Governmental Body or any other Person, and no registration, declaration or filing by the Purchaser with any such Governmental Body or other Person, is required in order for the Purchaser to:

- (a) consummate the transactions contemplated by this Agreement;
- (b) execute and deliver all of the Transaction Documents;
- (c) duly perform and observe the terms and provisions of this Agreement; or
- (d) render this Agreement legal, valid, binding and enforceable.

4.23 Compliance

- (a) The Purchaser and any subsidiaries of the Purchaser are, and at all times has been, in full compliance with all requirements of each Governmental Body required for the operation of the Purchaser Business, except to the extent such non-compliance would not reasonably be expected to result in a Material Adverse Effect with respect to the Purchaser.
- (b) No event has occurred or circumstance exists that may (with or without notice or lapse of time) constitute or result, directly or indirectly, in a violation of, or a failure to comply with, any requirement of any Governmental Body required for the operation of the Purchaser Business, or may result directly or indirectly, in the revocation, withdrawal, suspension, cancellation or termination of, or any modification to, any authorization of any Governmental Body required for the operation of the Purchaser Business, except to the extent such non-compliance would not reasonably be expected to result in a Material Adverse Effect with respect to the Purchaser.
- (c) Neither the Purchaser nor any subsidiary of the Purchaser has received any notice or other communication (whether oral or written) from any Governmental Body regarding any actual, alleged, possible, or potential violation of, or failure to comply with, any requirement of any Governmental Body, or any actual, proposed, possible, or potential revocation, withdrawal, suspension, cancellation, termination of, or modification of any authorization of any Governmental Body, except to the extent such non-compliance would not reasonably be expected to result in a Material Adverse Effect with respect to the Purchaser.
- (d) All applications required to have been filed for the renewal of any authorizations required from any Governmental Body for the operation of the Purchaser Business have been duly filed on a timely basis with each applicable Governmental Body, and all other filings required to have been made with respect to such authorizations have been duly made on a timely basis with each applicable Governmental Body, except to the extent such non-compliance would not reasonably be expected to result in a Material Adverse Effect with respect to the Purchaser.

4.24 Operating Permits and Licenses

The Purchaser owns or holds all material permits, licenses, consents, authorizations, approvals, privileges, waivers, exemptions, Orders (inclusionary or exclusionary) or other concessions required in connection with the conduct of the Purchaser Business, except to the extent such failure would not reasonably be expected to result in a Material Adverse Effect with respect to the Purchaser. All such permits and licenses are valid and enforceable, each in accordance with its respective terms, and no party to any of them is in default thereunder or in breach thereof, or would, with the giving of notice or the lapse of time or both, be in breach or default thereof, except to the extent such default would not reasonably be expected to result in a Material Adverse Effect with respect to the Purchaser.

4.25 Certain Transactions

The Purchaser is not a guarantor or indemnitor of any indebtedness of any Person.

4.26 Indebtedness to Purchaser

The Purchaser is not indebted to any Related Party of the Purchaser, or any Employee of the Purchaser, on any account whatsoever.

4.27 Certain Payments

Since the Purchaser Accounting Date, neither the Purchaser, any subsidiaries of the Purchaser nor, to the knowledge of the Purchaser, any Employee or agent thereof, nor any other Person associated with or acting for or on behalf of the Purchaser or any subsidiary of the Purchaser, has, directly or indirectly:

- (a) made any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to any Person, private or public, regardless of form, whether in money, property, or services:
 - (i) to obtain favorable treatment in securing business,
 - (ii) to pay for favorable treatment for business secured,
 - (iii) to obtain special concessions, or for special concessions already obtained, for or in respect of the Purchaser, or any Related Party of the Purchaser, or
 - (iv) in violation of any Applicable Laws; or
- (b) established or maintained any fund or asset that has not been recorded in the books and records of the Purchaser or any subsidiary of the Purchaser, as applicable.

4.28 No Standstills

The Purchaser has not waived any confidentiality, standstill or similar agreement or restriction to which it is a party, except to permit submissions of expressions of interest prior to the Execution Date.

4.29 Absence of Certain Changes or Events

Since the Purchaser Accounting Date, there has not been:

- (a) a Material Adverse Effect with respect to the Purchaser or the Purchaser Business;
or
- (b) any material change by the Purchaser in its accounting methods, principles or practices.

4.30 Undisclosed Information

The Purchaser does not have any specific information relating to the Purchaser or any subsidiary of the Purchaser which is not generally known or which has not been disclosed to the Target and which could reasonably be expected to have a Material Adverse Effect on the Purchaser.

4.31 Survival

The representations and warranties of the Purchaser in this Article 4 will survive for a period of 12 months from the Closing Date.

4.32 Reliance

The Purchaser acknowledges and agrees that the Target and the Target Shareholders have entered into this Agreement relying on the warranties and representations and other terms and conditions of the Purchaser contained in this Agreement, notwithstanding any independent searches or investigations that have been or may be undertaken by or on behalf of the Target or the Target Shareholders, and that no information which is now known or should be known, or which may hereafter become known, by the Target, the Target Shareholders or their professional advisers prior to the Closing, will limit or extinguish the Target's and the Target Shareholders' rights to indemnification hereunder.

ARTICLE 5 **CLOSING**

5.1 Closing Date and Location

The transactions contemplated by this Agreement will be completed on the Closing Date, at such location and time as is mutually agreed to by the Purchaser and the Target. Notwithstanding the location of the Closing, each Party agrees that the Closing may be completed by undertakings or the email exchange of documents between the respective legal counsel for the Purchaser and the Target, provided such undertakings and exchanges are satisfactory to each Party's respective legal counsel.

5.2 Target and Target Shareholder Closing Documents

At the Closing, the Target and the Target Shareholders will deliver, or cause to be delivered, to the Purchaser, the documents set forth in Section 6.1, and such other documents as the Purchaser may reasonably require to effect the transactions contemplated hereby.

5.3 Purchaser Closing Documents

At the Closing, the Purchaser will deliver, or cause to be delivered, to the Target and the Escrow Agent, as applicable, the documents set forth in Section 7.1, and such other documents as the Target may reasonably require to effect the transactions contemplated hereby.

ARTICLE 6

PURCHASER'S CONDITIONS PRECEDENT

6.1 Purchaser's Conditions Precedent

The obligation of the Purchaser to complete the transactions contemplated by this Agreement will be subject to the satisfaction or waiver of, at or before the Closing, the following conditions precedent:

- (a) the representations and warranties of the Target and the Principal Target Shareholder set forth in this Agreement and the Target Shareholder Certificate being true, correct and complete in all material respects as of the Closing and with the same effect as if made at and as of the Closing (except to the extent such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), other than in respect of representations and warranties qualified by materiality or other concepts of materiality which representations and warranties shall be true and correct, and the Purchaser shall have received a certificate to such effect, dated the Closing Date, of an officer or director of the Target acceptable to the Purchaser to the best of his or her knowledge, having made reasonable inquiry;
- (b) the Target and the Principal Target Shareholders, as applicable, having performed and complied with all of their respective material obligations, covenants and agreements required hereunder and the Purchaser shall have received a certificate of an officer or director of the Target to such effect;
- (c) the Target having no more than 10,000,000 Target Shares issued and outstanding on the Closing Date, immediately prior to the Closing;
- (d) the Listing Conditional Approval having been obtained;
- (e) the Purchaser having been given reasonable opportunity to perform the searches and other due diligence reasonable or customary in a transaction of a similar nature to the Transaction, and the Purchaser and its advisors being satisfied with the results of such due diligence;

- (f) no injunction or restraining order of any court or administrative tribunal of competent jurisdiction being in effect prohibiting the Transaction, and no action or Proceeding having been instituted or be pending before any court or administrative tribunal to restrain or prohibit the Transaction;
- (g) no claim having been asserted or made that any Person (other than the Purchaser or the Target Shareholders) is the holder or beneficial owner of, or has the right to acquire or to obtain beneficial ownership of, any of the Target Shares, or any other voting, equity, or ownership interest in, the Target, or (other than the Target Shareholders) are entitled to all or any position of the Consideration Shares;
- (h) all consents, renunciations, authorizations or approvals of each applicable Governmental Body and any other Person which, in the Purchaser's reasonable opinion, must be obtained prior to the Closing in order to give effect to the transactions contemplated herein, having been obtained to the Purchaser's satisfaction or in accordance with any applicable Contracts or Applicable Laws;
- (i) as at the Closing, the Target having Liabilities of not more than \$300,000 excluding the Bridge Loan;
- (j) the Purchaser having received from the Target and the Target Shareholders the following Transaction Documents:
 - (i) certified copies of resolutions of the Target Board, approving: (A) the entry into, and the Closing of, this Agreement and the transactions contemplated hereby, (B) the transfer of the Target Shares to the Purchaser, (C) the registration of the Target Shares in the name of the Purchaser, (D) the issue of certificates representing the Target Shares registered in the name of the Purchaser, and (E) all other matters contemplated by this Agreement,
 - (ii) all such instruments of transfer, duly executed, which in the opinion of the Purchaser acting reasonably are necessary to effect and evidence the transfer of the Target Shares to the Purchaser, free and clear of all Liens,
- (k) no Material Adverse Effect having occurred in connection with the Target Business or the Target;
- (l) the Target shall not have any Liabilities immediately prior to the Closing, except for Liabilities incurred in the ordinary course of business and other costs and expenses incurred in connection with the negotiation and consummation of the transactions contemplated herein, which will not, in the aggregate, exceed \$300,000;
- (m) duly executed resignations and releases in the form and substance satisfactory to the Purchaser, acting reasonably, in favour of the Target effective at the Closing Date from each director and officer of the Target who will no longer be serving in such capacity or capacities following completion of the Transaction; and

- (n) the Purchaser having entered into the Employment Agreements.

6.2 Waiver/Survival

The conditions set forth in this Article 6 are for the exclusive benefit of the Purchaser and may be waived by the Purchaser in writing, in whole or in part, on or before the Closing, and the Closing will be deemed to mean a waiver of all conditions of the Purchaser to the Closing. Notwithstanding any such waiver, the completion of the transactions contemplated by this Agreement will not prejudice or affect in any way the rights of the Purchaser in respect of the warranties and representations of the Target and the Target Shareholders in this Agreement, and the representations and warranties of the Target and the Target Shareholders in this Agreement will survive the Closing for the applicable period set out in Section 3.29.

6.3 Covenant of the Target and the Principal Target Shareholders

The Target and the Principal Target Shareholders covenant to deliver to the Purchaser on or before the Closing Date all of the Closing documentation set out in Section 6.1.

ARTICLE 7

TARGET'S CONDITIONS PRECEDENT

7.1 Target's Conditions Precedent

The obligation of the Target to complete the transactions contemplated by this Agreement will be subject to the satisfaction of or waiver of, at or before the Closing, the following conditions precedent:

- (a) the representations and warranties of the Purchaser set forth in this Agreement being true, correct and complete in all respects as of the Closing and with the same effect as if made at and as of Closing (except to the extent such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), other than in respect of representations and warranties qualified by materiality or other concepts of materiality which representations and warranties shall be true and correct, and the Target shall have received a certificate to such effect, dated the Closing Date, of an officer or director of the Purchaser acceptable to the Target to the best of his or her knowledge, having made reasonable inquiry;
- (b) the Purchaser having performed and complied with all of the obligations, covenants and agreements to be performed and complied with by it hereunder and the Target shall have received a certificate of an officer or director of the Purchaser to such effect;
- (c) the Purchaser having not more 27,000,000 post-Consolidation Purchaser Shares, 12,000,000 post-Consolidation Purchaser Warrants and no post-Consolidation Purchaser Options issued and outstanding;

- (d) the Target having been given reasonable opportunity to perform the searches and other due diligence reasonable or customary in a transaction of a similar nature to the Transaction, and the Target and its advisors being satisfied with the results of such due diligence;
- (e) the Listing Conditional Approval having been obtained;
- (f) no injunction or restraining order of any court or administrative tribunal of competent jurisdiction being in effect prohibiting the Transaction, and no action or Proceeding having been instituted or be pending before any court or administrative tribunal to restrain or prohibit the Transaction;
- (g) no Material Adverse Effect having occurred with respect to the Purchaser Business or the Purchaser;
- (h) all consents, renunciations, authorizations or approvals of each applicable Governmental Body and any other Person which, in the Target's reasonable opinion, must be obtained prior to the Closing in order to give effect to the transactions contemplated herein, having been obtained to the Target's satisfaction or in accordance with the relevant Contracts or Applicable Laws;
- (i) as at the Closing, the Purchaser having net cash on hand of at least \$2,450,000 (being the cash balance held by the Purchaser less its Liabilities on such date);
- (j) the Performance Warrants being issued on Closing to the employees and consultants of the Target and the Purchaser as agreed to by the Target and Purchaser;
- (k) the Target having received from the Purchaser certified copies of resolutions of the Purchaser Board authorizing the entry of this Agreement and the Closing, including the issuance of the Consideration Shares;
- (l) the Purchaser shall not have any Liabilities immediately prior to the Closing, except for Liabilities incurred in the ordinary course of business and other costs and expenses incurred in connection with the negotiation and consummation of the transactions contemplated herein, which will not, in the aggregate, exceed \$200,000;
- (m) duly executed resignations and releases in the form and substance satisfactory to the Target, acting reasonably, in favour of the Purchaser effective at the Closing Date from each director and officer of the Purchaser who will no longer be serving in such capacity or capacities following completion of the Transaction; and
- (n) the Purchaser having entered into the Employment Agreements.

7.2 Waiver/Survival

The conditions set forth in this Article 7 are for the exclusive benefit of the Target and Target Shareholders and may be waived in whole or in part, on or before the Closing, by written notice from the Target and the Target Shareholders, and the Closing will be deemed to mean a waiver of all conditions of the Target and the Target Shareholders to Closing. Notwithstanding any such waiver, completion of the transactions contemplated by this Agreement by the Target will not prejudice or affect in any way the rights of the Target and the Target Shareholders in respect of the warranties and representations of the Purchaser set forth in this Agreement, and the representations and warranties of the Purchaser in this Agreement will survive the Closing for the applicable period set out in Section 4.31.

7.3 Covenant of the Purchaser

The Purchaser covenants to deliver to the Target and the Target Shareholders on or before the Closing Date all of the Closing documentation set out in Section 7.1.

ARTICLE 8

CONDUCT PRIOR TO CLOSING

8.1 Conduct of the Target

Except as otherwise contemplated or permitted by this Agreement, or as set forth in the Target Disclosure Statement, during the period from the Execution Date to the Closing, the Target will:

- (a) conduct the Target Business in the ordinary and usual course, and in a continuous fashion, and will not, without the prior written consent of the Purchaser:
 - (i) enter into any transaction which would constitute a breach of the representations, warranties or agreements of the Target or the Principal Target Shareholder contained herein,
 - (ii) other than as contemplated by this Agreement, create, incur, assume or guarantee any indebtedness,
 - (iii) subject any of the Target Assets to any Lien,
 - (iv) declare, set aside or pay any dividend or make or agree to make any other distribution or payment in respect of the Target Securities, or redeem, repurchase or otherwise acquire or agree to redeem, purchase or acquire any of the Target Securities, or
 - (v) pay any amount (other than salaries in the ordinary course of business) to any Related Party of the Target or any Target Shareholder;
- (b) not issue any Target Securities;
- (c) comply with all laws affecting the operation of the Target Business and pay all required Taxes;

- (d) not take any action or omit to take any action which would, or would reasonably be expected to, result in a breach of, or render untrue, any representation, warranty, covenant or other obligation of the Target or any Target Shareholder contained herein;
- (e) use commercially reasonable efforts to preserve intact the Target Business and the Target Assets, carry on the Target Business substantially as currently conducted, and use commercially reasonable efforts to promote and preserve for the Purchaser the goodwill of suppliers, customers and others having business relations with the Target;
- (f) take all necessary actions, steps and proceedings that are necessary to approve or authorize, or to validly and effectively undertake, the execution and delivery of this Agreement and the completion of the transactions contemplated hereby;
- (g) respond promptly to reasonable requests from the Purchaser for information concerning the status of the Target Business, the Target Assets, and the operations and finances of the Target; and
- (h) comply with the provisions of Article 9 of this Agreement required on its part to be complied with by the Target.

8.2 Conduct of Purchaser

Except as otherwise contemplated or permitted by this Agreement, during the period from the Execution Date to the Closing, the Purchaser will:

- (a) conduct the Purchaser Business in the ordinary and usual course and in a continuous fashion and will not, without the prior written consent of the Target:
 - (i) enter into any transaction which would constitute a breach of the Purchaser's representations, warranties or agreements contained herein,
 - (ii) increase the salaries or other compensation of, or make any advance (excluding advances for ordinary and necessary business expenses) or loan to, any of its Employees, or make any increase in, or any addition to, other benefits to which any of its Employees may be entitled,
 - (iii) other than as contemplated by this Agreement, create, incur, assume or guarantee any indebtedness,
 - (iv) subject any of the material assets or properties of the Purchaser to any Lien, or
 - (v) declare, set aside or pay any dividend, or make or agree to make any other distribution or payment in respect of, the Purchaser Shares, or redeem, repurchase or otherwise acquire, or agree to redeem, purchase or acquire, any of the Purchaser Securities;

- (b) not enter into any Material Contract;
- (c) other than as agreed to in writing by the Target or as set forth in the Purchaser Disclosure Record, not issue any Purchaser Securities;
- (d) comply with all laws affecting the operation of the Purchaser Business and pay all required Taxes;
- (e) not take any action, or omit to take any action, which would, or would reasonably be expected to, result in a breach of, or render untrue, any representation, warranty, covenant or other obligation of the Purchaser contained herein;
- (f) use commercially reasonable efforts to preserve intact the Purchaser Business and the assets, operations and affairs of the Purchaser, carry on the Purchaser Business substantially as currently conducted, and use commercially reasonable efforts to promote and preserve for the Target the goodwill of suppliers, customers and others having business relations with the Purchaser;
- (g) take all necessary actions, steps and proceedings that are necessary to approve or authorize, or to validly and effectively undertake, the execution and delivery of this Agreement and the completion of the transactions contemplated hereby;
- (h) respond promptly to reasonable requests from the Target for information concerning the status of the Purchaser Business and the operations and finances of the Purchaser; and
- (i) comply with the provisions of Article 9 of this Agreement required on its part to be complied with by the Purchaser.

ARTICLE 9 **COVENANTS**

9.1 Target Financial Statements

The Target will deliver the Target Financial Statements to the Purchaser on or before November 30, 2022 and will immediately notify the Purchaser in accordance with Section 13.4 hereof, if it receives any advice or notification from the Target's independent chartered public accountants that the Target has used any improper accounting practice that would have the effect of not reflecting or incorrectly reflecting any Target Assets, Liabilities, revenues, or expenses in the books, records, and accounts of the Target.

9.2 Purchaser Financial Statements

The Purchaser will immediately notify the Target in accordance with Section 13.4 hereof, if it receives any advice or notification from the Purchaser's independent chartered public accountants that the Purchaser has used any improper accounting practice that would have the effect of not reflecting or incorrectly reflecting any Purchaser Assets, Liabilities, revenues, or expenses in the books, records, and accounts of the Purchaser.

9.3 Access for Investigation

- (a) Between the Execution Date and the Closing, the Target will:
 - (i) afford the Purchaser, the Purchaser's solicitors and the Purchaser's representatives, advisors, prospective investors and their representatives (collectively, the "**Purchaser Advisors**"), full and free access to the personnel, properties, contracts, books and records, and other documents and data of the Target, in each case during normal business hours, upon a reasonable number of occasions, upon reasonable notice and in a manner calculated to minimize disruption of the Target Business;
 - (ii) furnish the Purchaser and the Purchaser Advisors with copies of all such contracts, books and records, and other existing documents and data, as the Purchaser may reasonably request; and
 - (iii) furnish the Purchaser and the Purchaser Advisors with such additional financial, operating and other data and information as the Purchaser may reasonably request.

- (b) Between the Execution Date and the Closing Date, the Purchaser will:
 - (i) afford the Target, and its respective representatives, legal and advisors and prospective lenders and their representatives (collectively, the "**Target Advisors**"), full and free access to the Purchaser's personnel, properties, contracts, books and records, and other documents and data, in each case during normal business hours, upon a reasonable number of occasions, upon reasonable notice and in a manner calculated to minimize disruption of the Purchaser's Business;
 - (ii) furnish the Target and the Target Advisors with copies of all such contracts, books and records, and other existing documents and data, as the Target may reasonably request; and
 - (iii) furnish the Target and the Target Advisors with such additional financial, operating and other data and information as the Target may reasonably request.

9.4 Required Approvals

- (a) As promptly as practicable after the Execution Date, the Target will make all filings required by Applicable Laws to be made by it in order to consummate the transactions contemplated herein. Between the Execution Date and the Closing, the Target and the Target Shareholders will cooperate with the Purchaser with respect to all filings that the Purchaser elects to make, or is required by Applicable Laws to make, in connection with the transactions contemplated herein.

- (b) As promptly as practicable after the Execution Date, the Purchaser will make all filings required by Applicable Laws to be made by it in order to consummate the transactions contemplated herein. Between the Execution Date and the Closing, the Purchaser will cooperate with the Target and the Target Shareholders with respect to all filings that the Target or the Target Shareholders elect to make, or are required by Applicable Laws to make in connection with the transactions contemplated herein.

9.5 Notification

- (a) Between the Execution Date and the Closing, each of the Parties will promptly notify the others in writing if any such Party becomes aware of any fact or condition that causes or constitutes a breach of any of the representations and warranties set forth herein, or if such Party becomes aware of the occurrence of any fact or condition that would (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. During the same period, each Party will promptly notify the others of the occurrence of any breach of any covenant set forth herein or of the occurrence of any event that may make the satisfaction of the conditions set forth herein impossible or unlikely.
- (b) No Party may elect not to complete the transactions contemplated hereby, or exercise any termination right arising therefrom, unless forthwith, and in any event prior to the Closing, the Party intending to rely thereon has delivered a written notice to the other Parties specifying, in reasonable detail, all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the termination right in order that such other party shall have the right and opportunity to take such steps, at its own expense, as may be necessary for the purpose of fulfilling or performing such condition within 10 Business Days (except that no cure period shall be provided for a breach which by its nature cannot be cured or is a willful breach), but in no event later than January 31, 2023 provided that such date shall be automatically extended beyond January 31, 2023 if the Purchaser is using commercially reasonable efforts to obtain approval for the Listing from the CSE.
- (c) The Target and the Target Shareholders agree that any notice provided by the Purchaser to the Target under any provision of this Agreement will be deemed to also constitute notice to the Target Shareholders.

9.6 Efforts

Between the Execution Date and the Closing, the Parties will use their respective reasonable commercial efforts to take such measures as may be necessary to fulfil their respective obligations under and to carry out the transactions contemplated by this Agreement.

9.7 Mutual Obligation to Pursue Listing

As promptly as practical following the execution of this Agreement, and in compliance with Applicable Securities Laws:

- (a) the Target shall prepare the Target Information for inclusion in the Disclosure Document in a timely and expeditious manner;
- (b) the Purchaser shall prepare the Purchaser Information for inclusion in the Disclosure Document in a timely and expeditious manner;
- (c) the Purchaser shall prepare the Listing Statement and other relevant documentation, in consultation with the Target, and each of the Parties shall, in all cases ensuring compliance in all material respects with all Applicable Securities Laws (including the requirements of Form 2A of the CSE) on the date of issue thereof;
- (d) the Parties shall use reasonable commercial efforts to obtain the Listing Conditional Approval prior to the Closing Date and complete the Listing following the Closing Date, subject to customary conditions;
- (e) the Target shall indemnify and save harmless the Purchaser and its Affiliates, directors, officers and agents from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which the Purchaser and its Affiliates, directors, officers and agents may be subject or may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:
 - (i) any Misrepresentation or alleged Misrepresentation in the Target Information included in the Disclosure Document; and
 - (ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any Misrepresentation in the Target Information included in the Disclosure Document; and
- (f) the Purchaser shall indemnify and save harmless the Target and the Target Shareholders and their respective Affiliates, directors, officers and agents from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which the Target, the Target Shareholders and their respective Affiliates, directors, officers and agents may be subject or may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:
 - (i) any Misrepresentation or alleged Misrepresentation in the Purchaser Information included in the Disclosure Document; and

- (ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any Misrepresentation in the Purchaser Information included in the Disclosure Document.

9.8 Disclosure of Confidential Information

Until the Closing and, if this Agreement is terminated without consummation of the transactions contemplated herein, then after such termination, the Purchaser, the Target and the Target Shareholders will maintain in confidence, will cause their respective Employees, representatives (including any financial or other advisers) and agents, and any Affiliates thereof, to maintain in confidence, and will not use to the detriment of another Party or divulge to any other Person, other than their respective legal and financial advisors, auditors, representatives and any other Governmental Body having jurisdiction, any confidential written, oral, or other information obtained during the course of the investigations in connection with this Agreement or the transactions contemplated herein, unless:

- (a) such information becomes publicly available through no fault of such Party;
- (b) the use of such information is necessary or appropriate under Applicable Laws or in making any filing or obtaining any consent or approval required for the consummation of the transactions contemplated herein; or
- (c) the furnishing or use of such information is required by or necessary or appropriate in connection with any Proceedings.

9.9 Public Notices

The Parties agree that they will not release or issue any reports or statements or make any public announcements relating to this Agreement or the transactions contemplated herein without the prior written consent of the other Parties, except as may be required upon written advice of counsel to comply with Applicable Laws or regulatory requirements after consulting with the other Parties and seeking their reasonable consent to such announcement. Notwithstanding the foregoing, the Target Shareholders agree that any consent of the Target with respect to any public announcements by the Purchaser will be deemed to also be the consent of the Target Shareholders in connection with any such public announcement.

9.10 Non-Solicitation

- (a) Except as provided for herein, neither the Target nor any Principal Target Shareholder shall, directly or indirectly, through any Employee, representative (including any financial or other advisor) or agent of the Target, or any Affiliate thereof (collectively, the "**Representatives**"): (i) make, solicit, assist, initiate, encourage or otherwise facilitate the initiation of any inquiries or proposals regarding an Acquisition Proposal, including by way of furnishing or providing copies of, access to, or disclosure of, any information, properties, facilities, books or records of the Target, or entering into any form of agreement, arrangement or understanding; (ii) enter into, or otherwise engage or participate in, any

discussions or negotiations with any Person (other than the Purchaser or any of its Affiliates) regarding an Acquisition Proposal; provided, however, that the Target may communicate with any Person making an Acquisition Proposal for the purpose of advising such Person that the Acquisition Proposal could not reasonably be expected to result in a Superior Proposal; (iii) approve, accept, endorse or recommend, or propose publicly to accept, approve, endorse or recommend, any Acquisition Proposal, or (iv) accept or enter into, or publicly propose to accept or enter into, any Contract in respect of any Acquisition Proposal.

- (b) The Target and the Principal Target Shareholders shall, and shall cause their respective Representatives to, immediately cease and cause to be terminated any solicitation, encouragement, discussion or negotiation with any Person conducted prior to the date of this Agreement by them or any of their Representatives with respect to any Acquisition Proposal, and, in connection therewith, the Target and each Principal Target Shareholder will discontinue access to any of confidential information with respect to the Target and the Target Business, and not establish or allow access to any of the Target's confidential information, or any data room, virtual or otherwise, and shall as soon as possible request, to the extent entitled to do so, and exercise all rights it has to require, the return or destruction of all information regarding the Target previously provided to any such Person or any other Person, and will request, and exercise all rights it has to require, the destruction of all material including, incorporating or otherwise reflecting any information regarding the Target in the possession of such Person or its Affiliates.
- (c) Notwithstanding Sections 9.10(a) and 9.10(b) and any other provision of this Agreement, if at any time following the Execution Date and prior to the Closing, the Target receives a bona fide written Acquisition Proposal that did not result from a breach of Section 9.10, or an Acquisition Proposal is made to a Principal Target Shareholder, and the Target Board determines in good faith, after consultation with the Target's financial advisors and outside counsel, that such Acquisition Proposal constitutes or, if consummated in accordance with its terms, could reasonably be expected to be a Superior Proposal and in the opinion of the Target Board, acting in the good faith judgment of the Target Board, after consultation with outside legal counsel, failure to take such action would be inconsistent with the Target Board's exercise of its fiduciary duties, then the Target may, in response to a request made by the Party making or proposing to make such Acquisition Proposal, and provided it is in compliance with Sections 9.10(b) and 9.10(d): (i) furnish information with respect to the Target to the Person making such Acquisition Proposal; or (ii) enter into, participate, facilitate and maintain discussions or negotiations with, and otherwise cooperate with or assist, the Person making such Acquisition Proposal; provided that the Target shall not, and shall not allow its Representatives to, disclose any non-public information to such Person if such non-public information has not been previously provided to, or is not concurrently provided to the Purchaser and without entering into a confidentiality and standstill agreement with such Person.

- (d) In the event that the Target or any Principal Target Shareholder receives an Acquisition Proposal or any proposal, inquiry, offer or request that could lead to an Acquisition Proposal, it shall promptly notify the Purchaser, at first orally and then promptly, and in any event within 24 hours, in writing of the material terms and conditions thereof, and the identity of the Person(s) making the Acquisition Proposal, and shall provide the Purchaser with a copy of any such proposal, inquiry, offer or request, a copy of any agreement entered into in accordance with Section 9.10(c) hereof, a copy of any other agreements which relate to the proposal, inquiry, offer or request to which it has access, copies of any documents, correspondence and other materials received in respect of, from or on behalf of, any such Person making the Acquisition Proposal, or any amendment to any of the foregoing. The Target or Principal Target Shareholder, as applicable, shall thereafter also provide the Purchaser with such other details of such proposal, inquiry, offer or request, or any amendment to any of the foregoing, information regarding the value in financial terms that the Target Board has in consultation with its financial advisor determined should be ascribed to any non-cash consideration offered under the Acquisition Proposal, and such other information as the Purchaser may reasonably request, and shall keep the Purchaser fully informed as to the status, including any changes to the material terms, of such proposal, inquiry, offer or request, or any amendment to any of the foregoing, and shall respond promptly to all inquiries from the Purchaser with respect thereto.
- (e) Each of the Target and each Principal Target Shareholder covenants that it will not accept, approve, endorse, recommend or enter into any agreement, understanding or arrangement in respect of an Acquisition Proposal (other than a confidentiality and standstill agreement permitted by Section 9.10(c)) unless:
 - (i) the Target Board concludes in good faith that the Acquisition Proposal constitutes a Superior Proposal;
 - (ii) the Acquisition Proposal did not result from a breach of this Section 9.10; and
 - (iii) the Target complies with the procedures set out in Article 11.
- (f) Nothing contained in this Agreement shall prohibit the Target Board from taking any action or from making any disclosure to the Principal Target Shareholders prior to the Closing if, in the good faith judgment of the Target Board, after consultation with outside legal counsel, failure to take such action or make such disclosure would be inconsistent with the Target Board's exercise of its fiduciary duties or such action or disclosure is otherwise required under Applicable Law.
- (g) The Target covenants and agrees that: (i) it will take all necessary action to enforce each confidentiality, standstill or similar agreement or restriction to which it is a party; and (ii) neither it nor any of its Representatives, have or will, without the prior written consent of the Purchaser (which may be withheld or delayed in the Purchaser's sole and absolute discretion), release any Person from, or waive, amend, suspend or otherwise modify, such Person's obligations respecting it

under any confidentiality, standstill or similar agreement or restriction to which it is a party.

ARTICLE 10
ADDITIONAL COVENANTS

10.1 Directors and Officers

In connection with the Closing, the Purchaser will cause the Resulting Issuer Board to be reconstituted to consist of five (5) directors, two (2) of which will be nominees of the Purchaser and three (3) of which will be nominees of the Target, provided that each nominee for the Resulting Issuer Board is eligible to serve as a director of the Resulting Issuer under Applicable Laws and is acceptable to the CSE. The Target will provide the Purchaser in a timely manner with a CSE Personal Information Form for such Target nominees and with any other documents and information which may be necessary in order to obtain the approval of the CSE and any other Persons as required for the appointment of such Target nominees to the Resulting Issuer Board.

Troy Lupul shall be the Chief Executive Officer and President of the Resulting Issuer and the other officers of the Resulting Issuer shall be determined by the Resulting Issuer Board.

10.2 Change of Name

Concurrently to or as soon as possible after the Closing, the Purchaser shall complete the Name Change.

10.3 Performance Warrants

The Purchaser covenants and agrees with the Target that, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article 11, it will take all necessary corporate action and proceedings to approve and authorize the issuance of the Consideration Shares to the Target Shareholders and the issuance of the Performance Warrants to those employees and consultants of the Target or the Purchaser as mutually determined by the Purchaser and the Target.

10.4 Incentive Share Compensation Plan

The Target and the Purchaser agree that, on Closing, the Purchaser shall adopt an equity incentive plan in a form to be mutually agreed to by the Purchaser and the Target, and is acceptable to the CSE, with the number of Purchaser Shares available for grant under such plan equal to 10% of the issued and outstanding Resulting Issuer Shares immediately following the Closing. The Target and the Purchaser agree that the Resulting Issuer will grant options under the plan immediately after the Closing upon terms to be agreed upon by the Parties prior to Closing.

ARTICLE 11
TERMINATION

11.1 Termination

This Agreement may be terminated at any time prior to the Closing by:

- (a) mutual written agreement of the Purchaser and the Target;
- (b) the Purchaser, if any of the conditions contained in Section 6.1 shall not be fulfilled or performed by January 31, 2023, provided that such date shall be automatically extended beyond January 31, 2023 if the Purchaser is using commercially reasonable efforts to obtain approval for the Listing from the CSE;
- (c) the Target, if any of the conditions contained in Section 7.1 shall not be fulfilled or performed by January 31, 2023, provided that such date shall be automatically extended beyond January 31, 2023 if the Purchaser is using commercially reasonable efforts to obtain approval for the Listing from the CSE;
- (d) either the Purchaser or the Target if any Order of a Governmental Body of competent authority preventing the consummation of the transactions contemplated by this Agreement has become final and non-appealable;
- (e) either the Purchaser or the Target if the transactions contemplated herein have not been consummated on or before January 31, 2023, unless otherwise extended by the written agreement of the Purchaser and the Target, provided that the right to terminate this Agreement under this Section 11.1(d) shall not be available to any party whose material breach of any provision of this Agreement is the principal cause of or results in the failure of the Closing to be consummated by January 31, 2023, and further provided that such date shall be automatically extended beyond January 31, 2023 if the Purchaser is using commercially reasonable efforts to obtain approval for the Listing from the CSE;
- (f) the Purchaser if the Target Board authorizes the Target, subject to complying with the terms of this Agreement to enter into a legally binding agreement relating to a Superior Proposal at any time during the term of this Agreement; or
- (g) the Target if the Target Board authorizes the Target, subject to complying with the terms of this Agreement, to enter into a legally binding agreement with respect to a Superior Proposal at any time during the term of this Agreement.

11.2 Agreement of No Further Force or Effect

If either the Purchaser or the Target wishes to terminate this Agreement pursuant to Section 11.1 (other than pursuant to Section 11.1(a)), such Party shall give written notice of such termination to the other Party. In the event of the termination of this Agreement as provided in Section 11.1, this Agreement will be of no further force or effect, except as otherwise expressly contemplated hereby and provided that the provisions in Sections 9.8, 9.9, 11.2, 13.1, 13.5, 13.7 and 13.8 shall

survive any termination hereof; and provided further that no termination of this Agreement will relieve any Party of liability for any breaches of this Agreement that are based on a wrongful refusal or failure to perform any obligations under this Agreement.

ARTICLE 12
INDEMNITIES

12.1 Agreement of the Purchaser to Indemnify

The Purchaser will indemnify, defend, and hold harmless, to the full extent of the law, the Target and the Target Shareholders from, against, and in respect of, any and all Losses asserted against, relating to, imposed upon, or incurred by the Target or the Target Shareholders by reason of, resulting from, based upon, or arising out of:

- (a) the material breach by the Purchaser of any representation or warranty of the Purchaser contained in, or made pursuant to, this Agreement; or
- (b) the material breach or partial breach by the Purchaser of any covenant or agreement of the Purchaser made in, or pursuant to this Agreement.

12.2 Agreement of the Target and the Principal Target Shareholders to Indemnify

The Target and the Principal Target Shareholders will jointly and mutually indemnify, defend, and hold harmless, to the full extent of the law, the Purchaser from, against, and in respect of any and all Losses asserted against, relating to, imposed upon, or incurred by the Purchaser by reason of, resulting from, based upon or arising out of:

- (a) the material breach by the Target and/or a Principal Target Shareholder of any representation or warranty of the Target and/or a Principal Target Shareholder contained in, or made pursuant to, this Agreement; or
- (b) the material breach or partial breach by the Target of any covenant or agreement of the Target made in, or made pursuant to this Agreement.

12.3 Agreement of the Target Shareholders to Indemnify

Each Target Shareholder will severally indemnify, defend, and hold harmless, to the full extent of the law, the Purchaser from, against, and in respect of any and all Losses asserted against, relating to, imposed upon, or incurred by the Purchaser by reason of, resulting from, based upon or arising out of:

- (a) the material breach by such Target Shareholder of any representation or warranty of the Target Shareholder contained in, or made pursuant to Schedule C of this Agreement; or
- (b) the material breach or partial breach by such Target Shareholder of any covenant or agreement of such Target Shareholder made in, or made pursuant to this Agreement.

12.4 Limitations

The aggregate amount of all Losses for which an Indemnifying Party shall be liable under Section 12.1, 12.2 or 12.3, as the case may be, shall not exceed the aggregate deemed value of the Consideration Shares.

12.5 Third Party Claims

- (a) If any third party notifies a Party entitled to indemnification under Section 12.1, 12.2 or 12.3 (each an “**Indemnified Party**”) with respect to any matter (a “**Third-Party Claim**”) which may give rise to an indemnity claim against a Party required to indemnify such Indemnified Party under Section 12.1, 12.2 or 12.3 (each an “**Indemnifying Party**”), then the Indemnified Party will promptly give written notice to the Indemnifying Party; provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party will relieve the Indemnifying Party from any obligation under this Article 12, except to the extent such delay actually and materially prejudices the Indemnifying Party.
- (b) The Indemnifying Party will be entitled to participate in the defense of any Third-Party Claim that is the subject of a notice given by the Indemnified Party pursuant to Section 12.5(a). In addition, the Indemnifying Party will have the right to defend the Indemnified Party against the Third-Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party so long as: (i) the Indemnifying Party gives written notice to the Indemnified Party within 15 days after the Indemnified Party has given notice of the Third-Party Claim that the Indemnifying Party elects to assume the defense of such Third-Party Claim; (ii) the Indemnifying Party provides the Indemnified Party with evidence reasonably acceptable to the Indemnified Party that the Indemnifying Party will have adequate financial resources to defend against the Third-Party Claim and fulfill its indemnification obligations hereunder; (iii) if the Indemnifying Party is a party to the Third-Party Claim or, in the reasonable opinion of the Indemnified Party, some other actual or potential conflict of interest exists between the Indemnifying Party and the Indemnified Party, the Indemnified Party determines in good faith that joint representation would not be inappropriate; (iv) the Third-Party Claim does not relate to or otherwise arise in connection with Taxes or any criminal or regulatory enforcement action; (v) settlement of, an adverse judgment with respect to or the Indemnifying Party’s conduct of the defense of the Third-Party Claim is not, in the good faith judgment of the Indemnified Party, likely to be materially adverse to the Indemnified Party’s reputation or continuing business interests (including its relationships with current or potential customers, suppliers or other parties material to the conduct of its business); and (vi) the Indemnifying Party conducts the defense of the Third-Party Claim actively and diligently. The Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third-Party Claim; provided, however, that the Indemnifying Party will pay the reasonable fees and expenses of separate co-counsel retained by the Indemnified Party that are incurred prior to the Indemnifying Party’s assumption of control of the defense of the Third-Party Claim.

- (c) The Indemnifying Party will not consent to the entry of any judgment, or enter into any compromise or settlement, with respect to the Third-Party Claim without the prior written consent of the Indemnified Party, unless such judgment, compromise or settlement: (i) provides for the payment by the Indemnifying Party of money as sole relief for the claimant; (ii) results in the full and general release of the Indemnified Party from all Liabilities arising or relating to, or in connection with, the Third-Party Claim; and (iii) involves no finding or admission of any violation of Applicable Laws or the rights of any Person and has no effect on any other claims that may be made against the Indemnified Party.
- (d) If the Indemnifying Party does not deliver the notice contemplated by Section 12.5(b)(i), or the evidence contemplated by Section 12.5(b)(ii), within 15 days after the Indemnified Party has given notice of the Third-Party Claim, or otherwise at any time fails to conduct the defense of the Third-Party Claim actively and diligently, the Indemnified Party may defend, and may consent to the entry of any judgment or enter into any compromise or settlement with respect to, the Third-Party Claim in any manner it may deem appropriate; provided, however, that the Indemnifying Party will not be bound by the entry of any such judgment consented to, or any such compromise or settlement effected, without its prior written consent (which consent will not be unreasonably withheld or delayed). In the event that the Indemnified Party conducts the defense of the Third-Party Claim pursuant to this Section 12.5(d), the Indemnifying Party will: (i) advance the Indemnified Party promptly and periodically for the costs of defending against the Third-Party Claim (including reasonable attorneys' fees and expenses); and (ii) remain responsible for any and all other Losses that the Indemnified Party may incur or suffer resulting from, arising out of, relating to, in the nature of or caused by the Third-Party Claim to the fullest extent provided in this Article 12.

ARTICLE 13 **GENERAL**

13.1 Expenses

Except as specifically provided for herein, each Party will be responsible for and bear all of its own costs and expenses (including those of such Party's Employees, representatives (including any financial or other advisers) agents, brokers and finders, and any Affiliates thereof) incurred in connection with the preparation of this Agreement and the transactions contemplated by this Agreement.

13.2 Indemnifications Not Affected by Investigation

The right to indemnification, payment of damages or other remedy based on the representations, warranties, covenants, and obligations contained herein will not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement or the Closing, with respect to, the accuracy or inaccuracy of, or compliance with, any such representation, warranty, covenant or obligation. The waiver of any condition based on the accuracy of any representation or warranty, or on the performance of or compliance with any covenant or obligation, will not

affect the right to indemnification, payment of damages, or other remedy based on such representations, warranties, covenants, and obligations.

13.3 Assignment

The Purchaser may assign any of its respective rights under this Agreement, including the Agreement in its entirety, without the prior consent of each of the other Parties, provided that the consent of the Target to any assignment by the Purchaser will be deemed to also be the consent of the Target Shareholders. Subject to the preceding sentence, this Agreement will apply to, be binding in all respects upon, and inure to the benefit of, the successors and permitted assigns of each of the Parties, as applicable. Nothing expressed or referred to in this Agreement will be construed to give any Person, other than the Parties, any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the Parties and their successors and assigns, as applicable.

13.4 Notices

Any notice required or permitted to be given under this Agreement will be in writing and may be given by delivering, sending by email or other means of electronic communication capable of producing a printed copy, or sending by prepaid registered mail, the notice to the following address or number:

If to the Purchaser:

Cover Technologies Inc.
c/o 900 - 885 West Georgia Street
Vancouver, BC V6C 3H1
Attention: Dorian Banks
Email: dorian@covertechnologies.ca

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

Clark Wilson LLP
900 - 885 West Georgia Street
Vancouver, British Columbia V6C 3H1
Attention: Virgil Hlus
Email: VHlus@cwilson.com

If to the Target or the Target Shareholder:

PlasCred Inc.
Unit #2 9815 48th Street SE
Calgary, AB T2C 2R1
Attention: Troy Lupul
Email: troy@plascred.com

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

Torys LLP
4600, 525 8th Avenue SW
Calgary AB T2P 1G1
Attention: Scott R. Cochlan
Email: scochlan@torys.com

(or to such other address or number as any Party may specify by notice in writing to the others).

Any notice delivered or sent by email or other means of electronic communication capable of producing a printed copy on a Business Day will be deemed conclusively to have been effectively given on the day the notice was sent or, if such day is not a Business Day, on the next following Business Day.

Any notice sent by prepaid registered mail will be deemed conclusively to have been effectively given on the third Business Day after posting; but if at the time of posting or between the time of posting and the third Business Day thereafter there is a strike, lockout, or other labour disturbance affecting postal service, then the notice will not be effectively given until actually delivered.

13.5 Independent Legal Advice

The Parties acknowledge that this Agreement is the product of arm's length negotiation among the Parties, each having obtained its own independent legal advice, and that this Agreement will be construed neither strictly for nor strictly against any Party, irrespective of which Party was responsible for drafting this Agreement.

13.6 Governing Law; Venue

This Agreement, the legal relations between the Parties, all matters relating hereto or arising herefrom, and the adjudication and the enforcement thereof, will be governed by and interpreted and construed in accordance with the substantive laws of the Province of British Columbia, and the federal laws of Canada applicable therein, without regard to applicable choice of law provisions thereof. The Parties agree that any action, suit or proceeding arising out of, or relating to, this Agreement or the transactions contemplated hereby will be brought in a suitable court located in the Province of British Columbia, and each Party irrevocably submits to the exclusive jurisdiction of such court.

13.7 Severability

If any covenant or other provision of this Agreement is invalid, illegal, or incapable of being enforced by reason of any rule of law or public policy, then such covenant or other provision will be severed from and will not affect any other covenant or other provision of this Agreement, and this Agreement will be construed as if such invalid, illegal, or unenforceable covenant or provision had never been contained in this Agreement. All other covenants and provisions of this Agreement will, nevertheless, remain in full force and effect, and no covenant or provision will be deemed dependent upon any other covenant or provision unless so expressed herein.

13.8 Entire Agreement

This Agreement, the schedules attached hereto, and the other Transaction Documents contain the entire agreement between the Parties with respect to the subject matter hereof, and expressly supersede and terminate all prior offers, arrangements and understandings, both written and oral, expressed or implied, with respect thereto.

13.9 Further Assurances

The Parties will execute and deliver all such further documents, do or cause to be done all such further acts and things, and give all such further assurances, as may be necessary to give full effect to the provisions and intent of this Agreement.

13.10 Enurement

This Agreement and each of the terms and provisions hereof will enure to the benefit of, and be binding upon, the Parties and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns, as applicable.

13.11 Amendment

This Agreement may not be amended except by an instrument in writing signed by each of the Parties.

13.12 Schedules and Target Disclosure Statement

The schedules attached hereto, and the Target Disclosure Statement, are incorporated herein and expressly intended to be part of this Agreement.

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13.13 Counterparts

This Agreement may be executed in several counterparts, each of which will be deemed to be an original, and all of which will together constitute one and the same instrument, and delivery of an executed copy of this Agreement by email transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery of this Agreement as of the Execution Date.

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the Execution Date.

COVER TECHNOLOGIES INC.

Per: "Dorian Banks"
Name: Dorian Banks
Title: CEO

PLASCRED INC.

Per: "Troy Lupul"
Name: Troy Lupul
Title: CEO

"Troy Lupul"
TROY LUPUL

KAIZEN ENERGY INC.

Per: "Adrian Dodds"
Name: Adrian Dodds
Title: Principle

SCHEDULE A

TARGET SHAREHOLDERS

Name of Target Shareholder	Number of Target Shares Held at the Execution Date	Percentage of Target Shares held at the Execution Date (%)
Troy Lupul	7,884,285	96.50%
Kaizen Energy Inc.	285,715	3.50%
TOTAL:	8,170,000	100%

SCHEDULE B

TARGET SHAREHOLDERS AT CLOSING DATE AND CONSIDERATION SHARES

Name	Number of Target Shares Held at Closing	Percentage of Target Shares to be held at Closing (%)	Number of Consideration Shares Issuable at Closing
Troy Lupul	7,884,285	78.84%	27,594,997
Kaizen Energy Inc.	285,715	2.86%	1,000,003
Scott Hayduk	1,330,000 ⁽¹⁾	13.30%	4,655,000
Wayne Monnery	500,000 ⁽²⁾	5.00%	1,750,000
TOTAL:	10,000,000	100%	35,000,000

Note:

- (1) Issuable immediately prior to the Closing pursuant to a Subscription Agreement between the Target and Scott Hayduk.
- (2) Issuable immediately prior to the Closing pursuant to a Subscription Agreement between the Target and Wayne Monnery.

SCHEDULE C

TARGET SHAREHOLDER CERTIFICATE

Capitalized terms used but not otherwise defined in this Target Shareholder Certificate (this "**Certificate**") have the meanings given to such terms in that certain share exchange agreement (the "**Agreement**") dated November __, 2022 among Cover Technologies Inc. (the "**Purchaser**"), PlasCred Inc. (the "**Target**"), and _____.

In connection with the issuance of the Consideration Shares to the undersigned (the "**Target Shareholder**") pursuant to the terms of the Agreement, the Target Shareholder hereby represents, warrants, acknowledges and agrees, as an integral part of the Agreement, that, as at the Execution Date (except to the extent that such representations and warranties speak as at the Closing, in which event such representations and warranties are true and accurate as at the Closing only) and as at the Closing:

- (a) the Target Shareholder is resident in the province set forth on the signature page of this Certificate;
- (b) this Certificate forms part of the Agreement (a copy of which has been provided to the Target Shareholder), and by executing this Certificate, the Target Shareholder agrees to be bound by all terms, conditions and obligations of or relating to the Target Shareholder contained in the Agreement, and all of such terms, conditions and obligations, and any representations and warranties of the Target Shareholder contained in the Agreement, are expressly incorporated by reference herein;
- (c) it is the registered and beneficial owner of the number Target Shares set forth on the signature page of this Certificate, free and clear of any Lien, and the Target Shareholder has no interest, legal or beneficial, direct or indirect, in any other Target Shares, or the assets or Target Business;
- (d) no Person has or will have any Contract or option to acquire, or any right capable at any time of becoming a Contract to purchase or otherwise acquire, the Target Shares held by the Target Shareholder, or to require the Target Shareholder to sell, transfer, assign, pledge, charge, mortgage or in any other way dispose of or encumber any of the Target Shares held by the Target Shareholder, other than under the Agreement;
- (e) there are no Contracts that could restrict the transfer of any of the issued and outstanding Target Shares held by the Target Shareholder, and no voting agreements, shareholders' agreements, voting trusts, or other arrangements or Contracts restricting or affecting the voting of any of the Target Shares held by the Target Shareholder to which the Target Shareholder is a party or of which the Target Shareholder is aware;

the Target Shareholder has the legal capacity and competence to enter into the Agreement and execute this Certificate and to take all actions required pursuant hereto and, if it is a corporate entity, it is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation and all necessary approvals by its directors, shareholders and others have been obtained to authorize execution

and performance of this Agreement on behalf of the Target Shareholder, and to transfer the beneficial title and ownership of the Target Shareholder's Target Shares to the Purchaser;

- (f) all of the information which the Target Shareholder has provided to the Purchaser in this Certificate and in the Agreement is correct and complete, and if there should be any change in such information prior to the Closing, the Target Shareholder will immediately notify the Purchaser, in writing, of the details of any such change;
- (g) the Purchaser is entitled to rely on the acknowledgements, agreements, representations and warranties and the statements and answers of the Target Shareholder contained in the Agreement and this Certificate, and the Target Shareholder will hold the Purchaser harmless from any loss or damage either Party may suffer as a result of any such acknowledgements, agreements, representations and/or warranties made by the Target Shareholder not being true and correct, in accordance with the provisions of the Agreement;
- (h) the entering into of the Agreement and the transactions contemplated thereunder do not result in the violation of any of the terms and provisions of any Applicable Laws, or, if applicable, the Organizational Documents of, the Target Shareholder or of any Contract or other arrangement, written or oral, to which the Target Shareholder may be a party or by which the Target Shareholder is or may be bound, in each case, which would, individually or in the aggregate, have a Material Adverse Effect on the Target;
- (i) the representations and warranties of the Target Shareholder in this Certificate will survive the Closing and the issuance of the Consideration Shares and will continue in full force and effect for indefinitely, notwithstanding the Closing and the issuance of the Consideration Shares, or the waiver of any condition in the Agreement by the Purchaser;
- (j) the Purchaser has entered into the Agreement relying on the representations and warranties of the Target Shareholder and other terms, conditions and covenants with respect to the Target Shareholder contained in this Certificate and in the Agreement, notwithstanding any independent searches or investigations that have been or may be undertaken by or on behalf of the Purchaser, and no information which is now known or should be known or which may hereafter become known by the Purchaser or its officers, directors or professional advisers, on or prior to the Closing will limit or extinguish the Purchaser's right to indemnification by the Target Shareholder as provided for in the Agreement;
- (k) none of the Consideration Shares have been registered under the 1933 Act, or under any state securities or "blue sky" laws of any state of the United States, and, unless so registered, may not be offered or sold in the United States or, directly or indirectly, to any U.S. Person, except in accordance with the provisions of Regulation S, pursuant to an effective registration statement under the 1933 Act, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act, and in each case only in accordance with Applicable Securities Laws;

- (l) the Purchaser has not undertaken, and will have no obligation, to register any of the Consideration Shares under the 1933 Act;
- (m) the Purchaser will refuse to register the transfer of any of the Consideration Shares to a U.S. Person not made pursuant to an effective registration statement under the 1933 Act or pursuant to an available exemption from the registration requirements of the 1933 Act, and in each case in accordance with Applicable Laws;
- (n) the Target Shareholder hereby consents to the disclosure of his or her personal information in connection with the transactions contemplated by the Agreement, and acknowledges and consents to the fact that the Target and the Purchaser are collecting the personal information (as that term is defined under applicable privacy legislation, including the *Personal Information Protection and Electronic Documents Act* (Canada) and any other applicable similar, replacement or supplemental provincial or federal legislation or laws in effect in Canada from time to time) of the Target Shareholder for the purposes of completing the Agreement and the transactions contemplated thereby. The Target Shareholder acknowledges and consents to the Target and the Purchaser retaining such personal information for as long as permitted or required by law or business practices. The Target Shareholder further acknowledges and consents to the fact that the Target and the Purchaser may be required by applicable securities legislation to provide regulatory authorities with any personal information provided by the Target Shareholder in the Agreement and this Certificate and the Target Shareholder further consents to the public disclosure of such information by electronic filing or by any other means; and

[The remainder of this page left intentionally blank. Signature page follows.]

IN WITNESS WHEREOF, the Target Shareholder has executed this Certificate as of the Execution Date.

◆[INSERT NAME]

◆[insert address]

Number of Target Shares: _____